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THIS COMMUNICATION DOES NOT CONSTITUTE A PROSPECTUS. THE OFFER TO ACQUIRE SECURITIES PURSUANT TO THE PROPOSED OFFERING WILL BE MADE, AND ANY INVESTOR SHOULD MAKE HIS INVESTMENT, SOLELY ON THE BASIS OF INFORMATION THAT IS CONTAINED IN THE PROSPECTUS IN CONNECTION WITH SUCH OFFERING. THIS COMMUNICATION IS DIRECTED ONLY AT (I) PERSONS OUTSIDE

THE UNITED KINGDOM, OR (II) PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**") OR (III) HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS AND PARTNERSHIPS AND TRUSTEES OF HIGH VALUE TRUSTS AS DESCRIBED IN ARTICLE 49(2) OF THE ORDER OR (IV) ANY OTHER PERSON TO WHOM THE COMMUNICATION CAN LAWFULLY BE MADE IN ACCORDANCE WITH THE ORDER. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. PERSONS WITHIN THE UNITED KINGDOM WHO RECEIVE THIS COMMUNICATION (OTHER THAN PERSONS FALLING WITHIN (II), (III) AND (IV) ABOVE) SHOULD NOT RELY ON OR ACT UPON THIS COMMUNICATION.

The materials relating to the offering are not for release, distribution or publication, whether directly or indirectly and whether in whole or in part, into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. These materials are for information purposes only and are not intended to constitute, and should not be construed as, an offer to sell or a solicitation of any offer to buy securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction.

The Company has not authorized any offer to the public of securities in any Relevant Member State. With respect to any Relevant Member State, and which has implemented the Prospectus Directive, no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the Securities may only be offered in Relevant Member States (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC, as amended, including Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this document, electronically or otherwise, to any other person. If you receive this document by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Kiadis Pharma N.V.

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

Offering of up to 2,272,727 ordinary shares with a nominal value of €0.10 each

Kiadis Pharma N.V. (the "Company", and together with its consolidated subsidiaries "Kiadis") is offering up to 2,272,727 new ordinary shares with a nominal value of €0.10 each in its capital (the "Offer Shares") (excluding the Increase Option and the Over-Allotment Option, both as defined below).

Capitalised terms used but not otherwise defined in this prospectus (the "Prospectus") are defined in Chapter 22 (Definitions and Glossary).

The offering of the Offer Shares (the "Offering") consists of (i) a public offering to retail and institutional investors in the Netherlands and Belgium and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to qualified institutional buyers ("QIBs") as defined in Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). The Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers of Shares may lawfully be made.

Prospective investors should read the whole of this document, including the discussions of certain risks and other factors that should be considered in connection with an investment in the Offer Shares. See Chapter 3 (Risk Factors) beginning on page 60.

The price of the Offer Shares (the "Offer Price") is expected to be between €11.00 and €13.75 (inclusive) per Offer Share (the "Offer Price Range")

The Offering will begin on 17 June 2015 and is expected to end on 30 June 2015 (the "Offering Period"). On the final day of the Offering Period, subject to acceleration and extension of the timetable for the Offering and barring unforeseen circumstances, prospective retail investors may submit offers to purchase shares until 30 June 12:00 Central European Summer Time ("CEST") and institutional investors may subscribe for Offer Shares until 30 June 2015, 16:00 (CEST). The Company together with Kempen & Co N.V. (the "Sole Global Coordinator") and KBC Securities NV/SA (together the "Joint Bookrunners" and with Peel Hunt LLP, the "Underwriters") may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Company should decide to do so, it will make this public through a press release, which will also be posted on Kiadis' website. Any other material alterations will be published through a press release that will also be posted on Kiadis' website and (if required) in a supplement to this Prospectus that is subject to the approval of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, "AFM"). Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period. In any event, the Offering Period will be at least six business days.

The Offer Price Range is an indicative price range. The Company reserves the right to after consultation with the Joint Bookrunners change the Offer Price Range, decrease the total number of Offer Shares, or to increase the total number of Offer Shares by up to 15%, up to a maximum of 2,613,636 Offer Shares (the "Increase Option" - unless the context indicates otherwise, references to the size of the Offering and the number of shares offered in the Offering excludes the Increase Option). Any increase in the top end of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. Any change of the Offer Price Range will be announced through a press release, which will also be posted on Kiadis' website prior to the end of the Offering Period. The Offer Price and the exact number of Offer Shares offered will be determined by the Company in consultation with the Joint Bookrunners after the end of the Offering Period, including any acceleration or extension, on the basis of the book-building process and taking into account the considerations set out in Chapter 16 (The Offering). The Offer Price, the exact number of Offer Shares to be offered and the maximum number of Additional Shares will be stated in a pricing statement which will be published in a press release that will also be posted on Kiadis' website and filed with the AFM. Respective publications will be made in the Belgian financial press.

Prior to the Offering there has not been a public market for the Company's ordinary shares (the "Shares"). Application has been made for the admission to listing and trading of all the 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"). Subject to acceleration or extension of the timetable for the Offering, trading of the Shares on Euronext is expected to commence on or about 2 July 2015 (the "Listing Date") on an 'as-if-and-when-issued' basis. Delivery of the Offer Shares is expected to take place on 3 July 2015 (the "Settlement Date") through the book entry facilities of *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("Euroclear Netherlands") in accordance with Euroclear Netherlands' normal procedures applicable to equity securities and against payment in full for the Offer Shares in immediately available funds.

The Company has granted an option (the "Over-Allotment Option") to the Sole Global Coordinator exercisable within 30 calendar days after the Listing Date pursuant to which the Sole Global Coordinator, on behalf of the Underwriters, may require the Company to issue up to 340,909 additional Shares (or up to 392,045 additional Shares in the event that the Increase Option is exercised in full), comprising up to 15% of the total number of Offer Shares sold in the Offering ("Additional Shares"), to

cover short positions resulting from any over-allotments made in connection with the Offering and conduct stabilisation transactions (if any). In this Prospectus the definition Offer Shares includes, unless the context indicates otherwise, the Additional Shares.

The distribution of this Prospectus and the transfer of Offer Shares into jurisdictions other than the Netherlands and Belgium may be restricted by law and therefore persons into whose possession this Prospectus comes should carefully inform themselves of and observe any such restrictions. The Offer Shares have not been approved or disapproved by the United States Securities and Exchange Commission or any securities commission or other regulatory authority of any state or other jurisdiction of the United States, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Offer Shares have not and will not be registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of any Shares in the United States or in any other jurisdictions except the Netherlands and Belgium. Each purchaser of Offer Shares is deemed to have made certain representations and statements as described in Chapter 18 (Selling and Transfer Restrictions) and each potential investor should carefully read and comply with the contents of Chapter 18 (Selling and Transfer Restrictions).

The closing of the Offering is subject to the satisfaction of a number of conditions (see paragraph 17.2 below). If the closing of the Offering does not take place on the Settlement Date or at all, the Offering may be withdrawn. In such case, all subscriptions for Offer Shares will be disregarded and any allocations of Offer Shares will be deemed not to have been made and any payments received by the Company will be returned without interest or other compensation and Euronext may cancel transactions that have occurred. Prior to the settlement and delivery of the Offer Shares all dealings in the Shares are at the sole risk of the parties concerned. None of the Company, the Underwriters or Euronext accepts any responsibility or liability for any loss or damage incurred by any party as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Shares on Euronext.

This Prospectus constitutes a prospectus for the purposes of article 3 of the Directive 2003/71/EC as amended (the "**Prospectus Directive**") 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 Prospectus has been approved by and filed with the AFM and 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.

Sole Global Coordinator & Joint Bookrunner



Joint Bookrunner



PEEL HUNT

The date of this Prospectus is 16 June 2015 (the "**Prospectus Date**").

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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".

Section A — Introduction and warnings		
A.1	Introductions and warnings	This summary should be read as an introduction to the prospectus (the " Prospectus ") relating to the offering (the " Offering ") by Kiadis Pharma N.V. (the " Company ") of up to 2,272,727 new ordinary shares with a nominal value of €0.10 each in its capital (the " Offer Shares "), and of the admission to listing and trading of all the outstanding ordinary shares in the capital of the Company (the " 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 "). Any decision to invest in the Offer Shares or the Company should be based on consideration of the Prospectus as a whole by the investor. 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. 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 the Offer Shares or the Company.
A.2	Consent, indication, conditions and notice	Not applicable; there will be no subsequent public resale of or final placement of the Offer Shares by financial intermediaries.
Section B — Issuer		
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 country of incorporation	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 Entrada 200, - kant. 231, 1114 AA Amsterdam-Duivendrecht, the Netherlands. The Company is registered with the Trade Register of the Chamber of Commerce of 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 for treatment of blood cancers and inherited blood disorders. Kiadis believes that its innovative products have the potential to address the current risks and limitations connected with allogeneic hematopoietic stem cell transplantation ("HSCT")¹. Although currently not a viable option for many patients, HSCT is generally regarded as the most effective curative approach to blood cancers and certain inherited blood disorders. Kiadis expects that HSCT could become a first-choice treatment for blood cancers and inherited blood disorders, thereby meeting a significant unmet medical need with its products.</p> <p><u>ATIR (Allo-depleted T-cell ImmunotheRapeutics)</u></p> <p>Kiadis' product candidates provide for "Allodepleted T-cell ImmunotheRapeutics" ("ATIR") that are based on its Theralux platform. Kiadis' lead product is referred to as ATIR101, which addresses the key risks and limitations of current HSCT treatments in blood cancers being: opportunistic infections, graft-versus-host disease ("GVHD"), cancer relapse as well as limited donor availability. Kiadis' second product, ATIR201 is expected to be developed for inherited blood disorders with an initial focus on thalassemia, and is expected to address the key risks and limitations of HSCT in inherited blood disorders being: opportunistic infections, GVHD and limited donor availability.</p> <p>ATIR101 and ATIR201 are cellular products for infusion. They consist of donor lymphocytes (immune cells), specifically manufactured for each individual patient from a healthy, haploididentical stem cell donor. Using Kiadis' Theralux platform, T-cells that attack the patient, causing GVHD, are eliminated. However, the full immune repertoire of donor immune cells, including immunological memory, is retained in the final product.</p> <p>During HSCT treatment, the bone marrow, harbouring the diseased cells, is completely destroyed and subsequently replaced by stem cells from a healthy donor. After an HSCT treatment, it usually takes at least six to twelve months to recover to near-normal blood cell levels and immune cell functions in a patient that has received a transplant. During this period, the patient is highly susceptible and vulnerable to infections caused by bacteria, viruses and fungi. Immune cells in ATIR</p>

¹ Except where the context requires differently, references in this Prospectus to HSCT are to allogeneic hematopoietic stem cell transplantsations. In an allogeneic transplantation, the donor and the recipient of the stem cells are different people. It is distinguished from autologous transplantation, whereby stem cells provided by the patient are used.

	<p>will help fight these opportunistic infections and bridge the time until the immune system has fully re-grown from stem cells in the transplanted graft.</p> <p>In ATIR, T-cells that cause GVHD are eliminated from the donor lymphocytes, which minimises the risk of GVHD and any related morbidity and mortality. At the same time, ATIR contains potential cancer killing T-cells from the donor that could eliminate residual cancer cells and avoid the return of the disease. ATIR allows the use of haploidentical grafts that are almost entirely depleted of T-cells, which eliminates the need for immunosuppressive drugs. ATIR subsequently provides the patient with immune cells that do not cause GVHD. As a result, ATIR solves the problem of not sourcing a matched donor in time and has the potential to make curative HSCT a viable option to many more patients.</p> <p>Kiadis estimates that approximately 35% of patients who are eligible for, and who are in urgent need of, HSCT will not find a matched donor in time. A partially matched (haploidentical) family donor, however will be available to over 95% of patients. The use of haploidentical donor grafts without ATIR is only feasible in conjunction with severe immunosuppression, which renders the patient highly vulnerable to infections with severe clinical complications, potentially resulting in death.</p> <p>Kiadis is focused on two therapeutic indications: leukaemia (a common form of blood cancer) and thalassemia (an inherited blood disorder).</p> <p><u>ATIR101 for leukaemia</u></p> <p>HSCT is generally considered the most effective curative approach for aggressive blood cancers, such as acute myeloid leukaemia ("AML") and acute lymphoblastic leukaemia ("ALL"). As mentioned, this procedure has inherent risks, and thus far has been used mainly in patients with a very high risk of leukaemia relapse. Improving the outcome of HSCT should allow broader use of this therapy for patients with blood cancers, such as AML and ALL.</p> <p>Kiadis has completed a Phase I/II clinical trial in blood cancer patients, which has shown that ATIR101 is safe over a large dose range. Long-term follow up provided strong indications of efficacy of ATIR101. Currently ATIR101 is being tested in an open-label Phase II trial in patients with AML, ALL and myelodysplastic syndrome ("MDS"), who have not found a matching donor and where a haploidentical family member is used as donor. In both trials, life-threatening GVHD was not elicited by ATIR101, confirming the efficiency of removing T-cells using Kiadis' Theralux platform. These patients are highly susceptible and vulnerable to infections and disease relapse for a prolonged period after transplantation. The administration of additional immune cells through ATIR101 has demonstrated the potential to overcome these risks and could consequently make HSCT feasible for a larger number of patients. Kiadis believes that haploidentical donor transplantations with ATIR101 have the potential to become an alternative for the use of umbilical cord stem cells or stem cells from matched but unrelated donors sourced from donor registries.</p> <p>In addition, ATIR101 contains potential cancer killing T-cells from the donor that could eliminate residual cancer cells and avoid the return of</p>
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		<p>the disease.</p> <p>Subject to the outcome of the ongoing Phase II trial which is expected in the first quarter of 2016 (interim results were published in December 2014), Kiadis intends to file for conditional approval in the European Union and Canada for ATIR101 in the fourth quarter of 2016. A Phase III trial for ATIR101 is envisaged to start in the second quarter of 2016 which is expected to result in filing for marketing authorisation with the European Medicines Agency ("EMA"), the U.S. Food and Drug Administration ("FDA") and Health Canada in 2019.</p> <p><u>ATIR201 for thalassemia</u></p> <p>Thalassemia is an inherited blood disorder, which results in improper oxygen transport and destruction of red blood cells in a patient. Replacing the diseased bone marrow through an HSCT and restoring the proper production of haemoglobin, would provide a cure for this disease. ATIR201 is expected to enter clinical development for thalassemia with a Phase I/II trial in the first quarter of 2016. The addition of ATIR201 to transplant regimes in this indication should provide a more effective immune response and reduce mortality from infections without the risk of GVHD until the immune system has fully re-grown from stem cells in a transplanted graft.</p> <p><u>Strategy</u></p> <p>Kiadis' primary objective is to become a leading biopharmaceutical company focused on developing and commercialising therapeutic products in cell-based immunotherapy. Kiadis aims to develop products that provide safer and more efficacious treatment options for cancer and blood disorder patients, improving their survival rate and quality of life.</p> <p>Kiadis benefits from its expertise in developing and manufacturing cell-based therapeutics and its network of medical specialists and advisors covering relevant aspects of its business. Based on this established expertise and network, Kiadis believes that it will be able to capitalise on additional opportunities in cell-based immunotherapy that might be presented to it or that it might identify in the future.</p> <p>To date, Kiadis' development has been financed primarily by equity and, to a lesser extent, by loans, grants and subsidies.</p>
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> <p>1. Improved transplant regimes</p> <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>

	<p>2. Increased use of haploidentical donors</p> <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 elimination of most or all T-cells from the graft prior to or after infusion into the patient to limit the risk of GVHD. These developments have all 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 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 will increase the availability of donors for HSCT and is expected to decrease healthcare costs by reducing the appearance of severe forms of GVHD and by helping the patient to better fight infections, which will result in less time in the hospital.</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 β-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</p>
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		occurs more broadly in the Western world. Companies have started to develop curative approaches for this 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 directly or indirectly holds in its operating subsidiaries.																																																																																																																			
B.6	Major Shareholders	<p>The following table presents information about the ownership of Shares, including information about holders of Shares ("Shareholders") whom Kiadis knows beneficially own 3% or more of the outstanding Shares (i) as at the date of this Prospectus (the "Prospectus Date") and (ii) immediately following the issuance of the Offer Shares.</p> <table border="1"> <thead> <tr> <th rowspan="3">Shares owned as of the Prospectus Date⁽¹⁾</th> <th colspan="8">Shares owned immediately following the issuance of the Offer Shares⁽²⁾⁽³⁾</th> </tr> <tr> <th colspan="2">Without exercise of the Increase and Over-Allotment Options</th> <th colspan="2">With exercise of the Over-Allotment Option, without exercise of the Increase Option</th> <th colspan="4">With exercise of the Increase and Over-Allotment Options</th> </tr> <tr> <th>Total</th> <th>%</th> <th>Total</th> <th>%</th> <th>Total</th> <th>%</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>DFJ Esprit⁽⁴⁾</td> <td>3,191,674</td> <td>29.8</td> <td>3,345,728</td> <td>25.8</td> <td>3,345,728</td> <td>25.1</td> <td>3,345,728</td> <td>24.4</td> </tr> <tr> <td>Lenildis Holding B.V.⁽⁵⁾</td> <td>2,045,379</td> <td>19.1</td> <td>2,132,038</td> <td>16.4</td> <td>2,132,038</td> <td>16.0</td> <td>2,132,038</td> <td>15.6</td> </tr> <tr> <td>Life Sciences Partners B.V.⁽⁶⁾</td> <td>1,660,244</td> <td>15.5</td> <td>1,737,890</td> <td>13.4</td> <td>1,737,890</td> <td>13.1</td> <td>1,737,890</td> <td>12.7</td> </tr> <tr> <td>Life Sciences Partners II B.V.⁽⁷⁾</td> <td>1,243,185</td> <td>11.6</td> <td>1,279,064</td> <td>9.9</td> <td>1,279,064</td> <td>9.6</td> <td>1,279,064</td> <td>9.3</td> </tr> <tr> <td>Alta Partners⁽⁸⁾</td> <td>890,590</td> <td>8.3</td> <td>963,610</td> <td>7.4</td> <td>963,610</td> <td>7.2</td> <td>963,610</td> <td>7.0</td> </tr> <tr> <td>Quest for Growth N.V.</td> <td>528,535</td> <td>4.9</td> <td>553,375</td> <td>4.3</td> <td>553,375</td> <td>4.2</td> <td>553,375</td> <td>4.0</td> </tr> <tr> <td>N.V. Nom⁽⁹⁾</td> <td>422,839</td> <td>4.0</td> <td>407,070</td> <td>3.1</td> <td>407,070</td> <td>3.1</td> <td>407,070</td> <td>3.0</td> </tr> <tr> <td>Kreos Capital III Ltd⁽¹⁰⁾</td> <td>–</td> <td>–</td> <td>398,839</td> <td>3.1</td> <td>398,839</td> <td>3.0</td> <td>398,839</td> <td>2.9</td> </tr> <tr> <td>Others</td> <td>712,061</td> <td>6.7</td> <td>2,149,623</td> <td>16.6</td> <td>2,490,532</td> <td>18.7</td> <td>2,882,577</td> <td>21.0</td> </tr> <tr> <td></td> <td>10,694,508</td> <td>100</td> <td>12,967,235</td> <td>100</td> <td>13,308,144</td> <td>100</td> <td>13,700,189</td> <td>100</td> </tr> </tbody> </table> <p>⁽¹⁾ Actual numbers are adjusted to reflect the application of the liquidation preference provisions that are set out in the shareholders' agreement that Kiadis Pharma B.V. and the majority of its shareholders entered into on 22 September 2014, assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date. The aforementioned liquidation preference provisions provide that, inter alia, in the event of the occurrence of an exit event, the holders of preference shares of Kiadis Pharma B.V. are entitled to a preferential distribution and reallocation of proceeds (whether in cash or in kind) which is dependent on the Company's valuation as at the date of its listing. In relation to the Offering, this will result in a reallocation of all ordinary shares in Kiadis Pharma B.V. to the former holders of Kiadis Pharma B.V. preference shares and of Shares between the participants in the Capital Restructuring (i.e. the restructuring implemented on 12 June 2015 in which shares in Kiadis Pharma B.V. were contributed on shares in the Company, as a consequence whereof the Company became the holding company of the Kiadis corporate group and the direct holder of 97.52% of the shares of</p>	Shares owned as of the Prospectus Date ⁽¹⁾	Shares owned immediately following the issuance of the Offer Shares ⁽²⁾⁽³⁾								Without exercise of the Increase and Over-Allotment Options		With exercise of the Over-Allotment Option, without exercise of the Increase Option		With exercise of the Increase and Over-Allotment Options				Total	%	Total	%	Total	%	Total	%	DFJ Esprit ⁽⁴⁾	3,191,674	29.8	3,345,728	25.8	3,345,728	25.1	3,345,728	24.4	Lenildis Holding B.V. ⁽⁵⁾	2,045,379	19.1	2,132,038	16.4	2,132,038	16.0	2,132,038	15.6	Life Sciences Partners B.V. ⁽⁶⁾	1,660,244	15.5	1,737,890	13.4	1,737,890	13.1	1,737,890	12.7	Life Sciences Partners II B.V. ⁽⁷⁾	1,243,185	11.6	1,279,064	9.9	1,279,064	9.6	1,279,064	9.3	Alta Partners ⁽⁸⁾	890,590	8.3	963,610	7.4	963,610	7.2	963,610	7.0	Quest for Growth N.V.	528,535	4.9	553,375	4.3	553,375	4.2	553,375	4.0	N.V. Nom ⁽⁹⁾	422,839	4.0	407,070	3.1	407,070	3.1	407,070	3.0	Kreos Capital III Ltd ⁽¹⁰⁾	–	–	398,839	3.1	398,839	3.0	398,839	2.9	Others	712,061	6.7	2,149,623	16.6	2,490,532	18.7	2,882,577	21.0		10,694,508	100	12,967,235	100	13,308,144	100	13,700,189	100
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		<p>Kiadis Pharma B.V.). This reallocation will depend on the final Offer Price that is expected to be determined on 1 July 2015. The reallocation will be implemented at the Settlement Date. The application of the liquidation preference provisions has not resulted and will not result in a distribution being made by Kiadis Pharma B.V. or by the Company. For more information, see paragraph 15.1.2 below.</p> <p>⁽²⁾ Assuming (a) that the Offering is fully subscribed, (b) an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date and (c) the application of the liquidation preference provisions referred to in note 1 above. Position illustrated above does not reflect the up to 662,097 Shares that will be issued pursuant to the 2013 Exit Participation Plan upon the termination of the lock-up arrangements to which certain relevant persons are subject in connection with the Offering, the lapse of a vesting period and certain vesting conditions having been satisfied.</p> <p>⁽³⁾ Life Sciences Partners B.V., DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners II B.V., Alta Partners and Quest for Growth are Committed Parties (see paragraph 17.1 below). In the table it is assumed that their commitments will be fully allotted.</p> <p>⁽⁴⁾ The interest of DFJ Esprit is held through Esprit Nominees Ltd.</p> <p>⁽⁵⁾ Lenildis Holding B.V. is a pooling entity that holds its interest in the Company on behalf of amongst others Life Sciences Partners B.V., Life Sciences Partners II B.V., MedSciences Capital II B.V., a private equity investment fund in which Kempen AM N.L. B.V., an asset manager affiliated with the Sole Global Coordinator, holds a minority interest, Proventures 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 Weger is shareholder and (ii) Mr. Martijn Kleijwegt is shareholder and a managing director (see paragraph 13.7.2 below).</p> <p>⁽⁶⁾ This interest excludes the interest held through Lenildis Holding B.V. (see note 5 above).</p> <p>⁽⁷⁾ This interest excludes the interest held through Lenildis Holding B.V. (see note 5 above).</p> <p>⁽⁸⁾ The interest of Alta Partners is held through Alta Partners VIII, LP.</p> <p>⁽⁹⁾ Full name: N.V. NOM, Investerings- en Ontwikkelingsmaatschappij voor Noord Nederland.</p> <p>⁽¹⁰⁾ Kreos Capital III Ltd has a warrant for preference shares in Kiadis Pharma B.V. that it is expected to exercise prior to the Listing Date. The table above reflects the interest that Kreos Capital III Ltd shall acquire on the Settlement Date as per the exercise of this warrant and the application of the liquidation preference provisions referred to in note 1 above.</p> <p>Except as disclosed above, Kiadis is not aware of any other person or legal entity that, as of the Prospectus 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 General Meeting (as defined below).</p> <p>Kiadis is not aware of any arrangement, the operation of which may result in a change of control of the Company.</p>
B.7	Selected key historical financial information	<p>The selected consolidated financial information set forth below should be read in conjunction with paragraph 4.4 below, Chapter 8 (Selected Consolidated Historical Financial Information), Chapter 9 (Operating and Financial Review), and Kiadis Pharma B.V.'s audited special purpose consolidated financial statements and notes thereto for the financial years ended 31 December 2014, 2013 and 2012 and Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial information and the notes thereto for the three-month period ended 31 March 2015.</p> <p>The selected consolidated financial information has been extracted from Kiadis Pharma B.V.'s audited special purpose consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012 (in the tables below in this Element B.7 marked "Audited") and from Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial information for the three-month period ended 31 March 2015 (in the tables below in this Element B.7 marked</p>

		<p>"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 'international financial reporting standards' ("IFRS"), as adopted by the European Union. The unaudited consolidated interim financial information has been prepared in accordance with IAS 34 'interim financial reporting' and, as allowed under IAS 34, it does not contain all information required to be included in the financial statements. It should therefore be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014.</p> <p>There has been a significant change in Kiadis' financial position since 31 March 2015. On 19 May 2015, Kiadis and RVO Nederland agreed on a new repayment schedule for the innovation loans that Kiadis obtained from RVO Nederland. These loans were recorded on the balance sheet as at 31 March 2015 as a current liability in the amount of €7.3 million in total. Had the new repayment schedule already been agreed at that time, in the 31 March 2015 balance sheet, an amount of €0.8 million out of the €7.3 million would have been qualified as current liability, and an amount of €6.5 million out of the €7.3 million as non-current liability. In this Prospectus, this adjustment is referred to as the "RVO Adjustment".</p>
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Selected consolidated income statement data

(in € thousands)	Three months ended 31 March		Year ended 31 December		
	2015	2014	2014	2013	2012
	Unaudited		Audited		
Revenues	-	-	-	-	-
Other income	-	-	-	-	-
Research and development expenses	(1,175)	(1,124)	(4,692)	(3,548)	(3,616)
General and administrative expenses	(495)	(370)	(1,476)	(1,444)	(1,348)
Total expenses	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Result from operating activities	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Interest income	1	13	28	89	62
Interest expenses	(319)	(261)	(1,073)	(920)	(889)
Other net finance expenses	(1,721)	(430)	(598)	(1,062)	(879)
Net finance expenses	(2,039)	(678)	(1,643)	(1,893)	(1,706)
Loss before income tax	(3,709)	(2,172)	(7,811)	(6,885)	(6,670)
Income tax expenses	-	-	(2)	-	-
Loss	(3,709)	(2,172)	(7,813)	(6,885)	(6,670)

Selected consolidated balance sheet data

(in € thousands)	As of 31 March		As of 31 December	
	2015	2014	2013	2012
	Unaudited		Audited	
ASSETS				
Property, plant and equipment	387	413	280	280
Intangible assets	14,093	13,687	13,148	14,762
Total non-current assets	14,480	14,100	13,428	15,042

Trade and other receivables	177	196	51	351
Deferred expenses	180	242	227	140
Cash and cash equivalents	3,913	5,674	6,482	9,900
Total current assets	4,270	6,112	6,760	10,391
Total assets	18,750	20,212	20,188	25,433
EQUITY				
Share capital	10,567	10,567	10,896	10,896
Share premium	57,243	57,243	51,863	51,850
Translation reserve	372	317	249	529
Warrant reserve	2,580	2,580	2,580	2,580
Accumulated deficit	(71,751)	(68,042)	(60,229)	(53,341)
Equity attributable to equity holders	(989)	2,665	5,359	12,514
LIABILITIES				
Loans and borrowings	6,417	5,090	10,021	8,416
Derivatives	4,589	3,730	3,189	3,189
Total non-current liabilities	11,006	8,820	13,210	11,605
Loans and borrowings	7,321	7,129	384	349
Trade and other payables	1,412	1,598	1,235	965
Total current liabilities	8,733	8,727	1,619	1,314
Total liabilities	19,739	17,547	14,829	12,919
Total equity and liabilities	18,750	20,212	20,188	25,433

Selected consolidated cash flow data

<i>(in € thousands)</i>	Three months ended 31 March		Year ended December 31		
	2015		2014	2013	2012
	Unaudited		Audited		
Net cash used in operating activities	(1,764)	(1,097)	(6,075)	(4,397)	(6,622)
Cash from (or used in) investing activities	(7)	(7)	(231)	(13)	43
Cash from (or used in) financing activities	-	(75)	5,490	1,017	9,802
Net cash flow	(1,771)	(1,179)	(816)	(3,393)	3,223
Cash and cash equivalents at beginning of period	5,674	6,482	6,482	9,900	6,678
Effect of exchange rate fluctuations on cash held	10	(12)	8	(25)	(1)
Cash and cash equivalents at end of period	3,913	5,291	5,674	6,482	9,900

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	Not applicable. There are no qualifications in the auditor's report on the audited special purpose consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012.
B.11	Working capital	Kiadis' current cash resources do not provide it with sufficient working capital for the next twelve months following the Prospectus Date. Kiadis believes that it has sufficient working capital to continue its current operations until September 2015. Based on its present

		<p>requirements, Kiadis believes its operations will require additional cash resources of approximately €9 million to provide it with sufficient working capital for the next twelve months following the Prospectus Date. If the Offering should be withdrawn or otherwise not be completed, Kiadis believes it would require additional funds to cover the deficit in its working capital for the next twelve months following the Prospectus Date. In that event, Kiadis may seek to enter into debt or equity financing arrangements by means of private or public offerings. It may then delay, reduce the scope of, eliminate or divest clinical programs and consider other cost reduction initiatives. In the event Kiadis is not able to generate sufficient funds from these resources, it may be unable to continue as a going concern and its business, financial condition and/or results of operations could be materially and adversely affected.</p> <p>If the Offering is completed, the expected net proceeds of the Offering together with Kiadis' current cash resources will provide it with sufficient working capital for the next twelve months following the Prospectus Date.</p>
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Section C — Securities

C.1	Type and class Security identification number	The Shares are ordinary shares in the issued and outstanding capital of the Company with a nominal value of €0.10 each. Application has been made to list all Shares under the symbol "KDS" on Euronext Amsterdam and Euronext Brussels under ISIN Code NL0011323407.
C.2	Currency of the Offer Shares	The Shares are denominated in and will trade in euro.
C.3	Number of shares issued, par value per share	Before the issue of the Offer Shares, the number of Shares issued is 10,694,508 each Share having a nominal value of €0.10.
C.4	Rights attached to the securities	<p>The Shares carry dividend rights. Each Share entitles its holder to cast one vote at the Company's general meeting of shareholders (the "General Meeting"). There are no restrictions on voting rights. Dutch law and the Company's articles of association as they will read as of 2 July 2015 (the "Listing Date") (the "Articles of Association") 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 persons exercising a previously granted right to subscribe for shares.</p> <p>Pursuant to the Articles of Association, the Company's board of managing directors (the "Management Board") may, subject to the approval of the Company's board of supervisory directors (the "Supervisory Board"), restrict and, if so designated by the General</p>

		Meeting, exclude the Shareholders' pre-emptive rights. On 30 June 2015 a General Meeting shall be held which is expected to resolve that, subject to the approval of the Supervisory Board, the Management Board shall be authorised to issue Shares for a period of five years following 30 June 2015, or grant rights to subscribe for Shares, up to a maximum of 20% of the number of Shares issued as of the Settlement Date and to limit or exclude pre-emptive rights in relation thereto.
C.5	Restrictions on free transferability of the securities	There are no restrictions on the transferability of the Shares in the Articles of Association. However, the Offering to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands or Belgium, and the transfer of Offer Shares into jurisdictions other than the Netherlands or Belgium, may be subject to specific regulations or restrictions.
C.6	Listing and admission to trading	Prior to the Offering there has not been a public market for the Shares. Application has been made for the admission to listing and trading of all the Shares under the symbol "KDS" on Euronext Amsterdam and on Euronext Brussels. Subject to acceleration or extension of the timetable for the Offering, trading of the Shares on Euronext is expected to commence on or about 2 July 2015 on an 'as-if-and-when-issued' basis.
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. Also, pursuant to the investment loans it has obtained from RVO Nederland, as long as these loans have not been repaid, Kiadis is not entitled to make any dividend or other distributions to Shareholders (see also paragraph 9.8 below).
Section D — Risks		
D.1	Key risks relating to Kiadis and its industry	<p><i>Financial Risks</i></p> <ul style="list-style-type: none"> • Kiadis has a history of operating losses and anticipates that it will continue to incur operating losses for the foreseeable future. • Kiadis has never generated any revenue from product sales and its ability to generate revenue from product sales and become profitable depends significantly on its success in commercialising its product candidates that may be hard to achieve. • Kiadis requires substantial funding to continue its operations, and before commercialisation of any of its products, including ATIR101. • If Kiadis fails in obtaining substantial additional funding, it will be unable to continue its research and development programs or commercialise any of its products. • In order to finance acquisitions Kiadis may engage in transactions

	<p>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.</p> <ul style="list-style-type: none"> • Exchange rate fluctuations could negatively affect Kiadis' financial condition. • Kiadis' tax liability may be materially different from what is reflected in its income tax provisions and related balance sheet accounts. <p><i>Development risks</i></p> <ul style="list-style-type: none"> • 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, its business, financial condition and results of operations would be materially adversely affected. • Any delay in commencing or completing, or inconclusive or negative results from, clinical trials would harm Kiadis' ability to market a product, generate revenues and have a material adverse effect on its business, financial condition and results of operations. • ATIR101 has been the subject of very limited clinical trials and if further clinical trials reveal safety or fundamental efficacy issues, this may have a negative impact on the development path for other products that may be derived from the same platform. • Kiadis' applications for regulatory approval could be delayed or denied due to problems with clinical trials conducted before Kiadis in-licensed some of Kiadis' products. Should this occur, Kiadis' future results may be compromised and its ability to conduct clinical trials may be severely hampered. • If Kiadis fails to enrol patients in clinical trials for Kiadis' products in clinical development or if patients discontinue their participation, the clinical trials 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. <p><i>Risks relating to the regulatory environment</i></p> <ul style="list-style-type: none"> • If Kiadis fails to obtain or maintain orphan drug status for ATIR101 in the indications that are important to its business, Kiadis would likely have limited or shortened protection or market exclusivity for ATIR101. • Kiadis' products are subject to extensive regulation, which can be costly and time-consuming to comply with, and Kiadis may not obtain approvals for the commercialisation of any of its products. • 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
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	<p>could be imposed.</p> <p><i>Operational risks</i></p> <ul style="list-style-type: none"> • Due to Kiadis' limited resources and access to capital, Kiadis must prioritise development of certain products and its decision to pursue these products may prove to be unsuccessful as they may never receive regulatory approval or achieve profitability. • 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. • 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 it, including damages caused by product defects. • Kiadis has acquired and may in the future acquire businesses or engage in other transactions that could disrupt its operations. • 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. • If Kiadis' facilities become inoperable, or if Kiadis is unable to renew its lease, Kiadis may be unable to perform its clinical development activities and its business, financial condition and results of operations may be harmed. • Claims relating to improper handling, storage or disposal of hazardous chemical or biological materials could occur and defending against such claims could be time consuming and expensive. <p><i>Commercialisation and market risks</i></p> <ul style="list-style-type: none"> • The market opportunities for Kiadis' products may be smaller than currently anticipated lowering potential revenue for Kiadis. • If Kiadis' products do not gain market acceptance by regulators, among physicians, patients, healthcare providers, healthcare payer and/or the medical community as a whole, Kiadis may not be able to achieve revenues and its business will be materially adversely affected. • Kiadis operates in a highly competitive and rapidly changing industry. If Kiadis is unable to compete effectively, its business, financial condition and results of operations could be materially adversely affected. • Adverse events in the field of cell-based products could negatively
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	<p>influence and damage the perception of Kiadis' products and adversely affect its business, financial condition and results of operations.</p> <ul style="list-style-type: none"> • 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. • Governments, especially in the European Union and Canada, often impose strict price controls, which may adversely affect Kiadis' future profitability. • 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 and Kiadis' business, financial condition and results of operations could be materially adversely affected. <p><i>Risks relating to Kiadis' dependence on third parties and key personnel</i></p> <ul style="list-style-type: none"> • Kiadis relies on third parties who exclusively license intellectual property rights relating to the Theralux platform to it. If any such exclusive licence is terminated, Kiadis may be unable to commercialise and market the ATIR products. • Kiadis may be unable to enter into or maintain strategic alliances or collaborations which could affect its possibilities to commercialise certain early stage products. • Kiadis relies on third parties 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 generate sufficient product revenues could be harmed and its business, financial condition and results of operations could be materially adversely affected. • 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. • The failure to attract and retain senior management and skilled personnel could impair Kiadis' development and commercialisation efforts. <p><i>Risks relating to intellectual property and know how</i></p> <ul style="list-style-type: none"> • The duration and scope of Kiadis' patents may not be sufficient to effectively protect its products and business. • Issued patents covering Kiadis' product candidates could be found invalid or unenforceable if challenged in court or before the U.S. Patent and Trademark Office, the European Patent Office or
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		<p>another issuing body.</p> <ul style="list-style-type: none"> • If Kiadis fails to enforce adequately or protect its intellectual property rights its business may be harmed. • Kiadis may not be able to protect or enforce its intellectual property rights in all jurisdictions. • 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. • 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. • Intellectual property rights of third parties could adversely affect Kiadis' ability to commercialise its products.
D.3	Key risks relating to the securities	<ul style="list-style-type: none"> • There has been no public market for the Shares prior to the Offering and Kiadis cannot assure that an active market in the Shares will develop, which may cause Shares to trade at a discount from the Offer Price and make it difficult for investors to sell Shares at or above the price paid for them or at all. • The price of the Shares may be volatile and affected by a number of factors, some of which are beyond Kiadis' control. • The ownership of the Shares will continue to be highly concentrated and your interests may conflict with the interests of the Company's existing Shareholders. • Retail investors may have to pay a higher price for the Offer Shares than was envisaged at the time of subscribing. • The Management Board has broad discretion to use the net proceeds of the Offering and it may use these proceeds in ways with which investors disagree. • Prior to the Offering, Kiadis operated as a private company and therefore, it has no experience operating as a public company and complying with public company obligations. Complying with these requirements will increase costs, require additional management resources and qualified accounting and financial personnel, and Kiadis may fail to meet one or more of these obligations. • Institutional proxy advisors may influence the voting in General Meetings. • 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. • U.S. and other non-Dutch holders of the Shares may be unable to

		<p>exercise pre-emptive rights.</p> <ul style="list-style-type: none"> • If closing of the Offering does not take place on the Settlement Date or at all, subscriptions for the Offer Shares will be disregarded and transactions effected in the Offer Shares will be annulled. • Kiadis does not intend to pay dividends for the foreseeable future. • 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. • Investors with a reference currency other than euros will become subject to foreign exchange rate risk when investing in the Shares. • 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 Company believes that it was a passive foreign investment company ("PFIC") during its 2014 taxable year and that it may be so as well during its 2015 taxable year, generally resulting in adverse tax consequences to U.S. investors. • Investors may not be able to recover damages in civil proceedings for U.S. securities law violations. • Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax.
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Section E — Offer

E.1	Net proceeds and estimated Expenses	<p>Assuming that the Offering is fully subscribed and the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date), the table below sets out (i) the expected gross proceeds, (ii) the expected net proceeds and (iii) the expected aggregate administrative, legal and audit expenses as well as the other costs and expenses in connection with the Offering, the fees and commissions payable to the Underwriters and the remuneration of the AFM, the FSMA and Euronext, of the Offering, including in the event that the Increase Option and/or the Over-Allotment Option are exercised in full.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th><th style="width: 25%; text-align: center;">Gross proceeds</th><th style="width: 25%; text-align: center;">Net proceeds</th><th style="width: 20%; text-align: center;">Aggregate expenses, costs and fees⁽¹⁾</th></tr> </thead> <tbody> <tr> <td>Offering</td><td style="text-align: right;">€28,124,997</td><td style="text-align: right;">€24,869,234</td><td style="text-align: right;">€(3,255,763)</td></tr> <tr> <td>Offering, including Increase Option</td><td style="text-align: right;">€32,343,746</td><td style="text-align: right;">€28,875,358</td><td style="text-align: right;">€(3,468,388)</td></tr> <tr> <td>Offering, including Over-Allotment Option</td><td style="text-align: right;">€32,343,746</td><td style="text-align: right;">€28,875,358</td><td style="text-align: right;">€(3,468,388)</td></tr> <tr> <td>Offering, including Over-Allotment and Increase Options</td><td style="text-align: right;">€37,195,302</td><td style="text-align: right;">€33,482,396</td><td style="text-align: right;">€(3,712,906)</td></tr> </tbody> </table>					Gross proceeds	Net proceeds	Aggregate expenses, costs and fees⁽¹⁾	Offering	€28,124,997	€24,869,234	€(3,255,763)	Offering, including Increase Option	€32,343,746	€28,875,358	€(3,468,388)	Offering, including Over-Allotment Option	€32,343,746	€28,875,358	€(3,468,388)	Offering, including Over-Allotment and Increase Options	€37,195,302	€33,482,396	€(3,712,906)
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		<p>⁽¹⁾ Not including an incentive commission of 1% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Additional Shares), which may be paid to the Underwriters at the discretion of the Company.</p>
E.2a	Reasons for the Offering and use of proceeds	<p>The principal purpose of the Offering is to obtain additional capital to support the execution of Kiadis' strategy (as described in paragraph 11.4 below). In addition, the Offering will also create a public market for the Shares, allowing future access to the public equity markets.</p> <p>Kiadis currently anticipates that it will use the net proceeds of the Offering in order of importance as follows:</p> <ul style="list-style-type: none"> • to support further continued clinical development of ATIR101, including but not limited to: <ul style="list-style-type: none"> ○ finishing the current Phase II clinical trial; ○ conducting a further Phase II clinical trial to identify an enhanced dosing regimen; ○ preparing and initiating a Phase III international multicentre clinical trial in the United States, Canada and Europe and possibly other territories in order to apply to the FDA and EMA for marketing authorisation; • to conduct an exploratory Phase I/II clinical trial with ATIR201; • to support production process optimisation and automation of ATIR; • to apply funds for debt repayment, capital expenditures, general and administrative expenses, general corporate purposes in line with Kiadis' strategy, the additional costs associated with being a public company 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 the acquisition of programs and companies with synergistic or complementary technologies, products and/or product candidates). <p>Assuming that the Offering is fully subscribed and the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date), and excluding the exercise of the Increase Option and the Over-Allotment Option (both as defined below), the expected net proceeds will be approximately €24.9 million. Kiadis expects that approximately 45% - 55% of the net proceeds will be applied for the further development of ATIR101 and ATIR201, approximately 10% - 15% to support production process optimisation and automation of ATIR and approximately 30% - 45% for the other mentioned uses of proceeds.</p> <p>As of the Prospectus Date, Kiadis cannot predict with certainty all of the specific uses for the net proceeds from the Offering, 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</p>

		<p>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 Offering.</p> <p>Pending the use of the proceeds from the Offering, Kiadis intends to invest the net proceeds in interest-bearing, cash and cash equivalents instruments or short term certificates of deposit.</p>
E.3	Terms and conditions of the Offering	<p><u>Offering</u></p> <p>The Company is offering up to a total of 2,272,727 Offer Shares (excluding the Increase Option and the Over-Allotment Option (as both defined below) within a price range of €11.00 to €13.75 (inclusive) per Offer Share (the "Offer Price Range") to raise approximately up to €28.1 million (assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date).</p> <p>The Company reserves the right, after consultation with the Joint Bookrunners, to increase the total number of Offer Shares by up to 15% (the "Increase Option") or to decrease the total number of Offer Shares.</p> <p>In the event that the Increase Option is exercised in full, the maximum number of Offer Shares amounts to 2,613,636 which would raise approximately up to €32.3 million (assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date).</p> <p>In the event that the Over-Allotment Option is exercised in full, the maximum number of Offer Shares amounts to 2,613,636 which would raise approximately up to €32.3 million (assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date).</p> <p>In the event that the Over-Allotment Option and the Increase Option are both exercised in full, the maximum number of Offer Shares amounts to 3,005,681 which would raise approximately up to €37.2 million (in each case assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date).</p> <p>The Offer Price, the exact number of Offer Shares to be offered and the maximum number of Additional Shares (as defined below) will be stated in a pricing statement which will be published in a press release that will also be posted on Kiadis' website and filed with the AFM. Respective publications will be made in the Belgian financial press.</p> <p>The Offering consists of (i) a public offering to retail and institutional investors in the Netherlands and Belgium and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to qualified institutional buyers ("QIBs") as defined in Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). The Offer Shares are being</p>

offered only in those jurisdictions in which, and only to those persons to whom, offers of Shares may lawfully be made. All of the Offer Shares will rank pari passu with each other in all respects.

The Offering will begin on 17 June 2015 and is expected to end on 30 June 2015 (the "**Offering Period**").

Any increase in the top end of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. Any change of the Offer Price Range will be announced in a press release that will also be posted on Kiadis' website prior to the end of the Offering Period. Respective publications will be made in the Belgian financial press.

The Offer Price and the exact number of Offer Shares offered will be determined by the Company in consultation with Kempen & Co N.V. (the "**Sole Global Coordinator**") and KBC Securities NV/SA (together the "**Joint Bookrunners**" and with Peel Hunt LLP, the "**Underwriters**") after the end of the Offering Period, including any acceleration or extension, on the basis of the book building process and taking into account the considerations set out in Chapter 16 (The Offering).

Over-Allotment Option

The Company has granted an option (the "**Over-Allotment Option**") to the Sole Global Coordinator exercisable within 30 calendar days 2 July 2015 (the "**Listing Date**") pursuant to which the Sole Global Coordinator, on behalf of the Underwriters may require the Company to issue up to 340,909 additional Shares (or up to 392,045 additional Shares in the event that the Increase Option is exercised in full), comprising up to 15% of the total number of Offer Shares sold in the Offering ("**Additional Shares**"), to cover short positions resulting from any over-allotments made in connection with the Offering and conduct stabilisation transactions (if any).

Committed Parties

The current Shareholders Life Sciences Partners B.V., DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners II B.V., Alta Partners and Quest for Growth and new investor Nyenburgh Holding B.V. (the "**Committed Parties**") have committed to participate in the Offering for an aggregate amount of €12 million.

Expected timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Time and date
Commencement of the Offering Period	17 June 2015
End of the retail offering	30 June 2015, 12:00 CEST
End of the institutional offering	30 June 2015, 16:00 CEST
End of the Offering Period	30 June 2015
Pricing and allocation	1 July 2015
Commencement of trading on an 'as-if-and-when-issued' basis on	2 July 2015

	<p>Euronext Settlement (payment and delivery) 3 July 2015</p> <hr/> <p>Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period. In any event, the Offering Period will be at least six business days.</p> <p><u>Subscriptions</u></p> <p>Provided that there is sufficient demand, it is intended that approximately 10% of the Offer Shares (including Additional Shares, if any) will be allocated to retail investors in the Netherlands and Belgium. The proportion of Offer Shares allocated to retail investors in the Netherlands and Belgium may be increased or decreased if applications received from them exceed or do not reach, respectively, 10% of the Offer Shares (including Additional Shares, if any). Retail investors in Belgium and the Netherlands will be treated equally in terms of allocation in case of an oversubscription of the Offering.</p> <p>Subscriptions by eligible retail investors can only be made on a market order (<i>bestens</i>). As a consequence, eligible retail investors that subscribed for the Offer Shares in the Offering, shall be obliged to purchase and pay for the number of Offer Shares in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). Retail investors (including retail investors in Belgium) are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period (if applicable, as accelerated or extended), in the event that the Offer Price Range is increased above the upper end of the original Offer Price Range or a supplement to the Prospectus is published.</p> <p><u>Allocation</u></p> <p>The allocation of Offer Shares is expected to take place after termination of the Offering Period on or about 1 July 2015, subject to acceleration or extension of the timetable for the Offering.</p> <p>Allotment to investors who applied to subscribe for Offer Shares will be made on a discretionary basis and the Company and the Joint Bookrunners retain full discretion as to whether or not and how to allot the Offer Shares in accordance with the law. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is oversubscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Company and the Joint Bookrunners may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. The Joint Bookrunners will notify investors of any allocation of Offer Shares to them. Notwithstanding the above, it is intended, as stated under 'Subscriptions', that approximately 10% of the Offer Shares (including Additional Shares, if any) will be allocated to retail investors in the Netherlands and</p>
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		<p>Belgium.</p> <p><u>Representations and warranties</u></p> <p>Each investor in the Offering is deemed to have made certain representations and statements to the Underwriters as described in Chapter 18 (Selling and Transfer Restrictions). Furthermore each investor is expected to have read, and complied with, certain selling and transfer restrictions described in Chapter 18 (Selling and Transfer Restrictions). Each prospective investor should seek advice from its own advisors in relation to the legal, tax, business, financial and other aspects of participating in the Offering.</p> <p><u>Payment</u></p> <p>Payment for the Offer Shares is expected to take place on 3 July 2015 (the "Settlement Date"). The Offer Price of the Offer Shares allotted must be paid in euro in full and does not include applicable taxes or expenses, which must be borne by the investor (see Chapter 19 (Taxation) and paragraph 16.4 below).</p> <p><u>Delivery</u></p> <p>The Shares are registered shares which will have been entered into the collection deposit (<i>verzameldepot</i>) and the giro deposit (<i>girodepot</i>) as defined in, and pursuant to the Securities Giro Act (<i>Wet giraal effectenverkeer</i>).</p> <p>Application has been made for the Shares to be accepted for clearance through the book-entry facilities of <i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i> ("Euroclear Netherlands").</p> <p>Delivery of the Offer Shares takes place on the Settlement Date, through the book-entry facilities of Euroclear Netherlands, in accordance with its normal settlement procedures, applicable to equity securities and against payment (in euros) for the Offer Shares and the Additional Shares, if applicable, in immediately available funds.</p> <p><u>Sole Global Coordinator, Joint Bookrunners and Underwriters</u></p> <p>Kempen & Co N.V. is acting as Sole Global Coordinator and, together with KBC Securities NV/SA as the Joint Bookrunners. The Joint Bookrunners act together with Peel Hunt LLP as the Underwriters.</p> <p><u>Stabilisation, listing and paying agent</u></p> <p>Kempen & Co N.V. acts as the stabilisation, listing and paying agent with respect to the Shares on Euronext.</p>
E.4	Interests material to the Offering (including conflicting interests)	Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with Kiadis or any parties related to it, in respect of which they have received, and may in the future, receive customary fees and commissions.

		<p>MedSciences Capital II B.V. ("MedSciences"), a private equity investment fund, has an indirect interest in the Company through Lenildis Holding B.V. (see paragraph 15.1.1 below). MedSciences is a minority interest of Kempen AM NL B.V., an asset management affiliate of Kempen & Co N.V., the Sole Global Coordinator. The majority of the share capital of MedSciences is held by independent third parties, comprised of both professional and retail investors, on whose behalf the fund is being managed by MedSciences Capital Management B.V. MedSciences may in the future hold, in the ordinary course of its business, the Company's securities for investment purposes. As a result, MedSciences may have interests that may not be aligned, or could possibly conflict with the interests of investors. In respect hereof, Kempen & Co has procedures in place, such as strict Chinese walls procedures based on rules and regulations and internal policies, to prevent the sharing of information and any conflicts of interest between any of its group companies, affiliates, directors and employees engaged in its merchant banking activities and in its asset management activities.</p> <p>Also the other Underwriters and/or their respective affiliates may in the future hold, in the ordinary course of their business, the Company's securities for investment purposes. As a result, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations.</p> <p>Mr. Rüdiger, Mr. Van Heekeren, Mr. Rovers and Ms. Hoppe hold Shares, and Mr. Kleijwegt and Mr. Wegter have an indirect interest in Shares. Mr. Rüdiger, Mr. Van Heekeren, Mr. Rovers, Ms. Hoppe, and Mr. Brichard have the possibility to receive fully paid up Shares issued free of charge as per their entitlements under a Company incentive plan (see paragraph 13.13.1 below).</p> <p>Existing Shareholders DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners B.V., Life Sciences Partners II B.V., Alta Partners and Quest for Growth and new investor Nyenburgh Holding B.V. are Committed Parties (see E.3 above and paragraph 17.1 below).</p>
E.5	Person or entity offering to sell the securities and lock-up arrangements	<p>The Company is offering to sell the Offer Shares.</p> <p><u>Company Lock-up</u></p> <p>Pursuant to the underwriting agreement with respect to the offer and sale of the Offer Shares that the Company and the Underwriters will enter into (the "Underwriting Agreement"), the Company agreed with the Underwriters, that for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not:</p> <p class="list-item-l1">(i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or file any registration statement under the U.S. Securities Act or any similar</p>

		<p>document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing;</p> <ul style="list-style-type: none"> (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; (ii) submit to its shareholders or any other body a proposal to effect any of the foregoing; subject to the issue of the Offer Shares; or (iv) publicly announce such an intention to effect any such transaction. <p>The foregoing restrictions shall not apply to: (i) the issuance of Offer Shares and Additional Shares in connection with the Offering, (ii) 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 Kiadis Pharma B.V. and any transfers, sales, tenders or other dispositions of Shares or Kiadis Pharma B.V. shares resulting from such corporate action, (iii) any action at the direction of the Sole Global Coordinator (acting on behalf of the Underwriters) (including in its capacity as stabilisation, listing or paying agent), (iv) the granting of awards in Offer Shares by the Company pursuant to the 2013 exit participation plan or (v) the granting of any options to purchase Shares or the granting of Shares based on performance under any new employee share option or performance share award plan which the Company may adopt.</p>
		<p><u>Shareholder lock-up</u></p> <p>The current shareholders of the Company (excluding certain minority shareholders holding an aggregate of 1.09% of the currently issued and outstanding Shares) have agreed with the Sole Global Coordinator (acting on behalf of the Underwriters) that, for a period until 180 days from the Settlement Date, they will not, and will not thereafter only with respect to (i), (ii) and (iii) below for an additional period of 180 days, without the prior written consent of the Sole Global Coordinator:</p> <ul style="list-style-type: none"> (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or shares of Kiadis Pharma B.V. or any securities (including any new Shares issuable upon exercise of any options and/or warrants, hereafter the "Warrants") convertible into or exercisable or exchangeable for Shares or other shares of the Company or shares of Kiadis Pharma B.V. or request or demand that the Company file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the

		<p>foregoing;</p> <p>(ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, Warrants or other shares of the Company or shares of Kiadis Pharma B.V., whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;</p> <p>(iii) publicly announce an intention to effect any such transaction;</p> <p>(iv) cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of Shares (other than as expressly provided by the Prospectus);</p> <p>(v) propose, directly or indirectly, any increase in the share capital of the Company to any meeting of the shareholders for resolution, or vote in favour of such a proposed increase (other than as expressly provided by the Prospectus); or</p> <p>(vi) cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into Shares (other than as expressly provided by the Prospectus).</p>
		<p>The foregoing restrictions shall not apply to, as applicable:</p> <p>(i) the lending of Shares to the Sole Global Coordinator pursuant to the share lending agreement to be entered into by the Sole Global Coordinator and Life Sciences Partners B.V. and Life Sciences Partners II B.V.;</p> <p>(ii) the contribution of any Kiadis Pharma B.V. shares in accordance with the Capital Restructuring;</p> <p>(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 Kiadis Pharma B.V.;</p> <p>(iv) any transfers, sales, tenders or other dispositions of Shares or Kiadis Pharma B.V. shares pursuant to a bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction made to or involving all holders of the Shares, Kiadis Pharma B.V. shares or such other securities pursuant to which a majority of total voting power of the voting shares of the Company or Kiadis Pharma B.V. is transferred to such third party (including, without limitation, the entering into any lock-up, voting or similar agreement pursuant to which the signatories to the lock-up agreement may agree to transfer, sell, tender or otherwise dispose of Shares, Kiadis Pharma B.V. shares or other such securities in connection with such transaction, or vote any Shares, Kiadis Pharma B.V. shares or other such securities in favour</p>

		<p>of any such transaction); provided that if such tender offer, merger, amalgamation, consolidation or other similar transaction is not completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions contained therein and provided further that if such tender offer, merger, amalgamation, consolidation or other similar transaction is completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions therein until the lock-up period ends or until the Shares cease to be listed on any stock exchange, whichever is earlier;</p> <p>(v) any newly issued Shares purchased in the Offering or thereafter in the secondary market; and</p> <p>(vi) the transfer or distribution of Shares or Kiadis Pharma B.V. shares to members or shareholders of a signatory to the lock-up agreement 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 signatory to the lock-up agreement or to any investment fund or other entity that controls or manages any such signatory to the lock-up agreement (including, for the avoidance of doubt, a fund managed by the same manager or general partner or management company or by an entity controlling, controlled by or under common control with such manager or general partner or management company as the signatory to the lock-up agreement).</p>
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Management lock-up

Each member of the Management Board, the Supervisory Board and Senior Management has agreed with the Sole Global Coordinator (acting on behalf of the Underwriters) that for a period until 180 days from the Settlement Date, they will not, and will not thereafter for an additional period of 180 days, without the prior written consent of the Sole Global Coordinator:

- (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or shares of Kiadis Pharma B.V. or any securities (including the Warrants) convertible into or exercisable or exchangeable for Shares or other shares of the Company or shares of Kiadis Pharma B.V. or request or demand that the Company file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing;
- (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, Warrants or other shares of the Company or shares of Kiadis Pharma B.V., whether any such transaction is to be settled by delivery of Shares or such other securities, in cash

		<p>or otherwise; or</p> <p>(ii) publicly announce an intention to effect any such transaction.</p> <p>The foregoing restrictions shall not apply to:</p> <p>(i) the contribution of any Kiadis Pharma B.V. shares in accordance with the Capital Restructuring;</p> <p>(ii) 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;</p> <p>(iii) any transfers, sales, tenders or other dispositions of Shares or Kiadis Pharma B.V. shares pursuant to a bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction made to or involving all holders of the Shares, Kiadis Pharma B.V. shares or such other securities pursuant to which a majority of total voting power of the voting shares of the Company or Kiadis Pharma B.V. is transferred to such third party (including, without limitation, the entering into any lock-up, voting or similar agreement pursuant to which the undersigned may agree to transfer, sell, tender or otherwise dispose of Shares, Kiadis Pharma B.V. shares or other such securities in connection with such transaction, or vote any Shares. Kiadis Pharma B.V. shares or other such securities in favor of any such transaction), provided that if such tender offer, merger, amalgamation, consolidation or other similar transaction is not completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions contained therein and provided further that if such tender offer, merger, amalgamation, consolidation or other similar transaction is completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions contained therein until the lock-up period ends or until the Shares cease to be listed on any stock exchange, whichever is earlier; and</p> <p>(iv) any newly issued Shares purchased in the Offering or thereafter in the secondary market.</p>
E.6	Dilution	The voting interest of the existing Shareholders will be diluted as a result of the issuance of the Offer Shares. The maximum dilution for the existing Shareholders pursuant to the issuance of the Offer Shares would be 21.94%, assuming the issuance of 3,005,681 Offer Shares and no participation of the existing Shareholders in the Offering.
E.7	Estimated expenses charged to the investors by the Company	Not applicable. No expenses have been or will be charged to the investors by Kiadis in relation to the Offering.

Samenvatting

Samenvattingen bestaan uit verplicht te verstrekken informatie bekend als 'Elementen'. Deze Elementen zijn genummerd in Deel A tot E (A.1 – E.7). Deze samenvatting bevat alle Elementen die moeten worden opgenomen in een samenvatting voor dit type effecten en emittent. Omdat sommige Elementen niet hoeven te worden besproken, kunnen er leemten zijn in de volgorde van de nummering van de Elementen.

Ook al moet een Element in de samenvatting ingevoegd worden vanwege het type effecten en emittent, is het mogelijk dat er over het Element geen relevante informatie kan worden verstrekt. In dit geval wordt er een korte beschrijving van het Element opgenomen in de samenvatting, met de vermelding 'niet van toepassing'.

Afdeling A – Introductie en Waarschuwingen		
A.1	Introductie en waarschuwingen	Deze samenvatting dient gelezen te worden als een inleiding op het Engelstalige prospectus (het " Prospectus ") met betrekking tot de aanbieding (de " Aanbieding ") van Kiadis Pharma N.V. (de " Venootschap ") van een maximum van 2.272.727 nieuw uit te geven gewone aandelen in het aandelenkapitaal van de Venootschap (de " Aangeboden Aandelen ") en de toelating tot de notering en verhandeling van de gewone aandelen met een nominale waarde van €0.10 per aandeel in het kapitaal van de Venootschap (de " Aandelen ") onder het symbool "KDS" aan Euronext Amsterdam, een gereguleerde markt beheerd door Euronext Amsterdam N.V. (" Euronext Amsterdam ") en Euronext Brussel, een gereguleerde markt beheerd door Euronext Brussel NV/SA (" Euronext Brussel ", en gezamenlijk met Euronext Amsterdam, " Euronext "). Ieder besluit om in de Aangeboden Aandelen of de Venootschap te investeren dient steeds gebaseerd te zijn op bestudering door de belegger van het gehele Prospectus. Wanneer een vordering met betrekking op de informatie in het Prospectus bij een rechterlijke instantie aanhangig wordt gemaakt, kan het zijn dat de belegger die als eiser optreedt volgens nationale wetgeving van de Lidstaten van de Europese Economische Ruimte de kosten voor de vertaling van het Prospectus moet dragen voordat de rechtsvordering wordt ingesteld. Uitsluitend de personen die de samenvatting, met inbegrip van een eventuele vertaling ervan, hebben opgesteld, kunnen wettelijk aansprakelijk worden gesteld, maar alleen indien deze samenvatting, wanneer zij samen met de andere delen van het Prospectus wordt gelezen, misleidend, onjuist of inconsistent is of indien zij, wanneer zij samen met de andere delen van het Prospectus wordt gelezen, niet de essentiële gegevens verstrekt om beleggers te helpen bij hun overweging ten aanzien van de vraag in de Aandelen of Kiadis te investeren.
A.2.	Nadere wederverkoop of definitieve plaatsing van effecten door financiële tussenpersonen	Niet van toepassing; er zal geen nadere wederverkoop of definitieve plaatsing van de Aangeboden Aandelen door financiële tussenpersonen plaatsvinden.

Afdeling B — De Uitgevende Instelling		
B.1	Statutaire en handelsnaam van de Vennootschap	De statutaire naam van de Vennootschap is Kiadis Pharma N.V. De handelsnaam van de Vennootschap is Kiadis Pharma.
B.2	Vestigingsplaats, rechtsvorm, wetgeving en land van oprichting	De Vennootschap is een naamloze vennootschap opgericht onder Nederlands recht en met haar statutaire zetel in Amsterdam, Nederland, en kantoorhouder aan Entrada 200, - kant. 231, 1114 AA Amsterdam-Duivendrecht, Nederland. De Vennootschap is ingeschreven in het Handelsregister van de Kamer van Koophandel van Amsterdam onder nummer 63512653.
B.3	Actuele bedrijfsvoering en voornaamste activiteiten	<p><u>Algemeen</u></p> <p>Kiadis is een biofarmaceutisch bedrijf in de klinische ontwikkelingsfase dat zich toelegt op onderzoek, ontwikkeling en toekomstige commercialisering van cellulaire immunotherapie producten voor de behandeling van bloedkancers en erfelijke bloedziektes. Kiadis gelooft dat haar innovatieve producten de potentie hebben om de huidige risico's en beperkingen die verbonden zijn aan allogene hematopoietische stamceltransplantatie ("HSCT")² te addresseren. Hoewel HSCT momenteel geen reële mogelijkheid is voor veel patienten, wordt HSCT in het algemeen beschouwd als de meest effectieve behandeling van bloedkancers en bepaalde erfelijke bloedziektes die tot genezing kan leiden. Kiadis verwacht dat HSCT de behandeling van eerste keus kan worden voor bloedkanker en erfelijke bloedziektes en daarmee tegemoet kan komen aan een belangrijke medische noodzaak.</p> <p><u>ATIR (Allo-depleted T-cell ImmunotheRapeutics)</u></p> <p>De huidige productkandidaten van Kiadis betreffen "Allodepleted T-cell ImmunotheRapeutics" ("ATIR") die zijn gebaseerd op haar Theralux platform. Het hoofdproduct van Kiadis wordt aangeduid als ATIR101 en adreseert de belangrijkste risico's en beperkingen van huidige HSCT behandelingen van bloedkancers, te weten: opportunistische infecties, graft-versus-host ziekte ("GVHD"), terugkeer van de kanker en beperkte beschikbaarheid van donoren. Het tweede product van de Vennootschap, ATIR201, zal naar verwachting voor erfelijke bloedziektes worden ontwikkeld en zich in eerste instantie richten op behandeling van thalassemie. Het is de verwachting dat het de belangrijkste risico's en beperkingen van HSCT als behandeling voor erfelijke bloedziektes zal addresseren, te weten: opportunistische infecties, GVHD en beperkte donor beschikbaarheid.</p> <p>ATIR101 en ATIR201 zijn cellulaire producten voor intraveneus gebruik. Ze bestaan uit donor lymfocyten (immuuncellen) die voor elke individuele patiënt specifiek vervaardigd worden uit een gezonde, haploidentieke stamcel donor. Met behulp van het Theralux platform van Kiadis worden de T-cellen die de patiënt aanvallen en</p>

² Behalve als de context op een ander gebruik wijst, wordt met referenties aan HSCT in dit Prospectus gedoeld op een allogene hematopoietische stamceltransplantaties. Bij een allogene transplantatie zijn de donor en de ontvanger van de stamcellen verschillende personen. Bij een autologe transplantatie worden de stamcellen van de patient gebruikt.

	<p>die GVHD veroorzaken geëlimineerd. Echter, het volledige immunologische repertoire van donor immuuncellen, waaronder het immunologisch geheugen, blijft behouden in het eindproduct.</p> <p>Tijdens een HSCT behandeling wordt het beenmerg dat de zieke cellen bevat volledig vernietigd en vervolgens vervangen door stamcellen van een gezonde donor. Na een HSCT behandeling duurt het bij een patiënt die een transplantatie heeft ondergaan gewoonlijk tenminste zes tot twaalf maanden voordat de bloedcellen en immunologische functie (afweer) weer terug zijn op het normale niveau. Gedurende deze periode is de patiënt zeer vatbaar en kwetsbaar voor infecties door bacteriën, virussen en schimmels. De immuuncellen in ATIR helpen deze opportunistische infecties te bestrijden en de tijd die nodig is totdat het immuunsysteem weer volledig is opgebouwd uit de stamcellen in het transplantaat te overbruggen.</p> <p>In ATIR worden T-cellen die GVHD veroorzaken verwijderd uit de donor lymfocyten, waardoor het risico op het ontstaan van deze ziekte en alle gerelateerde morbiditeit en mortaliteit wordt geminimaliseerd. Tegelijkertijd bevat ATIR T-cellen van de donor, die mogelijk resterende kankercellen kunnen elimineren en voorkomen dat de ziekte terugkeert. ATIR maakt het gebruik van haploidentieke transplantaten die vrijwel geheel van T-cellen zijn ontdaan mogelijk, waardoor er geen noodzaak is voor afweeronderdrukkende medicijnen omdat ATIR de patiënt immuuncellen geeft die geen GVHD veroorzaken. Daardoor lost ATIR het probleem op van het niet tijdig vinden van een passende donor en heeft het de potentie om curatieve HSCT voor veel meer patiënten beschikbaar te maken.</p> <p>Kiadis schat dat momenteel ongeveer 35% van de patiënten die in aanmerking komen voor, en die dringend behoefte hebben aan, HSCT niet tijdig een passende donor zullen vinden. Een gedeeltelijk overeenkomende (haploidentieke) familie donor is echter voor meer dan 95% van de patiënten beschikbaar. Het gebruik van haploidentiek donormateriaal voor transplantatie zonder ATIR is echter alleen mogelijk in combinatie met zware medicinale onderdrukking van het afweersysteem, hetgeen de patiënt zeer kwetsbaar maakt voor infecties met ernstige klinische consequenties, waaronder mogelijk overlijden.</p> <p>Kiadis richt zich op twee therapeutische indicaties: leukemie (een veel voorkomende vorm van bloedkanker) en thalassemie (een erfelijke bloedziekte).</p> <p><u>ATIR101 voor leukemie</u></p> <p>HSCT wordt algemeen beschouwd als de meest effectieve genezende behandingswijze voor agressieve vormen van bloedkanker zoals acute myeloïde leukemie ("AML") en acute lymfatische leukemie ("ALL"). Zoals opgemerkt is deze procedure echter niet zonder risico's en wordt het tot nu toe voornamelijk gebruikt bij patiënten met een zeer hoog risico op terugval. Verbetering van de uitkomsten van HSCT zou bredere toepassing van deze therapie voor patiënten met bloedkanker, zoals AML en ALL, mogelijk maken.</p> <p>Kiadis heeft een fase I/II klinische studie bij patiënten met</p>
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	<p>bloedkanker afgerond die heeft aangetoond dat ATIR101 bij een veelheid aan doseringen veilig is. Lange termijn data geeft sterke aanwijzingen voor werkzaamheid van ATIR101. Momenteel wordt ATIR101 in een open-label fase II klinische studie getest bij patiënten met AML, ALL en myelodisplastisch syndroom ("MDS") die geen passende donor hebben gevonden en waar een haploidentiek familielid gebruikt wordt als donor. In beide studies heeft toediening van ATIR101 niet geleid tot levensbedreigende GVHD, hetgeen de doelmatigheid van het verwijderen van alloreactieve T-cellen met behulp van het Theralux platform van Kiadis bevestigt. Deze patiënten zijn zeer gevoelig voor het krijgen van infecties en terugkeer van de ziekte gedurende een langere periode na de transplantatie. De toediening van extra immuuncellen door ATIR101 heeft het potentieel om de risico's te kunnen overwinnen aangetoond en HSCT voor een groter aantal patiënten toegangelijk te maken. Kiadis gelooft dat haploidentieke donor transplantaties met ATIR101 het potentieel hebben om een alternatief te worden voor het gebruik van stamcellen uit navelstrengbloed of stamcellen uit overeenkomende maar niet verwante donoren uit donor banken.</p> <p>Daarnaast bevat ATIR101 mogelijk T-cellen van de donor die het vermogen hebben om overgebleven kankercellen te kunnen uitschakelen en die terugkeer van de ziekte zouden kunnen voorkomen.</p> <p>Afhankelijk van de uitkomst van de lopende fase II studie die wordt verwacht in het eerste kwartaal van 2016 (tussentijdse resultaten werden gepubliceerd in december 2014), is Kiadis voornemens om in het vierde kwartaal van 2016 voorwaardelijke goedkeuring voor ATIR101 in de Europese Unie en Canada aan te vragen. Het streven is om in het tweede kwartaal van 2016 een fase III studie voor ATIR101 te beginnen die naar verwachting zal resulteren in het indienen van een goedkeuringsverzoek voor markttoelating bij het European Medicines Agency ("EMA"), de U.S. Food and Drug Administration ("FDA") en Health Canada in 2019.</p> <p><u>ATIR201 voor thalassemie</u></p> <p>Thalassemie is een erfelijke bloedziekte die leidt tot verminderd zuurstoftransport en vernietiging van rode bloedcellen in een patiënt. Vervanging van het zieke beenmerg middels HSCT en herstel van de juiste hemoglobine aanmaak kan deze ziekte genezen. Het is de verwachting dat de klinische ontwikkeling van ATIR201 zal beginnen met een fase I/II studie in het eerste kwartaal van 2016. De toevoeging van ATIR201 aan de HSCT behandeling bij deze indicatie zou tot een effectiever immuunrespons moeten leiden, de sterfte door infecties moeten doen afnemen zonder het risico op GVHD totdat het immuunsysteem volledig opnieuw is opgebouwd uit de getransplanteerde stamcellen.</p> <p><u>Strategie</u></p> <p>De primaire doelstelling van Kiadis is om een toonaangevend biofarmaceutisch bedrijf te worden dat zich toelegt op de ontwikkeling en verkoop van therapeutische cellulaire immuuntherapieproducten. Kiadis richt zich op het ontwikkelen van producten die veiligere en effectiever behandelingsopties bieden voor patiënten van kanker en bloedziekten, die hun</p>
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		<p>overlevingskansen en de kwaliteit van leven verbeteren.</p> <p>Kiadis profiteert van haar expertise in de ontwikkeling en productie van cellulaire behandelmethoden en tevens van haar netwerk van medisch specialisten en adviseurs die relevante aspecten van de bedrijfsvoering afdekken. Op basis van de opgebouwde kennis en het netwerk verwacht Kiadis gebruikt te kunnen maken van aanvullende mogelijkheden in cellulaire immuuntherapie die het aangeboden krijgt of zelf kan identificeren in de toekomst.</p> <p>Tot op heden is de ontwikkeling van Kiadis in de eerste plaats gefinancierd met eigen vermogen en, in mindere mate, door leningen, toelagen en subsidies.</p>
B.4a	Belangrijkste recente trends die invloed hebben op Kiadis en de branches waarin zij actief is	<p><u>Groeidend aantal voor HSCT in aanmerking komende patiënten</u></p> <p>Het aantal patienten dat in aanmerking komt voor HSCT stijgt als gevolg van verbeterde transplantatieregimes, verhoogd gebruik van haploidentieke donoren en recente ontwikkelingen in cellulaire immunotherapieën.</p> <p>1. Verbeterde transplantatieregimes</p> <p>Verbeteringen in transplantatieregimes hebben transplantaties minder giftig gemaakt, hetgeen het gebruik van HSCT bij oudere patiënten mogelijk maakt. De laatste jaren is de leeftijdsgrens voor transplantatie verhoogd van 55 tot boven de 65 jaar. Dit heeft de groep patiënten die in aanmerking kunnen komen voor transplantatie aanzienlijk vergroot.</p> <p>2. Toenemend gebruik van haploidentieke donoren</p> <p>De onvervulde behoefte om donoren te vinden voor alle patiënten die in aanmerking komen voor een HSCT heeft ook andere ontwikkelingen die gericht zijn op het gebruiken van haploidentieke familieleden als donoren gestimuleerd. De meeste, zo niet al deze ontwikkelingen, zijn gebaseerd op het verwijderen van de meeste of alle T-cellen in het transplantaat voorafgaand aan of na infusie in de patiënt om het risico op GVHD te beperken. Deze ontwikkelingen hebben allemaal bijgedragen aan de acceptatie van haploidentieke donoren als een alternatieve bron voor HSCT.</p> <p>3. Recente ontwikkelingen in de cellulaire immuuntherapie</p> <p>De laatste jaren zijn cellulaire producten opgekomen als nieuwe en innovatieve behandelingen. Deze sector omvat cel- en gentherapie producten en het aantal producten in ontwikkeling is snel gegroeid de afgelopen tien jaar. Verschillende cellulaire producten zijn al goedgekeurd en dit aantal zal naar verwachting in de komende jaren groeien. Grote farmaceutische bedrijven investeren en richten zich ook steeds meer op cel- en gentherapie producten, wat het groeiende belang en de volwassenheid van dit industrie segment aantoont.</p> <p>Recente ontwikkelingen in de cellulaire immuuntherapie hebben ook geleid tot behandelmethoden die er toe zullen leiden dat meer patiënten met bloedkankers in remissie komen, waaronder diverse</p>

		<p>CAR-T benaderingen. Die patiënten zullen dan in aanmerking komen voor curratieve HSCT zodra remissie is bereikt.</p> <p><u>Bewustwording toenemende kosten van de gezondheidszorg</u></p> <p>HSCT leidt tot aanzienlijke kosten voor de gezondheidszorg vanwege de tijd die patiënten in ziekenhuisafzondering gehouden moeten worden om het risico op opportunistische infecties te beheersen. GVHD vereist ook intensieve medicinale behandeling en patiëntenzorg.</p> <p>ATIR zal de beschikbaarheid van donors voor HSCT vergroten en naar verwachting een positief effect hebben op de kosten van de gezondheidszorg door het verminderen van ernstige verschijningsvormen van GVHD en de patiënt te helpen infecties beter te bestrijden, hetgeen de ziekenhuisopname zal verkorten.</p> <p><u>Ontwikkeling en invoering regelgevingskader</u></p> <p>Vanwege de trekkersrol van celtherapie en andere advanced therapy medicinal products ("ATMP") in de wetenschappelijke innovatie op het gebied van de geneeskunde, is recentelijk internationaal een specifiek regelgevingskader voor deze geneesmiddelen ontwikkeld en ingevoerd.</p> <p><u>Toename bloedkanker patiënten</u></p> <p>Als gevolg van de vergrijzing en het gegeven dat bloedkanker voornamelijk een ouderdomsziekte is, is het aantal patiënten dat lijdt aan verschillende vormen van bloedkanker groeiende. Hierdoor neemt de noodzaak van curatieve HSCT toe alsmede de noodzaak HSCT veiliger uit te voeren.</p> <p><u>Migratie beïnvloedt thalassemie</u></p> <p>Thalassemie en β-thalassemie major in het bijzonder, een zeer ernstige vorm van thalassemie, is ontstaan in het Middellandse-Zeegebied, het Midden-Oosten en Zuidoost-Azië. Als gevolg van migratie komt de aandoening nu meer in het Westen voor. Bedrijven zijn begonnen met het ontwikkelen van curatieve behandelingen voor deze ziekte.</p>
B.5	Beschrijving van de Groep en de positie van de Vennootschap daarin	De Vennootschap is de moedermaatschappij van de Kiadis groep en heeft geen eigen materiële directe bedrijfsactiviteiten. De belangrijkste activa van de Vennootschap zijn de aandelenbelangen die zij direct of indirect in haar werkmaatschappijen houdt.
B.6	Belangrijke Aandeelhouders	De volgende tabel bevat informatie over de eigendom van Aandelen, ook met betrekking tot houders van Aandelen ("Aandeelhouders") waarvan Kiadis weet dat ze 3% of meer van de uitstaande Aandelen houden (i) op de datum van dit Prospectus (de "Prospectusdatum") en (ii) onmiddellijk na de uitgifte van de Aangeboden Aandelen.

		Aandelenbezit direct na de uitgifte van de Aangeboden Aandelen ⁽²⁾⁽³⁾									
		Aandelenbezit op de Prospectus-datum ⁽¹⁾		Zonder uitoefening van de Uitbreidings-en Overtowijzing Opties		Met uitoefening van de Overtowijzing Optie, zonder uitoefening van de Uitbreidings Optie		Met uitoefening van de Uitbreidings-en Overtowijzing Opties			
		Tot.	%	Tot.	%	Tot.	%	Tot.	%		
DFJ Esprit ⁽⁴⁾	3.191.674	29,8		3.345.728	25,8	3.345.728	25,1	3.345.728	24,4		
Lenildis Holding B.V. ⁽⁵⁾	2.045.379	19,1		2.132.038	16,4	2.132.038	16,0	2.132.038	15,6		
Life Sciences Partners B.V. ⁽⁵⁾	1.660.244	15,5		1.737.890	13,4	1.737.890	13,1	1.737.890	12,7		
Life Sciences Partners II B.V. ⁽⁷⁾	1.243.185	11,6		1.279.064	9,9	1.279.064	9,6	1.279.064	9,3		
Alta Partners ⁽⁸⁾	890.590	8,3		963.610	7,4	963.610	7,2	963.610	7,0		
Quest for Growth N.V.	528.535	4,9		553.375	4,3	553.375	4,2	553.375	4,0		
N.V. Nom ⁽⁹⁾	422.839	4,0		407.070	3,1	407.070	3,1	407.070	3,0		
Kreos Capital III Ltd ⁽¹⁰⁾	–	–		398.839	3,1	398.839	3,0	398.839	2,9		
Anderen	712.061	6,7		2.149.623	16,6	2.490.532	18,7	2.882.577	21,0		
	10.694.508	100		12.967.235	100	13.308.144	100	13.700.189	100		

⁽¹⁾ De daadwerkelijk getallen zijn aangepast om de toepassing weer te geven van de liquidatie preferentie bepalingen zoals opgenomen in de aandeelhoudersovereenkomst die Kiadis Pharma B.V. en de meerderheid van haar aandeelhouders op 22 september 2014 zijn aangegaan, aannemende dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte per de Prospectusdatum. De voornoemde liquidatie preferentie bepalingen bepalen onder andere dat de houders van preferente aandelen Kiadis Pharma B.V. in geval van een exit event gerechtigd zijn tot een preferente uitdeling en herallocatie van opbrengsten (zowel in cash als in natura) welke afhankelijk is van de waardering van de Vennootschap per de noteringsdatum. In het kader van de Aanbieding zal dit resulteren in een herallocatie van alle gewone aandelen in Kiadis Pharma B.V. aan de voormalige houders van preferente aandelen in Kiadis Pharma B.V. en van Aandelen tussen de partijen die hebben deelgenomen in de Capital Restucturing (zijnde de herstructureren in welk kader op 12 juni 2015 aandelen in Kiadis Pharma B.V. zijn gestort op aandelen in de Vennootschap als gevolg waarvan de Vennootschap de houdstervennootschap van de Kiadis groep is geworden en de directe houder van 97,52% van de aandelen van Kiadis Pharma B.V.). Deze herallocatie is afhankelijk van de finale Aanbiedingsprijs die naar verwachting op 1 juli 2015 zal worden vastgesteld. De herallocatie zal worden geïmplementeerd op de Afwikkelingsdatum. De toepassing van de liquidatie preferentie bepalingen heeft niet geleid en zal niet leiden tot een uitkering door Kiadis Pharma B.V. of de Vennootschap. Voor meer informatie, zie paragraaf 15.1.2.

⁽²⁾ Aannemende (a) dat er volledig op de Aanbieding wordt ingeschreven (b) dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte per de Prospectusdatum, en (c) na toepassing van de liquidatie preferentie bepalingen zoals beschreven in noot 1 hierboven. Het hierboven weergegeven belang geeft niet de uitgifte weer van de maximaal 662.097 Aandelen ingevolge het 2013 Exit Participation Plan na beëindiging van de lock-up afspraken waar bepaalde personen aan gebonden zijn in verband met de Aanbieding, na verloop van een vesting periode en na vervulling van bepaalde vesting voorwaarden.

⁽³⁾ DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners B.V., Life Sciences Partners II B.V., Alta Partners en Quest for Growth zijn Deelnemende Partijen (zie paragraaf 17.1 hieronder). In deze tabel wordt ervan uitgegaan dat zij overeenkomstig hun volledige toezegging Aandelen toegewezen zullen krijgen.

⁽⁴⁾ Het belang van DFJ Esprit wordt gehouden middels Esprit Nominees Ltd.

⁽⁵⁾ Lenildis Holding B.V. is een pooling vehikel via welk onder andere Life Sciences Partners B.V., Life Sciences Partners II B.V., MedSciences Capital II B.V., een private equity investeringsfonds waarin Kempen AM N.L. B.V., een met de Sole Global Coordinator verbonden vermogensbeheerde, een minderheidsdeelneming houdt, Proventures I B.V., een vennootschap waarvan de heer Martijn Kleijwegt de enige

		<p>aandeelhouder en bestuurder is, en LSP Management Group B.V., een vennootschap waarvan (i) de heer Mark Wegter aandeelhouder is en (ii) de heer Martijn Kleijwegt aandeelhouder en bestuurder is (zie paragraaf 13.7.2 hieronder) een belang in de Vennootschap houden.</p> <p>(⁶) Dit belang omvat niet het belang dat wordt gehouden middels Lenildis Holding B.V. (zie noot 5 hierboven).</p> <p>(⁷) Dit belang omvat niet het belang dat wordt gehouden middels Lenildis Holding B.V. (zie noot 5 hierboven).</p> <p>(⁸) Het belang van Alta Partners wordt gehouden middels Alta Partners VIII, LP.</p> <p>(⁹) Volledige naam: N.V. NOM, Investerings- en Ontwikkelingsmaatschappij voor Noord Nederland.</p> <p>(¹⁰) Kreos Capital III Ltd heeft een warrant op preferente aandelen Kiadis Pharma B.V. die het naar verwachting voor de Noteringsdatum zal uitoefenen. Bovenstaande tabel geeft het belang dat Kreos Capital III Ltd zal verkrijgen op de Afwikkelingsdatum bij uitoefening van deze warrant en de toepassing van de liquidatie preferentie bepalingen zoals beschreven in noot 1 hierboven.</p> <p>Behalve zoals hierboven aangegeven, is Kiadis niet bekend met een andere (rechts)persoon die op de Prospectusdatum een direct of indirect belang van 3 % of meer in het kapitaal of de stemrechten in de Vennootschap heeft. Geen van de hierboven genoemde partijen heeft stemrecht dat verschilt van andere houders van Aandelen. Elk Aandeel geeft tijdens de Algemene Vergadering (zoals hieronder gedefinieerd) recht op één stem.</p> <p>Kiadis is niet bekend met enig arrangement dat zou kunnen leiden tot een wijziging van zeggenschap over de vennootschap.</p>
B.7	Geselecteerde belangrijke historische financiële informatie	<p>De onderstaande geselecteerde geconsolideerde financiële informatie moet in samenhang gelezen worden met paragraaf 4.4 hieronder, Hoofdstuk 8 (Selected Consolidated Historical Financial Information), Hoofdstuk 9 (Operating and Financial Review), de gecontroleerde special purpose geconsolideerde jaarrekeningen met de toelichting daarbij voor de boekjaren eindigend 31 december 2014, 2013 en 2012 van Kiadis Pharma B.V. en de ongecontroleerde tussentijdse financiële informatie en de toelichting daarbij voor de drie-maands periode eindigend 31 maart 2015 en 2014 van Kiadis Pharma B.V.</p> <p>De geselecteerde geconsolideerde financiële informatie is verkregen uit de gecontroleerde special purpose geconsolideerde jaarrekeningen met de toelichting daarbij voor de boekjaren eindigend 31 december 2014, 2013 en 2012 van Kiadis Pharma B.V. (in de tabellen in dit Element B.7 gemarkeerd "Gecontroleerd") en de ongecontroleerde verkorte tussentijdse financiële informatie en de toelichting daarbij voor de drie-maands periode eindigend 31 maart 2015 en 2014 van Kiadis Pharma B.V. (in de tabellen in dit Element B.7 gemarkeerd "Ongecontroleerd").</p> <p>De jaarrekeningen en tussentijdse financiële informatie waaruit de geselecteerde geconsolideerde informatie zoals deze hieronder is opgenomen is verkregen, is opgesteld overeenkomstig IFRS zoals toegepast in de EU. De ongecontroleerde tussentijdse financiële informatie is opgesteld overeenkomstig IAS 34 tussentijdse rapportage en, zoals toegestaan onder IAS 34, bevat deze niet alle informatie die in de jaarrekening opgenomen moet worden. Deze informatie moet daarom in samenhang met de gecontroleerde geconsolideerde jaarrekening voor het boekjaar eindigend 31 december 2014 gelezen worden.</p> <p>Er heeft zich een significante verandering voorgedaan in de financiële positie van Kiadis sinds 31 maart 2015. Op 19 mei 2015 hebben Kiadis en de Rijksdienst voor Ondernemend ("RVO</p>

		Nederland") overeenstemming bereikt over een nieuw aflossingsschema voor de innovatiekredieten die Kiadis heeft verkregen van RVO Nederland en die in de balans per 31 maart 2015 zijn opgenomen als een kortlopende verplichting ten bedrage van €7,3 miljoen in totaal. Indien dit aflossingsschema toen reeds overeen gekomen was, dan zou in de balans per 31 maart 2015 een bedrag van €0,8 miljoen van de €7,3 miljoen zou zijn opgenomen als kortlopende verplichting en een bedrag van €6,5 miljoen als langlopende verplichting. In dit Prospectus wordt deze aanpassing de " RVO Adjustment " genoemd.
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Geselecteerde gegevens van de geconsolideerde verlies- en winstrekening

(in € in duizenden)	Drie maanden eindigend 31 maart		Jaar eindigend 31 december		
	2015	2014	2014	2013	2012
	Ongecontroleerd		Gecontroleerd		
Opbrengsten	-	-	-	-	-
Overige baten	-	-	-	-	-
Onderzoeks- en ontwikkelingskosten	(1,175)	(1,124)	(4,692)	(3,548)	(3,616)
Algemene en administratieve kosten	(495)	(370)	(1,476)	(1,444)	(1,348)
Totale kosten	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Exploitatieresultaat	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Rente inkomsten	1	13	28	89	62
Rente kosten	(319)	(261)	(1,073)	(920)	(889)
Overige netto financieringskosten	(1,721)	(430)	(598)	(1,062)	(879)
Netto financieringskosten	(2,039)	(678)	(1,643)	(1,893)	(1,706)
Verlies voor belasting	(3,709)	(2,172)	(7,811)	(6,885)	(6,670)
Winstbelastingskosten	-	-	(2)	-	-
Verlies	(3,709)	(2,172)	(7,813)	(6,885)	(6,670)

Geselecteerde gegevens van de geconsolideerde balans

(in € in duizenden)	Per 31 maart 2015		Per 31 december		
	2015	2014	2014	2013	2012
	Ongecontroleerd		Gecontroleerd		
ACTIVA					
Installaties, machines en uitrusting	387	413	280	280	
Immateriële activa	14,093	13,687	13,148	14,762	
Totaal vaste activa	14,480	14,100	13,428	15,042	
Handels en overige vorderingen	177	196	51	351	
Uitgestelde kosten	180	242	227	140	
Geldmiddelen en equivalenten	3,913	5,674	6,482	9,900	
Totaal vloottende activa	4,270	6,112	6,760	10,391	
Totaal activa	18,750	20,212	20,188	25,433	
EIGEN VERMOGEN					
Aandelenkapitaal	10,567	10,567	10,896	10,896	
Agio	57,243	57,243	51,863	51,850	
Omrekenverschillen	372	317	249	529	
Warrant reserve	2,580	2,580	2,580	2,580	
Geaccumuleerd verlies	(71,751)	(68,042)	(60,229)	(53,341)	
Aan aandeelhouders toekomend eigen vermogen	(989)	2,665	5,359	12,514	
VERPLICHTINGEN					

Leningen en financieringen	6,417	5,090	10,021	8,416
Derivaten	4,589	3,730	3,189	3,189
Totaal langlopende verplichtingen	11,006	8,820	13,210	11,605
Leningen en financieringen	7,321	7,129	384	349
Handels- en overige schulden	1,412	1,598	1,235	965
Totaal kortlopende verplichtingen	8,733	8,727	1,619	1,314
Totaal verplichtingen	19,739	17,547	14,829	12,919
Totaal eigen vermogen en verplichtingen	18,750	20,212	20,188	25,433

Geselecteerde gegevens van het kasstroomoverzicht

(in € in duizenden)	3 maanden eindigend 31 maart		Jaar eindigend 31 december		
	2015	2014	2014	2013	2012
	Ongecontroleerd		Gecontroleerd		
Netto geldmiddelen uit bedrijfsactiviteiten	(1,764)	(1,097)	(6,075)	(4,397)	(6,622)
Geldmiddelen uit (of aangewend in) investeringsactiviteiten	(7)	(7)	(231)	(13)	43
Geldmiddelen uit (of aangewend in) financieringsactiviteiten	-	(75)	5,490	1,017	9,802
Netto kasstroom	(1,771)	(1,179)	(816)	(3,393)	3,223
Geldmiddelen en equivalenten begin periode	5,674	6,482	6,482	9,900	6,678
Effect van wisselkoerswijzigingen	10	(12)	8	(25)	(1)
Geldmiddelen en equivalenten einde periode	3,913	5,291	5,674	6,482	9,900

B.8	Geselecteerde belangrijke pro forma financiële informatie	Niet van toepassing. Er is geen pro forma financiële informatie opgenomen in het Prospectus.
B.9	Winstprognose	Niet van toepassing. Kiadis heeft geen winstprognose afgegeven.
B.10	Eerdere controleverklaringen met kwalificaties	Niet van toepassing. Er zijn geen kwalificaties in de accountantsverklaringen bij de gecontroleerde special purpose geconsolideerde jaarrekeningen voor de boekjaren eindigend op 31 december 2014, 2013 en 2012.
B.11	Werkkapitaal	De huidige liquide middelen van Kiadis voorzien Kiadis niet van voldoende werkcapitaal voor de komende twaalf maanden na de Prospectusdatum. Kiadis gelooft dat zij over voldoende werkcapitaal beschikt om de huidige activiteiten tot september 2015 voor te zetten. Op basis van de huidige behoeften meent Kiadis dat haar activiteiten extra liquide middelen van ongeveer €9 miljoen nodig hebben om over voldoende werkcapitaal voor de komende twaalf maanden na de Prospectusdatum te beschikken. Indien de Aanbieding moeten worden ingetrokken of anderszins niet slaagt, denkt Kiadis dat zij extra middelen nodig heeft ter dekking van de tekorten in het werkcapitaal voor de komende twaalf maanden na de Prospectusdatum. In dat geval zou Kiadis kunnen proberen om door middel van private of publieke aanbiedingen vreemd of eigen vermogen aan te trekken. Het kan dan haar klinische programma's vertragen, reduceren, afstoppen of staken alsmede andere kostenreducties overwegen. In het geval dat Kiadis niet in staat is om voldoende middelen te genereren uit deze bronnen, kan het mogelijk

		<p>niet meer verder als <i>going concern</i> en kunnen haar activiteiten, financiële toestand en/of de resultaten van haar bedrijfsactiviteiten substantieel en negatief worden beïnvloed.</p> <p>Indien de Aanbieding wordt afgerond, zal de verwachte netto-opbrengst daarvan samen met de huidige middelen van Kiadis in voldoende werkcapitaal voor de komende twaalf maanden na de Prospectusdatum voorzien.</p>
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Afdeling C — Effecten

C.1	Type en klasse Aandelen en identificatiecode	De Aandelen zijn gewone aandelen in het geplaatste en uitstaande kapitaal van de Vennootschap met een nominale waarde van €0,10 elk. Er is een aanvraag ingediend om alle Aandelen onder het symbool "KDS" en met ISIN-code NL0011323407 aan Euronext Amsterdam en Euronext Brussel te noteren.
C.2	Valuta van de Aandelen	De Aandelen worden genoteerd en verhandeld in euro.
C.3	Aantal uitgegeven Aandelen, nominale waarde per aandeel	Voorafgaand aan de uitgifte van de Aangeboden Aandelen, bedraagt het aantal geplaatste Aandelen 10.694.508, elk Aandeel met een nominale waarde van €0,10.
C.4	Rechten verbonden aan de effecten	<p>Op de Aandelen rust een dividendrecht. Elk Aandeel geeft de houder recht op het uitbrengen van één stem tijdens de algemene vergadering van de Vennootschap (de "Algemene Vergadering"). Er gelden geen stemrechtbeperkingen. Het Nederlands recht en de Statuten zoals deze zullen luiden op 2 juli 2015 (de "Noteringsdag"), bieden de houders van aandelen (de "Aandeelhouders") in beginsel een voorkeursrecht om op een pro rata basis in te schrijven voor nieuwe Aandelen in geval van een uitgifte, of, in geval van een toekenning van rechten, zich in te schrijven voor Aandelen. Uitzonderingen voor deze voorkeursrechten omvatten o.a. (i) de uitgifte van Aandelen aan werknemers van de Vennootschap of aan werknemers van een groepsvennootschap, zoals omschreven in artikel 2:24b van het Burgerlijk Wetboek, (ii) de uitgifte van Aandelen tegen inbreng in natura, en (iii) de uitgifte van Aandelen aan personen die een eerder toegekend recht van inschrijving op de Aandelen uitoefenen.</p> <p>Ingevolge de Statuten is de raad van bestuur van de Vennootschap (de "Raad van Bestuur") bevoegd, behoudens goedkeuring van de raad van commissarissen van de Vennootschap (de "Raad van Commissarissen"), de voorkeursrechten van Aandeelhouders te beperken, en indien de Raad van Bestuur daartoe door de Algemene Vergadering is gemachtigd, uit te sluiten. Op 30 juni 2015 zal een Algemene Vergadering worden gehouden waarin naar verwachting de Algemene Vergadering de Raad van Bestuur, behoudens toestemming van de Raad van Commissarissen, zal machtigen om voor een periode van vijf jaar na 30 juni 2015 Aandelen uit te geven en rechten tot het nemen van Aandelen te verlenen tot een maximum van 20% van het aantal Aandelen dat zal uitstaan onmiddellijk na de uitgifte van de Aangeboden Aandelen en om de gerelateerde voorkeursrechten te beperken en uit te sluiten.</p>

C.5	Beperkingen op de overdraagbaarheid van de effecten	De Statuten bevatten geen beperkingen ten aanzien van de overdraagbaarheid van de Aandelen. Niettemin, het doen van de Aanbieding aan personen die gevestigd zijn in, of ingezetene of inwoners zijn van, of een geregistreerd adres hebben in een ander land dan Nederland of België, evenals de overdracht van de Aangeboden Aandelen naar een ander rechtsgebied dan Nederland of België, kan aan specifieke regels en beperkingen onderworpen zijn.
C.6	Notering en toelating tot verhandeling	Voorafgaande aan de Aanbieding is er geen openbare markt voor de Aandelen geweest. Er is een aanvraag ingediend voor een notering van de Aandelen onder het symbool "KDS" aan Euronext Amsterdam en Euronext Brussel. Afhankelijk van een eventuele inkorting of verlenging van het tijdschema van de Aanbieding, wordt verwacht dat de handel in de Aandelen aan Euronext zal beginnen op of omstreeks 2 juli 2015 op een 'as-if-and-when-issued' basis.
C.7	Dividendbeleid	De Vennootschap verwacht de winsten uit haar activiteiten, voor zover van toepassing, niet uit te keren maar aan te wenden voor de ontwikkeling en groei van haar activiteiten en verwacht niet dat in de nabije toekomst dividenden aan aandeelhouders uitgekeerd zullen worden. Op grond van de innovatiekredieten die Kiadis heeft verkregen van RVO Nederland kan Kiadis zolang deze leningen niet zijn terugbetaald geen dividend- of andere uitkeringen aan Aandeelhouders doen (zie ook paragraaf 9.8 hieronder).

Afdeling D — Risico's

D.1	Voornaamste risico's die specifiek zijn voor Kiadis en de branche	<p><i>Financiële risico's</i></p> <ul style="list-style-type: none"> • Het bedrijf heeft een geschiedenis van operationele verliezen en verwacht dat het in de nabije toekomst operationale verliezen zal blijven maken. • Kiadis heeft nooit enige inkomsten uit de verkoop van producten gegenereerd en de mogelijkheid om inkomsten uit de verkoop van producten te genereren en winstgevend te worden is in hoge mate afhankelijk van succes in een aantal factoren die moeilijk te realiseren kunnen blijken te zijn. • Kiadis heeft aanzienlijke financiële middelen nodig om haar activiteiten voort te zetten en om enig product, met inbegrip van ATIR101, op de markt te krijgen. • Als Kiadis er niet in slaagt om aanzienlijke bijkomende financiering aan te trekken, zal het niet in staat zijn haar onderzoeks- en ontwikkelingsprogramma's voort te zetten of een van haar producten te commercialiseren. • Om eventuele overnames te financieren kan Kiadis transacties aangaan die het belang van Aandeelhouders in de Vennootschap zouden kunnen verwateren, en de voorwaarden van een aanvullende financiering kan een negatieve invloed hebben op de rechten van Aandeelhouders en de toekomstperspectieven van Kiadis verminderen.
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	<ul style="list-style-type: none"> Schommeling in wisselkoersen kan een negatieve invloed hebben op de financiële toestand van Kiadis. De belastingschuld van Kiadis kan wezenlijk anders zijn dan zoals opgenomen in de fiscale voorzieningen en gerelateerde balansposten. <p>Ontwikkelingsrisico's</p> <ul style="list-style-type: none"> Het toekomstige commerciële potentieel van Kiadis is afhankelijk van haar ATIR producten, in het bijzonder ATIR101. Indien Kiadis niet in staat is om ATIR101 op de markt te brengen, of daarbij aanzienlijke vertragingen oploopt, zouden haar activiteiten, financiële toestand en operationele resultaten wezenlijk nadelig worden beïnvloed. Elke vertraging bij het beginnen of afronden van, of onduidelijke of negatieve resultaten uit, klinische studies zou het vermogen van Kiadis tot productverkoop en het genereren van inkomsten schaden en een nadelig effect hebben op de activiteiten, financiële toestand en bedrijfsresultaten. ATIR is slechts aan zeer beperkte studies onderworpen en als verdere studies problemen betreffende veiligheid of werkzaamheid aan het licht brengen kan dit een negatieve invloed hebben op de ontwikkeling van andere producten die op hetzelfde platform gebaseerd kunnen worden. De aanvragen van Kiadis voor goedkeuring door de autoriteiten kunnen worden uitgesteld of geweigerd vanwege problemen met klinische studies die zijn uitgevoerd voordat Kiadis een aantal van haar producten in licentie verkreeg. Als dit gebeurt, kunnen de toekomstige resultaten van Kiadis in het gedrang komen en haar vermogen om klinische studies uit te voeren ernstig worden belemmerd. Indien Kiadis er niet in slaagt om patiënten voor de klinische studies van haar producten te werven of patiënten stoppen met hun deelname, kunnen de klinische studies worden uitgesteld, hun resultaten aangetast en hun kosten hoger worden, en kan Kiadis een wezenlijke vertraging oplopen of aanzienlijk hogere kosten moeten maken bij de ontwikkeling van haar producten. <p><i>Risico's met betrekking tot de regelgeving</i></p> <ul style="list-style-type: none"> Indien Kiadis er niet in slaagt om de status van weesgeneesmiddel voor ATIR101 in de indicaties die belangrijk zijn voor haar activiteiten, te verkrijgen of te behouden, zou Kiadis waarschijnlijk beperkte of kortere bescherming of marktexclusiviteit voor ATIR101 hebben. De producten van Kiadis zijn onderworpen aan uitgebreide regelgeving en hieraan voldoen kan kostbaar en tijdrovend zijn, en het is mogelijk dat Kiadis geen goedkeuring voor het op de markt brengen van een of meer van haar producten verkrijgt. Indien Kiadis niet voldoet aan doorlopende regulatoire verplichtingen en eventuele beperkingen verbonden aan de
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	<p>goedkeuring van een product, kunnen toezichthoudende autoriteiten sancties ten opzichte van Kiadis nemen, zoals bijvoorbeeld het intrekken van een gegeven goedkeuring en het opschorten van de verkoop van de producten van Kiadis, of het opleggen van boetes.</p> <p><i>Operationele risico's</i></p> <ul style="list-style-type: none"> • Vanwege de beperkte middelen en toegang tot kapitaal van Kiadis, moet Kiadis prioriteiten stellen in de ontwikkeling van bepaalde producten en haar besluit om deze producten te ontwikkelen kan niet-succesvol blijken omdat de kans bestaat dat deze nooit regulatoire goedkeuring ontvangen of winstgevend worden. • Indien gebreken in, of het gebruik of misbruik van producten van Kiadis resulteert in persoonlijk letsel of dood, hetzij bij de klinische of commerciële fase, zou Kiadis blootgesteld worden aan dure aansprakelijkheidsclaims en negatieve publiciteit en Kiadis kan tekortschieten in het tegen redelijke voorwaarden, of überhaupt, behouden van aansprakelijkheidsverzekering. • Kiadis is partij bij bepaalde overeenkomsten die aansprakelijkheids- of schadevergoedingsbepalingen bevatten op grond waarvan Kiadis van haar wederpartijen schadevergoeding kan eisen en haar wederpartijen schadevergoeding van Kiadis kunnen eisen, met inbegrip van schade veroorzaakt door productgebreken. • Kiadis heeft acquisitions gedaan en kan in de toekomst ondernemingen acquireren of zich bezighouden met andere transacties die haar activiteiten kunnen verstören. • De klinische ontwikkelingsactiviteiten van Kiadis zijn sterk afhankelijk van gevoelige en persoonlijke informatie, een gebied dat sterk wordt gereguleerd door privacywetgeving. Indien Kiadis niet in staat is om patiëntenmonsters en data te genereren, te behouden of daar toegang tot te hebben teneinde haar inspanningen voor onderzoek en ontwikkeling voort te zetten, kunnen hierdoor haar activiteiten in belangrijke mate negatief worden beïnvloed. • Als de bedrijfsruimten van Kiadis buiten gebruik geraken, of indien Kiadis niet in staat is om haar huurovereenkomsten te verlengen, kan Kiadis mogelijk niet haar klinische ontwikkelingsactiviteiten uitvoeren en kunnen haar activiteiten, financiële toestand en resultaten van activiteiten worden geschaad. • Claims vanwege onjuiste behandeling, opslag of verwijdering van gevaarlijke chemische of biologische materialen kunnen zich voordoen en het verdedigen tegen een dergelijke vordering kan tijdrovend en duur zijn. <p><i>Commercialisering en marktrisico's</i></p> <ul style="list-style-type: none"> • De marktkansen voor product kandidaten van Kiadis kunnen kleiner zijn dan thans wordt voorzien en daarmee potentiële
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		<p>inkomsten voor Kiadis verlagen.</p> <ul style="list-style-type: none"> • Als de producten van Kiadis geen marktacceptatie verkrijgen van toezichthouders, artsen, patiënten, zorgverleners, zorgverzekeraars en –betalers of de medische gemeenschap als geheel, kan Kiadis mogelijk niet in staat zijn om productomzet te genereren en zal haar bedrijf wezenlijk nadelig worden beïnvloed. • Kiadis opereert in een zeer competitieve en snel veranderende industrie. Indien Kiadis niet in staat is om effectief te concurreren, kunnen haar activiteiten, financiële toestand en resultaten van activiteiten in belangrijke mate negatief worden beïnvloed. • Negatieve ontwikkelingen op het gebied van cellulaire therapieën kunnen een negatieve invloed hebben en schade aan de perceptie van de producten van Kiadis opleveren en een negatieve invloed hebben op de activiteiten, financiële toestand en bedrijfsresultaten. • Indien de onderneming evolueert van een bedrijf dat zich voornamelijk bezighoudt met de klinische ontwikkeling van producten in een onderneming die ook producten vercommercialiseerd, kan Kiadis problemen ondervinden bij haar groei en het succesvol uitbreiden van haar activiteiten. • Overheden, vooral in de Europese Unie en Canada, leggen vaak strikte controle aan op de prijzen, hetgeen nadelig kan zijn toekomstige winstgevendheid van Kiadis. • Indien Kiadis er niet in slaagt om voldoende dekking en vergoeding van publieke en private verzekeraars te verkrijgen, kunnen commercieel levensvatbare markten voor haar producten niet ontwikkelen of kunnen deze kleiner zijn dan verwacht en de activiteiten, financiële toestand en resultaten van de activiteiten van Kiadis wezenlijk nadelig worden beïnvloed. <p><i>Risico's verbonden aan de afhankelijkheid van Kiadis op derden en personeel op sleutelposities</i></p> <ul style="list-style-type: none"> • Kiadis vertrouwt op derden die intellectuele eigendomsrechten met betrekking tot het Theralux platform aan Kiadis in licentie hebben geven. Als een van deze exclusieve licenties wordt beëindigd, zal Kiadis mogelijk niet in staat zijn om de ATIR producten te commercialiseren en op de markt te brengen. • Kiadis zou er niet in kunnen slagen om strategische allianties of samenwerkingsverbanden aan te gaan of te onderhouden, hetgeen haar vermogen om bepaalde producten die zich in een vroeg ontwikkelingsstadium bevinden op de markt te brengen kan beïnvloeden. • Kiadis vertrouwt op derde partijen om bepaalde van haar producten en technologieën te vervaardigen. Indien Kiadis er niet in slaagt om overeenkomsten met externe producenten onder goede voorwaarden aan te gaan of te laten voortduren, kan het
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		<p>vermogen van Kiadis om voldoende productinkomsten te genereren worden geschaad en haar activiteiten, financiële toestand en resultaten van activiteiten wezenlijk nadelig worden beïnvloed.</p> <ul style="list-style-type: none"> • Indien derden waarvan Kiadis afhankelijk is voor haar klinische studies niet presteren zoals contractueel verplicht, niet aan regulatoire of wettelijke vereisten voldoen of verwachte termijnen niet halen, kunnen de ontwikkelingsprogramma's van Kiadis worden uitgesteld, met ernstige nadelige gevolgen voor de activiteiten, financiële toestand, bedrijfsresultaten en vooruitzichten. • Het onvermogen om senior management en geschoold personeel aan te trekken en te behouden zou de ontwikkelings- en commercialiseringsdoelstellingen van Kiadis kunnen schaden. <p><i>Risico's met betrekking tot intellectuele eigendom en know-how</i></p> <ul style="list-style-type: none"> • De duur en beschermingsomvang van de octrooien van de Venootschap kan onvoldoende zijn voor een doeltreffende bescherming van haar producten en de onderneming. • Octrooien die voor productkandidaten van Kiadis zijn verleend kunnen ongeldig of onafwendbaar blijken indien aangevochten voor de rechter of voor het U.S. Patent and Trademark Office, het Europees Octrooibureau of andere verlenende instelling. • Indien Kiadis er niet in slaagt om haar intellectuele eigendomsrechten adequaat te beschermen of af te dwingen, kan haar onderneming worden geschaad. • Kiadis kan mogelijk niet in staat zijn om haar intellectuele eigendomsrechten in alle jurisdicities te beschermen of af te dwingen. • Vertrouwelijkheidsafspraken met werknemers en derden voorkomen mogelijk niet dat ongeautoriseerde openbaarmaking van bedrijfsgeheimen en andere eigen informatie kan plaatsvinden en kunnen geen adequate bescherming bieden. • Indien Kiadis of de licentiegevers van intellectuele eigendom die Kiadis bezit of gebruikt inbreuk maken op intellectuele eigendomsrechten van derden, kan Kiadis worden geconfronteerd met additionele kosten of niet in staat zijn om haar producten te commercialiseren. • Intellectuele eigendomsrechten van derden kunnen de mogelijkheden van Kiadis om haar producten op de markt te brengen negatief beïnvloeden.
D.3 -	Voornaamste risico's met betrekking tot de Aandelen	<ul style="list-style-type: none"> • Er is geen publieke markt voor de Aandelen vóór de Aanbieding en Kiadis kan niet garanderen dat een actieve markt in de Aandelen zal ontwikkelen, wat ertoe kan leiden dat Aandelen worden verhandeld tegen een korting ten opzichte van de Biedprijs en het moeilijk voor beleggers maken om Aandelen te

	<p>verkopen voor de prijs die zij voor de Aandelen hebben betaald of überhaupt.</p> <ul style="list-style-type: none"> • De prijs van de Aandelen kan volatiel zijn en beïnvloed worden door een aantal factoren, waarvan sommige buiten de controle van Kiadis zijn. • De eigendom van de Aandelen zal sterk geconcentreerd blijven bij de bestaande Aandeelhouders van de Vennootschap en uw belangen kunnen strijdig zijn met hun belangen. • Particuliere beleggers dienen mogelijk een hogere prijs te betalen voor de Aangeboden Aandelen dan voorzien op het moment van intekening. • De Raad van Bestuur heeft een ruime beoordelingsvrijheid om de netto-opbrengst van de Aanbieding te gebruiken en het kan deze opbrengst gebruiken op een manier waarmee beleggers het niet eens zijn. • Voorafgaand aan de Aanbieding is de onderneming gedreven als een private onderneming en Kiadis heeft daarom geen ervaring met het opereren als een beursgenoteerde vennootschap en de naleving van verplichtingen van een beursgenoteerde onderneming. De naleving van de verplichtingen zal de kosten verhogen, extra managementaandacht, gekwalificeerd boekhoudkundig en financieel personeel vergen, en Kiadis zou niet aan een of meer van deze verplichtingen kunnen voldoen. • Institutionele volmachtadviseurs kunnen de stemming in de Algemene Vergaderingen beïnvloeden. • Toekomstige verkopen en uitgiftes, of de mogelijkheid van toekomstige verkopen of uitgiftes, van een aanzienlijk aantal van de Aandelen kunnen de prijs van de Aandelen aanzienlijk verlagen en de belangen van Aandeelhouders verwateren. • Amerikaanse en andere niet-Nederlandse houders van Aandelen kunnen mogelijk niet in staat zijn om het voorkeursrecht uit te oefenen. • Indien afwikkeling van de Aanbieding niet plaatsvindt, worden aankopen van de Aangeboden Aandelen als niet gedaan beschouwd en zullen transacties in de Aangeboden Aandelen die hebben plaatsgevonden worden doorgedraaid. • De Vennootschap heeft niet de intentie om in de nabije toekomst dividend uit te keren. • De Vennootschap is een houdstervennootschap en zal beperkte middelen en mogelijkheden hebben om inkomsten te genereren. De Vennootschap zal afhankelijk van haar dochterondernemingen zijn om te voorzien in middelen om haar verplichtingen na te komen. • Beleggers met een referentievaluta anders dan de euro lopen
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		<p>bepaalde wisselkoersrisico's bij het investeren in de Aandelen.</p> <ul style="list-style-type: none"> Als analisten geen onderzoek over de activiteiten van Kiadis publiceren, of onjuist of ongunstige onderzoek, kan de prijs van de Aandelen en het handelsvolume dalen. De Vennootschap gelooft dat het ten aanzien van het fiscale jaar 2014 een passieve buitenlandse investeringsvennootschap (passive foreign investment company - PFIC) was en dat zij dit mogelijk ook ten aanzien van het fiscale jaar 2015 zal zijn, hetgeen doorgaans leidt tot ongunstige belastinggevolgen voor beleggers in de Verenigde Staten. Beleggers kunnen niet in staat zijn om schadevergoeding te eisen in een civiele procedure voor overtredingen van regels van Amerikaans effectenrecht. Iedere verkoop, aankoop of ruil van Aandelen kan onderhevig worden aan de belasting op financiële transacties.
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Afdeling E — De Aanbieding

E.1	Netto opbrengst en geraamde kosten	<p>Aangenomen dat er volledig wordt ingeschreven op de Aanbieding en ervan uitgaande dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte (per de Prospectusdatum), geeft de onderstaande tabel weer: (i) de bruto opbrengsten, (ii) de netto opbrengsten en (iii) de totale administratieve, juridische en accountantskosten evenals de andere kosten in verband met de Aanbieding, de provisies en kosten voor de Underwriters en de kosten voor de AFM, de FSMA en Euronext van de Aanbieding, alsmede indien de Uitbreidingsoptie en/of de Overtoewijzingsoptie volledig worden uitgeoefend.</p> <table> <thead> <tr> <th></th><th>Bruto opbrengsten</th><th>Netto opbrengsten</th><th>Totale uitgaven, kosten en beloningen (1)</th></tr> </thead> <tbody> <tr> <td>Aanbieding</td><td>€28.124.997</td><td>€24.869.234</td><td>€(3.255.763)</td></tr> <tr> <td>Aanbieding, inclusief Uitbreidingsoptie</td><td>€32.343.746</td><td>€28.875.358</td><td>€(3.468.388)</td></tr> <tr> <td>Aanbieding, inclusief Overtoewijzingsoptie</td><td>€32.343.746</td><td>€28.875.358</td><td>€(3.468.388)</td></tr> <tr> <td>Aanbieding, inclusief Uitbreidings-, en Overtoewijzingsoptie</td><td>€37.195.302</td><td>€33.482.396</td><td>€(3.712.906)</td></tr> </tbody> </table> <p>(1) Deze bevat niet een incentiveringscommissie van 1% van de bruto opbrengsten van de Aanbieding (inclusief, indien van toepassing, de bruto opbrengsten van de Bijkomende Aandelen) die, ter discretie van de Vennootschap, betaald kan worden aan de Underwriters.</p>		Bruto opbrengsten	Netto opbrengsten	Totale uitgaven, kosten en beloningen (1)	Aanbieding	€28.124.997	€24.869.234	€(3.255.763)	Aanbieding, inclusief Uitbreidingsoptie	€32.343.746	€28.875.358	€(3.468.388)	Aanbieding, inclusief Overtoewijzingsoptie	€32.343.746	€28.875.358	€(3.468.388)	Aanbieding, inclusief Uitbreidings-, en Overtoewijzingsoptie	€37.195.302	€33.482.396	€(3.712.906)
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E.2a	Redenen voor de	De belangrijkste reden voor de Aanbieding is het verkrijgen van extra																				

	<p>Aanbieding en bestemming van de opbrengst</p> <p>Kiadis verwacht momenteel dat het de netto-opbrengsten van de Aanbieding als volgt zal aanwenden, in volgorde van belangrijkheid:</p> <ul style="list-style-type: none"> • voor de ondersteuning van de verdere klinische ontwikkeling van ATIR101, waaronder maar niet beperkt tot: <ul style="list-style-type: none"> ◦ het afronden van de lopende Fase II klinische studie; ◦ het uitvoeren van een aanvullende Fase II klinische studie om een verbeterd doseerregime te vinden; ◦ het voorbereiden en het starten van een Fase III internationale multicenter klinische studie in de Verenigde Staten, Canada en Europa en mogelijk andere gebieden ten einde markttoestemming aan te vragen bij de FDA en EMA; • om een verkennende Fase I/II klinische studie met ATIR201 uit te voeren; • ter ondersteuning van het optimalisatie-, en automatiseringsproces van ATIR; • om gelden aan te wenden voor de terugbetaling van schulden, kapitaaluitgaven, algemene en administratieve kosten, algemene bedrijfsdoeleinden in lijn met de strategie van Kiadis, de extra kosten in verband met het zijn van een beursgenoteerde vennootschap en voor andere werkkapitaal behoeften; en • om mogelijke kansen om de onderzoeks-, en ontwikkelingsportfolio uit te breiden en te diversificeren te financieren (bijvoorbeeld door licentieovereenkomsten of de verwerving van programma's of bedrijven met synergetische of complementaire technologieën, producten en/of productkandidaten). <p>Aangenomen dat er volledig wordt ingeschreven op de Aanbieding en ervan uitgaande dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte (per de Prospectusdatum) en zonder uitoefening van de Uitbreidingsoptie en de Overtoewijzingsoptie (beide zoals hieronder gedefinieerd), gaat Kiadis uit van een verwachte netto opbrengst van ongeveer €24,9 miljoen. Kiadis verwacht ongeveer 45% - 55% van de netto opbrengst aan te wenden voor de verdere ontwikkeling van ATIR101 en ATIR201, ongeveer 10% - 15% ter ondersteuning van het optimalisatie-, en automatiseringsproces van ATIR en ongeveer 30% - 45% voor de overige genoemde aanwendingen.</p> <p>Per de Prospectusdatum kan Kiadis de specifieke aanwending van de netto opbrengsten of de daadwerkelijk aan die hierboven opgenomen aanwendingen uit te geven bedragen niet met zekerheid voorspellen. De bedragen en de timing van het daadwerkelijke</p>
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		<p>gebruik van de netto-opbrengsten is afhankelijk van tal van factoren, onder andere de voortgang van het onderzoek, de kosten en de resultaten van de preklinische en klinische ontwikkelingsprogramma's en of Kiadis in staat is om zijn bestaande samenwerkingsovereenkomsten te behouden en extra samenwerkingsovereenkomsten aan te gaan. Als gevolg hiervan behoudt Kiadis zich ruime beoordelingsvrijheid voor bij het gebruik van de netto-opbrengsten van de Aanbieding.</p> <p>Kiadis is voornemens om, in afwachting van het aanwenden van de opbrengsten van de Aanbieding, de netto-opbrengst te investeren in rentedragende, geldinstrumenten of equivalenten of korte termijn deposito's.</p>
E.3	Voorwaarden van de Aanbieding	<p><u>De Aanbieding</u></p> <p>De Vennootschap biedt tot een totaal van 2.272.727 Aangeboden Aandelen aan (zonder de Uitbreidingsoptie en de Overoewijzingsoptie (beide zoals hieronder gedefinieerd)) tegen een prijs per Aangeboden Aandeel (de "Aanbiedingsprijs") die naar verwachting zal vallen binnen een bandbreedte (prijsvork) van €11,00 tot €13,75 (inclusief) per Aangeboden Aandeel (de "Prijsbandbreedte") om ongeveer €28,1 miljoen te ontvangen (ervan uitgaande dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte (op de Prospectusdatum)).</p> <p>De Vennootschap behoudt zich het recht voor, na overleg met de Joint Bookrunners, om het totale aantal Aangeboden Aandelen te verhogen met 15% (de "Uitbreidingsoptie"), of het totale aantal Aangeboden Aandelen te verminderen.</p> <p>Indien de Uitbreidingsoptie volledig wordt uitgeoefend bedraagt het aantal Aangeboden Aandelen 2.613.636 hetgeen tot een opbrengst leidt van ongeveer €32,3 miljoen (ervan uitgaande dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte (op de Prospectusdatum)).</p> <p>Indien de Overoewijzingsoptie volledig wordt uitgeoefend bedraagt het aantal Aangeboden Aandelen 2.613.636 hetgeen tot een opbrengst leidt van ongeveer €32,3 miljoen (ervan uitgaande dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte (op de Prospectusdatum)).</p> <p>Indien de Uitbreidingsoptie en de Overoewijzingsoptie beide volledig worden uitgeoefend bedraagt het aantal Aangeboden Aandelen 3.005.681 hetgeen tot een opbrengst leidt van ongeveer €37,2 miljoen (ervan uitgaande in beide gevallen dat de Aanbiedingsprijs in het midden is van de Prijsbandbreedte (op de Prospectusdatum)).</p> <p>De Aanbiedingsprijs, het exacte aantal Aangeboden Aandelen dat wordt aangeboden en het maximale aantal Bijkomende Aandelen (zoals hieronder gedefinieerd) zullen worden vermeld in een prijsverklaring die in een persbericht zal worden gepubliceerd en ook op de website van Kiadis zal worden geplaatst en gedeponeerd bij de AFM. Dezelfde publicaties zullen ook in de Belgische financiële pers worden gedaan.</p> <p>De Aanbieding bestaat uit (i) een openbaar aanbod aan particuliere</p>

	<p>en institutionele beleggers in Nederland en België, en (ii) een onderhandse plaatsing aan bepaalde institutionele beleggers in verschillende jurisdicities. De Aangeboden Aandelen worden aangeboden (i) in de Verenigde Staten aan <i>qualified institutional buyers</i>, "QIBs"), zoals gedefinieerd in Rule 144A ("Rule 144A") van de U.S. Securities Act van 1933, zoals gewijzigd (de "U.S. Securities Act") met een beroep op Rule 144A of overeenkomstig een andere vrijstelling van, of in een transactie die niet onderworpen is aan, de registratievereisten van de U.S. Securities Act, of (ii) buiten de Verenigde Staten in <i>offshore transactions</i> in overeenstemming met Regulation S van de U.S. Securities Act ("Regulation S"). De Aangeboden Aandelen worden alleen aangeboden in die jurisdicities waar, en alleen aan die personen aan wie, de aanbiedingen van Aandelen rechtmatig kan worden gemaakt. Alle Aangeboden Aandelen hebben dezelfde rechten.</p> <p>De Aanbieding zal starten op 17 juni 2015 en zal naar verwachting eindigen op 30 juni 2015 (de "Aanbiedingsperiode").</p> <p>Elke verhoging boven de Bandbreedte op de dag voorafgaand aan de laatste dag van de Aanbiedingsperiode zal resulteren in de verlenging van de Aanbiedingsperiode met tenminste één werkdag. Elke wijziging van de Bandbreedte van de Aanbieding zal worden aangekondigd in een persbericht dat ook op de website van Kiadis zal worden geplaatst voorafgaand aan het einde van de Aanbiedingsperiode. Dezelfde publicaties zullen ook in de Belgische financiële pers worden gedaan.</p> <p>De Aanbiedingsprijs en het exacte aantal Aangeboden Aandelen dat wordt aangeboden zal worden bepaald door de Venootschap in overleg met Kempen & Co N.V. (de "Sole Global Coordinator") en KBC Securities NV/SA (gezamenlijk de "Joint Bookrunners", en met Peel Hunt LLP de "Underwriters") na het einde van de Aanbiedingsperiode, inclusief eventuele versnelling of verlenging daarvan, op basis van de bookbuildingprocedure en rekening houdend met de overwegingen zoals uiteengezet in hoofdstuk 16 (The Offering).</p> <p><u>Oertoewijzingsoptie</u></p> <p>De Venootschap heeft een optie toegekend (de "Oertoewijzingsoptie") aan de Sole Global Coordinator, uitoefenbaar binnen 30 kalenderdagen na 2 juli 2015 (de "Noteringsdag"), op grond waarvan de Sole Global Coordinator, handelend namens de Underwriters, de Venootschap kan verplichten om tot een maximum van 340.909 bijkomende Aandelen uit te geven (of tot een maximum van 392.045 bijkomende Aandelen uit te geven indien de Uitbreidingsoptie volledig wordt uitgeoefend) tot een maximum van 15 % van het totale aantal Aangeboden Aandelen (de "Bijkomende Aandelen"), om shortpositions, als gevolg van oertoewijzingen, en stabilisatie transacties te dekken (indien van toepassing) te dekken.</p> <p><u>Deelnemende Partijen</u></p> <p>De huidige aandeelhouders DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners B.V., Life Sciences Partners II B.V., Alta Partners en Quest for Growth en de nieuwe investeerder Nyenburgh Holding B.V. (de "Deelnemende Partijen") hebben toegezegd voor een</p>
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	<p>totaal bedrag van €12 miljoen deel te nemen aan de Aanbieding.</p> <p><u>Verwachte tijdschema</u></p> <p>Behoudens versnelling of verlenging van het tijdschema, of intrekking van de Aanbieding, geeft onderstaande tabel bepaalde verwachte belangrijke data voor de Aanbieding weer.</p> <table border="1"> <thead> <tr> <th>Gebeurtenis</th><th>Tijd en datum</th></tr> </thead> <tbody> <tr> <td>Start van de Aanbiedingsperiode</td><td>17 juni 2015</td></tr> <tr> <td>Einde van de aanbieding aan het publiek</td><td>30 juni 2015, 12:00 CEST</td></tr> <tr> <td>Einde van de aanbieding aan institutionele beleggers</td><td>30 juni 2015, 16:00 CEST</td></tr> <tr> <td>Einde van de Aanbiedingsperiode</td><td>30 juni 2015</td></tr> <tr> <td>Prijsbepaling en toewijzing</td><td>1 juli 2015</td></tr> <tr> <td>Begin van de handel op een 'as-if-and-when-issued' basis op Euronext</td><td>2 juli 2015</td></tr> <tr> <td>Afwikkeling (betaling en levering)</td><td>3 juli 2015</td></tr> </tbody> </table> <p>Elke verlenging van het tijdschema voor de Aanbieding zal tenminste drie uur vóór het einde van de oorspronkelijke Aanbiedingsperiode worden gepubliceerd in een persbericht, waarbij elke verlenging voor minimaal één volledige werkdag zal zijn. Elke versnelling van het tijdschema voor de Aanbieding zal tenminste drie uur vóór het voorgestelde einde van de versnelde Aanbiedingsperiode in een persbericht gepubliceerd worden. In ieder geval zal de Aanbiedingsperiode tenminste zes werkdagen zijn.</p> <p><u>Inschrijvingen</u></p> <p>Het is de bedoeling dat ongeveer 10% van de Aangeboden Aandelen (inclusief Bijkomende Aandelen, indien van toepassing) zal worden toegewezen aan particuliere beleggers in Nederland en België, op voorwaarde van voldoende vraag hiernaar. De verhouding van toewijzing van Aangeboden Aandelen aan particuliere beleggers in Nederland en België kan verhoogd of verlaagd worden indien hun inschrijving 10% van de Aangeboden Aandelen (inclusief Bijkomende Aandelen, indien van toepassing) overschrijdt c.q. niet bereikt. Particuliere beleggers in Nederland en België zullen gelijk behandeld worden bij toewijzing in geval de vraag het aanbod overschrijdt.</p> <p>Inschrijvingen door in aanmerking komende particuliere beleggers kunnen alleen worden gedaan op een bestens basis. Als gevolg daarvan zijn in aanmerking komende particuliere beleggers die ingeschreven hebben voor Aangeboden Aandelen in de Aanbieding, verplicht tot afname en betaling van het aantal Aangeboden Aandelen waarvoor zij hebben ingeschreven, voor zover aan hen toegewezen, voor de Aanbiedingsprijs, zelfs indien de Biedprijs boven de bandbreedte van de (eventueel gewijzigde) Prijsbandbreedte is. Particuliere beleggers (waaronder begrepen particuliere beleggers in België) hebben de mogelijkheid om bij de intermediair waar zij hun originele inschrijving deden hun inschrijving op elk moment voor het einde van de (eventueel versnelde of verlengde) Aanbiedingsperiode in te trekken of aan te passen, indien de Prijsbandbreedte is verhoogd tot boven de originele Prijsbandbreedte of indien er een supplement op het Prospectus algemeen beschikbaar is gesteld.</p>	Gebeurtenis	Tijd en datum	Start van de Aanbiedingsperiode	17 juni 2015	Einde van de aanbieding aan het publiek	30 juni 2015, 12:00 CEST	Einde van de aanbieding aan institutionele beleggers	30 juni 2015, 16:00 CEST	Einde van de Aanbiedingsperiode	30 juni 2015	Prijsbepaling en toewijzing	1 juli 2015	Begin van de handel op een 'as-if-and-when-issued' basis op Euronext	2 juli 2015	Afwikkeling (betaling en levering)	3 juli 2015
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Afwikkeling (betaling en levering)	3 juli 2015																

	<p><u>Toewijzing</u></p> <p>De toewijzing van de Aangeboden Aandelen zal naar verwachting plaatsvinden na beëindiging van de Aanbiedingsperiode op of omstreeks 1 juli 2015, onder voorbehoud van versnelling of verlenging van het tijdschema voor de Aanbieding.</p> <p>Toewijzing aan beleggers die ingeschreven hebben op de Aangeboden Aandelen zal worden gedaan op een discretionaire basis en de Vennootschap en de Joint Bookrunners behouden volledige discretionaire bevoegdheid ten aanzien van de vraag of en hoe de Aangeboden Aandelen worden toegewezen in overeenstemming met de wet. Er is geen minimum of maximum aantal Aangeboden Aandelen waarvoor potentiële beleggers kunnen inschrijven en meerdere (aanmeldingen voor) inschrijvingen zijn toegestaan. In het geval dat de Aanbieding wordt overtekend, kunnen beleggers mogelijk minder aandelen krijgen dan waarvoor zij ingeschreven hebben. De Vennootschap en de Joint Bookrunners kunnen, naar eigen goeddunken en zonder opgave van de redenen daarvoor, (aanmeldingen voor) inschrijvingen geheel of gedeeltelijk verwerpen. Eventueel ontvangen gelden voor inschrijvingen die niet of niet geheel zijn geaccepteerd zullen worden terugbetaald aan de investeerders zonder rente en geheel op risico van de belegger. De Joint Bookrunners zullen investeerders op de hoogte stellen van een toewijzing van de Aangeboden Aandelen aan hen. Niettegenstaande het hiervoor opgemerkte, is het zoals aangegeven onder 'Inschrijvingen' de intentie dat 10% van de Aangeboden Aandelen (inclusief Bijkomende Aandelen, indien van toepassing) worden toegewezen aan particuliere beleggers in Nederland en België.</p> <p><u>Verklaringen en garanties</u></p> <p>Elke belegger in de Aanbieding wordt geacht bepaalde verklaringen en garanties te hebben gegeven aan de Underwriters, zoals beschreven in hoofdstuk 18 (Selling and Transfer Restrictions). Daarnaast wordt iedere belegger geacht bepaalde verkoop en overdracht beperkingen zoals omschreven in hoofdstuk 18 (Selling and Transfer Restrictions) te hebben gelezen en zich daaraan te hebben gehouden. Elke toekomstige belegger dient advies van zijn eigen adviseurs in te winnen in verband met de juridische, fiscale, zakelijke, financiële en andere aspecten van deelname aan de Aanbieding.</p> <p><u>Betaling</u></p> <p>De betaling voor de Aangeboden Aandelen zal naar verwachting plaatsvinden op 3 juli 2015 (de "Afwikkelingsdatum"). De Biedprijs voor de toegewezen Aangeboden Aandelen moet in euro, en volledig, worden betaald en omvat geen belastingen of kosten, die moeten worden gedragen door de belegger (zie Hoofdstuk 19 Taxation en paragraaf 16.4).</p> <p><u>Levering</u></p> <p>De Aandelen zijn aandelen op naam, die in het verzameldepot en het girodepot zoals gedefinieerd in, en op grond van, de Wet giraal effectenverkeer zijn gebracht.</p> <p>Aanvraag is gedaan om de Aandelen toe te laten tot de girale</p>
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		<p>faciliteiten van het Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("Euroclear Netherlands").</p> <p>Levering van de Aangeboden Aandelen vindt plaats op de Afwikkelingsdatum, via de girale faciliteiten van Euroclear Netherlands, in overeenstemming met de normale procedures die van toepassing zijn op aandelen en tegen betaling (in euro's) voor de Aangeboden Aandelen en de Bijkomende Aandelen, indien van toepassing, in onmiddellijk beschikbare gelden.</p> <p><u>Sole Global Coordinator, Joint Bookrunners en Underwriters</u></p> <p>Kempen & Co N.V. treedt op de Sole Global Coordinator en, samen met KBC Securities NV/SA, als de Joint Bookrunners. De Joint Bookrunners, samen met Peel Hunt LLP treden op als de Underwriters.</p> <p><u>Stabilisatie-, en Noteringsagent en Betaalkantoor</u></p> <p>Kempen & Co NV treedt op als de stabilisatie-, en noteringsagent en als betaalkantoor met betrekking tot de Aandelen op Euronext.</p>
E.4	Belangen die materieel zijn voor de Aanbieding (met inbegrip van belangenverstrengelingen)	<p>Enkele van de Underwriters en/of enkele van de met hen verbonden ondernemingen zijn in het verleden betrokken geweest bij, en kunnen in de toekomst van tijd tot tijd betrokken zijn bij, het verlenen van bankaire diensten en financieel advies en aanverwante activiteiten in de normale bedrijfsvoering, aan Kiadis of aan haar verbonden partijen, waarvoor waarvan zij gebruikelijke vergoedingen en commissies hebben, en in de toekomst mogelijkerwijs, kunnen ontvangen.</p> <p>MedSciences Capital II B.V. ("MedSciences"), een private equity investeringsfonds, houdt een indirect belang in de Vennootschap middels Lenildis Holding B.V. (zie paragraaf 15.1.1 hieronder). MedSciences is een minderheidsdeelneming van Kempen AM N.L. B.V., een met de Sole Global Coordinator verbonden vermogensbeheerder. De meerderheid van de aandelen in MedSciences wordt gehouden door onafhankelijke derde partijen; zowel professionele als particulier investeerders, voor wie het fonds door MedSciences Capital Management B.V. beheerd wordt. MedSciences kan in de toekomst in het kader van de normale bedrijfsuitoefening voor beleggingsdoeleinden door de Vennootschap uitgegeven effecten houden. Als gevolg hiervan kan zij belangen hebben die mogelijk niet in lijn zijn met, of strijdig zijn met, de belangen van beleggers. In dit kader heeft Kempen & Co interne procedures, zoals strikte <i>Chinese Walls</i> overeenkomstig regelgeving en interne richtlijnen, die het delen van informatie en (de schijn van) conflicterende belangen tussen de handelsbank- en vermogensbeheeractiviteiten tegengaan.</p> <p>Ook de andere Underwriters en/of enkele van de met hen verbonden ondernemingen kunnen in de toekomst, in de normale bedrijfsvoering, effecten van de Vennootschap houden voor beleggingsdoeleinden. Als gevolg hiervan kunnen deze partijen belangen hebben die mogelijk niet in lijn zijn met, of strijdig zijn met, de belangen van beleggers. Ten aanzien hiervan, is het delen van informatie om redenen van vertrouwelijkheid over het algemeen beperkt, door interne procedures, regels en voorschriften.</p>

		<p>De heer Rüdiger, de heer Van Heekeren, de heer Rovers en mevrouw Hoppe bezitten Aandelen, en de heer Wegter en de heer Kleijwegt hebben een indirect belang in Aandelen. De heer Rüdiger, de heer Van Heekeren, de heer Rovers, mevrouw Hoppe, en de heer Brichard hebben de mogelijkheid om kosteloos volledig volgestorte Aandelen te verkrijgen op grond van hun rechten uit hoofde van een participatieplan van Kiadis (zie paragraaf 13.13.1 hieronder).</p> <p>De bestaande Aandeelhouders DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners B.V., Life Sciences Partners II B.V., Alta Partners en Quest for Growth en nieuwe investeerder Nyenburgh Holding B.V. zijn Deelnemende Partijen (zie E.3 hierboven en paragraaf 17.1 hieronder).</p>
E.5	Persoon of entiteit die aanbiedt de Aangeboden Aandelen te verkopen en lock-up regelingen	<p>De Vennootschap biedt de Aangeboden Aandelen aan.</p> <p><u>Lock-up van de Vennootschap</u></p> <p>Op grond van een underwriting overeenkomst met betrekking tot de aanbieding en de verkoop van de Aangeboden Aandelen die de Vennootschap en de Underwriters zullen aangaan (de "Underwriting Overeenkomst"), is de Vennootschap met de Underwriters overeengekomen om, voor een periode die begint op de datum van de Underwriting Overeenkomst tot en met 180 dagen na de Afwikkelingsdatum niet:</p> <ul style="list-style-type: none"> (i) enig Aandeel of andere effect inwisselbaar voor of converteerbaar in Aandelen of uitoefenbaar voor het verkrijgen van Aandelen direct of indirect, uit te geven, aan te bieden, te verpanden, te verkopen, overeen te komen om te verkopen, enige optie, recht, warrant of contract om deze te kopen te verlenen, een optie om enig Aandeel of andere aandelen van de Vennootschap te verkopen uit te oefenen, een optie om enig Aandeel of andere aandelen van de Vennootschap te kopen of overeenkomen te kopen, of uit te lenen of anderszins enig Aandeel of andere aandelen van de Vennootschap over te dragen of daarover te beschikken of enige registration statement zoals bedoeld onder de U.S. Securities Act or enig soortgelijk document bij enige andere toezichthouder of beurshandel of noteringsautoriteit te deponeren met betrekking tot elk van het voorgaande; (ii) enige swapovereenkomst of enige andere overeenkomst of enige transactie die, geheel of gedeeltelijk, direct of indirect, de economische gevolgen van de eigendom van Aandelen of andere aandelen van de Vennootschap overdraagt onafhankelijk van de vraag of een dergelijke transactie wordt afgewikkeld door levering van Aandelen of andere effecten, in geld of anderszins, aan te gaan; (iii) aan haar Aandeelhouders of enig ander orgaan een voorstel te doen om iets van het voorgaande te bewerkstelligen (met uitzondering van de uitgifte van de Aangeboden Aandelen); of (iv) een voornemen om een dergelijke transactie uit te voeren publiekelijk aan te kondigen. <p>De voorgaande beperkingen zijn niet van toepassing op: (i) de</p>

	<p>uitgifte van Aangeboden Aandelen en de Bijkomende Aandelen in verband met de Aanbieding, (ii) enige handeling in verband met een overnamebod, een financiële reorganisatie, juridische fusie, splitsing of soortgelijke transactie, in elk geval, voor zover betrekking hebbend op de Vennootschap of Kiadis Pharma B.V. en elke overdracht, verkoop, tender of verdere vervreemding van Aandelen of aandelen Kiadis Pharma B.V. als gevolg van een dergelijke handeling, (iii) enige handeling op het verzoek van de Sole Global Coordinator (handelend namens de Underwriters) (waaronder in de hoedanigheid van stabilisatie-, en noteringsagent of betaalkantoor (iv) het toekennen van opties of Aandelen door de Vennootschap onder het 2013 exit participation plan, (v) het toekennen van opties om Aandelen te verkrijgen of het toekennen van beoordelingsrelateerde Aandelen onder enig nieuw werknemersoptieplan of beoordelingsgerelateerd aandelenplan dat de Vennootschap mogelijk zal implementeren.</p> <p><i>Aandeelhouder lock-up</i></p> <p>De huidige Aandeelhouders van de Vennootschap (met uitzondering van enkele minderheidsaandeelhouders die gezamenlijk 1,09% van de thans uitgegeven en uitstaande Aandelen houden) zijn met de Sole Global Coordinator (handelend namens de Underwriters) overeengekomen om tot en met 180 dagen na de Afwikkelingsdatum niet, en voor de periode van 180 dagen daarna niet zonder voorafgaande schriftelijke toestemming van de Sole Global Coordinator niet:</p> <ul style="list-style-type: none"> (i) enig Aandeel of andere effect inwisselbaar voor of converteerbaar in Aandelen of uitoefenbaar voor het verkrijgen van Aandelen direct of indirect, uit te geven, aan te bieden, te verpanden, te verkopen, overeen te komen om te verkopen, enige optie, recht, warrant of contract om deze te kopen te verlenen, een optie om enig Aangeboden Aandeel of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. te verkopen uit te oefenen, een optie om enig Aangeboden Aandeel of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. te kopen of overeen te komen te kopen, of uit te lenen of anderszins enig Aangeboden Aandeel of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. over te dragen of daarover te beschikken, of enige effecten (waaronder enige nieuwe Aandelen uit te geven bij uitoefening van enige optie en/of warrant (hierna de "Warrants") converteerbaar in, uitoefenbaar of inwisselbaar voor Aandelen of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. of enige registration statement zoals bedoeld onder de U.S. Securities Act or enig soortgelijk document bij enige andere toezichthouder of beurshandel of noteringsautoriteit te deponeren met betrekking tot elk van het voorgaande); (ii) enige swapovereenkomst of enige andere overeenkomst of enige transactie die, geheel of gedeeltelijk, direct of indirect, de economische gevolgen van de eigendom van Aandelen of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. overdraagt onafhankelijk van de vraag of een dergelijke transactie wordt afgewikkeld door levering van Aandelen of andere effecten, in geld of anderszins, aan
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		<p>te gaan;</p> <p>(iii) een voornemen om een dergelijke transactie uit te voeren publiekelijk aan te kondigen;</p> <p>(iv) de aankondiging, uitvoering of implementatie van enige verhoging van het aandelenkapitaal van de Vennootschap te bewerkstelligen of goed te keuren (anders dan uitdrukkelijk voorzien in het Prospectus);</p> <p>(v) een verhoging van het aandelenkapitaal van de Vennootschap voor goedkeuring voor te stellen aan een vergadering van aandeelhouders of voor een dergelijk voorstel te stemmen (anders dan uitdrukkelijk voorzien in het Prospectus); of</p> <p>(vi) enige uitgifte van financiële instrumenten inhoudende opties of warrants die inwisselbaar zijn in Aandelen aan te kondigen, uit te voeren of te implementeren.</p> <p>De voorgaande beperkingen zijn niet van toepassing op:</p> <p>(i) het uitlenen van Aandelen aan de Sole Global Coordinator op grond van de share lending agreement aan te gaan tussen de Sole Global Coordinator en Life Sciences Partners B.V. en Life Sciences Partners II B.V.;</p> <p>(ii) de storting van enig aandeel in Kiadis Pharma B.V. in overeenstemming met de capital restructuring op grond waarvan, onder andere, aandelen in Kiadis Pharma B.V. gestort zijn op Aandelen;</p> <p>(iii) enige handeling in verband met een overnamebod, een financiële reorganisatie, juridische fusie, splitsing of soortgelijke transactie, in elk geval, voor zover betrekking hebbend op de Vennootschap of Kiadis Pharma B.V.;</p> <p>(iv) enige overdracht, verkoop, aanbieding of andere wijze van vervreemding van Aandelen of aandelen in Kiadis Pharma B.V. ingevolge een bona fide overnamebod door een derde, fusie, samenvoeging, consolidatie of andere soortgelijke transactie aan of waarbij alle houders van de Aandelen, aandelen in Kiadis Pharma B.V. of zulke andere effecten op grond waarvan de meerderheid van het totale aantal stemmen op de stemgerechtigde aandelen van de Vennootschap of Kiadis Pharma B.V. wordt overgedragen aan een dergelijke derde partij (inclusief, zonder beperking, het aangaan van een lock-up-, stem-, of soortgelijke overeenkomst op grond waarvan de partijen bij de lock-up overeenkomst kunnen overeenkomen Aandelen, aandelen in Kiadis Pharma B.V. of andere dergelijke effecten over te dragen, te verkopen, aan te bieden of anderszins te vervreemden in verband met een dergelijke transactie, of op Aandelen, aandelen in Kiadis Pharma B.V. of andere dergelijke effecten te stemmen in het voordeel van een dergelijke transactie); met dien verstande dat indien een dergelijk overnamebod, fusie, samenvoeging, consolidatie of andere soortgelijke transactie niet is voltooid, alle Aandelen,</p>
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		<p>aandelen in Kiadis Pharma B.V. of andere effecten die onderworpen zijn aan de lock-up overeenkomst, onderworpen zullen blijven aan de beperkingen daarin en verder dat indien een dergelijke overnamebod, fusie, samenvoeging, consolidatie of andere soortgelijke transactie is voltooid, alle Aandelen, aandelen in Kiadis Pharma B.V. of andere effecten die onderworpen zijn aan de lock-up overeenkomst, onderworpen zullen blijven aan de beperkingen daarin tot het eerdere van het eindigen van de lock-up periode en het niet langer aan een beurs genoteerd zijn van de Aandelen;</p> <p>(v) enige nieuwe uit te geven Aandelen gekocht in de Aanbieding of daarna in de secundaire markt; en</p> <p>(vi) de overdracht of uitkering van Aandelen of aandelen in Kiadis Pharma BV aan leden of aandeelhouders van een partij bij de lock-up overeenkomst, of aan een rechtspersoon, vennootschap of een andere persoon of entiteit die een huidig of voormalig lid, aandeelhouder, (commanditaire) vennoot, dochteronderneming of een direct of indirect verbonden onderneming van een partij bij de lock-up overeenkomst of aan een beleggingsfonds of een andere entiteit die partij is bij de lock-up overeenkomst controleert of beheert (inclusief, ter voorkoming van twijfel, een fonds beheerd door dezelfde manager, vennoot of beheermaatschappij of door een entiteit die gecontroleerd wordt door of onder gemeenschappelijke controle staat van een dergelijke manager, vennoot of beheermaatschappij of deze controleert, als de partij bij de lock-up overeenkomst).</p>
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Lock-up van management

Elk van de leden van de Raad van Bestuur, de Raad van Commissarissen en het Hoger Management van de Vennootschap is overeengekomen met de Sole Global Coordinator (handelend namens de Underwriters) om, voor een periode tot en met 180 dagen na de Afwikkelingsdatum niet, en voor de periode van 180 dagen daarna niet zonder voorafgaande schriftelijke toestemming van de Sole Global Coordinator niet:

- (i) enig Aandeel of andere effect inwisselbaar voor of converteerbaar in Aandelen of uitoefenbaar voor het verkrijgen van Aandelen direct of indirect, uit te geven, aan te bieden, te verpanden, te verkopen, overeen te komen om te verkopen, enige optie, recht, warrant of contract om deze te kopen te verlenen, een optie om enig Aangeboden Aandeel of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. te verkopen uit te oefenen, een optie om enig Aangeboden Aandeel of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. te kopen of overeen te komen te kopen, of uit te lenen of anderszins enig Aangeboden Aandeel of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. over te dragen of daarover te beschikken, of enige effecten (waaronder Warrants) converteerbaar in, uitoefenbaar of inwisselbaar voor Aandelen of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. of enige registration statement zoals bedoeld

		<p>onder de U.S. Securities Act or enig soortgelijk document bij enige andere toezichthouder of beurshandel of noteringsautoriteit te deponeren met betrekking tot elk van het voorgaande;</p> <ul style="list-style-type: none"> (ii) enige swapovereenkomst of enige andere overeenkomst of enige transactie die, geheel of gedeeltelijk, direct of indirect, de economische gevolgen van de eigendom van Aandelen of andere aandelen van de Vennootschap of aandelen van Kiadis Pharma B.V. overdraagt onafhankelijk van de vraag of een dergelijke transactie wordt afgewikkeld door levering van Aandelen of andere effecten, in geld of anderszins, aan te gaan; of (iii) een voornemen om een dergelijke transactie uit te voeren publiekelijk aan te kondigen. <p>De voorgaande beperkingen zijn niet van toepassing op:</p> <ul style="list-style-type: none"> (i) de storting van enig aandeel in Kiadis Pharma B.V. in overeenstemming met de capital restructuring op grond waarvan, onder andere, aandelen in Kiadis Pharma B.V. gestort zijn op Aandelen; (ii) enige handeling in verband met een overnamebod, een financiële reorganisatie, juridische fusie, splitsing of soortgelijke transactie, in elk geval, voor zover betrekking hebbend op de Vennootschap; (iii) enige overdracht, verkoop, aanbieding of andere wijze van vervreemding van Aandelen of aandelen in Kiadis Pharma B.V. ingevolge een bona fide overnamebod door een derde, fusie, samenvoeging, consolidatie of andere soortgelijke transactie aan of waarbij alle houders van de Aandelen, aandelen in Kiadis Pharma B.V. of zulke andere effecten op grond waarvan de meerderheid het totale aantal stemmen op de stemgerechtigde aandelen van de Vennootschap of Kiadis Pharma B.V. wordt overgedragen aan een dergelijke derde partij (inclusief, zonder beperking, het aangaan van een lock-up-, stem-, of soortgelijke overeenkomst op grond waarvan de bestaande aandeelhouders kunnen overeenkomen Aandelen, aandelen in Kiadis Pharma BV of andere dergelijke effecten over te dragen, te verkopen, aan te bieden of anderszins te vervreemden in verband met een dergelijke transactie, of op Aandelen, aandelen in Kiadis Pharma B.V. of andere dergelijke effecten te stemmen in het voordeel van een dergelijke transactie); met dien verstande dat indien een dergelijk overnamebod, fusie, samenvoeging, consolidatie of andere soortgelijke transactie niet is voltooid, alle Aandelen, aandelen in Kiadis Pharma B.V. of andere effecten die onderworpen zijn aan de lock-up overeenkomst, onderworpen zullen blijven aan de beperkingen daarin en verder dat indien een dergelijke overnamebod, fusie, samenvoeging, consolidatie of andere soortgelijke transactie is voltooid, alle Aandelen, aandelen in Kiadis Pharma B.V. of andere effecten die onderworpen zijn aan de lock-up overeenkomst, onderworpen zullen blijven aan de beperkingen daarin tot het eerdere van het eindigen van de lock-up periode en het niet langer aan een beurs genoteerd
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		<p>zijn van de Aandelen; en</p> <p>(iv) enige nieuwe uit te geven Aandelen gekocht in de Aanbieding of daarna in de secundaire markt.</p>
E.6	Verwatering	Het stemmenbelang van de huidige Aandeelhouders zal verwateren als gevolg van de uitgifte van de Aangeboden Aandelen. De maximale verwatering van de huidige Aandeelhouders als gevolg van de uitgifte van de Aangeboden Aandelen zal 21,94% zijn, uitgaande van een uitgifte van 3.005.681 Aangeboden Aandelen en geen deelname in de Aanbieding.
E.7	Geraamde kosten die bij beleggers in rekening worden gebracht door de Vennootschap	Niet van toepassing. Er zijn en worden geen kosten bij beleggers in rekening gebracht door Kiadis met betrekking tot de Aanbieding.

Risk Factors

An investment in the Offer Shares involves certain risks. Accordingly, before deciding whether to invest in the Offer Shares, prospective investors should carefully consider the risks described below together with all the other information contained in this Prospectus. If any of the following risks 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 below 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 below simultaneously.

The order in which the following risks are presented is not intended to be an indication of their probability of occurrence or the magnitude of their potential effects.

A - Risks relating to Kiadis' business

Financial Risks

Kiadis has a history of operating losses and anticipates that it will continue to incur operating losses for the foreseeable future.

Kiadis has incurred losses in each year since its inception in 1997. Under the international financial reporting standards ("IFRS") as adopted by the European Union, Kiadis' net losses for the financial years ended 31 December 2014, 2013 and 2012 and the three months ended 31 March 2015 were €7.8 million, €6.9 million, €6.7 million and €3.7 million, respectively. As at 31 March 2015, the Company had a negative shareholders' equity of €989 thousand. Currently Kiadis does not have any products that have been approved for marketing and Kiadis continues to incur costs for research and development, pre-clinical testing and clinical development of product candidates, as well as general and administrative expenses.

Kiadis expects to continue to incur losses for the foreseeable future and expects these losses to increase significantly as it continues the clinical development of, and seeks regulatory approval for, its products, and commercialises any approved products (if any). In addition, as Kiadis seeks to advance its products through clinical trials, including Phase III clinical trials, it will incur increased costs as it expands its development, regulatory and marketing capabilities by adding qualified personnel in these areas. Kiadis will incur significant additional costs related to being a public company, including directors' and officers' liability insurance, increased personnel in finance and accounting, investor relations programs and increased professional fees. Kiadis' losses, among other things, have caused and will continue to cause its working capital to decrease.

Kiadis has never generated any revenue from product sales and its ability to generate revenue from product sales and become profitable depends significantly on its success in commercialising its product candidates that may be hard to achieve.

Kiadis has not generated any revenue from product sales and has historically generated nominal revenues and other income principally from government grants and wage tax credits for employees engaged in research and development. Kiadis does not expect to receive

additional grants or generate revenues from other sources in the near future. To achieve and maintain profitability, Kiadis will need to generate significant revenues from sales of products that it does not expect in the foreseeable future, if at all. Should Kiadis fail to receive regulatory approval to commence or complete clinical trials or to market any or all of its products, or if such products fail to gain market acceptance, Kiadis' business, financial condition and results of operations would be materially adversely affected. If Kiadis achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. It is likely that Kiadis will experience fluctuating revenues, operating results and cash flows. As a result, period-to-period comparisons of financial results are not necessarily meaningful and results of operations in prior periods should not be relied upon as an indication of future performance.

Kiadis requires substantial funding to continue its operations and before commercialisation of any of its products, including ATIR101.

Kiadis' current cash resources do not provide it with sufficient working capital for the next twelve months following the Prospectus Date. Kiadis believes that it has sufficient working capital to continue its current operations until September 2015. See also paragraph 9.7 below. Kiadis does not generate sufficient cash from product revenues to meet its current working capital requirements and is currently, as has been the case since its incorporation, largely dependent on the issuance and sale of equity and debt securities to finance its operations.

Kiadis has used substantial funds to develop its products and will require substantial additional funds to conduct further research and clinical development, to obtain, maintain and enforce its patents and other intellectual property rights, to manufacture and market any products that may be approved for commercial sale if any, to take advantage of new business opportunities to broaden and diversify its research and development portfolio in the future, e.g. through in-licensing or acquisitions of programs or companies with synergistic or complementary technologies, products, or product candidates, or to meet its payment obligations under its loan arrangements – in particular, the innovation loans (*innovatiekrediet*) from Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland, "RVO Nederland"*), – and royalty and milestone arrangements. See also paragraphs 9.8 and 9.11 below.

The failure to raise capital when needed would adversely affect Kiadis' business, financial condition results of operations or prospects and could reduce the price of the Shares. In addition, any perceived or actual inability by Kiadis to finance its clinical development program and other business activities, including as a result of milestone and royalty payments to third parties, may cause the market price of the Shares to decline.

Kiadis currently anticipates that it will use the net proceeds of the Offering primarily to support the progression of ATIR101's clinical development programs and Kiadis believes that these proceeds will be sufficient to finance at least the finalisation of the Phase II study for ATIR101 and a Phase I/II study for ATIR201. However, Kiadis' existing capital resources and the net proceeds from the Offering will not be sufficient to enable it to fund the completion of all such clinical development programs, including ATIR101, through commercialisation. Accordingly, Kiadis will need to raise additional funds before commercialisation of any of its products, including ATIR101.

Kiadis' future funding requirements will depend on many factors, including the progress and cost of its clinical trials and research and development activities; growth in the number of its employees; the manufacturing of any products or product candidates or the terms of any outsourced manufacturing; the timing, receipt and amount of any milestone, royalty and other payments, if any, from or to present and future licensors, licensees, collaborators or other

third parties; the timing, receipt and amount of sales, if any, from Kiadis' products; changes in regulatory policies or laws that affect its operations or clinical development; competing products; market developments and the terms and timing of establishing collaborations, licence agreements; and other partnerships and private and government insurance reimbursement, including Medicare. If Kiadis is unable to obtain funding in a timely manner or on commercially acceptable or sensible terms, Kiadis may have to delay, scale back or stop its clinical development programs and commercialisation efforts. The failure to raise capital when needed would reduce Kiadis' business, financial condition results of operations or prospects and could adversely affect the price of the Shares. In addition, any perceived or actual inability to finance Kiadis' clinical development program and other business activities, including as a result of milestone and royalty payments to third parties, may cause the market price of the Shares to decline.

If Kiadis fails in obtaining substantial additional funding, it will be unable to continue its research and development programs or commercialise any of its products.

Currently, Kiadis does not have access to a credit facility or other sources of committed capital. Kiadis intends to seek the additional capital necessary to fund its operations through equity offers, debt financings, collaboration and licensing arrangements, or a combination of one or more of these funding sources, if available.

There can be no assurance that such funding will be available in a timely manner, on favourable terms, or at all, or that such funds, if raised, would be sufficient to enable Kiadis to continue to implement its long term business strategy. If Kiadis is unable to raise such additional funds, it may need to delay, scale back or cease expenditures for some of its products or some of its long-term research, development and commercialisation programs, or grant rights to third parties to develop and market products that Kiadis would otherwise prefer to develop and market itself, thereby reducing their ultimate value to Kiadis. If Kiadis is unable to satisfy certain royalty payments – especially the royalty obligation to the University of Montreal (see paragraph 11.15.1 below) it may furthermore lose rights to certain licences or patents for its products, including to ATIR101, Kiadis' principal product and its only product in clinical development. This may also result in Kiadis not being able to continue as a going concern, which could have a material impact on the carrying value of, in particular, intangible assets and property, plant and equipment. Kiadis' inability to obtain additional funds necessary to operate the business could furthermore materially and adversely affect the market price of the Shares and all or part of an investment in the Shares could be lost.

In order to finance acquisitions Kiadis may engage in transactions 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.

To finance any acquisitions, Kiadis may choose to issue Shares or securities convertible into or exchangeable for Shares as consideration, which would dilute your interest in the Company. If the price of the Shares is low or volatile, Kiadis may not be able to use Shares to acquire other companies. Alternatively, it may be necessary for Kiadis to raise additional funds for acquisitions by incurring indebtedness. As a result, Kiadis' interest expense, leverage and debt service requirements could increase significantly. Additional funds may not be available on terms that are favourable to Kiadis, if at all. If Kiadis is unable to obtain the necessary financing, it may have to delay or may be unable to complete an acquisition.

The terms of any securities that Kiadis may issue could include liquidation or other preferences that adversely affect your rights or economic interests as a holder of Shares ("Shareholder"). To obtain debt financing, if available, lenders may require Kiadis to agree to covenants limiting or restricting its ability to take specific actions such as incurring additional debt, making capital expenditures or declaring dividends, thus limiting funds available for

Kiadis' business activities, or lenders could seek assignments or security rights over Kiadis' assets including patents. In relation to investments that may adversely affect Kiadis' possibilities to repay the RVO loans, Kiadis' needs to obtain the approval of RVO (see paragraph 9.8 below). If Kiadis raises additional funds through collaboration and licensing arrangements with third parties, it may have to relinquish valuable rights to its technologies or products, or grant licences on terms that are not favourable to it.

Any of these circumstances, should they occur, could have a material adverse effect on Kiadis' business, results of operations and financial condition.

Exchange rate fluctuations could negatively affect Kiadis' financial condition.

The consolidated financial statements of the Company are presented in euro. However, since Kiadis has clinical trials and manufacturing in Canada as well as clinical trials in the United Kingdom, Kiadis incurs part of its expenses in Canadian dollars and British pounds. As a result, Kiadis' business and Share price will be affected by fluctuations in foreign exchange rates, primarily between the euro and the Canadian dollar, which may have a significant impact on the reported results of operations and cash flows from period to period.

Kiadis' tax liability may be materially different from what is reflected in its income tax provisions and related balance sheet accounts.

Kiadis is subject to income taxes in the Netherlands and other jurisdictions. Kiadis' calculation of income taxes is based in part on its interpretations of applicable tax laws in the jurisdictions in which it operates. Although Kiadis believes its tax estimates to be reasonable, there is no assurance that the final determination of its income tax liability will not be materially different from what is reflected in Kiadis' income tax provisions and related balance sheet accounts. Should additional taxes be assessed as a result of new legislation, tax litigation or an audit, if the effective tax rate should change as a result of changes in tax laws, or if Kiadis were to change the locations in which it operates, there could be a material adverse effect on its income tax provision and net income.

Further changes in the tax laws of the jurisdictions in which Kiadis operates could arise as a result of the base erosion and profit shifting ("BEPS") project being undertaken by the Organisation for Economic Co-operation and Development ("OECD"). The OECD, which represents a coalition of member countries that encompass certain of the jurisdictions in which Kiadis operates, is undertaking studies and publishing action plans that include recommendations aimed at addressing what they believe are issues within tax systems that may lead to tax avoidance by companies. It is possible that the jurisdictions in which Kiadis does business could react to the BEPS initiative or their own concerns by enacting tax legislation that could adversely affect Kiadis or Shareholders through increasing Kiadis' tax liabilities.

Development risks

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, its business, financial condition and results of operations would be materially adversely affected.

ATIR101 for leukaemia, Kiadis' most advanced ATIR product in development and Kiadis' only product in clinical testing, is in Phase II. Kiadis' ability to generate product revenue in the future will depend significantly, if not solely, on the successful clinical development and commercialisation of ATIR101. If the products that Kiadis is pursuing fail, it will have to develop, acquire or license new products. Any of Kiadis' products could be unsuccessful if it:

- does not demonstrate acceptable safety and efficacy in preclinical studies or clinical trials or otherwise does not meet applicable regulatory standards for approval;
- results in unacceptable adverse side effects;
- does not offer therapeutic or other improvements over existing or future products used to treat the same conditions;
- is not accepted in the medical community or by insurers, either public or private; or
- is not capable of being produced in commercial quantities at acceptable costs.

Kiadis does not expect ATIR101 to be commercially available before 2020, if at all, in any market. Although Kiadis intends to apply for conditional marketing authorisation for ATIR101 in the European Union and Canada which would allow for ATIR101 to be commercially available in the European Union and Canada prior to this date, ATIR101 may not meet applicable regulatory standards for such approval. The results of the clinical trials to date cannot provide assurance that acceptable efficacy or safety will be shown upon completion of either the ongoing or the planned Phase II clinical and Phase III clinical trials, if any. Many products that show promise in Phase I trials fail in later clinical trials. If Kiadis is unable to make ATIR commercially available, or experiences significant delays in doing so, its business, financial condition and results of operations would be materially adversely affected.

Kiadis' product candidates provide for "Allodepleted T-cell ImmunotheRapeutics ("ATIR") and are based on its Theralux platform. Given the general applicability of Kiadis' technology platform to the development of the products it currently has in its pipeline and may develop in the future, failure to obtain marketing authorisation for ATIR101 or new products would adversely affect Kiadis' ability to develop other programs and would have an adverse effect on Kiadis' business, financial condition results of operations or prospects and could reduce the price of the Shares.

Any delay in commencing or completing, or inconclusive or negative results from, clinical trials would harm Kiadis' ability to market a product, generate revenues and have a material adverse effect on its business, financial condition and results of operations.

Clinical trials are expensive and complex. They can take many years to complete and have uncertain outcomes. Kiadis estimates that clinical trials of ATIR101 will continue for a significant period of time. The results of "open-label" studies (studies in which both patient and the treating physician are aware of the treatment being used, as opposed to fully controlled or blind studies (studies in which the patient and in some cases the treating physician are unaware of the treatment being used)) used in some of the trials may not be as statistically or clinically sound as results of controlled or blind studies and may yield results that are inconclusive or unacceptable to regulatory authorities. Failure of a product can occur at any stage of the testing and Kiadis may experience numerous unforeseen events during, or as a result of, the clinical trial process that could delay or prevent commercialisation of Kiadis' products. These events include, but are not limited to:

- delays in securing clinical investigators or trial sites for Kiadis' clinical trials;
- delays in obtaining regulatory approval to commence or continue a clinical trial;
- slower than anticipated rates of patient recruitment and enrolment;

- negative results from clinical trials;
- inconclusive results, which may stem from Kiadis' clinical trials being open-label or from other factors;
- the development of unforeseen side effects in patients or unforeseen safety issues;
- dosing issues;
- introduction of new therapies or changes in standards of practice or regulatory guidance that render Kiadis' clinical trial endpoints or the targeting of Kiadis' proposed indications obsolete;
- inability to monitor patients adequately during or after treatment or problems with investigator or patient compliance with the trial protocols; and
- inability to replicate in third-party or Kiadis' future studies the safety and efficacy data obtained from a limited number of patients in Kiadis' previous and ongoing trials.

If Kiadis suffers any significant delays, setbacks or negative results in its clinical trials or if Kiadis' clinical trials are terminated, it may be unable to continue development of its products and its development costs could increase significantly, which could have a material adverse effect on its business, financial condition and results of operations.

ATIR101 has been the subject of very limited clinical trials and if further clinical trials reveal safety or fundamental efficacy issues, this may have a negative impact on the development path for other products that may be derived from the same platform.

The ATIR products are based on the Theralux platform and rely principally on the selectivity and photo-activation exhibited by TH9402 to affect actively dividing cells such as cancer cells and immune reactive cells.

To date, the Phase I/II clinical trial for ATIR101 has involved a discrete number of patients and has been designed to test safety and dosage and hence provides only preliminary indications of efficacy. If ATIR101 is shown to be ineffective, unsafe or otherwise has negative or inconclusive clinical trial results, it may materially adversely affect the development and regulatory review of ATIR and other products based on the Theralux platform, if any, and Kiadis' ability to strengthen its preclinical pipeline from the Theralux platform, which could have a material adverse effect on its business, financial condition and results of operations.

Kiadis' applications for regulatory approval could be delayed or denied due to problems with clinical trials conducted before Kiadis in-licensed some of Kiadis' products. Should this occur, Kiadis' future results may be compromised and its ability to conduct clinical trials may be severely hampered.

Kiadis currently licenses some of the compounds and products used in its research programs from third parties, particularly the Theralux product portfolio, for which Kiadis has an exclusive licence (see paragraph 11.15.1 below). Kiadis' present development involving these compounds relies upon previous research conducted by third parties over whom Kiadis had no control. In order to receive regulatory approval for a product, Kiadis needs to present all relevant data and information obtained during its research and development, including research conducted prior to Kiadis licensing the product. Any problems that emerge from

preclinical research and testing conducted prior to Kiadis in-licensing may affect future results or Kiadis' ability to document prior research and to conduct further clinical trials, which could have a material adverse effect on its business, financial condition and results of operations.

If Kiadis fails to enrol patients in clinical trials for Kiadis' products in clinical development or if patients discontinue their participation, the clinical trials 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.

Kiadis may encounter delays in the regulatory approval process if Kiadis or physicians who may conduct clinical trials or evaluations of ATIR products, are unable to enrol enough patients to complete clinical trials in a timely and cost-effective manner. Patient enrolment depends on many factors, including the size of the patient population, the nature of the protocol, competitive protocols, the proximity of patients to clinical sites and the eligibility criteria for the trial. ATIR101 is presently focused on end stage cancer, and patients will have had to exhaust conventional treatment options before enrolling in clinical trials of ATIR101. Moreover, when one product is evaluated in multiple clinical trials simultaneously, patient enrolment in ongoing trials can be adversely affected by negative results from completed trials. Patients who have enrolled may discontinue their participation at any time during the trial, whether due to adverse effects, withdrawal of consent, real or perceived ineffectiveness of the therapy or other reasons. If Kiadis fails to enrol patients in clinical trials or if patients discontinue their participation, this could have a material adverse effect on its business, financial condition and results of operations.

Risks relating to the regulatory environment

If Kiadis fails to obtain or maintain orphan drug status for ATIR101 in the indications that are important to its business, Kiadis would likely have limited or shortened protection or market exclusivity for ATIR101.

Kiadis' strategy is to apply its ATIR products and its Theralux technology initially to indications for which it currently has orphan drug status, or for which it expects to qualify for orphan drug status in order to obtain market exclusivity for these products, in particular ATIR101. While Kiadis has rights to patents relating to the Theralux technology, these patents would likely afford only limited protection and Kiadis does not rely on them to provide it with market exclusivity for ATIR101.

Orphan drug status confers market exclusivity upon the first product to receive marketing approval by the relevant market authorisation authority for the market and entails the right to exclusively market the product for the specified disease, during a period of seven years in the United States and a maximum of ten years for the European Union. The period of exclusivity in the European Union may be reduced to six years if, at the end of the fifth year, the product no longer meets the criteria for orphan drug designation if, among other things, it is established that the product is sufficiently profitable not to justify market exclusivity. To date, Kiadis has been granted orphan drug designations in the United States in respect of ATIR101 (i) for immune reconstitution and prevention of GVHD following HSCT and (ii) for prevention (reduction) of transplant related mortality ("TRM") which is caused by GVHD or infections following partially matched (haploidentical) HSCT. In addition, Kiadis has been granted orphan drug designations in the European Union in respect of ATIR101 for the prevention of GVHD and for the treatment of AML. There is no assurance that Kiadis will be able to obtain or maintain market exclusivity for its products in indications that are important to its business.

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.

Changes to the current regulatory frameworks governing orphan drugs may impact existing and future market exclusivities provided as a result of orphan drug designation. A potential regulatory change could be, for example, the criteria to be considered in the assessment of similarity between product candidates. Even if Kiadis were to succeed in obtaining and maintaining market exclusivity through orphan drug status, the orphan drug regulations would not preclude competitors from developing or marketing different products for the same indications to which its products are directed, or from independently developing versions of Kiadis' products for different indications.

If Kiadis fails to obtain or maintain market exclusivity for its products through orphan drug status, or if the commercial value of market exclusivity is diminished, its competitive position or financial and commercial prospects could be materially adversely affected.

Kiadis' products are subject to extensive regulation, which can be costly and time-consuming to comply with, and Kiadis may not obtain approvals for the commercialisation of any of its products.

Kiadis is not permitted to market any product until it receives approval from the appropriate regulatory authorities. Kiadis must obtain approval of the product from the appropriate regulatory authority of each jurisdiction where it wishes to market its product before it can commence clinical trials or marketing of its products in those countries. Kiadis has not received marketing approval from any regulatory authority for any of its products.

Kiadis invests substantial time and resources in preclinical studies, clinical trials and the preparation and submission of applications without any assurance that Kiadis will obtain regulatory approval or recoup its investment. The European Medicines Agency ("EMA"), the U.S. Food and Drug Administration ("FDA"), the Canadian Therapeutic Products Directorate ("TPD") and other regulatory authorities exercise substantial discretion in the approval process. The number, size and design of preclinical studies and clinical trials that will be required for the FDA or other regulatory approval will vary depending on the product, the product's primary indication and the specific regulations and guidance documents applicable to any particular product. The FDA, the EMA, the TPD and other regulatory authorities can delay, limit or deny approval of a product for many reasons, including but not limited to:

- concerns relating to the product's safety or efficacy;
- concerns relating to the design, control or conduct of preclinical studies and clinical trials;
- sponsor or patient withdrawals from clinical trials, or other negative responses from such participants;
- adverse or ambiguous results at any clinical stage;
- the failure of more advanced clinical results to confirm positive results from preclinical studies or earlier clinical trials;
- differing interpretations of clinical data relating to Kiadis' products, or challenges to their accuracy or adequacy;
- the development or observation of adverse side effects;

- conditions in Kiadis' or Kiadis' third-party manufacturers' processes or facilities; or
- regulatory changes requiring new or different evidence of safety and efficacy for the product's primary indication.

Should any of these factors occur, regulatory approval of Kiadis' products could be delayed or have conditions placed upon it. Failure to obtain regulatory approval in a timely manner, in a limited manner or at all would have a material adverse effect on Kiadis' business, financial condition or results of operations.

In addition, if Kiadis were to apply for accelerated assessment or fast track designation, it may not be successful due to a number of factors, including but not limited to failure to convince the relevant regulatory authority of the innovative qualities of Kiadis' product; adverse results from its sponsored or physician-initiated clinical trials; problems with the technology underlying the Theralux platform; and failure to convince the relevant regulatory authority that Kiadis' products merit such consideration.

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.

If any of Kiadis' products are approved by the FDA, the EMA, the TPD or another regulatory authority, Kiadis would be subject to extensive regulatory requirements over product manufacturing, testing, labelling, packaging, storage, advertising, promotion, distribution, export, adverse event reporting and record keeping. Kiadis and its suppliers, contract manufacturers and contract testing laboratories would also be subject to inspection by the FDA or other regulatory authorities to determine compliance with these requirements. In addition, laboratory facilities in the European Union that wish to manufacture ATIR products must be licensed by the relevant European Union Member State regulatory authorities.

Regulatory authorities may also impose significant limitations on the indicated uses or marketing of Kiadis' products, which could reduce the potential market for its products. Kiadis may incur substantial costs in conducting post-marketing clinical studies on which regulatory approvals are conditioned. Previously unknown problems with the product may also result in restrictions on the marketing of the product and could include withdrawal of the product from the market.

In addition, new statutory requirements or additional regulations may be enacted. Kiadis cannot predict the likelihood, nature or extent of adverse government regulation that may arise from future legislation or administrative action, either in the United States or elsewhere. If Kiadis is not able to maintain regulatory compliance, it might not be permitted to market its products and its business could suffer.

Failure to comply with the requirements of the FDA, the EMA, the TPD and other applicable regulatory authorities may subject Kiadis to administrative or judicially imposed sanctions. These sanctions include warning letters, civil and criminal penalties, injunctions, product seizure or recall, import bans, restrictions on the conduct of Kiadis' operations, total or partial suspension of production and refusal to approve pending new drug applications ("NDAs"), supplements to approved NDAs or their equivalents in other jurisdictions and financial penalties. If Kiadis is subject to any of these sanctions, its competitive position or financial and commercial prospects could be materially adversely affected.

Operational risks

Due to Kiadis' limited resources and access to capital, Kiadis must prioritise development of certain products and its decision to pursue these products may prove to be unsuccessful as they may never receive regulatory approval or achieve profitability.

Because Kiadis has limited resources and access to capital to fund its operations, Kiadis' management must make significant prioritisation decisions on which products to pursue and the amount of resources to allocate to each product. Kiadis' current development activities are focused primarily on the clinical development of ATIR101. To date, Kiadis has only allocated very limited resources towards the development of ATIR201. These, and future decisions concerning the allocation of research, management and financial resources towards particular products or therapeutic areas may not lead to the development of viable commercial products and may divert resources from better opportunities. Similarly, these and future decisions to delay or terminate product development programs could cause Kiadis to miss valuable opportunities. If Kiadis makes incorrect determinations regarding the market potential of its products or misreads trends in the biotechnology industry for cancer or non-cancer therapies, its business, financial condition and results of operations could be materially adversely affected.

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.

Patients who participate in Kiadis' clinical trials may suffer adverse side effects as a result of the use of Kiadis' products. Although Kiadis' clinical studies to date appear to indicate that the administration of ATIR101 is safe, even at higher doses, Kiadis cannot predict the possible harms or side effects that may result from these clinical trials. Kiadis relies on the expertise of physicians, nurses and other associated medical personnel in administering its products to patients in clinical trials. If these medical personnel are not properly trained to administer, or are negligent in the administration of Kiadis' products, the therapeutic effect of Kiadis' products may be diminished or the patient may suffer critical injury. Preliminary indications of safety from early clinical trials do not ensure that more advanced clinical trials will confirm those results. Long-term adverse effects may also develop after clinical trials of products or after products are approved for commercial sale. Even if Kiadis, the sponsors of physician-initiated clinical trials involving Kiadis' products or regulatory authorities believe that clinical data support the products' safety and efficacy, such data may be incorrect or interpreted wrongly. In addition, there can be no assurance that physicians and patients will comply with any warnings or instructions relating to Kiadis' products. Generally, regulatory authorities such as the FDA and the EMA do not regulate a physician's choice of treatment and "off-label" use of Kiadis' products for indications for which the product has not been authorised or misuse of Kiadis' products may subject Kiadis to liability. Any claims against Kiadis, regardless of their merit, could be difficult and costly to defend and could materially adversely affect the market for Kiadis' products or any prospects for commercialisation of its products. Although Kiadis believes that it has in place insurance policies for its current or future clinical trials and any other liability insurance on terms in line with industry practice, these insurance policies may prove insufficient to cover any liability claims brought against Kiadis. Because of increasing costs of insurance coverage, Kiadis may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. Should any of these events occur, it would have a material adverse effect on Kiadis' business, financial condition or results of operations.

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 it, including damages caused by product defects.

Kiadis is a party to certain agreements that contain liability or indemnification provisions under which Kiadis or the counterparty may claim damages. In the event Kiadis needs to claim damages from a counterparty, it may not receive payments covering its damages in full, either because the applicable provision is unenforceable for any reason or because the counterparty is unable to pay (due to insolvency or otherwise). Although in many cases Kiadis tries to limit its liability, such limitations may not be enforceable in certain jurisdictions or effective in the event that it needs to pay damages and Kiadis nevertheless could become liable to make substantial payments. If Kiadis must make substantial liability payments under an agreement, this could have a material adverse effect on Kiadis' business, results of operations and financial condition.

Kiadis has acquired and may in the future acquire businesses or engage in other transactions that could disrupt its operations.

Kiadis has grown in part by making acquisitions in Europe and North America. Kiadis may selectively consider further acquisitions. Kiadis' valuation of any businesses or assets it acquires may prove incorrect and Kiadis cannot assure that it will realise the financial and strategic goals that were contemplated at the time of any transaction. Kiadis' due diligence reviews may fail to identify risks or problems, such as issues with the acquired company's product quality, clinical data or intellectual property position, unlicensed use of third-party intellectual property rights or regulatory violations. Acquisitions may result in significant write-offs and Kiadis may assume known and unknown contingencies related to product liability, intellectual property, financial disclosures, accounting practices, internal controls or other liabilities. Kiadis may also have tax exposures or lose anticipated tax benefits as a result of acquisitions or integration of merged entities.

Following an acquisition, Kiadis' ongoing business may be disrupted and Kiadis' management attention may be diverted by transition or integration issues. Kiadis may have higher than anticipated costs in continuing research and development of acquired products. If existing or modifying pre-existing contractual relationships may be costly to Kiadis or disruptive to its partners, suppliers or contractors, Kiadis may also have to comply with obligations assumed under relationships into which it would not have entered. If Kiadis is unable to successfully integrate acquisitions into its existing business, its relationships with current and new employees and strategic partners could suffer.

Any of these circumstances, should they occur, could have a material adverse effect on Kiadis' business, results of operations and financial condition.

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.

As a result of Kiadis' clinical development, Kiadis will have access to very sensitive data regarding the patients enrolled in its clinical trials. This data will contain information that is personal in nature. The maintenance of this data is subject to certain privacy-related laws, which impose administrative burdens, substantial costs and litigation risks upon Kiadis. For example, the rules promulgated by the U.S. Department of Health and Human Services under the Health Insurance Portability and Accountability Act ("HIPAA") create national standards to protect patients' medical records and other personal information in the United

States. These rules require that healthcare providers and other covered entities obtain written authorisations from patients prior to disclosing protected healthcare information of the patient to companies such as Kiadis. If the patient fails to execute an authorisation or the authorisation fails to contain all required provisions, then Kiadis will not be allowed access to the patient's information and Kiadis' research efforts can be substantially delayed. Furthermore, use of protected health information that is provided to Kiadis pursuant to a valid patient authorisation is subject to the limits set forth in the authorisation (i.e., for use in research and in submissions to regulatory authorities for product approvals). As such, Kiadis is required to implement policies, procedures and reasonable and appropriate security measures that protect individually identifiable health information it receives from covered entities and that ensure such information is used only as authorised by the patient. Any violations of these rules by Kiadis could subject Kiadis to civil and criminal penalties and adverse publicity and could harm Kiadis' ability to initiate and complete clinical trials required to support regulatory applications for its products. In addition, HIPAA does not replace federal, state, or other laws that may grant individuals even greater privacy protections. Kiadis cannot assure that future legislation will not prevent it from generating or maintaining personal data or that patients will consent to the use of their personal information; either of these circumstances may prevent Kiadis from undertaking or publishing essential research, which could have a material adverse effect on Kiadis' business, results of operations and financial condition.

If Kiadis' facilities become inoperable, or if Kiadis is unable to renew its lease, Kiadis may be unable to perform its clinical development activities and its business, financial condition and results of operations may be harmed.

Kiadis does not have fully redundant laboratory facilities. Kiadis performs certain of its critical clinical development in leased facilities in Amsterdam, the Netherlands. These facilities may be harmed or rendered inoperable by flooding, fire, severe weather conditions, power failures or other natural or man-made disasters. Kiadis' lease in Amsterdam for its laboratory facilities has a one-year term that is automatically extended each year with a further one-year term, unless terminated with three months' notice. There is no assurance that Kiadis will be able to renew its lease on acceptable terms upon the lapse of the current or an extended subsequent term. If Kiadis is unable to perform its research and clinical development activities, it may suffer delays to its clinical programs or harm to its reputation. Kiadis could also incur significant costs to repair damage to or find new facilities and the equipment it uses to perform its research and clinical development. Kiadis' insurance coverage for damage to its property and the disruption of its business may not be sufficient to cover all of Kiadis' potential losses, including the loss of time as well as the costs of lost opportunities, and may not continue to be available to Kiadis on acceptable terms, or at all.

Claims relating to improper handling, storage or disposal of hazardous chemical or biological materials could occur and defending against such claims could be time consuming and expensive.

Kiadis' research and development involves the controlled use of hazardous materials, including chemicals and biological materials such as chemical solvents and human cells. Kiadis' operations also generate hazardous waste products. Kiadis cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. Various laws and regulations govern the use, manufacture, storage, handling and disposal of hazardous materials. Kiadis may be sued for any injury or contamination that results from Kiadis' use or the use by third parties of these materials. Compliance with environmental laws and regulations may be expensive and current or future environmental regulations may impair Kiadis' research, development and production efforts, which could have a material adverse effect on Kiadis' business, results of operations and financial condition.

Commercialisation and market risks

The market opportunities for Kiadis' products may be smaller than currently anticipated, lowering potential revenue for Kiadis.

Kiadis makes 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. These projections are derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, and market research but are highly contingent on a number of variables that are difficult to predict and may prove to be too high, resulting in a smaller population of patients who could benefit from ATIR products, and in particular ATIR101, than Kiadis currently anticipates which would result in lower potential revenue for Kiadis.

If Kiadis' products do not gain market acceptance by regulators, among physicians, patients, healthcare providers, healthcare payer or the medical community as a whole, Kiadis may not be able to achieve revenues and its business will be materially adversely affected.

Kiadis incurs substantial research and clinical development costs before it can confirm the scientific validity or commercial viability of a product. Even if the EMA, the FDA, the TPD or any other regulatory authority approves the marketing of ATIR101, or any other products that Kiadis may develop, physicians, healthcare providers, patients or the medical community may not accept or use them. The degree of market acceptance of ATIR101 and any other products will depend on a variety of factors, including:

- the timing of market introduction;
- the number and clinical profile of competing products;
- Kiadis' ability to provide acceptable evidence of safety and efficacy;
- relative convenience and ease of administration;
- cost-effectiveness;
- availability of coverage, reimbursement and adequate payment from health maintenance organisations and other insurers, both public and private;
- prevalence and severity of adverse side effects; and
- other potential advantages over alternative treatment methods.

If ATIR101 or any other products that Kiadis may develop fails to achieve market acceptance, Kiadis may not be able to generate sufficient revenue. As a result, Kiadis may be required to seek additional financing.

In addition, Kiadis targets specific indications with discrete patient populations. Kiadis therefore may have to achieve significant market penetration in each target market and obtain relatively higher prices for its products to achieve profitability. Kiadis may make substantial investments in clinical development and commercialisation without any assurance that it will be able to attain significant market share at a price that would enable it to recover

its investments. If Kiadis is unable to do so, its business, financial condition and results of operations would be materially adversely affected.

Kiadis operates in a highly competitive and rapidly changing industry. If Kiadis is unable to compete effectively, its business, financial condition and results of operations could be materially adversely affected.

See paragraph 11.9 below for information on Kiadis' current competitive position. Kiadis operates in the highly competitive pharmaceutical and biotechnology industries. It seeks to develop and market products that, if approved, will compete with drugs, medical devices and other therapies that currently exist or are being developed. Kiadis may face competition from fully integrated pharmaceutical companies, biotechnology companies, academic institutions, government agencies and private and public research institutions in the European Union, the United States, Canada and other jurisdictions, as well as early stage development companies that collaborate with larger competitors to bring novel products to the market. Kiadis' competitors have developed or may be developing alternative products for cancer and other indications into which Kiadis may expand, such as inborn diseases of the blood building system. Kiadis' competitors may have substantially greater financial, technological, manufacturing, marketing, managerial, regulatory and research and development resources and experience. Kiadis' competitors may also:

- develop and patent processes or products earlier than Kiadis;
- obtain regulatory approvals for competing products more rapidly than Kiadis;
- develop and commercialise products that are less expensive, safer, more effective or more convenient to administer than Kiadis' products; and
- improve upon existing technologies or develop new or different therapies that render Kiadis' products or technologies obsolete.

The pharmaceutical and biotechnology industries are characterised by rapid change and Kiadis expects competition to intensify as scientific, clinical or technical advances are made. These advances may render Kiadis' products obsolete or non-competitive. The emergence of a new standard of care in target markets may also result in Kiadis' products becoming obsolete. Should any of these factors occur, Kiadis' business, financial condition and results of operations could be materially adversely affected.

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 and results of operations.

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 clinical trials of Kiadis' products or in clinical trials of others developing cell-based products and the resulting publicity, as well as any other adverse events in the field of cell-based therapy that may occur in the future, could result in a decrease in demand for any products that Kiadis may develop. If public perception is influenced by claims that cell-based therapy is unsafe, ineffective, or prohibitively expensive Kiadis' products may not be accepted by the general public, medical community, or insurers. Future adverse events in cell-based therapy could also result in greater governmental regulation, stricter labelling requirements and potential regulatory delays in the testing or approvals of Kiadis' products. Any increased scrutiny could delay or increase the costs of obtaining regulatory approval for Kiadis' products, which could have a material adverse effect on Kiadis' business, results of operations and financial condition.

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.

If Kiadis advances its products through clinical trials, it will need to expand its development, regulatory, marketing and supply chain capabilities or contract with third parties to provide these capabilities for it. Kiadis' ability to realise its commercialisation strategy and manage any growth, including its transition to a public company, will require Kiadis to continue to recruit and train additional qualified personnel and make appropriate changes to its operational, financial and management controls, including financial and other reporting procedures and information technology systems. Kiadis may experience a delay in becoming aware of certain issues or information material to management decisions. The expansion of its operations, including potential expansion into global markets outside of the European Union, the United States and Canada, may lead to significant costs, new challenges and risks and may divert the attention of Kiadis' management and Kiadis' business development resources. Any inability to manage anticipated growth, including as a result of failing to realise Kiadis' commercialisation strategy for ATIR101, could adversely affect its business, financial condition or results of operations.

Governments, especially in the European Union and Canada, often impose strict price controls, which may adversely affect Kiadis' future profitability.

In some markets, especially in the European Union and Canada, prescription drug pricing is subject to governmental control which can vary by country and degree. In these countries, 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-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, Kiadis may be unable to achieve or sustain profitability.

Governments in some of the Member States of the European Union are developing strategies regarding joint negotiations in relation to pricing and reimbursement conditions (reimbursement is discussed further below).

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 and Kiadis' business, financial condition and results of operations could be materially adversely affected.

The commercial success of Kiadis' future products depends in part on whether third-party coverage and reimbursement will be available for the ordering of products by the medical profession for use by patients. In the United States, Medicare, Medicaid, health maintenance organisations and other insurers, both public and private, are increasingly attempting to manage healthcare costs by limiting both the coverage and the level of reimbursement of new products. As a result, they may not cover or provide adequate payment for Kiadis' products. In the European Union and other markets, Kiadis' ability to obtain coverage or reimbursement may be affected by laws governing public and private insurance and other factors. If these insurers, both public and private, do not view Kiadis' products as cost-effective, reimbursement may not be available to patients or may be insufficient to allow Kiadis' products to be marketed on a competitive basis. Legislative or regulatory efforts to reform government healthcare programs, changes to private coverage and reimbursement policies and cost containment initiatives could lower prices or reimbursement levels or result

in rejection of Kiadis' products. Any of these factors could impair the development of a commercial market for Kiadis' products and its business, financial condition and results of operations could be materially adversely affected.

Risks relating to Kiadis' dependence on third parties and key personnel

Kiadis relies on third parties who exclusively license intellectual property rights relating to the Theralux platform to it. If any such exclusive licence is terminated, Kiadis may be unable to commercialise and market the ATIR products.

Kiadis has an exclusive licence for the exploitation of intellectual property rights relating to the Theralux platform granted by the University of Montreal and Maisonneuve-Rosemont Hospital. 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. Kiadis' ability to comply with these requirements may be affected by factors including but not limited to the availability of financing, the current regulatory environment, the results of clinical trials, or physician and patient response to ATIR products. If a breach of certain important terms of the licence were to occur and not be remedied, the licensors may assert their right to terminate the licence. If the licensors were to terminate the licence, Kiadis would be prevented from continuing its use of this technology in clinical trials or, if Kiadis' products are approved for marketing, in commercial sales. The loss of rights under this licence could preclude Kiadis from further developing, commercialising and marketing ATIR101 and other products, which would have a material adverse effect on Kiadis' business, financial condition, results of operations and prospects.

Kiadis may be unable to enter into or maintain strategic alliances or collaborations which could affect its possibilities to commercialise certain early stage products.

Kiadis may seek strategic alliances or collaborations to further the clinical development and commercialisation of certain of its products, such as ATIR101, as they would likely require expensive and time consuming clinical trials. In seeking strategic partners, Kiadis faces significant competition from other early stage or clinically-focused companies as well as public and private research institutions. There can be no assurance that Kiadis will be able to enter into strategic alliances on terms favourable to it, or at all. Potential partners may require royalty or milestone payments, rights to current or after-developed intellectual property, exclusivity rights, limitations on liabilities, indemnities or other provisions that are in itself adverse to Kiadis.

Kiadis relies on third parties 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 generate sufficient product revenues could be harmed and its business, financial condition and results of operations could be materially adversely affected.

Kiadis does not operate manufacturing facilities for the clinical production of its products and related technologies. The manufacturing of the TH9402 compound is outsourced to Piramal Healthcare and Teva Pharmaceuticals, and the manufacturing of ATIR101 to the Maisonneuve-Rosemont Hospital and DRK-Blutspendedienst Hessen, as a consequence of which these parties are essential to Kiadis' current manufacturing processes. Kiadis' reliance on suppliers, contract manufacturers and contract testing laboratories limits Kiadis' control over quality assurance, quality control, transport and delivery schedules and Kiadis cannot assure that any third parties will perform to Kiadis' standards.

If Kiadis were to experience an unexpected loss of supply of, or if any supplier were unable to meet Kiadis' demand for, any of its products, it could experience delays in its research and

development activities, planned clinical studies or commercialisation of approved products. Kiadis could be unable to find alternative suppliers of acceptable quality who can deliver appropriate volumes at acceptable cost. Moreover, Kiadis' suppliers are often subject to strict manufacturing requirements and rigorous testing requirements, which could limit or delay the production. The long transition periods involved in the change of manufacturers and suppliers, if necessary, would significantly delay Kiadis' clinical studies and the commercialisation of its products.

Kiadis also needs to work with manufacturing facilities and third-party suppliers that are licensed by the FDA, the TPD, regulatory authorities of European Union Member States and other authorities and must comply with regulations of such authorities, requiring Kiadis and its third-party suppliers to spend significant time, money and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. Any of these third-party suppliers and Kiadis also may be subject to audits by the appropriate regulatory authorities. If any of Kiadis' third-party suppliers fails to comply with applicable good manufacturing practices ("GMP") or other applicable manufacturing regulations, Kiadis' ability to develop and commercialise its products or product candidates could suffer significant interruptions.

Kiadis faces risks inherent in relying on a limited number of contract manufacturers such as Piramal Healthcare and Teva Pharmaceuticals, as any disruption, such as a fire, natural hazards or vandalism at a contract manufacturer could significantly interrupt Kiadis' manufacturing capability. Business interruption insurance may not adequately compensate Kiadis for any losses that may occur and Kiadis would have to bear the additional cost of any disruption.

If Kiadis achieves regulatory approval for any of its products, Kiadis' manufacturers and suppliers may not be able to increase production to suitable commercial levels. Any failure to achieve and maintain high quality manufacturing standards could result in patient injury or death, product recalls or withdrawals, regulatory censure or lawsuits. Manufacturing errors, disruptions and difficulties in obtaining export and import approvals could contribute to cost overruns, impair Kiadis' ability to manage inventory, cause delays in shipments and cancellation of orders that may adversely affect its relationships with future customers and potentially allow competitors to penetrate Kiadis' customer accounts. In addition, contract manufacturers and contract testing laboratories may prioritise capacity for Kiadis' competitors or increase prices charged to Kiadis, which could harm Kiadis' ability to generate sufficient product revenues.

For all of the above reasons, a significant disruptive event at a supplier or contract manufacturer would have a material adverse effect on Kiadis' business, prospects, financial condition and results of operations.

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.

Kiadis relies and may rely on clinical research organisations ("CROs"), clinical data management organisations and consultants to design, conduct, supervise and monitor clinical studies. Kiadis and its CROs are required to comply with various regulations, including good clinical practices ("GCP"), which are enforced by the FDA, guidelines of the competent authorities of the member states of the European Economic Area (the "EEA"), the TPD and comparable foreign regulatory authorities to ensure that the health, safety and

rights of patients are protected in clinical development and clinical trials, and that trial data integrity is assured. Regulatory authorities ensure compliance with these requirements through periodic inspections of trial sponsors, principal investigators and trial sites. If Kiadis or any of its CROs fail to comply with applicable requirements, the clinical data generated in Kiadis' clinical trials may be deemed unreliable and the FDA, the EMA, the TPD or other comparable foreign regulatory authorities may require Kiadis to perform additional clinical trials before approving its marketing applications. Kiadis cannot assure that upon inspection by a given regulatory authority, such regulatory authority will determine that any of its clinical trials comply with such requirements. In addition, Kiadis' clinical trials must be conducted with products that are GMP produced. Failure to comply with these regulations may require Kiadis to repeat pre-clinical and clinical trials, which would delay the regulatory approval process.

Kiadis' CROs are not its employees and, except for remedies available to Kiadis under its agreements with such CROs, Kiadis cannot control whether or not they devote sufficient time and resources to its ongoing clinical and pre-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to Kiadis' clinical protocols, regulatory requirements or for other reasons, Kiadis' clinical trials may be extended, delayed or terminated and Kiadis may not be able to obtain regulatory approval for or successfully commercialise its products in development. As a result, Kiadis' operations and the commercial prospects for its products in development would be harmed, its costs could increase and its ability to generate revenues could be delayed.

Because Kiadis has relied on third parties, its internal capacity to perform these functions is limited. Outsourcing these functions involves risk that third parties may not perform to Kiadis' standards, may not produce results in a timely manner or may fail to perform at all. In addition, the use of third-party service providers requires Kiadis to disclose its proprietary information to these parties, which could increase the risk that this information will be misappropriated. Kiadis currently has a small number of employees, which limits the internal resources it has available to identify and monitor its third-party providers. To the extent Kiadis is unable to identify and successfully manage the performance of third-party service providers in the future, its business may be adversely affected. Though Kiadis carefully manages the relationships with its CROs, there can be no assurance that Kiadis will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on Kiadis' business, financial condition and prospects.

If Kiadis cannot contract with acceptable third parties on commercially reasonable terms, or at all, or if these third parties do not carry out their contractual duties, satisfy legal and regulatory requirements for the conduct of pre-clinical studies or clinical trials or meet expected deadlines, Kiadis' clinical development programs could be delayed and otherwise adversely affected. Kiadis is responsible for ensuring that each of its clinical studies is conducted in accordance with the general investigational plan and protocols for the study. The FDA, the EMA and other regulatory authorities require clinical trials to be conducted in accordance with GCP, including for conducting, recording and reporting the results of pre-clinical studies and clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. Kiadis' reliance on third parties that it does not control does not relieve it of these responsibilities and requirements. Any such event could have a material adverse effect on Kiadis' business, financial condition, results of operations and prospects.

The failure to attract and retain senior management and skilled personnel could impair Kiadis' development and commercialisation efforts.

Kiadis is highly dependent on the members of the Company's board of managing directors (the "Management Board"), its senior management that supports the Management Board in

the day-to-day management of operations consisting of Dr. J. Rovers and Ms. M. Hoppe ("Senior Management") and its key scientific and technical personnel, consisting of the Chief Medical Officer, the Vice President CMC, the Head of Process Development, the Head Project Management, the Head Manufacturing and Planning and the Head of Analytical Development and Quality and Control. 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 and results of operations. If Kiadis does not have sufficient numbers of skilled employees to support its research, development, commercialisation, regulatory compliance or management functions, or if its employees lack the skills necessary for the development of its operations and the challenges of being a public company, Kiadis may be dependent on consultants and advisers, if available on terms acceptable to it (if at all), who may have conflicts of interest or other commitments, such as consulting or advisory contracts with other organisations that may affect their ability to contribute to Kiadis. If Kiadis is unable to attract and retain sufficient scientific, technical and managerial personnel, Kiadis will be unable to advance its clinical programs, commercialise any approved products or expand its business, which may have a material adverse effect on Kiadis' business, financial condition, results of operations and prospects.

Risks relating to intellectual property and know-how

The duration and scope of Kiadis' patents may not be sufficient to effectively protect its products and business.

Patents have a limited lifespan. For example, if renewal fees are paid timely, a European patent expires 20 years after its (effective) filing date. The maximum lifespan of a patent in the United States is generally of the same order. In the European Union, an extension of the duration of protection for a pharmaceutical product on the basis of a supplementary protection certificate could be applied for after a valid market authorisation is obtained and if the product is specifically covered by a basic patent in force. As a result, an additional term of protection could be obtained for the relevant product on top of the maximum lifespan of the patent. The term of the allowed extension varies, and in principle is at most five years. In the United States, patents may qualify for an extended period if certain criteria are met (e.g. in case of significant delays during patent prosecution or during FDA approval for bringing a drug covered by a patent to market). Consequently, despite these general possibilities for obtaining a certain extension of the duration of protection based on a patent if certain criteria are met, the protection provided by a patent is limited in time. Even if additional patents covering Kiadis' product candidates are obtained, the expiration of a patent may leave Kiadis more vulnerable to competition from biosimilar or generic alternatives. Certain of Kiadis' issued patents relevant for ATIR or other aspects of Kiadis' technology have already expired, and others will expire in the coming years (see the table in paragraph 11.13.2 below which does not take into account extensions that could become available in the future).

Moreover, patents have a limited scope of protection. 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 patents is geographically limited.

Issued patents covering Kiadis' product candidates 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.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. Accordingly, Kiadis cannot predict with certainty the breadth of claims that will be allowed in patents, nor can it predict with certainty the outcome of disputes about the infringement, validity, or enforceability of its patents.

Kiadis' patent protection in respect of its products may be limited if its issued patents were to be declared invalid or narrowed in scope as a result of any re-examination proceeding, opposition proceeding or judicial action. Although issued U.S. and Canadian patents enjoy a presumption of validity, this presumption can be overcome by clear and convincing evidence to the contrary. A challenge to Kiadis' existing patents or future patents, if issued, could result in a ruling adverse to Kiadis that could invalidate such patents or substantially reduce the scope of protection afforded by them. A court may also determine, retrospectively, that despite the issuance of the patent by the U.S. Patent and Trademark Office, the European Patent Office or another issuing body, the corresponding patent application did not meet the statutory requirements. If a competitor or other third party were to successfully challenge Kiadis' patents, and claims in these patents were consequently narrowed or invalidated, Kiadis' ability to protect the related product from competition could be compromised. However, to date, there has been no re-examination of, opposition against, or judicial determination of the validity or scope of the patents in which Kiadis has rights. Patent laws also vary by jurisdiction, and, accordingly, the degree of protection afforded to the same technology, if any, may differ depending on the jurisdiction. In addition, pending and future patent applications to which Kiadis has rights may not issue or concur with the scope of claims sought by Kiadis, if at all, or the scope of claims Kiadis or its licensors are seeking may not be sufficiently broad to protect Kiadis' products. If Kiadis' patents expire or if a challenge to an existing patent is successful, there could be a material adverse effect on Kiadis' business, financial condition, results of operations and prospects.

Kiadis owns or licenses pending patent applications. These applications could provide for further patent protection after the current patents expire. There is a risk, however, that these applications, or patent applications in general, will not be issued timely, or that they may not be issued at all. In particular, claims directed to dosing and dose adjustment may be substantially less likely to issue in light of the recent United States Supreme Court decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.* Further, any patents issuing from these applications could be vulnerable to future validity challenges based on *Mayo* and subsequent court decisions that further clarify the scope of *Mayo*. In *Mayo*, the Court held that claims directed to methods of determining whether to adjust drug dosing levels based on drug metabolite levels in the blood were not patent eligible because they were directed to a law of nature. This decision may have wide-ranging implications on the validity and scope of pharmaceutical method claims, although its full impact will not be known for many years.

Kiadis' competitors would be able to offer and sell products based on Kiadis' compounds so long as they do not infringe any valid patents or other proprietary rights that Kiadis or others, including Kiadis' licensors, may have. Such risks for Kiadis will increase if Kiadis or its licensors are not able to obtain additional patents protecting aspects of ATIR, such as product improvements, formulations, methods of production, novel uses of the relevant compounds, and generally the ATIR cell product. Even if the pending and future patent applications to which Kiadis has rights were to result in issued patents, they could also be subject to re-examination or opposition proceedings or judicial determination of invalidity.

If Kiadis fails to enforce adequately or protect its intellectual property rights its business may be harmed.

Kiadis' commercial success depends in part on obtaining and maintaining trade secrets or confidential know-how and current and future patent protection for its products, the methods used to manufacture those products and the methods for treating patients using those products and the combined marketing of drug, device and method. Failure to protect trade secrets or confidential know-how or to obtain, maintain or extend patent protection could materially adversely affect Kiadis' ability to compete.

Kiadis' ability to protect its products and platform is uncertain because legal means, such as patents and orphan drug market exclusivity, afford only limited protection and may not adequately protect Kiadis' rights or permit it to gain or keep any competitive advantage. The specific content of patents and patent applications that are necessary to support and interpret patent claims is highly uncertain due to the complex nature of the relevant legal, technical and factual issues. Changes in either patent laws or interpretations of patent laws in the European Union, the United States, Canada or other jurisdictions may diminish the value of Kiadis' intellectual property or narrow the scope of its patent protection.

Patents also will not adequately protect Kiadis' products if competitors devise ways of making or using these products without legally infringing Kiadis' patents. The U.S. Federal Food, Drug and Cosmetic Act and FDA regulations and policies, along with equivalents in other jurisdictions provide incentives to manufacturers to challenge patent validity or create modified, non-infringing versions of a drug or biological product in order to facilitate the approval of abbreviated NDAs for generic substitutes or biologics licence applications for biosimilars. These types of incentives encourage manufacturers to submit NDAs and biosimilar applications that rely on literature and clinical data not prepared for or by the sponsor. In addition, in some jurisdictions, competitors may be able to develop their own products without consequences until and through clinical Phase III if a so-called research exemption or safe harbour exemption (e.g. "Bolar-type exemptions") applies. The scope of these exemptions can vary from country to country. In some jurisdictions, such provisions could provide for an exemption from patent infringement regarding research and tests carried out for scientific purposes or in order to obtain regulatory approval (sometimes only for generic human medicinal products). In certain jurisdictions, Kiadis may challenge a competitor based on Kiadis' intellectual property rights only after market approval and when market entry of the competing drugs is imminent or has taken place.

There can be no assurance that Kiadis would prevail in any intellectual property infringement action or will be able to obtain a licence to any third-party intellectual property rights on commercially reasonable terms, successfully develop non-infringing alternatives on a timely basis, or license non-infringing alternatives, if any exist, on commercially reasonable terms.

Kiadis may not have the resources to reliably detect infringements of intellectual property rights, and even if it detects an infringement it may not be able to trace the source of the infringement, or uphold its rights. Kiadis may need to resort to litigation to enforce or defend its intellectual property rights, including any patents issued to it. If a competitor or collaborator files a patent application claiming technology also invented by Kiadis, in order to protect its rights, Kiadis may have to participate in an expensive and time-consuming opposition proceeding before the European Patent Office, the United States Patent and Trademark Office or patent authorities or courts in other jurisdictions, with an uncertain outcome and which may have a material adverse effect on Kiadis' business, financial condition, results of operations and prospects.

Kiadis may not be able to protect or enforce its intellectual property rights in all jurisdictions.

Competitors may use Kiadis' technologies in jurisdictions where Kiadis has not obtained patent protection to develop their own products such as China and may export otherwise infringing products to territories where Kiadis has patent protection but where enforcement is not as well developed as in the United States or the European Union. These products may compete with Kiadis' products in jurisdictions where Kiadis does not have any issued patents. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for Kiadis to stop the infringement of its patents or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce Kiadis' patent rights in foreign jurisdictions could result in substantial cost and divert Kiadis' efforts and attention from other aspects of its business. The inability of Kiadis to protect or enforce its intellectual property rights throughout the world could have a material adverse effect on its business, prospects, financial condition and results of operations.

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.

Kiadis considers proprietary trade secrets and confidential know-how and unpatented know-how to be important to its business. Kiadis relies on trade secrets and confidential know-how to protect its technology, especially where Kiadis does not believe that patent protection is appropriate or obtainable. However, trade secrets and confidential know-how are difficult to protect. Kiadis' current or former employees, consultants, contractors, outside scientific collaborators and other advisers may unintentionally or wilfully disclose Kiadis' confidential information, including to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. Enforcing a claim that a third party obtained illegally and is using trade secrets and confidential know-how illegally is expensive and time consuming and the outcome is unpredictable. Failure to obtain or maintain trade secret and confidential know-how trade protection could adversely affect Kiadis' competitive business position. Moreover, Kiadis' competitors may independently develop equivalent knowledge, methods and know-how and may even apply for patent protection in respect of the same. If successful in obtaining such patent protection, Kiadis' competitors could limit how Kiadis uses its trade secrets and confidential know-how, which may have a material adverse effect on Kiadis' business, financial condition, results of operations and prospects.

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.

There is a risk that Kiadis or the licensors of intellectual property that Kiadis owns or uses may have infringed, are infringing, or will infringe the proprietary rights of third parties because patents and pending applications belonging to third parties exist in the European Union, the United States, Canada and elsewhere in the world in the areas Kiadis' research is conducted. Because patent applications take several years to complete, there may be currently pending applications, unknown to Kiadis, which may later result in issued patents that cover the production, manufacture, commercialisation or use of Kiadis' products. Many of Kiadis' employees were previously employed at universities or other biotechnology or pharmaceutical companies. Although no claims are currently pending, Kiadis may be subject to claims that these employees or Kiadis have inadvertently or otherwise used or disclosed

trade secrets and confidential know-how or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If Kiadis fails in defending such claims, in addition to paying monetary damages, Kiadis may lose valuable intellectual property rights or personnel. In addition, the production, manufacture, commercialisation or use of its products may infringe existing patents of which it is not aware.

As a result of intellectual property infringement claims, or to avoid potential claims, Kiadis might:

- be prohibited from selling or licensing any product that it may develop unless the patent holder licenses the patent to Kiadis, which it is not required to do;
- be required to pay substantial royalties or grant a cross licence to its patents to another patent holder;
- be required to pay substantial damages for past infringement, which it may have to pay if a court determines that Kiadis' products or technologies infringe a competitor's patent or other proprietary rights; or
- be required to redesign the formulation of a product such that it does not infringe, which may not be possible or could require substantial funds and time.

Intellectual property rights of third parties could adversely affect Kiadis' ability to commercialise its products.

If patents issued to third parties contain valid claims that cover Kiadis' compounds or their manufacture or uses or assays relevant to Kiadis' development plans, Kiadis may be required to obtain licences to these patents or to develop or obtain alternative technology. If a patent is issued that covers Kiadis' compounds or their manufacture or uses or assays related to Kiadis' development plans then Kiadis may not be in a position to commercialise the related product unless it successfully pursues litigation to have that patent invalidated or enters into a licensing arrangement with the patent holder. Any such litigation would be time consuming and costly, and the outcome would not be guaranteed. Kiadis cannot be certain that it would be able to enter into a licensing agreement with the patent holder on commercially reasonable terms, if at all. In either case, Kiadis' business prospects could be materially adversely affected.

B - Risks Related to the Shares and the Offering

There has been no public market for the Shares prior to the Offering and Kiadis cannot assure that an active market in the Shares will develop, which may cause Shares to trade at a discount from the Offer Price and make it difficult for investors to sell Shares at or above the price paid for them or at all.

Prior to the Offering, there has not been a public market for the Shares. Kiadis intends to apply for admission of the Shares to listing and trading on Euronext Amsterdam and Euronext Brussels. Kiadis cannot predict the extent to which an active market for the Shares will develop or be sustained after the Offering, or how the development of such a market might affect the market price for the Shares. An illiquid market for the Shares may result in lower trading prices and increased volatility, which could adversely affect the value of your investment.

The Offer Price will be agreed between the Company and the Joint Bookrunners based on a number of factors, including market conditions in effect at the time of the Offering, and may not be indicative of the price at which the Shares will trade following closing of the Offering.

The market price of the Shares could be subject to significant fluctuation and investors may not be able to resell their Shares at or above the Offer Price.

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 will continue to be highly concentrated and your interests may conflict with the interests of the Company's existing shareholders.

Immediately upon closing of the Offering, the Shareholders that the Company knows to beneficially own 3% or more of the outstanding Shares – all private equity investors - are expected to hold a collective interest in the Company of between 76.05% and 83.42% (see also paragraph 15.1.1 below). Three of these Shareholders, Life Sciences Partners B.V., Life Sciences Partners II B.V. and DFJ Esprit have representatives on the Supervisory Board. Mr. Wegter and Mr. Kleijwegt have been nominated as members of the Supervisory Board by Life Sciences Partners II B.V. and Life Sciences Partners B.V. respectively, and Mr. Chapman has been nominated as a member of the Supervisory Board by DFJ Esprit. Mr. Kleijwegt is managing director of Life Sciences Partners B.V., Life Sciences Partners II B.V. and Lenildis Holding B.V.

These major Shareholders 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. If these Shareholders were to participate in the Offering (beyond their commitments as Committed Parties (see paragraph 17.2 below)), their influence may be strengthened to the extent that they acquire additional Shares. Their interests may also differ from the interests of other Shareholders. In addition, control by these major 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.

Retail investors may have to pay a higher price for the Offer Shares than was envisaged at the time of subscribing

Subscriptions by eligible retail investors can only be made on a market order (*bestens*). As a consequence, eligible retail investors that subscribed for the Offer Shares in the Offering, shall be obliged to purchase and pay for the number of Offer Shares in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range. This means retail investors run the risk of paying a

higher price for the Offer Shares than was envisaged at the time of subscribing. Retail investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period (if applicable, as accelerated or extended), in the event that the Offer Price Range is increased above the upper end of the original Offer Price Range.

The Management Board has broad discretion to use the net proceeds of the Offering and it may use these proceeds in ways with which investors disagree.

Kiadis currently anticipates that it will use the net proceeds of the Offering to support the continued clinical development of ATIR101, thereby finishing the current Phase II clinical trial in leukaemia patients, and as further set out in Chapter 5 (Reasons for the Offering and Use of Proceeds). However, within the scope of Kiadis' plan, and in light of the various risks to its business that are set forth in this section, the Management Board will have broad discretion over the use of proceeds of the Offering, and it could spend the proceeds from the Offering in ways Shareholders may not agree with or that do not yield a favourable return, if at all.

Prior to the Offering, Kiadis operated as a private company and therefore, it has no experience operating as a public company and complying with public company obligations. Complying with these requirements will increase costs, require additional management resources and qualified accounting and financial personnel, and Kiadis may fail to meet one or more of these obligations.

Kiadis will face increased legal, accounting, administrative and other costs and expenses as a public company. Compliance with the Financial Supervision Act and the rules promulgated thereunder, as well as the Dutch Corporate Governance Code, for example, will result in significant initial cost to Kiadis as well as ongoing increases in its legal, audit and financial compliance costs. The Management Board, Senior Management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations make it more difficult and more expensive for Kiadis to obtain director and officer liability insurance, and require it to incur substantial costs to maintain the same or similar coverage. Kiadis currently does not have an internal audit group, and it will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, and it may be difficult to recruit and maintain such personnel. Implementing any appropriate changes to its internal controls may require specific compliance training for its directors, officers and employees, entail substantial costs to modify its existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of Company's internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements or other reports on a timely basis, could increase Kiadis' operating costs and could materially impair Kiadis' ability to operate its business.

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 Company's general meeting of shareholders (the "**General Meeting**"). In particular, if the Management Board or the Company's board of supervisory directors (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. In connection with the Offering, the Company and the members of the Management Board, Supervisory Board, Senior Management and the majority of the existing Shareholders have agreed to certain restrictions on the sale, issuances or other disposition of the Shares or securities exchangeable or convertible into, or exercisable for, the Shares for a period of 180 days, or as the case may be, 360 days from the Listing Date, except with the prior written consent of the Sole Global Coordinator who may in its sole discretion and at any time after the first 180 days of the relevant lock-up restrictions have lapsed waive these restrictions and certain other exceptions. Kiadis cannot predict whether substantial numbers of the Shares will be sold in the open market following the expiry of the relevant lock-up period, or earlier if the Sole Global Coordinator would waive the lock-up restrictions. In particular, there can be no assurance that after this period expires, the current Shareholders will not reduce their holdings of the Shares. 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.

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 Company's articles of association as they will read as of the Listing Date (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 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.

If closing of the Offering does not take place on the Settlement Date or at all, subscriptions for the Offer Shares will be disregarded and transactions effected in the Offer Shares will be annulled.

Kiadis intends to apply for admission of the Shares to listing and trading on Euronext Amsterdam and Euronext Brussels under the symbol "KDS". Kiadis expects that the Shares will first be admitted to listing and that trading in such Shares on Euronext will commence prior to the closing of the Offering on the Settlement Date on an 'as-if-and-when-issued' basis. The Settlement Date, on which the closing of the Offering is scheduled to take place, is expected to occur on or about 3 July 2015, the first business day following the date on which trading is expected to commence. The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement (see paragraph 17.2 below) are not satisfied or waived or occur on or prior to such date. Such conditions include the receipt of officers' certificates and legal opinions, and such events include the suspension of trading on Euronext Amsterdam or Euronext Brussels or a material adverse change in Kiadis' financial condition or business affairs or in the financial markets. Trading in the Shares before the closing of the Offering will take place subject to the condition subsequent (*ontbindende voorwaarde*) that, if closing of the Offering does not take place on the Settlement Date or at all, the Offering will be withdrawn, all subscriptions for the Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and transactions on Euronext Amsterdam and Euronext Brussels will be annulled. All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned. Neither the Company, the Underwriters, Euronext Amsterdam or Euronext Brussels accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or (the related) annulment of any transactions on Euronext Amsterdam or Euronext Brussels.

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 be made only 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 investment loans it has obtained from RVO Nederland, as long as these loans have not been repaid, the Company is not entitled to make any dividend or other distributions to Shareholders (see also paragraph 9.8 below). 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. Kiadis can provide no assurance that the price of the Shares will appreciate after the Offering or that the market price for the Shares will not fall below the Offer Price.

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 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 will depend in part on the research and reports that securities or industry analysts publish about Kiadis and its business. Securities and industry analysts do not currently, and may never, publish research on Kiadis. 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 during its 2014 taxable year and that it may be so as well during its 2015 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 US federal income tax purposes during its 2014 taxable year and that it may be so as well during its 2015 taxable year. 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 19 (Taxation).

The Company's status as a PFIC may also depend, in part, on how quickly it utilises the proceeds from the Offering 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 any taxable year.

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

All 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 adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax (the "**Financial Transaction Tax**"). The intention is for the Financial Transaction Tax to be implemented via an enhanced cooperation procedure in eleven Member States of the European Union (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia, together, the "**Participating Member States**").

Pursuant to the Draft Directive, the Financial Transaction Tax will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The Financial Transaction Tax shall, however, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the Financial Transaction Tax shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The Financial Transaction Tax shall be payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the Financial Transaction Tax due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the Financial Transaction Tax due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Shares will be subject to the Financial Transaction Tax at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Shares. The issuance of new Shares should not be subject to the Financial Transaction Tax.

The Draft Directive is still subject to negotiation among the Participating Member States and therefore may be changed at any time. A committee of the EU Parliament published a draft report on 19 March 2013, suggesting amendments to the Draft Directive. If the amendments

were included in the eventual Directive, the Financial Transaction Tax would have an even broader reach. Moreover, once the Draft Directive has been adopted (the Directive), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself.

Investors should consult their own tax advisors in relation to the consequences of the Financial Transaction Tax associated with subscribing for, purchasing, holding and disposal of the Shares.

4 Important Information

4.1 General

You should rely only on the information contained in, or incorporated by reference into, this Prospectus and any supplement to this Prospectus 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 this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by Kiadis, the Underwriters or any of their affiliates or agents. The delivery of this Prospectus 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.

4.2 Responsibility statement

Kiadis Pharma N.V., with its registered seat in Amsterdam and with its registered office at Entrada 200, - kant. 231, 1114 AA Amsterdam-Duivendrecht, the Netherlands, accepts responsibility for the information contained in this Prospectus. To the best of Kiadis Pharma N.V.'s knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

No representation or warranty, expressed or implied, is made by the Underwriters, the Listing and Paying Agent or any of their affiliates or agents as to the accuracy or completeness of any information contained in, or incorporated by reference into, this Prospectus, and nothing contained in, or incorporated by reference into, this Prospectus, is, or shall be relied upon, as a promise or representation by the Underwriters, the Listing and Paying Agent or any of their affiliates or agents.

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

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see paragraph 4.5 below).

4.3 Notice to investors

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THIS PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN.

The Shares may not be a suitable investment for all investors. Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor (either alone or with a financial adviser) should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the merits and risks of investing in the Shares and the information contained or incorporated by reference in this Prospectus, including the financial risks and other risks described in Chapter 3 (Risk Factors).

- have the expertise to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on the prospective investor's overall investment portfolio.

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Shares.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus, and the offer or sale of Offer Shares is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell Offer Shares. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions. None of the Company or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Offer Shares, of any such restrictions. The Company and the Underwriters reserve the right in their own absolute discretion to reject any offer to purchase Offer Shares that the Company, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

No action has been or will be taken to permit a public offer or sale of Offer Shares, or the possession or distribution of this Prospectus or any other material in relation to the Offering in any jurisdiction outside the Netherlands or Belgium where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Shareholders who have a registered address in, or who are resident or located in, jurisdictions other than the Netherlands and Belgium and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus to a jurisdiction outside the Netherlands or Belgium should read Chapter 18 (Selling and Transfer Restrictions).

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Offer Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction in the United States. The Offer Shares may be offered, sold or otherwise transferred only in the following circumstances: (i) within the United States to qualified institutional buyers ("QIBs") as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Transfers of the Shares will be restricted and each purchaser of the Shares will be deemed to have made acknowledgments, representations and agreements, as described in Chapter 18 (Selling and Transfer Restrictions).

In addition, until the end of the 40th calendar day after the commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the U.S. Securities Act. None of the Company and the

Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective investor in the Offer Shares, of any of the foregoing restrictions.

THE SHARES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE RIGHTS OR THE SHARES OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective purchaser to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and the other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Company and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without the Company's prior written consent, is prohibited.

This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Prospectus.

For so long as any Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Kiadis is currently not subject to the periodic reporting requirements of the U.S. Exchange Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE SUBSCRIBER, PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

In the United Kingdom, this Prospectus is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order

2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Offer Shares may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Furthermore, the Underwriters have warranted that they: (i) have only invited or will only invite participation in investment activities in connection with the Offering or the sale of the Offer Shares within the meaning of Section 21 of the Financial Services and Markets Act 2000 as amended ("**FSMA 2000**"), and have only initiated or will only initiate such investment activities to the extent that Section 21(1) of the FSMA 2000 does not apply to the Company; and (ii) have complied and will comply with all applicable provisions of FSMA 2000 with respect to all activities already undertaken by each of them or will undertake in the future in relation to the shares in, from, or otherwise involving the United Kingdom.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each state which is a party to the agreement relating to the member states of the European Economic Area ("**EEA**") and which has implemented the Prospectus Directive (a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Underwriters; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a

Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. Kiadis, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC as amended, including Directive 2010/73/EU, and includes any relevant implementing measure in each Relevant Member State.

4.4 Presentation of financial and other information

4.4.1 Financial information

The Company was incorporated on 12 June 2015. Since its date of incorporation, it has conducted no operations. On 12 June 2015, in the context of a restructuring (the "**Capital Restructuring**") shares in Kiadis Pharma B.V. were contributed on shares in the Company, as a consequence of which the Company became the holding company of the Kiadis corporate group and the direct holder of 97.52% of the shares of Kiadis Pharma B.V.

Purchase accounting has not been applied, and no fair value adjustment of net assets and no goodwill in relation to the acquisition will be recorded on the statement of financial position of the Company as the transaction is not considered to be a business combination under IFRS.

As a result, if the Company had prepared consolidated financial statements, there would be no differences between such consolidated financial statements and the financial statements of Kiadis Pharma B.V. in relation to the statement of comprehensive income or the cash flow statement. There would be certain immaterial differences in relation to the statement of financial position arising from the different nominal value of the shares of the Company and Kiadis Pharma B.V., which would result in a different allocation across the items comprising equity.

Due to the immaterial nature of the differences between the financial statements of the Company and Kiadis Pharma B.V., the Management Board is of the view that the financial statements of Kiadis Pharma B.V. as of and for the periods included herein provide the information required to be presented herein in accordance with Item 20.1 of Annex I of Commission Regulation (EC) No 809/2004 and pursuant to the Financial Supervision Act, which is designed to ensure that investors and potential investors in the Offer Shares are aware of all information that, according to the particular nature of the Company and of the Offer Shares, is necessary to enable investors and potential investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the Offer Shares.

Any financial information in this Prospectus that has not been extracted from Kiadis Pharma B.V.'s audited special purpose consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012 is unaudited.

Kiadis Pharma B.V.'s special purpose consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012 included in this Prospectus beginning on page F-2 have been audited by KPMG Accountants N.V., independent auditors, as stated in

its independent auditor's report thereon which is also included in this Prospectus on page F-2.

Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial information for the three-month period ended 31 March 2015 included in this Prospectus beginning on page F-43 has been reviewed by KPMG Accountants N.V., independent auditors, as stated in its review report thereon which is also included in this Prospectus, on page F-59.

The statutory financial statements of Kiadis Pharma B.V. prepared under Dutch GAAP and previously filed with the Dutch Chamber of Commerce differ from Kiadis Pharma B.V.'s audited special purpose consolidated financial statements and its unaudited condensed consolidated interim financial information prepared in accordance with IFRS as adopted by the European Union and included in the Prospectus, such as in relation to the treatment of non-current liabilities resulting from the retroactive implementation of changes in accounting policies and other retrospective adjustments made in accordance with IFRS as adopted by the European Union.

4.4.2 Rounding

Certain figures contained in this 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 Prospectus may not conform exactly to the total figure given for that column or row.

4.4.3 Currencies

Unless otherwise indicated, all references in this 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. All references to "Canadian dollar" or "CN\$" are to the lawful currency of Canada.

4.4.4 Exchange rate information

The exchange rates below are provided solely for information and convenience (source: *Bloomberg*). The tables below show, for the periods indicated, the high, low, average and period end. No representation is made that euros could have been, or could be, converted into U.S. dollars or Canadian dollars at any particular rate indicated or any other rate.

Year ended 31 December	High	Low	Average	End of Period
				U.S. Dollars per 1 euro
2012.....	0.8290	0.7427	0.7781	0.7580
2013.....	0.7825	0.7245	0.7531	0.7277
2014.....	0.8266	0.7177	0.7540	0.8266
2015 (through 15 June 2015)	0.9527	0.8262	0.8971	0.8862

On 15 June 2015 the exchange rate of U.S. dollar per 1 euro was 0.8862.

Year ended 31 December	High	Low	Average	End of Period
				Canadian Dollars per 1 Euro
2012	0.8225	0.7439	0.7784	0.7640
2013	0.7758	0.6794	0.7314	0.6849
2014	0.7184	0.6433	0.6824	0.7112
2015 (through 15 June 2015)	0.7624	0.6958	0.7264	0.7191

On 15 June 2015 the exchange rate of Canadian dollars per 1 euro was 0.7191.

4.5 Documents incorporated by reference

The Articles of Association (the Dutch version and an English translation thereof) are incorporated by reference in the Prospectus. They are available via www.kiadis.com.

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 Prospectus 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 Prospectus.

Where the documents incorporated by reference themselves incorporate information by reference, such information does not form part of this Prospectus.

Prospective investors should rely only on the information that the Company incorporates by reference or provides in this Prospectus. No other documents or information, including the content of Kiadis' website – www.kiadis.com - or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Prospectus.

4.6 Available information

Copies of this Prospectus, Kiadis Pharma B.V.'s audited special purpose consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012, Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial statements for the three-month period ended 31 March 2015 and the Articles of Association may be obtained free of charge for a period of twelve months following the Prospectus Date by sending a request in writing to the Company at Entrada 200, - kant. 231, 1114 AA Amsterdam-Duivendrecht, the Netherlands. The Prospectus can be also obtained on request in Belgium from the KBC Telecenter at +32 (0)3 283 29 70 or via www.kiadis.com, www.kbc.be/kiadis, www.kbcsecurities.be and www.bolero.be.

4.7 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 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*).

4.8 Market data and other information from third parties

The information in this Prospectus 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 Prospectus, 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.

4.9 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 3 (Risk Factors) beginning on page 60 of this Prospectus. Given these

uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Kiadis and the Underwriters disclaim any obligation to update any such forward-looking statements in this Prospectus to reflect future events or developments.

4.10 References to defined terms and incorporation of terms

Certain terms used in this Prospectus, including capitalised terms and certain technical and other terms are explained in Chapter 22 (Definitions and Glossary).

5 Reasons for the Offering and Use of Proceeds

5.1 Reasons for the Offering

The principal purpose of the Offering is to obtain additional capital to support the execution of Kiadis' strategy (as described in paragraph 11.4 below). In addition, the Offering will also create a public market for the Shares, allowing future access to the public equity markets.

5.2 Proceeds and expenses of the Offering

Assuming that the Offering is fully subscribed and the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date), the table below sets out (i) the expected gross proceeds, (ii) the expected net proceeds and (iii) the expected aggregate administrative, legal and audit expenses as well as the other costs and expenses in connection with the Offering, the fees and commissions payable to the Underwriters and the remuneration of the AFM, the FSMA and Euronext, of the Offering, including in the event that the Increase Option and/or the Over-Allotment Option are exercised in full.

	Gross proceeds	Net proceeds	Aggregate expenses, costs and fees⁽¹⁾
Offering	€28,124,997	€24,869,234	€(3,255,763)
Offering, including Increase Option	€32,343,746	€28,875,358	€(3,468,388)
Offering, including Over-Allotment Option	€32,343,746	€28,875,358	€(3,468,388)
Offering, including Over-Allotment and Increase Options	€37,195,302	€33,482,396	€(3,712,906)

⁽¹⁾ Not including an incentive commission of 1% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Additional Shares), which may be paid to the Underwriters at the discretion of the Company.

5.3 Use of proceeds

Kiadis currently anticipates that it will use the net proceeds of the Offering in order of importance as follows:

- to support further continued clinical development of ATIR101, including but not limited to:
 - finishing the current Phase II clinical trial;
 - conducting a further Phase II clinical trial to identify an enhanced dosing regimen;
 - preparing and initiating a Phase III international multicentre clinical trial in the United States, Canada and Europe and possibly other territories in order to apply to the FDA and the EMA for marketing authorisation;

- to conduct an exploratory Phase I/II clinical trial with ATIR201;
- to support production process optimisation and automation of ATIR;
- to apply funds for debt repayment, capital expenditures, general and administrative expenses, general corporate purposes in line with Kiadis' strategy, the additional costs associated with being a public company 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 the acquisition of programs and companies with synergistic or complementary technologies, products and/or product candidates).

Assuming that the Offering is fully subscribed and the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date), and excluding the exercise of the Increase Option and the Over-Allotment Option, the expected net proceeds will be approximately €24,9 million. Kiadis expects that approximately 45% - 55% of the net proceeds will be applied for the further development of ATIR101 and ATIR201, approximately 10% - 15% to support production process optimisation and automation of ATIR and approximately 30% - 45% for the other mentioned uses of proceeds.

As of the Prospectus Date, Kiadis cannot predict with certainty all of the specific uses for the net proceeds from the Offering, 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 Offering.

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

6 Dividend Policy

6.1 General

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.

6.2 Entitlement to dividends

All Shares, including the Offer Shares, are equally entitled to dividends and other distributions, if and when declared.

6.3 Dividend policy and history

The Company has never declared or paid any dividends on its Shares.

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. Also, pursuant to the investment loans it has obtained from RVO Nederland, as long as these loans have not been repaid, the Company is not entitled to make any dividend or other distributions to Shareholders (see also paragraph 9.8 below).

The Company's reserves and dividends policy will be reviewed from time to time and distribution of any dividends will be upon a proposal thereto by the Management Board after

taking into account Kiadis' earnings, cash flow, financial condition, capital investment requirements and other factors considered important by the Management Board.

6.4 Dividend ranking of shares

All of the Shares issued and outstanding on the day following the Settlement Date, including the Offer Shares, will rank equally and will be eligible for any profit or other payment that may be declared on the Shares.

6.5 Manner and time of dividend payments

Payment of any dividend on the Offer Shares in cash will be made in euro. Dividends on the Offer Shares will be paid to the Shareholders through Euroclear Netherlands, the Dutch centralised securities custody and administration system, 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 Offer Shares who are non-residents of the Netherlands. However, see Chapter 19 (Taxation) for a discussion of certain aspects of taxation of dividends and refund procedures for non-residents of the Netherlands.

6.6 Uncollected 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.

6.7 Taxation of dividends

Dividends are generally subject to Dutch withholding tax in the Netherlands. See Chapter 19 (Taxation) for a discussion of certain aspects of taxation of dividends and refund procedures. For Belgian taxation matters, also see Chapter 19 (Taxation).

Capitalisation and Indebtedness

This section sets forth Kiadis Pharma B.V.'s capitalisation and indebtedness as at 31 March 2015 on an actual basis, and its capitalisation and indebtedness as at 31 March 2015 adjusted to reflect the Capital Restructuring and the receipt of the estimated net proceeds of the Offering, after deduction of all estimated costs, assuming that the Offering is fully subscribed and that the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date). It should be read in conjunction with paragraph 4.4 above.

You should read this table together with Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial statements for the three-month period ended 31 March 2015 and the related notes thereto included in this Prospectus beginning on page F-43, as well as the information in Chapter 9 (Operating and Financial Review).

7.1 Capitalisation

In € thousands	Actual	Adjustment	Adjustment	Adjustment	As adjusted To reflect the RVO Adjustment, the Capital Restructuring, and the Offering
	Actual as at 31 March 2015	RVO Adjustment ⁽¹⁾	Capital Restructuring ⁽²⁾	Net Proceeds of the Offering ⁽³⁾	
Unaudited					
Total current debt	8,733	(6,564)	-	-	2,169
Guaranteed	-	-	-	-	-
Secured	7,321	(6,564)	-	-	757
Not guaranteed/secured	1,412	-	-	-	1,412
Total non-current debt	11,006	6,564	(4,589)	-	12,981
Guaranteed	-	-	-	-	-
Secured	-	6,564	-	-	6,564
Not guaranteed/secured	11,006	-	(4,589)	-	6,417
Shareholders equity					
Share capital	10,567	-	(9,498)	227	1,296
Share premium	57,243	-	9,943	24,642	91,828
Translation reserve	372	-	-	-	372
Warrant reserve	2,580	-	(2,580)	-	-
Accumulated deficit	(71,751)	-	7,169	-	(64,582)
Total	(989)	-	5,034	24,869	28,914
Total capitalisation	18,750	-	445	24,869	44,064

⁽¹⁾ Due to the new repayment schedule that was agreed with RVO Nederland on 19 May 2015 – referred to in this Prospectus as the RVO Adjustment - an amount of €6,564,000 of the total amount of €7,321,000 is classified in non-current debt.

⁽²⁾ Kreos Capital III Ltd has a warrant for preference shares in Kiadis Pharma B.V. that it is expected to exercise prior to the Listing Date. The table above reflects the interest that Kreos Capital III Ltd shall acquire on the Settlement Date as per the exercise of this warrant and the application of the liquidation preference provisions referred to in paragraph 15.1.2 below. Furthermore, the table above reflects the assumed lapse of all outstanding options and warrants for ordinary shares in Kiadis Pharma B.V., which are not expected to be exercised prior to the Listing Date – see also paragraph 14.3.4 below.

⁽³⁾ Assuming that the Offering is fully subscribed and that the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date) and excluding the exercise of the Increase Option and the Over-Allotment Option, the estimated net proceeds amount to approximately €24.9 million (see paragraph 5.2 above).

7.2 Indebtedness

In € thousands	Actual	Adjustment	Adjustment	Adjustment	As adjusted
	Actual as at 31 March 2015	RVO Adjustment ⁽¹⁾	Capital Restructuring ⁽²⁾	Net Proceeds of the Offering ⁽³⁾	To reflect the RVO Adjustment, the Capital Restructuring, and the Offering
Unaudited					
Cash ⁽⁴⁾	3,882	–	445	24,869	29,196
Cash equivalent	–	–	–	–	–
Trading securities	–	–	–	–	–
Liquidity	3,882	–	445	24,869	29,196
Current financial receivables	–	–	–	–	–
Current bank debt	–	–	–	–	–
Current portion of non-current debt ⁽⁵⁾	7,321	(6,564)	–	–	757
Other current financial debt	–	–	–	–	–
Current financial debt	7,321	(6,564)	–	–	757
Net current financial indebtedness	3,439	(6,564)	(445)	(24,869)	(28,439)
Non-current bank loans	–	–	–	–	–
Bonds issued	–	–	–	–	–
Other non-current loans ⁽⁶⁾	6,417	6,564	–	–	12,981
Non-current financial indebtedness	6,417	6,564	–	–	12,981
Net financial indebtedness	9,856	–	(445)	(24,869)	(15,458)

⁽¹⁾ Due to the new repayment schedule that was agreed with RVO Nederland on 19 May 2015 – referred to in this Prospectus as the RVO Adjustment - an amount of €6,564,000 of the total amount of €7,321,000 is classified in non-current debt.

⁽²⁾ Kreos Capital III Ltd has a warrant for preference shares in Kiadis Pharma B.V. that it is expected to exercise prior to the Listing Date. The table above reflects the interest that Kreos Capital III Ltd shall acquire on the Settlement Date as per the exercise of this warrant and the application of the liquidation preference provisions referred to in paragraph 15.1.2 below.

⁽³⁾ Assuming that the Offering is fully subscribed and that the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date) and excluding the exercise of the Increase Option and the Over-Allotment Option, the estimated net proceeds amount to approximately €24.9 million (see paragraph 5.2 above).

⁽⁴⁾ Cash amount minus restricted cash for an amount of €31 thousand. The restricted cash relates to bank guarantees amounting to €31 thousand which were granted by Deutsche Bank Nederland N.V. for the benefit of the lessor of Kiadis' Amsterdam laboratory and office facilities.

⁽⁵⁾ Reflected in Kiadis Pharma B.V.'s unaudited condensed consolidated interim statement of financial information as at 31 March 2015 included on page F-43 under the line item "Loans and borrowings" in the section Total current liabilities.

⁽⁶⁾ Reflected in Kiadis Pharma B.V.'s unaudited condensed consolidated interim statement of financial information as at 31 March 2015 included on page F-43 under the line item "Loans and borrowings" in the section Total non-current liabilities.

7.3 Indirect and contingent indebtedness

See paragraphs 9.10 and 9.11 below for a discussion of Kiadis' indirect and contingent indebtedness.

Selected Consolidated Historical Financial Information

The selected consolidated financial information set forth below should be read in conjunction with paragraph 4.4 above, Chapter 9 (Operating and Financial Review) and Kiadis Pharma B.V.'s audited special purpose consolidated financial statements and notes thereto for the financial years ended 31 December 2014, 2013 and 2012 and Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial information and the notes thereto for the three-month period ended 31 March 2015.

The selected consolidated financial information has been extracted from Kiadis Pharma B.V.'s audited special purpose consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012 (in the tables in this Chapter 8 marked "Audited") and from Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial information for the three-month period ended 31 March 2015 (in the tables in this Chapter 8 marked "Unaudited").

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 condensed consolidated interim financial information has been prepared in accordance with IAS 34 interim financial reporting and, as allowed under IAS 34, it does not contain all information required to be included in the financial statements. It should therefore be read in conjunction with the audited special purpose consolidated financial statements for the financial year ended 31 December 2014.

8.1 Selected consolidated balance sheet data

(in € thousands)	As of 31 March 2015		As of 31 December	
	2014 Unaudited	2013 Audited	2013 Audited	2012
ASSETS				
Property, plant and equipment	387	413	280	280
Intangible assets	14,093	13,687	13,148	14,762
Total non-current assets	14,480	14,100	13,428	15,042
Trade and other receivables	177	196	51	351
Deferred expenses	180	242	227	140
Cash and cash equivalents	3,913	5,674	6,482	9,900
Total current assets	4,270	6,112	6,760	10,391
Total assets	18,750	20,212	20,188	25,433
EQUITY				
Share capital	10,567	10,567	10,896	10,896
Share premium	57,243	57,243	51,863	51,850
Translation reserve	372	317	249	529
Warrant reserve	2,580	2,580	2,580	2,580
Accumulated deficit	(71,751)	(68,042)	(60,229)	(53,341)
Equity attributable to equity holders	(989)	2,665	5,359	12,514
LIABILITIES				
Loans and borrowings	6,417	5,090	10,021	8,416
Derivatives	4,589	3,730	3,189	3,189
Total non-current liabilities	11,006	8,820	13,210	11,605
Loans and borrowings	7,321	7,129	384	349
Trade and other payables	1,412	1,598	1,235	965
Total current liabilities	8,733	8,727	1,619	1,314
Total liabilities	19,739	17,547	14,829	12,919
Total equity and liabilities	18,750	20,212	20,188	25,433

8.2 Selected consolidated income statement data

(in € thousands)	Three months ended 31 March		Year ended 31 December		
	2015	2014	2014	2013	2012
	Unaudited	Audited			
Revenues	-	-	-	-	-
Other income	-	-	-	-	-
Research and development expenses	(1,175)	(1,124)	(4,692)	(3,548)	(3,616)
General and administrative expenses	(495)	(370)	(1,476)	(1,444)	(1,348)
Total expenses	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Result from operating activities	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Interest income	1	13	28	89	62
Interest expenses	(319)	(261)	(1,073)	(920)	(889)
Other net finance expenses	(1,721)	(430)	(598)	(1,062)	(879)
Net finance expenses	(2,039)	(678)	(1,643)	(1,893)	(1,706)
Loss before income tax	(3,709)	(2,172)	(7,811)	(6,885)	(6,670)
Income tax expenses	-	-	(2)	-	-
Loss	(3,709)	(2,172)	(7,813)	(6,885)	(6,670)

8.3 Selected consolidated cash flow data

(in € thousands)	Three months ended 31 March		Year ended 31 December		
	2015	2014	2014	2013	2012
	Unaudited	Audited			
Net cash used in operating activities	(1,764)	(1,097)	(6,075)	(4,397)	(6,622)
Cash from (or used in) investing activities	(7)	(7)	(231)	(13)	43
Cash from (or used in) financing activities	-	(75)	5,490	1,017	9,802
Net cash flow	(1,771)	(1,179)	(816)	(3,393)	3,223
Cash and cash equivalents at beginning of period	5,674	6,482	6,482	9,900	6,678
Effect of exchange rate fluctuations on cash held	10	(12)	8	(25)	(1)
Cash and cash equivalents at end of period	3,913	5,291	5,674	6,482	9,900

Operating and Financial Review

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the rest of this Prospectus, including Kiadis Pharma B.V.'s consolidated financial statements and the related notes beginning on page F-1, paragraph 4.4 above and Chapter 8 (Selected Consolidated Financial Information). The unaudited financial information for the interim period ended 31 March 2015 and Kiadis Pharma B.V.'s audited consolidated financial statements for the years ended 31 December 2014, 2013 and 2012 have been prepared in accordance with IFRS as adopted by the European Union.

This discussion and analysis contains forward-looking statements that are subject to known and unknown risks and uncertainties. Kiadis' actual results and the timing of events could differ materially from those expressed or implied by such forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly in paragraph 4.9 above and in Chapter 3 (Risk Factors).

9.1 Overview

Kiadis is a clinical stage biopharmaceutical company focused on research, development and future commercialisation of cell-based immunotherapy products for treatment of blood cancers and inherited blood disorders. Kiadis believes that its innovative products have the potential to address the current risks and limitations connected with HSCT. Although currently not a viable option for many patients, HSCT is generally regarded as the most effective curative approach to blood cancers and certain inherited blood disorders (*Gratwohl et al, Leukemia. 2003 May;17(5):941-59; Lucarelli et al., NEJM 1990, 322:417-21*). Kiadis expects that HSCT could become a first-choice treatment for blood cancers and inherited blood disorders, thereby meeting a significant unmet medical need with its products.

Kiadis' product candidates provide for "Allodepleted T-cell ImmunoRapeutics (ATIR)" that are based on its Theralux platform. Kiadis' lead product is referred to as ATIR101, which addresses the key risks and limitations of current HSCT treatments in blood cancers being: opportunistic infections, GVHD, cancer relapse as well as limited donor availability. Kiadis' second product, ATIR201, is expected to be developed for inherited blood disorders with an initial focus on thalassemia, and is expected to address the key risks and limitations of HSCT in inherited blood disorders being: opportunistic infections, GVHD and limited donor availability.

Since its inception, Kiadis has not generated any revenues or net cash flows from sales of its products. ATIR101, Kiadis' most advanced product and its only product in clinical development, has not yet been approved for marketing. To date, Kiadis has relied principally on the issuance and sale of equity and debt securities to finance its operations, internal growth and selective acquisitions of businesses, technologies and other assets. In 2012 Kiadis raised €10.1 million in equity, and in 2014 it raised another €5.1 million in equity. Furthermore, Kiadis received in 2013 and 2014 a total amount of €2.2 million as investment loan (*innovatiekrediet*) from RVO Nederland to support the current Phase II study. Earlier, in the period from 2009 until 2011, Kiadis had already received an investment loan of €2.8 million from RVO Nederland.

Kiadis has incurred significant losses in each year of operations, as it has devoted a significant amount of its resources to clinical development and research. During the years ended 31 December 2012, 2013 and 2014, Kiadis incurred aggregate losses of approximately €21.4 million. It expects to continue to incur substantial operating losses in the future. Kiadis will not receive any revenues or net cash flows from sales of its products unless they have been approved by the EMA, the FDA or similar regulatory authorities in other countries and commercialised successfully, which Kiadis does not expect to be before

2020, if at all, unless they have been conditionally approved by the EMA, the FDA or similar regulatory authorities in other countries and commercialised successfully, which Kiadis does not expect to be before 2017, if at all.

9.2 Material factors affecting results of operations and financial condition

Kiadis believes that the following factors have had and will continue to have a material effect on its results of operations and financial condition.

9.2.1 Revenues and other income

Kiadis did not record any revenues during the period covered by the historical financial information included in this Prospectus.

9.2.2 Research and development expenses

Kiadis is focused on the clinical development of its product ATIR. It anticipates that research and development expenses will continue to increase as it advances the clinical development of ATIR and potentially adds new programs.

Kiadis believes that as its programs advance, research and development expenses may be expected to comprise the following:

- the costs of conducting and managing its sponsored clinical trials, including clinical investigator cost, payments of patient expenses and costs, and payments to contract research organisations assisting with Kiadis' clinical development programs;
- salary and benefit costs allocated to research and development employees;
- regulatory activities, including testing and collecting data, preparing and submitting filings, communicating with regulatory authorities and reviewing the design and conduct of clinical trials for compliance with applicable requirements;
- depreciation of laboratory and other equipment;
- payments of costs in connection with physician-initiated clinical trials and evaluations;
- payments to suppliers of active pharmaceutical ingredients and manufacturers of the products used in Kiadis' clinical trials and research and development activities;
- licence costs; and
- costs of preclinical studies, including toxicology studies.

Clinical development timelines and associated costs may vary significantly depending on how Kiadis chooses to allocate the expenditures among its clinical and product discovery programs. Kiadis is currently focused on advancing ATIR through clinical trials. The current international Phase II clinical trial for ATIR101, CR-AIR-007, will be followed by an additional Phase II clinical trial, CR-AIR-008, intended to explore the safety of multiple dosing. Subsequently, CR-AIR-009, the Phase III study to support both safety and efficacy - will be

conducted against another haploidentical transplantation regimen, most likely post-transplantation cyclophosphamide. See also paragraphs 11.8.1.2 and 11.8.1.3 below.

Kiadis anticipates, however, that it will make further decisions on the continued development and funding of existing and future clinical programs in response to the scientific and clinical success of its product in clinical development, as well as an ongoing assessment of market opportunities. Kiadis also anticipates that research and development expenses will increase in future periods if it proceeds to file applications for Phase III clinical trials. There is a risk that any clinical development or product discovery program may not result in marketing approval. To the extent that Kiadis fails to obtain approval to market any of its products in a timely manner and have to continue clinical trials over a longer period of time, its research and development expenses may further increase. Kiadis cannot assure that it will be able to successfully develop and commercialise any of its products in development, if approved for marketing, due to risks and uncertainties including those factors described in Chapter 3 (Risk Factors).

9.2.3 Selling and distribution expenses

Historically, Kiadis has not incurred any selling and distribution expense. If any of its products were to be approved for marketing, Kiadis may incur substantial selling and distribution expenses in future periods, in order to establish an infrastructure for independent marketing, direct sales and distribution to specialised transplantation centres, obtain supplies of active pharmaceutical ingredients and manufacture commercial quantities of Kiadis' products. Kiadis would also be subject to certain milestone and royalty payment obligations if its products were to be approved for marketing and successfully commercialised. See paragraph 11.15.1 below.

9.2.4 General and administrative expenses

Kiadis anticipates that general and administrative expenses will increase as it seeks to further expand its business. Kiadis expects that as it advances its programs and prepares for the commercialisation of its products in development, if approved for marketing, general and administrative expenses will continue to comprise the following:

- employee benefits, including salaries, pensions, profit-sharing plans, potential share-based compensation expenses, and bonus plans and other related costs for employees in executive and operational functions;
- advisers' fees, including accounting, legal, intellectual property and consulting services; and
- rental expenses, facilities expenses and other general expenses relating to the operations.

Kiadis may plan to propose and adopt a new employee share option or performance based share award plan under which key management personnel and senior employees may be granted options to purchase Shares, or be granted Shares based on performance. The fair value of option or performance Share grants under any such plan will be recognised as an employee expense with a corresponding increase in shareholders' equity on Kiadis' consolidated balance sheet. These share-based compensation expenses may contribute to the increase in general and administrative expenses.

Kiadis also anticipates that the continuing development of its business, the establishment of an investor relations program, the expense of maintaining directors' and officers' liability insurance and other expenses associated with operating as a public company, including

compliance with listing and corporate governance rules, will contribute to the expected increase in general and administrative expenses after completion of the Offering.

9.3 Consolidated income statement

The following discussion and analysis of Kiadis' results of operations and financial condition is based on Kiadis Pharma B.V.'s historical results.

The following table sets forth Kiadis Pharma B.V.'s consolidated income statement for the periods indicated:

(in € thousands)	Three months ended 31 March		Year ended 31 December		
	2015	2014	2014	2013	2012
	Unaudited		Audited		
Revenues	-	-	-	-	-
Other income	-	-	-	-	-
Research and development expenses	(1,175)	(1,124)	(4,692)	(3,548)	(3,616)
General and administrative expenses	(495)	(370)	(1,476)	(1,444)	(1,348)
Total expenses	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Result from operating activities	(1,670)	(1,494)	(6,168)	(4,992)	(4,964)
Interest income	1	13	28	89	62
Interest expenses	(319)	(261)	(1,073)	(920)	(889)
Other net finance expenses	(1,721)	(430)	(598)	(1,062)	(879)
Net finance expenses	(2,039)	(678)	(1,643)	(1,893)	(1,706)
Loss before income tax	(3,709)	(2,172)	(7,811)	(6,885)	(6,670)
Income tax expenses	-	-	(2)	-	-
Loss	(3,709)	(2,172)	(7,813)	(6,885)	(6,670)

9.3.1 Comparison of the three months ended 31 March 2015 and 2014

Revenues

During the entire period covered by the historical financial information included in this Prospectus, no revenues have been generated.

Other income

During the entire period covered by the historical financial information included in this Prospectus, no other income has been generated.

Research and development expenses

Research and development expenses for the three months ended 31 March 2015 remained at about the same level as for the three months ended 31 March 2014: €1.2 million versus €1.2 million.

General and administrative expenses

General and administrative expenses increased from €0.4 million for the three months ended 31 March 2014 to €0.5 million for the three months ended 31 March 2015. This increase was primarily due to more legal expenses as part of the preparation for the Offering.

Results from operating activities

As a result of the above factors, losses from operating activities increased from €1.5 million for the three months ended 31 March 2014 to €1.7 million for the three months ended 31 March 2015, an increase of 12%.

Net finance expenses

Net finance expenses increased significantly from €0.7 million for the three months ended 31 March 2014 to €2.0 million for the three months ended 31 March 2015, an increase of 201%. This increase was primarily due to a fair value adjustment of derivatives of €0.9 million and a negative adjustment of €1.1 million for the carrying amount of a loan for the three months ended 31 March 2015.

Profit (loss) for the period

As a result of the above factors, loss for the period increased from €2.2 million for the three months ended 31 March 2014 to €3.7 million for the three months ended 31 March 2015, an increase of 71%.

9.3.2 Comparison of years ended 31 December 2014 and 2013

Revenues

During the entire period covered by the historical financial information included in this Prospectus, no revenues have been generated.

Other income

During the entire period covered by the historical financial information included in this Prospectus, no other income has been generated.

Research and development expenses

Research and development expenses increased from €3.5 million for the year ended 31 December 2013 to €4.7 million for the year ended 31 December 2014, an increase of 32%. This increase was primarily attributable to more patients being treated in the ongoing CR-AIR-007 clinical trial and higher process development cost. Research and development expenses represented 76% of Kiadis' total operating expenses for the year ended 31 December 2014, compared to 71% for the year ended 31 December 2013.

General and administrative expenses

General and administrative expenses increased, in line with normal cost developments, from €1.4 million for the year ended 31 December 2013 to €1.5 million for the year ended 31 December 2014, an increase of 2%.

Results from operating activities

As a result of the above factors, losses from operating activities increased from €5.0 million for the year ended 31 December 2013 to €6.2 million for the year ended 31 December 2014, an increase of 24%.

Net finance expenses

Net finance expenses decreased from €1.9 million for the year ended 31 December 2013 to €1.6 million for the year ended 31 December 2014, a decrease of 13%. This decrease was attributable to exchange rate losses of €1.2 million in 2013. This negative effect was partially offset by a positive adjustment of €0.2 million for the carrying amount of a loan in 2013. For the year 2014 there was a fair value adjustment of derivatives of €0.5 million and a negative adjustment for the carrying amount of a loan of €0.4 million, partly offset by exchange rate profits of €0.3 million.

Profit (loss) for the period

As a result of the above factors, Kiadis' loss for the period increased from €6.9 million for the year ended 31 December 2013 to €7.8 million for the year ended 31 December 2014, an increase of 13%.

9.3.3 Comparison of years ended 31 December 2013 and 2012

Revenues

During the entire period covered by the historical financial information included in this Prospectus, no revenues have been generated.

Other income

During the entire period covered by the historical financial information included in this Prospectus, no other income has been generated.

Research and development expenses

Research and development expenses decreased from €3.6 million for the year ended 31 December 2012 to €3.5 million for the year ended 31 December 2013, a decrease of 2%. Research and development activity level for the year ended 31 December 2013 was in line with that for the year ended 31 December 2012.

General and administrative expenses

General and administrative expenses increased from €1.3 million for the year ended 31 December 2012 to €1.4 million for the year ended 31 December 2013, an increase of 7%. The lower level for the year ended 31 December 2012 was primarily attributable to a reversal of an accrual of €0.2 million, related to the licensing contract with the University of Montreal (see paragraph 11.15.1 below).

Results from operating activities

As a result of the above factors, losses from operating activities remained at the same level; €5.0 million for the year ended 31 December 2012 and €5.0 million for the year ended 31 December 2013.

Net finance expenses

Net finance expenses increased from €1.7 million for the year ended 31 December 2012 to €1.9 million for the year ended 31 December 2013, an increase of 11%. This increase was attributable to exchange rate losses of €1.2 million in 2013. This negative effect was partially offset by a positive adjustment of €0.2 million for the carrying amount of a loan in 2013. For the year 2012 there was a negative fair value adjustment of derivatives of €1.9 million and a positive adjustment for the carrying amount of a loan of €1.0 million.

Profit (loss) for the period

As a result of the above factors, loss for the period decreased from a level of €6.7 million for the year ended 31 December 2012 to €6.9 million for the year ended 31 December 2013, an increase of 3%.

9.4 Significant change since 31 March 2015

There has been a significant change in Kiadis' financial position since 31 March 2015. On 19 May 2015, Kiadis and RVO Nederland agreed on a new repayment schedule for the innovation loans that Kiadis obtained from RVO Nederland. These loans were recorded on the balance sheet as at 31 March 2015 as a current liability in the amount of €7.3 million in total. Had the new repayment schedule already been agreed at that time, in the 31 March 2015 balance sheet, an amount of €0.8 million out of the €7.3 million would have been qualified as current liability, and an amount of €6.5 million out of the €7.3 million as non-current liability. In this Prospectus, this adjustment is referred to as the "RVO Adjustment".

9.5 Liquidity and capital resources

Kiadis has incurred aggregate losses of approximately €21.4 million during the years ended 31 December 2012, 2013 and 2014. Kiadis will not receive any revenues or net cash flows from sales of its products until they have been approved by regulatory authorities and commercialised successfully, which it does not expect to begin occurring before 2020, if at all, unless they have been conditionally approved by the EMA, the FDA or similar regulatory authorities in other countries and commercialised successfully, which Kiadis does not expect to be before 2017, if at all.

To date, Kiadis has relied principally on the issuance and sale of equity and the receipt of loans and grants to finance its operations, internal growth and selective acquisitions of businesses, technologies and other assets. In 2012 Kiadis raised €10.1 million in an equity financing round, and in 2014 it raised another €5.1 million in equity. Furthermore, Kiadis received in 2013 and in 2014 an amount of €2.2 million as investment loan from RVO Nederland to support the current Phase II study. In the period 2009 to 2011, Kiadis received an investment loan of €2.8 million from RVO Nederland.

As of 31 March 2015, Kiadis had cash and cash equivalents of approximately €3.9 million. Based on its operating plans, and assuming that the Offering will generate net proceeds of at least €24.9 million (see paragraph 5.2 above), Kiadis believes that it will be able to meet its financing needs into at least the first half of 2017. However, Kiadis' existing capital resources and the net proceeds from the Offering will not be sufficient to enable it to fund the completion of its clinical development programs, including ATIR101, through commercialisation. Accordingly, Kiadis will need to raise additional funds before commercialisation of any of its products, including ATIR101. 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 innovation loans provided by RVO Nederland and the loan provided by the University of Montreal (see paragraph 9.8 below);
- royalty and milestone obligations to Hospira and the University of Montreal (see paragraph 11.15.1 below);
- 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.

9.6 Capital expenditures and principal investments

The following table sets forth Kiadis Pharma B.V.'s capital expenditures for the years ended 31 December 2014, 2013 and 2012, as well as the three-month periods ended 31 March 2015 and 2014.

(in € thousands)	Three months ended 31 March		Year ended 31 December		
	2015	2014	2014	2013	2012
	Unaudited	Audited			
Laboratory equipment	8	19	250	64	41
Other tangible assets	0	1	9	38	7
Capital expenditure⁽¹⁾	8	20	259	102	48

⁽¹⁾ Reflected in Kiadis Pharma B.V.'s consolidated financial information included on page F-23 in note 5 (Property, plant and equipment) in the line items "Additions".

The principal investments in the period covered by the historical financial information included in this Prospectus are primarily related to investments in the Netherlands for laboratory equipment, office equipment and information technology. There have not been significant investments in the period from 31 March 2015 up to the Prospectus Date.

Based on its current operations, Kiadis expects that its future capital expenditures will relate primarily to further investments in the Netherlands for laboratory equipment, office equipment and information technology. No firm commitments in relations to such investments have been made.

9.7 Working capital

Kiadis' current cash resources do not provide it with sufficient working capital for the next twelve months following the Prospectus Date. Kiadis believes that it has sufficient working capital to continue its current operations until September 2015. Based on its present requirements, Kiadis believes its operations will require additional cash resources of approximately €9 million to provide it with sufficient working capital for the next twelve months following the Prospectus Date. If the Offering should be withdrawn or otherwise not be completed, Kiadis believes it would require additional funds to cover the deficit in its working capital for the next twelve months following the Prospectus Date. In that event, Kiadis may seek to enter into debt or equity financing arrangements by means of private or public offerings. It may then delay, reduce the scope of, eliminate or divest clinical programs and consider other cost reduction initiatives. In the event Kiadis is not be able to generate sufficient funds from these resources, it may be unable to continue as a going concern and its business, financial condition and/or results of operations could be materially and adversely affected.

Based on the assumptions set out in paragraph 5.2 above, Kiadis expects to receive net proceeds of approximately €24.9 million (or approximately €28.9 million if the Over-Allotment Option is exercised in full) in the event that the Offering is completed, which considerably exceeds the working capital shortfall of approximately €9 million referred to above. Consequently, if the Offering is completed and the expected net proceeds of the Offering are generated, these proceeds together with Kiadis' current cash resources will provide it with sufficient working capital for the next twelve months following the Prospectus Date.

9.8 Indebtedness

RVO Nederland

As of 31 March 2015, a total amount of €7.3 million is recorded as a loan from RVO Nederland. This amount, including accrued interest, consists of two parts: a €4.8 million loan, bearing interest of 11.4% per annum (the "**RVO Nederland 1 Loan**"), and a €2.5 million loan, bearing interest of 10.0% per annum (the "**RVO Nederland 2 Loan**").

Kiadis' obligations under the loan agreements are secured by a pledge over the assets which have been financed with these loans, which pledge arrangements also contain a customary

negative pledge undertaking by Kiadis. In addition, Kiadis is required to notify RVO Nederland about any significant change in the control over the Company or any of its subsidiaries and or any intention thereto, in which case RVO Nederland can decide to declare immediate repayment of the loans. As long as the innovation loans have not been fully repaid, no dividends or other distributions to Shareholders may be made without the prior approval of RVO Nederland. Pursuant to the terms of the loan agreements, Kiadis requires the approval of RVO Nederland in relation to investments and costs to be made that may adversely affect Kiadis' possibility to meet its payment obligations towards RVO Nederland and which deviate from Kiadis' operational and liquidity forecasts that are underlying the innovation loans.

On 19 May 2015 RVO Nederland and Kiadis agreed on a new repayment schedule for the RVO Nederland innovation loans, as set out below.

With regard to the RVO Nederland 1 Loan:

- (i) the RVO Nederland 1 Loan shall become immediately due at the moment that an upfront or milestone payment of at least €10 million as a result of a merger, acquisition or business combination or licensing deal is received; and
- (ii) prior to the receipt of the payment of at least €10 million as set out above, Kiadis shall
 - (a) make monthly interest payments starting 1 October 2015 (amounting to €47,000 per month in 2015, €38,500 per month in 2016, €30,800 per month in 2017, €21,000 per month in 2018 and €8,575 per month in 2019);
 - (b) at 31 December 2015 repay €509,305;
 - (c) as of 31 March 2016, repay four quarterly instalments of each €190,989;
 - (d) as of 31 March 2017, repay four quarterly instalments of each €254,653;
 - (e) as of 31 March 2018, repay three quarterly instalments of each €318,316, and the subsequent quarter a final repayment of the then outstanding amount.

With regard to the RVO Nederland 2 Loan:

- (i) the RVO Nederland 2 Loan shall become immediately due at the moment that an upfront or milestone payment of at least €10 million as a result of a merger, acquisition or business combination or licensing deal is received; and
- (ii) prior to the receipt of the payment of at least €10 million as set out above, Kiadis shall
 - (a) make monthly interest payments (starting 1 January 2016), and
 - (b) in 2016 repay 15% of the outstanding loan amount including accrued interest, and 20%, 20%, 20% and 25% of that loan in 2017, in 2018, in 2019 and in 2020 respectively, in each case through quarterly payments.

The RVO loans were recorded on the balance sheet as at 31 March 2015 as a current liability in the amount of €7.3 million in total. Had the new repayment schedule already been

agreed at that time, in the 31 March 2015 balance sheet, an amount of €0.8 million out of the €7.3 million would have been qualified as current liability, and an amount of €6.5 million out of the €7.3 million as non-current liability.

Hospira

In December 2010, Kiadis entered into a licence agreement with Hospira, Inc. ("Hospira"), to develop and commercialise ATIR in certain territories (the "**Hospira Licence Agreement**"). This agreement was terminated as of January 2012, when Hospira and Kiadis agreed to terminate both the exclusive licence Kiadis had granted to Hospira related to products derived from the Theralux platform, and Hospira's obligations with respect to such products (the "**Hospira Termination and Royalty Agreement**"). Pursuant to the Hospira Termination and Royalty Agreement Kiadis has agreed to make payments to Hospira as follows:

- (a) a milestone payment of U.S.\$ 3 million upon the earlier of (i) the execution of a sub-licence on the Theralux platform, or (ii) the first commercial sale of a product derived from the Theralux platform by Kiadis; and
- (b) a 5% royalty on worldwide net-sales of products derived from the Theralux platform until a threshold-amount has been paid, after which a 3% royalty on net sales of products derived from the Theralux platform in all countries except those in North America, South America, China, Mongolia, Tibet, Hong Kong, Macau and Antarctica applies. This threshold amount as at 31 March 2015 is U.S.\$ 25.7 million plus 1.5% interest compounded annually, which is reduced by U.S.\$ 3 million, in the event the potential milestone referred to in (a) above has been paid.

Kiadis' obligations under the Hospira Termination and Royalty Agreement with regard to the threshold amount have been judged as a loan. After initial recognition at fair value, the carrying amount of the loan is restated at each reporting date, should there have been a change in the (estimated) underlying cash flows. In the statement of financial position as of 31 March 2015, the carrying amount of the loan is €5.6 million. The 3% royalty obligations for ATIR as mentioned above are not presented in the statement of financial position.

University of Montreal

Kiadis has been granted a loan from the University of Montreal. As of 31 March 2015, an amount of €0.8 million is recorded as loan, including accrued interest. The loan bears interest of 3.5% per annum, to be added to the loan. The repayment schedule of the loan is as follows: (i) 50% of the loan upon the execution of a sublicence on a product based on the Theralux platform provided (a) that the sublicence includes an upfront fee and (b) that the granting of an option to a sublicence will not trigger the repayment obligation, or (ii) 100% of the loan in the case of a trade sale of Kiadis, or (iii) the future royalty on worldwide net sales of a product based on the Theralux platform, as part of the current licensing contract with the University of Montreal, will increase by 2.5%, on top of the current 5% licence fee, until the loan has been repaid. In the case the above mentioned repayment schedule will not result in repayment in full, Kiadis is still obliged to make repayments in full.

9.9 Cash flows

The following table summarises the principal components of Kiadis Pharma B.V.'s consolidated cash flows for the periods indicated.

(in € thousands)	Three months ended 31 March		Year ended 31 December		
	2015	2014	2014	2013	2012
	Unaudited	Audited			
Net cash used in operating activities	(1,764)	(1,097)	(6,075)	(4,397)	(6,622)
Net cash from (or used in) investing activities	(7)	(7)	(231)	(13)	43
Net cash from (or used in) financing activities	-	(75)	5,490	1,017	9,802
Net cash flow	(1,771)	(1,179)	(816)	(3,393)	3,223
Cash and cash equivalents at beginning of period	5,674	6,482	6,482	9,900	6,678
Effect of exchange rate fluctuations on cash held	10	(12)	8	(25)	(1)
Cash and cash equivalents at end of period	3,913	5,291	5,674	6,482	9,900

9.9.1 Net cash used in operating activities

Net cash used in operating activities reflects Kiadis' results for the period adjusted for, among other things, depreciation, impairment losses, results on divestments, changes in working capital and interest paid.

Net cash used in operating activities was €1,764 thousand for the three months ended 31 March 2015, an increase of €667 thousand, compared to €1,097 thousand for the three months ended 31 March 2014, primarily due to a change in working capital due to the timing differences of payments. Net cash used in operating activities was €6,075 thousand for the year ended 31 December 2014, an increase of €1,678 thousand compared to €4,397 thousand for the year ended 31 December 2013, primarily reflecting the increase in operating losses. The net cash used in operating activities of €4,397 thousand for the year ended 31 December 2013 was €2,225 thousand less compared to €6,622 thousand for the year ended 31 December 2012. This decrease primarily reflects a reduction of working capital.

9.9.2 Net cash from (or used in) investing activities

Net cash from (or used in) investing activities reflects, among other things, proceeds or expenses related to capital expenditures, divestments and interest received.

Net cash used in investing activities for the three months ended 31 March 2015 was the same as for the three months ended 31 March 2014, being €7 thousand. Net cash used in investing activities was €231 thousand for the year ended 31 December in 2014, compared to €13 thousand for the year ended 31 December in 2013, an increase of €218 thousand, primarily as a result of higher purchases of laboratory equipment. Net cash used in investing activities of €13 thousand for the year ended 31 December in 2013 reflects a decrease of €56 thousand compared to the positive net cash flow of €43 thousand from investing activities for the year ended 31 December in 2012, primarily as a result of higher purchases of laboratory equipment, offsetting the interest received from short-term cash deposits.

9.9.3 Net cash from (or used in) financing activities

Net cash from (or used in) financing activities reflects proceeds from the issue and sale of share capital, changes in borrowings and changes in lease contracts.

For the three months ended 31 March 2015, there was no cash flow related to financing activities. For the three months ended 31 March 2014 there was a total outflow of €75 thousand, all related to a repayment of a loan. Net cash from financing activities was €5,490 thousand for the year ended 31 December 2014, an increase of €4,473 thousand compared to €1,017 thousand for the year ended 31 December 2013, which represented a decrease of €8,785 thousand compared to €9,802 thousand for the year ended 31 December 2012. For the year ended 31 December 2014 the proceeds from issue of shares was €5,051 thousand, the proceeds from additional loans was €889 thousand and the repayment of borrowings was €450 thousand. For the year ended 31 December 2013 the proceeds from additional loans was €1,317 thousand and the repayment of borrowings was €300 thousand. For the year ended 31 December 2012 the net cash from financing activities was primarily the result of proceeds from the issue of shares for an amount of €10,117 thousand and the repayment of borrowings for an amount of €300 thousand.

9.10 Off balance sheet arrangements

As of 31 March 2015, Kiadis does not have any off-balance sheet arrangements other than operating leases of approximately €215 thousand which are summarised in "Contractual Obligations and Commercial Commitments".

9.11 Contractual obligations and commercial commitments

The following of Kiadis Pharma B.V.'s contractual obligations and commercial commitments as of 31 March 2015 are expected to have an impact on liquidity and cash flow in future periods:

- its debt obligations under the innovation loans from RVO Nederland and under the loan from the University of Montreal (see paragraph 9.8 above);
- its obligations under the Hospira Termination and Royalty Agreement (see paragraph 9.8 above); and
- operating lease obligations consisting of a lease contract for office space and a lease contract for laboratory facilities.

In addition to these contractual obligations and commercial commitments described above, Kiadis is subject to certain royalty and milestone payment obligations, which are contingent on its products achieving regulatory approval for marketing or their commercialisation or realising sub-licensing contracts. In particular, Kiadis is committed to pay to the University of Montreal royalties of 5% of revenues to be received by it as a result of the commercialisation of products derived from the Theralux platform, including commercialisation via sub-licensing. For a description of Kiadis' obligations to Hospira under the Hospira Termination and Royalty Agreement, see paragraph 9.8 above.

For a description of Kiadis' contingent liability for milestone payments to the original shareholders of Celmed BioSciences Inc. ("Celmed") in relation to Rhitol and NB1011 – two product candidates which Kiadis ceased to further develop in 2008 – and certain security rights that have been vested in relation thereto, see note 22 to Kiadis Pharma B.V.'s audited consolidated financial statements for the years ended 31 December 2014, 2013 and 2012 on page F-38.

For more on these royalty and milestone payments, see also paragraph 11.15.1 below.

9.12 Critical accounting policies

Kiadis prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union. The preparation of financial statements requires senior management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of Kiadis' financial statements, as well as reported amounts of revenues and expenses for the relevant accounting periods. Kiadis bases these estimates on historical experience and assumptions that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities and reported amounts of revenues and expenses that are not readily apparent from other sources. Management evaluates these estimates on an ongoing basis.

Kiadis has identified the following critical accounting policies as requiring management to make the most significant estimates and judgments in the preparation of its consolidated financial statements. Kiadis considers an accounting policy to be critical if it requires management to make an accounting estimate based on assumptions about matters that are highly uncertain at the time the estimate is made, and if the reasonable use of different estimates in the current period or changes in the accounting estimate that are reasonably likely to occur from period to period would have a material impact on its financial presentation. When reviewing Kiadis' financial statements, investors should consider the effect of estimates on its critical accounting policies, the judgments and other uncertainties affecting application of these policies and the sensitivity of Kiadis' reported financial results to changes in conditions and assumptions. Kiadis' actual results may differ materially from these estimates under different assumptions.

9.12.1 Impairment of goodwill, patents and in-process R&D acquired in a business combination

Kiadis reviews long-lived assets for impairment when events or circumstances indicate that carrying amounts may not be recoverable. In determining impairments of intangible assets and tangible fixed assets, management must make significant judgments and estimates to determine whether the cash flows generated by those assets are less than their carrying value. Determining cash flows requires the use of judgments and estimates that have been included in Kiadis' strategic plans and long term forecasts. The data necessary for the execution of the impairment tests are based on management's estimates of future cash flows, which require an estimation of revenue growth rates and profit margins.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows generally are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Goodwill and intangibles that are not yet amortised are evaluated at least annually for impairment and written down to their recoverable amount, in the case of impairment. Determination of such implied value involves significant judgment and estimates from management.

Changes in assumptions and estimates included within the impairment reviews could result in significantly different results than those recorded in the consolidated financial statements.

9.12.2 Income tax expense

Kiadis exercises judgment in determining the extent of realisation of net operating losses based upon estimates of future taxable income in the various jurisdictions in which these net

operating losses exist. Where there is an expectation that on the balance of probabilities there will not be sufficient taxable profits to utilise these net operating losses, these net operating losses have not been recognised as a deferred tax asset. If actual events differ from management's estimates, or to the extent that these estimates are adjusted in the future, any changes to the valuation allowance could materially impact Kiadis' financial position and results of operations.

On 31 December 2014, Kiadis Pharma B.V. had unrecognised deferred tax assets in respect of gross cumulative tax losses of €43.3 million in the Netherlands, €12.9 million in Canada and €26.4 million in the United States.

9.12.3 Share-based payments

For equity-settled option and bonus plans the accounting treatment is as follows. The estimated grant date fair value of options or rights to bonus shares granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options or rights. The amount is recognised as an expense will be adjusted to reflect the latest estimate of the number of rights that will vest. At each balance date, Kiadis will revise its estimates of the number of rights which are expected to vest. Kiadis recognises the impact of the revision of original estimates, if any, in the income statement and makes a corresponding adjustment to equity. For cash-settled bonus plans the expense and corresponding liability incurred are measured at the fair value of the liability. These cash-settled awards are subsequently re-measured at each reporting date. The amount recognised as an expense for cash-settled share-based payments reflects the estimated change in fair value of the corresponding liability at the reporting date. Kiadis may plan to propose and adopt a new employee share option or performance based share award plan under which key management personnel and senior employees may be granted options to purchase Shares, or be granted Shares based on performance.

9.12.4 Derivatives

Kiadis exercises judgment in determining the estimated value of derivatives. For derivatives that are level 3 financial liabilities - inputs not based on observable market data -, this means that management has to make assumptions about significant unobservable inputs used to calculate fair values, based on binomial option pricing.

9.12.5 Loans and borrowings

Kiadis exercises judgment in determining which financial liabilities qualify as loans and subsequently exercises judgment in determining the estimated value of these loans. For level 3 financial liabilities, management has to make significant judgments and estimates about future cash flows.

9.12.6 Qualitative disclosure about market risk

As a result of its operating and financing activities, Kiadis is exposed to market risks that may affect its financial position and results of operations. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will potentially cause economic losses to Kiadis.

Senior management is responsible for implementing and evaluating policies which govern Kiadis' funding, investments and any use of derivative financial instruments. Management monitors risk exposure on an ongoing basis.

9.12.7 Foreign currency risk

Kiadis' functional currency is the euro. It operates via its Dutch entities, but it also conducts business in North America. Kiadis therefore has expenses denominated in Canadian dollar and U.S. dollar in connection with, among other things, its sponsored clinical trials, process development, loans, and the maintenance of its intellectual property portfolio. Kiadis also has intercompany financing between companies within the Kiadis corporate group and has U.S. dollar denominated loans.

Upon preparing consolidated financial statements, Kiadis' euro-denominated consolidated reported financial results can be affected by changes in the relative values of the Canadian dollar and the U.S. dollar against the euro. Fluctuations in currency values also distort period-to-period comparisons of financial performance. Also given the high volatility of currency exchange rates, there can be no assurance that Kiadis will be able to effectively manage its currency risk to minimise its impact on its business. Kiadis' exposure to foreign currency translation gains and losses may change over time if it expands its operations and could have a material adverse effect on Kiadis' business, results of operations or financial condition. Kiadis does not currently engage in any hedging activities to limit its exposure to exchange rate fluctuations.

9.12.8 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Kiadis limits its exposure to credit risk by maintaining its bank accounts and short term deposits with well-established banks.

9.12.9 Liquidity risk

Liquidity risk is the risk that Kiadis will not be able to meet its financial obligations as they fall due. Kiadis' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

10 Industry

10.1 The cell therapy industry

The healthcare industry historically has been based on three pillars:

- pharmaceuticals (which includes *inter alia* small molecules, antibiotics and steroids);
- biologics (which includes medicinal preparations created by a biological process, such as monoclonal antibodies, cytokines, enzymes and oligonucleotides); and
- medical devices (which includes instruments and apparatuses to diagnose, prevent, treat, monitor or alleviate diseases).

In recent years, a fourth pillar has emerged. This pillar comprises cell and gene therapy products, which have been evolving and rapidly growing in number over the last decade. Continued growth is expected for cell and gene therapy products (*Brindley D. et al. (2011), Regenerative Medicine, 6(3), p265–272*).

The basis of cell and gene therapy approaches is the use of living cells and tissue, for treatment of certain diseases. These approaches are characterised by using cells from the immune system and involve genetic engineering or are otherwise significantly manipulated to eliminate tumour cells are often referred to as “cell-based immunotherapies”.

Large pharmaceutical companies are increasingly investing and focusing on cell and gene therapies, confirming the growing importance and maturity of this industry segment. Examples of such companies are Novartis, Pfizer or Celgene. A broad range of companies whose research focuses on a variety of diseases, such as oncology (Novartis, Pfizer), cardiovascular disease (Athersys, Aastrom, NeoStem, t2cure), Alzheimer (iPierian/BMS), neurodegenerative diseases (e.g. BrainStorm Therapeutics), strokes (Athersys) and diabetes (Mesoblast, Osiris). The development of these cell-based approaches to fight cancer continues to attract the attention of both the medical community and the general public.

10.2 The evolution of cell-based immunotherapy to fight cancer

Historically, cancer has been treated with surgery, radiation, chemotherapy and hormone therapy. More recently, advances in the understanding of the immune system's role in cancer has led to cell-based immunotherapy becoming an important approach to treatment. Cancer immunotherapy began with treatments that non-specifically activate the immune system, but these treatments had limited efficacy and/or demonstrated significant toxicity. In contrast, new immunotherapy treatments can activate specific, key immune cells, leading to improved targeting of cancer cells, efficacy and safety. Within the immunotherapy category, treatments have included cytokine therapies (cytokines are proteins that are important to cell signalling), antibody therapies and adoptive cell therapies.

Cytokine based treatment can be viewed as the first significant form of cancer treatment that led the range of therapies that ultimately resulted in immunotherapy. In 1986, the biologics interferon- α from Roche (Roferon A) became the first cytokine approved for cancer patients. In 1992, interleukin-2 or IL-2, developed by Cetus (now Chiron) under the name Aldesleukin, was the second approved cytokine in cancer treatment, showing efficacy in melanoma and renal cell cancer. IL-2 does not kill cancer cells directly, but instead non-specifically activates and stimulates the growth of the body's own T-cells, which then combat the tumour. Although interferon- α , IL-2, and subsequent cytokine therapies each represent important advances in

cancer treatment, they are generally limited by toxicity and can only be used in a limited number of cancers and patients.

Antibody therapies represented the next significant advance, with targeted specificity and generally better-tolerated side effects. Monoclonal antibodies (mAbs) are designed to attach to proteins on cancer cells and, once attached, can make cancer cells more visible to the patient's own immune system, block growth signals of cancer cells, stop new blood vessels from forming or deliver radiation or chemotherapy to cancer cells. The first FDA-approved cancer-specific mAb was Rituximab (approved in 1997 and marketed as MabThera by Roche in Europe and as Rituxan by Genentech and Biogen in the United States). Since Rituximab approval, many other antibodies have been approved, including Herceptin (Roche), Avastin (Roche), Campath (Genzyme), Erbitux (ImClone, Bristol-Myers Squibb, Merck KGaA) and Vectibix (Amgen).

The next important advance was the development of antibodies targeting T-cell checkpoint pathways, which are the means by which cancer cells are able to inhibit or retard the body's immune response to cancer. These treatments have demonstrated an ability to activate T-cells, shrink tumours, and improve patient survival rates. In 2011, the monoclonal antibody Ipilimumab (marketed as Yervoy by Bristol-Myers Squibb), became the first checkpoint inhibitor approved by the FDA. Recent clinical data from checkpoint inhibitors such as Nivolumab (Opdivo from Medarex (Bristol-Myers Squibb) and Ono) and Pembrolizumab (marketed as Keytruda (Merck)) have confirmed both the approach and the importance of T-cells as tools for the treatment of cancer.

Based on the success of these preceding drug and biologics-based approaches, cell-based immunotherapies are gaining momentum as, and provide growing evidence of being, a powerful new approach for the treatment of malignant (cancerous) and non-malignant/inherited blood disorders. Prominent examples of such malignant diseases include blood cancers, such as leukaemia, lymphoma and myeloma. Prominent examples of inherited blood disorders include anaemias (such as thalassemia or sickle-cell anaemia) as well as granulomatosis and other rare (orphan) diseases that are mostly fatal or debilitating to patients.

These cellular-based therapies may avoid long-term side effects currently associated with today's treatments and have the potential to be effective regardless of the type of prior treatments a patient has undergone. Prominent examples of developments in cell-based therapies include the development of T-cells with engineered antigen receptors (which define the specificity of a certain T-cell to a certain antigen) commonly referred to as "CAR-T cell therapy" and other approaches relying on the direct transplantation of immune-cells or stem cells from a healthy individual (donor) to a diseased individual (patient/recipient). In principle, this allows a transplant to transfer the full immune repertoire of a healthy donor to a patient to help fight disease or replace a diseased immune system. To date, this approach has been limited by the risk that donor T-cells might recognise the recipient as foreign and "attack" the patient instead of only specifically eliminating cancer cells or fighting infections (see paragraph 11.5 below).

10.3 Leukaemia

10.3.1 Understanding the disease

Leukaemia is a cancer of the bone marrow and blood. The four major types of leukaemia are acute myeloid leukaemia ("AML"), acute lymphoblastic leukaemia ("ALL"), chronic myeloid leukaemia ("CML") and chronic lymphocytic leukaemia ("CLL"). Myelodysplastic syndrome ("MDS") is a premalignant blood disorder that often develops into AML.

In total, an estimated 170,000 new patients are diagnosed with leukaemia each year in the United States and Europe (*Company estimate based on SEER Research Data 1973-2012 (www.seer.cancer.gov)³ and local population databases*). Average incidence numbers for leukaemia over the worldwide population vary between 1.6 per 100,000 to 4.5 per 100,000 persons, depending on the type of leukaemia (*Company estimate based on SEER Research Data 1973-2012 (www.seer.cancer.gov) and local population databases*).

All leukaemias originate in the bone marrow where a stem cell undergoes a mutation and becomes a leukaemia cell. Once this leukaemia cell mutates, it multiplies into billions of cells. These cells, called "leukaemic blasts", do not function normally but grow and survive better than normal cells. The presence of the leukaemic blasts blocks the production of normal white blood cells which are key for a proper functioning of the immune system. As a result, the number of healthy white blood cells is usually lower than normal, severely affecting a patient's immunoprotection.

Acute leukaemias (AML and ALL) are rapidly progressing diseases whereas chronic leukaemias (CML and CLL) usually progress more slowly, with patients having more functional cells for a longer period of time. The difference between those cancer types are also reflected in the differing drug approaches for each type of leukaemia.

Survival statistics

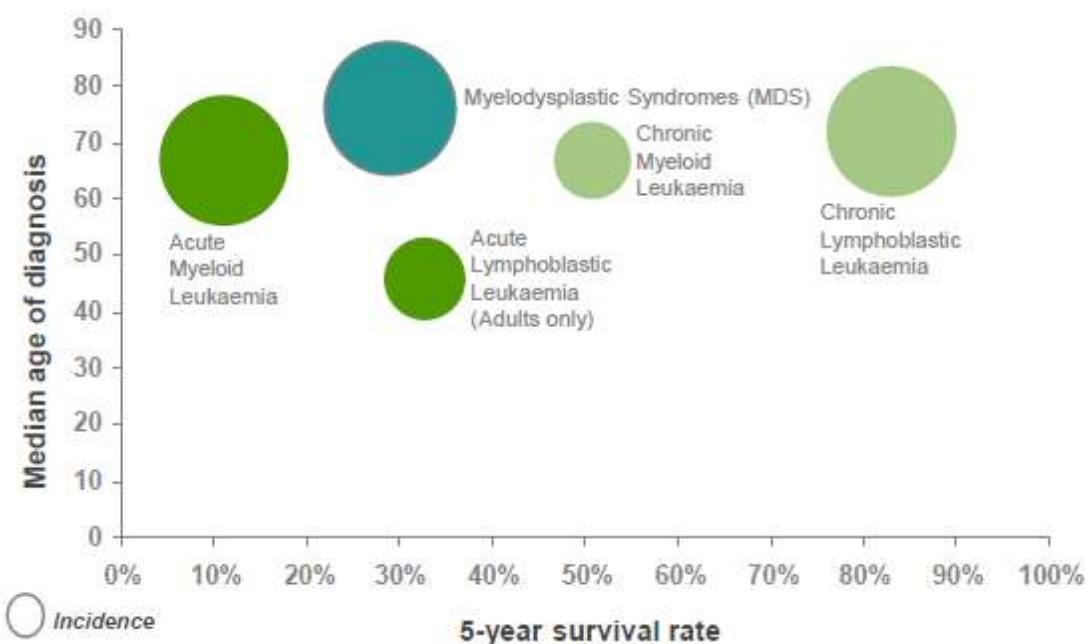


Figure 10.3.1 (SEER Research Data 1973-2012 (www.seer.cancer.gov) and Xiaomei Ma, Am J Med 2012)

As shown in figure 10.3.1, while people can get leukaemia at any age, it is most common in people over the age of sixty. The most common types of leukaemia in adults are AML and CLL. ALL is the most common form of leukaemia in children.

Adults over the age of sixty are more likely to develop AML than younger adults or children. AML represents about 15% - 20% of the cases of acute childhood leukaemia and 80% of the

³ The SEER database is an online database (accessible via seer.cancer.gov) operated by the U.S. National Cancer Institute under its Surveillance, Epidemiology, and End Results (SEER) Program. It is an authoritative source of information on cancer incidence and survival in the United States. SEER currently collects and publishes cancer incidence and survival data from population-based cancer registries covering approximately 28 percent of the U.S. population.

cases of acute adult leukaemia (*Leukemia and Lymphoma Society (LLS)*, http://www.lls.org/sites/default/files/file_assets/aml.pdf). The risk of developing AML increases approximately tenfold from age 30 to 34 years (about 1 case per 100,000 people) to age 65 to 69 years (approximately 10 cases per 100,000 people). For people over the age of 70, the incidence rate continues to increase, peaking between the ages of 80 and 84. The prognosis for adult patients with acute leukaemia is poor. Kiadis estimates that approximately 20% of those patients will survive after five years (*Company estimate based on Roberta de Angelis et al., Lancet Oncology 2014 and SEER Research Data 1973-2012 (www.seer.cancer.gov)*).

10.3.2 Current treatment paradigm

The aim of leukaemia treatment is to achieve complete remission. This means that after treatment, no sign of the disease remains, there are no detectable blasts in the bone marrow and the patient returns to good health. In general, patients are considered cured after five years of complete remission. The current treatment paradigm is outlined in figure 10.3.2 below. Patients with an acute leukaemia (ALL and AML) need to start treatment as soon as possible after diagnosis as these diseases progress rapidly, ultimately leading to death.

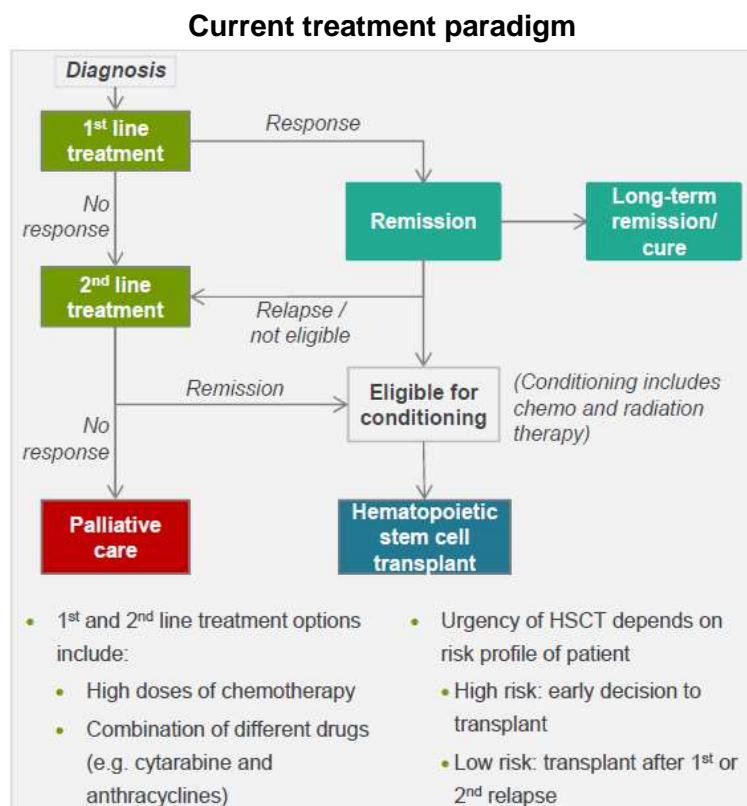


Figure 10.3.2 – Simplified treatment paradigm for leukaemia patients, not all potential treatment options are shown in detail.

First and second line treatments for leukaemia include high doses of chemotherapy that may be combined with different drugs, such as cytarabine and anthracyclines. The initial phase of chemotherapy is called "induction therapy". Induction therapy may involve the simultaneous use of multiple drugs or a planned sequence of treatments. For most AML subtypes, patients are treated with an anthracycline, such as daunorubicin, doxorubicin or idarubicin, combined with cytarabine (also called "cytosine arabinoside" or "ara-C"). Other drugs may be added or substituted for higher-risk, refractory or relapsed patients. Anthracyclines are usually given in the first three days of treatment. Cytarabine is started at the same time but is given for seven

to ten days. This continued treatment is also called "7 plus 3". The goal of induction therapy is to deplete blood and marrow of leukaemic blast cells that will be checked by histopathology (i.e. microscopic examination of tissue). Generally, if blast cells are still evident after the first course of induction chemotherapy, a second course of the same chemotherapy is administered.

Most patients achieve initial remission. However, some patients have residual leukaemic cells in their marrow even after intensive treatment. This is referred to as "refractory leukaemia". In other patients leukaemic cells reappear. This is referred to as "relapsed leukaemia".

With refractory leukaemia, approaches such as using drugs not used in the first course of treatment may be administered in an effort to induce remission. In relapsed patients, further prognosis and treatment will be influenced by the duration of the previous remission, the patient's age and the cytogenetic findings in the leukaemia.

Allogeneic stem cell transplantation is generally considered the most effective curative approach in postremission therapy (*Gratwohl et al, Leukemia. 2003 May;17(5):941-59*). The bone marrow, harbouring the leukaemic cells, is completely destroyed and subsequently replaced by stem cells from a healthy donor. This procedure, however, is not without inherent risks and is used mainly in patients who are at high risk of relapse, who do not respond fully to treatment or who relapse after prior successful treatment. For those patients, HSCT should be initiated as soon as remission has been reached thereby limiting the risk of cancer relapse.

10.3.3 Development of allogeneic HSCT treatments

Allogeneic HSCT is generally regarded the most effective curative approach in postremission therapy for acute leukaemia (*Gratwohl et al, Leukemia. 2003 May;17(5):941-59*). Over the past decade, the use of allogeneic stem cell transplantation has increased significantly as shown in figure 10.3.3. In Europe, approximately 70% of allogeneic HSCT treatments administered involve patients with leukaemia and MDS (*Passweg et al., Bone Marrow Transplant. 2015 Apr; 50(4):476-82*).

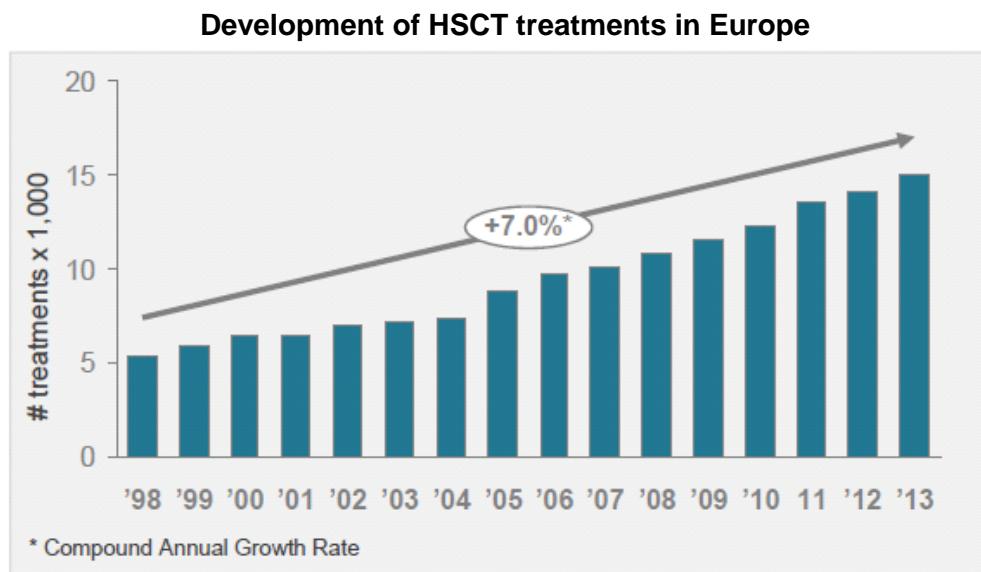


Figure 10.3.3, source *Passweg et al., BMT 2015*

During HSCT treatment, the bone marrow harbouring the leukaemic cells is completely destroyed and entirely replaced with stem cells from a healthy donor. This procedure is not without inherent risks (e.g. GVHD and risk of opportunistic infections), and has to date been used predominantly in patients with a high risk of leukaemia relapse. Moreover, donor restrictions of HSCT treatments often result in eligible patients not finding a suitable donor in time.

Mitigating the risks associated with HSCT should allow broader use of this therapy for patients with blood cancers, such as AML and ALL. Broader use should also result from lowering the donor restrictions without compromising, or by improving, the risk profile of the treatment, especially if HSCT treatments can be based on haploidentical donors since haploidentical donors are available for almost all patients.

To date, no product has been approved in the market that is based on haploidentical donors and allows for mitigation of the key HSCT risks.

10.4 Inherited blood disorders; thalassemia

Thalassemia is a heterogeneous group of inherited blood disorders arising from defects in the genes that encode the two forms of haemoglobin (alpha and beta).

Haemoglobin is the molecule in red blood cells that carries oxygen from the lungs to the body's tissues and returns carbon dioxide from the tissues back to the lungs. Haemoglobin is a four-subunit protein complex formed of two α -subunits and two β -subunits, each with an iron-containing heme group that binds to, and carries oxygen molecules within, red blood cells. Due to spontaneous mutation, haemoglobin gene variants are present to a low degree in all populations. Although most gene variants are rare and many are harmless, certain mutations result in severe haemoglobin disorders. It is estimated that 3% - 40% of individuals carry one of these significant variants and the prevalence of haemoglobin disorders ranges from 0.3-25 per 1,000 live births (*Angastiniotis M, Modell B. "Global epidemiology of hemoglobin disorders" Ann N Y Acad Sci 1998; 850: 251-69*).

The most common severe haemoglobin disorder is related to mutations in the β -subunits and is thus termed β -thalassemia (www.thalassemia.org). If both genes are affected, symptoms are much more severe and the disease is then referred to as β -thalassemia major. β -thalassemia major originated in the Mediterranean region, Middle East and South East Asia. However, due to migration, the disorder now occurs more broadly. Mortality today is highest in low and middle income countries where the Thalassemia International Federation estimates that 50,000 - 100,000 children with β -thalassemia major die every year (*WHO-TIF Meeting: Management of hemoglobin disorders. Report of a joint WHO TIF meeting; Nicosia, Cyprus. Geneva: WHO; 2008*). In the European Union, the incidence of symptomatic β -thalassemia is ten times more common than elsewhere. The total annual worldwide incidence is estimated at 1 in 100,000 whereas the annual incidence in the European Union is estimated at 1 in 10,000 (*Galanello R., Origa R., Orphanet Journal of Rare Diseases 2010, 5:11*). Approximately 200,000 patients with β -thalassemia major are alive and registered as receiving regular treatment around the world (*Thalassemia International Federation, Guidelines for clinical management of Thalassemia*).

The defects in the genes result in ineffective formation of red blood cells and damage to existing red blood cells. As a result, β -thalassemia major patients typically present with life-threatening anaemia within the first year of life and if left untreated will have a life expectancy of no more than three years (*Galanello R., Origa R., Orphanet Journal of Rare Diseases 2010, 5:11*). Other symptoms include jaundice, enlarged organs, misshapen bones and stunted growth.

There is currently no approved curative treatment for β-thalassemia major. Its main symptom, anaemia, is treated through regular and lifelong red blood cell transfusions, which are generally needed every two to four weeks. However, this frequently leads to iron overload, which is the principal cause of mortality in β-thalassemia major patients. To control iron overload, iron chelation therapy is required as the standard treatment in these patients and typically begins after patients have received approximately twenty transfusions during their lifetime.

Iron chelation therapy alone costs over €30,000 per patient per year, and the combination with red blood cell transfusions further increases the costs (*Bouwmans et al., "Treatment cost of iron chelation therapy in the Netherlands". iMTA Reports 2007, Erasmus MC University Medical Center Rotterdam* (<http://www.bmg.eur.nl/fileadmin/ASSETS/bmg/english/iMTA/Publications/Reports/200797.pdf>)).

The course of the disease depends largely on whether patients are maintained on an adequate transfusion and iron chelation regime. Poor compliance with transfusion or iron chelation is associated with a poor prognosis and shortened survival. However, even with the standard of care, patients are at risk of infection from transfusions as well as toxicities related to iron chelation therapy.

Given the reduction in quality of life, morbidity and mortality in combination with the significant healthcare burden, there is need for a curative treatment for the disorder.

11.1 Overview*General*

Kiadis is a clinical stage biopharmaceutical company focused on research, development and future commercialisation of cell-based immunotherapy products for treatment of blood cancers and inherited blood disorders. Kiadis believes that its innovative products have the potential to address the current risks and limitations connected with HSCT⁽⁴⁾. Although currently not a viable option for many patients, HSCT is generally regarded as the most effective curative approach to blood cancers and certain inherited blood disorders (*Gratwohl et al, Leukemia. 2003 May; 17(5):941-59*). Kiadis expects that HSCT could become a first-choice treatment for blood cancers and inherited blood disorders, thereby meeting a significant unmet medical need with its products.

ATIR (Allodepleted T-cell ImmunotheRapeutics)

Kiadis' product candidates provide for "Allodepleted T-cell ImmunotheRapeutics" (ATIR) that are based on its Theralux platform. Kiadis' lead product is referred to as ATIR101, which addresses the key risks and limitations of current HSCT treatments in blood cancers, being: opportunistic infections, graft-versus-host disease (GVHD), cancer relapse as well as limited donor availability. Kiadis' second product, ATIR201, is expected to be developed for inherited blood disorders with an initial focus on thalassemia, and is expected to address the key risks and limitations of HSCT in inherited blood disorders being: opportunistic infections, GVHD and limited donor availability.

ATIR101 and ATIR201 are cellular products for infusion. They consist of donor lymphocytes (immune cells), specifically manufactured for each individual patient from a healthy, haploididentical stem cell donor. Using Kiadis' Theralux platform, T-cells that attack the patient, causing GVHD, are eliminated. However, the full immune repertoire of donor immune cells, including immunological memory, is retained in the final product.

During HSCT treatment, the bone marrow, harbouring the diseased cells, is completely destroyed and subsequently replaced by stem cells from a healthy donor. After an HSCT treatment it usually takes at least six to twelve months to recover to near-normal blood cell levels and immune cell functions in a patient that has received a transplant. During this period, the patient is highly susceptible and vulnerable to infections caused by bacteria, viruses and fungi. Immune cells in ATIR will help fight these opportunistic infections and bridge the time until the immune system has fully re-grown from stem cells in the transplanted graft.

In ATIR, T-cells that cause GVHD are eliminated from the donor lymphocytes, which minimises the risk of GVHD and any related morbidity and mortality. At the same time, ATIR contains potential cancer killing T-cells from the donor that could eliminate residual cancer cells and avoid the return of the disease. ATIR allows the use of haploididentical grafts that are almost entirely depleted of T-cells, which eliminates the need for immunosuppressive drugs. ATIR subsequently provides the patient with immune cells that do not cause GVHD. As a

⁴ Except where the context requires differently, references in this Prospectus to HSCT are to allogeneic hematopoietic stem cell transplantations. In an allogeneic transplantation, the donor and the recipient of the stem cells are different people. It is distinguished from autologous transplantation, whereby stem cells provided by the patient are used.

result, ATIR solves the problem of not sourcing a matched donor in time and has the potential to make curative HSCT a viable option to many more patients.

Kiadis estimates that approximately 35% of patients who are eligible for, and who are in urgent need of, HSCT will not find a matched donor in time. A partially matched (haploidentical) family donor, however will be available to over 95% of patients (*Company estimate based on Defined Health, 2013 and scientific literature; Fuchs et al. (2012) Hematology Am Soc Hematol Educ Program 2012*). The use of haploidentical donor grafts without ATIR is only feasible in conjunction with severe immunosuppression, which renders the patient highly vulnerable to infections with severe clinical complications, potentially resulting in death.

Kiadis is focused on two therapeutic indications: leukaemia (a common form of blood cancer) and thalassemia (an inherited blood disorder).

ATIR101 for leukaemia

HSCT is generally considered the most effective curative approach for aggressive blood cancers, such as acute myeloid leukaemia (AML) and acute lymphoblastic leukaemia (ALL) (*Gratwohl et al, Leukemia. 2003 May; 17(5):941-59*). As mentioned, this procedure has inherent risks, and thus far has been used mainly in patients with a very high risk of leukaemia relapse. Improving the outcome of HSCT should allow broader use of this therapy for patients with blood cancers, such as AML and ALL.

Kiadis has completed a Phase I/II clinical trial in blood cancer patients, which has shown that ATIR101 is safe over a large dose range. Long-term follow up provided strong indications of efficacy of ATIR101. Currently ATIR101 is being tested in an open-label Phase II trial in patients with AML, ALL and MDS who have not found a matching donor and where a haploidentical family member is used as donor. In both trials, life-threatening GVHD was not elicited by ATIR101, confirming the efficiency of removing T-cells using Kiadis' Theralux platform. These patients are highly susceptible and vulnerable to infections and disease relapse for a prolonged period after transplantation. The administration of additional immune cells through ATIR101 has demonstrated the potential to overcome these risks and could consequently make HSCT feasible for a larger number of patients. Kiadis believes that haploidentical donor transplantations with ATIR101 have the potential to become an alternative for the use of umbilical cord stem cells or stem cells from matched but unrelated donors sourced from donor registries.

In addition, ATIR101 contains potential cancer killing T-cells from the donor that could eliminate residual cancer cells and avoid the return of the disease.

Subject to the outcome of the ongoing Phase II trial, which is expected in the first quarter of 2016 (interim results were published in December 2014), Kiadis intends to file for conditional approval in the European Union and Canada for ATIR101 in the fourth quarter of 2016. A Phase III trial for ATIR101 is envisaged to start in the second quarter of 2016 which is expected to result in filing for marketing authorisation with the EMA, the FDA and Health Canada in 2019.

ATIR201 for thalassemia

Thalassemia is an inherited blood disorder, which results in improper oxygen transport and destruction of red blood cells in a patient. Replacing the diseased bone marrow through an HSCT and restoring the proper production of haemoglobin would provide a cure for this disease. ATIR201 is expected to enter clinical development for thalassemia with a Phase I/II trial in the first quarter of 2016. The addition of ATIR201 to transplant regimes in this

indication should provide a more effective immune response and reduce mortality from infections without the risk of GVHD until the immune system has fully re-grown from stem cells in a transplanted graft.

Strategy

Kiadis' primary objective is to become a leading biopharmaceutical company focused on developing and commercialising therapeutic products in cell-based immunotherapy. Kiadis aims to develop products that provide safer and more efficacious treatment options for cancer and blood disorder patients, improving their survival rate and quality of life.

Kiadis benefits from its expertise in developing and manufacturing cell-based therapeutics and its network of medical specialists and advisors covering relevant aspects of its business. Based on this established expertise and network, Kiadis believes that it will be able to capitalise on additional opportunities in cell-based immunotherapy that might be presented to it or that it might identify in the future.

To date, Kiadis' development has been financed primarily by equity and, to a lesser extent, by loans, grants and subsidies.

11.2 History

Scientists from the University of Leiden, the Netherlands founded Kiadis' business in 1997. Since its inception, Kiadis has expanded into a product development company, among other things, through acquisitions that it believes have contributed significantly to its business.

The following table provides an overview of some of the main events in Kiadis' history:

Year	Description
1997	Kiadis was founded by scientists from the University of Leiden, the Netherlands.
2003	In the period prior to 2003, Kiadis raised approximately €10 million from private equity investors and, in 2003, it acquired Selact B.V. and its chemical synthesis technology.
2004	Kiadis raised approximately €2.1 million in an equity financing round.
2006	Kiadis raised approximately €2.5 million in an equity financing round. Kiadis acquired Celmed BioSciences, a Canadian company active in the clinical development of cancer therapies that focused on the treatment of blood cancers through its Theralux platform.
2007	Kiadis raised approximately €15.4 million in an equity financing round (Series A).
2008	Kiadis focused on ATIR.
2009	Kiadis obtained funding through an €8.2 million convertible bridge loan, which was subsequently converted into equity (Series B). In the period 2009 through 2011 Kiadis obtained a €2.8 million investment loan for the development of ATIR granted by RVO Nederland.
2010	Kiadis obtained funding through a €2.2 million convertible bridge loan, which subsequently converted into equity (Series C). Kiadis signed a licence agreement with Hospira, Inc. to develop and commercialise ATIR in certain territories.

2012	<p>Kiadis signed a termination and royalty agreement with Hospira, terminating the 2010 licence agreement, thereby retrieving all its licensed and marketing rights related to ATIR that had been licensed to Hospira.</p> <p>Kiadis terminated its open-label Phase II clinical trial CR-AIR-004 due to manufacturing issues.</p> <p>Kiadis raised approximately €10.1 million in an equity financing round (Series AA).</p>
2013	<p>Kiadis initiated its international open-label Phase II clinical trial for ATIR101, CR-AIR-007.</p> <p>Kiadis completed the five-year follow-up of its Phase I/II dose escalation study for ATIR101, CR-GVH-001.</p> <p>Kiadis obtained an additional €2.2 million investment loan for the development of ATIR granted by RVO Nederland.</p>
2014	<p>Kiadis obtained interim data from its ongoing international open-label Phase II clinical trial for ATIR101, CR-AIR-007, supporting the safety profile and showing efficacy of ATIR administration.</p> <p>Kiadis raised approximately €5.1 million in an equity financing round (Series BB).</p>
2015	<p>The EMA granted Kiadis an advanced therapy medicinal products ("ATMP") certificate for quality and non-clinical data for ATIR.</p> <p>Kiadis' shareholders appointed Vincent Brichard MD, former head of the Immunotherapy Business Unit at GlaxoSmithKline to the Supervisory Board.</p>

11.3 Company strengths

ATIR addresses significant unmet medical need

HSCT is generally regarded as the most effective curative approach to blood cancers and other inherited blood disorders. HSCT, however, currently involves a high risk of transplant related mortality from infections and GVHD within the first year after transplant. ATIR is designed to address this risk by providing functional immune cells to HSCT patients that will help fight infections but without the increased risk of GVHD. With ATIR, prophylactic immunosuppression is not needed to manage the risk of GVHD, because the GVHD-causing cells have been eliminated from the donor graft by use of the Theralux platform.

ATIR is designed to support the patient's newly transplanted immune system before it becomes fully functional. ATIR also enables the safer use of partially matched (haploidentical) family members as stem cell donors for those patients that would otherwise not find a matching donor in time.

Kiadis estimates that ATIR101 has an addressable market of approximately 19,000 patients each year in Europe, the United States, Canada, Australia and New Zealand combined (*Company estimate based on SEER Research Data 1973-2012 (www.seer.cancer.gov) and scientific literature*) and that ATIR201 has an addressable market of approximately 6,000 patients each year in Europe, the Middle East and South East Asia combined (*Company estimate based on Modell et al., WHO 2008 and Passweg et al., BMT 2015*).

Compelling clinical data and route to market

ATIR101 is designed to offer a novel and safe therapy to end stage cancer patients who are currently not eligible for HSCT. The completed Phase I/II dose escalation trial (CR-GVH-001)

demonstrated that ATIR101 can be safely administered up to high doses, without causing severe acute GVHD. Long-term follow up demonstrated that up to 67% of patients treated within an effective dose range survived for at least five years. Published studies document that the approach without the addition of ATIR101, results in a two-year survival rate of approximately 20% - 30% (*Ciceri et al., Blood. 2008 Nov 1;112(9):3574-81*). The ongoing Phase II clinical trial (CR-AIR-007) with 18 patients now enrolled and being treated, is designed to confirm the safety of ATIR101. Furthermore, when compared to an appropriate control group consisting of historical patients matching the same inclusion and exclusion criteria that underwent haploidentical HSCT without the addition of ATIR101, the 1-year overall survival rate is improved. Based on the preliminary observation that survival without GVHD (grade III/IV) and without cancer relapse for a haploidentical HSCT with ATIR101 is at the same level as HSCT using a matched unrelated donor, ATIR101 has demonstrated clinical benefit.

Following the expected completion of the ongoing Phase II clinical trial, ATIR101 will have been tested in at least 42 patients. The conclusion of this trial, if successful, is expected to allow ATIR101 to enter into a Phase III clinical trial in order to apply for marketing authorisation in the European Union, Canada and the United States, which Kiadis aims to obtain in 2020. Moreover, Kiadis intends to file for conditional approval in the European Union and Canada based on the conclusions of the Phase II clinical trial, if successful, in the fourth quarter of 2016.

Experience in developing and automating manufacturing processes for cell-based therapies

ATIR101 is manufactured in centralised facilities to allow for pharmaceutical-grade quality control of the product. Kiadis has invested in optimising the manufacturing process to allow for a cost-effective and logically efficient manufacturing and distribution of its products. Kiadis works with professional Contract Manufacturing Organisations ("CMOs") but maintains all know-how and development expertise in house. The current manufacturing process has been successfully transferred to three different sites in Canada, the United States and Germany, which Kiadis believes is evidence of its robustness and GMP compliance. Kiadis has recently received an advanced therapy medicinal products certificate for quality and non-clinical data for ATIR from the EMA. This certification recognises the quality of data generated for ATIR101 in its development program with regards to meeting the rigorous standards imposed by the EMA for successful development and submission of a marketing application.

Seasoned senior leadership team

Kiadis has an experienced senior leadership team consisting of highly seasoned industry professionals with complementary skill sets. The team has an established track-record in pursuing drug discovery and development as well as deal-making objectives, both in smaller biotechnology companies and in large pharmaceutical companies.

Cost efficient organisation

Kiadis believes it has a cost efficient corporate structure and operates in a lean and cost efficient manner. Kiadis relies primarily on outside experts and contractors for many of its key functions, which provides Kiadis with financial flexibility and ensures cost-effectiveness while all processes related know-how are retained in-house.

11.4 Strategy

To advance ATIR101 to commercialisation

Kiadis aims to advance ATIR101 to commercialisation. Following the completion of the Phase I/II dose escalation trial (CR-GVH-001), Kiadis expects the current open-label Phase II trial of ATIR101 (CR-AIR-007) to provide data on its primary endpoint in early 2016.

If the Phase II trial (CR-AIR-007) has been successfully completed, Kiadis plans to explore potential early submission for conditional approval in the European Union and Canada. In order to seek unconditional approval in the European Union, the United States and Canada, Kiadis intends to conduct a Phase III study using a larger group of patients and will work on its clinical development plan accordingly. Kiadis has engaged with the EMA to determine the next steps in the intended submission for conditional approval of ATIR101 in the European Union once the primary endpoint of the Phase II trial (CR-AIR-007) has been successfully reached.

To expand ATIR into additional haematological disorders

In addition to ATIR101, Kiadis plans to develop product candidates for other haematological diseases and indications. Replacing diseased bone marrow and the blood forming stem cells with healthy stem cells from a suitable donor can, in principle, cure inherited blood disorders, as well as blood cancers. This is yet not routinely performed due to the high-risk nature of eliminating and replacing the patient's diseased blood forming system. The transplant-related risks of dying from infections or GVHD are the same as in blood cancers. Use of ATIR in conjunction with HSCT has the potential to minimise those risks and may permit HSCT in diseases other than blood cancers. Kiadis is developing a clinical development program for the treatment of thalassemia. Further work is being undertaken to consider a range of different applications, all of which can expand or alter the standard of care provided to those otherwise susceptible to the above complications.

To expand its suite of cell-based immunotherapy products

Kiadis is conducting further research and business development activities to license or develop technology in the field of cell-based immunotherapy. Kiadis is seeking further opportunities and continues to search for additional, complementary technology it might license or acquire, that is consistent with its current or future business practices.

To enter into industrial partnership 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 and sharing 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 patients to maximise the value of ATIR.

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 China and other attractive markets.

11.5 Introduction to HSCT: Limitations and risks

For diseases of the blood forming system, which is located in the bone marrow, replacing the diseased bone marrow with new, healthy bone marrow is a treatment that has the potential to cure the disease. This treatment was established between 1950 and 1970 by the teams of E. Donnall Thomas (Nobel Prize, 1990) and Robert A. Good, who performed the first successful human bone marrow transplantation in 1975 (*E. Donnall Thomas, Br J Haematol.* 1999 May;105(2):330-9).

The blood forming stem cells (hematopoietic stem cells) in the bone marrow have been found to be sufficient to re-build a new blood forming system. Because blood and bone marrow are both good sources of hematopoietic stem cells for transplantation, the term "hematopoietic stem cell transplantation" (HSCT) has replaced "bone marrow transplantation" as the general term for this procedure. The abbreviation "BMT" is now used to represent blood and marrow transplantation. There are many terms for transplantation, including bone marrow transplantation, marrow or cord blood transplantation or haematopoietic cell transplantation (HCT). These are all different names for the same procedure. Hematopoietic stem cells can be obtained from bone marrow, peripheral blood or umbilical cord blood. Peripheral blood is now the most common source of stem cells for transplantation (Passweg et al, *BMT* 2015; 50: 476).

In HSCT, the donor cells given to the patient are called the "graft". The donated cells are stem cells as well as mature immune cells from the donor. These mature immune cells, specifically the T-cells, are responsible for some of the risks in the immediate period after transplant. Certain T-cells in a donor's bone marrow or blood recognise the patient's tissue as foreign and attack the patient, which can cause GVHD. Other T-cells are beneficial and help the donated stem cells take hold (engraft) and grow in the recipient's marrow, and these cells are able to fight infections.

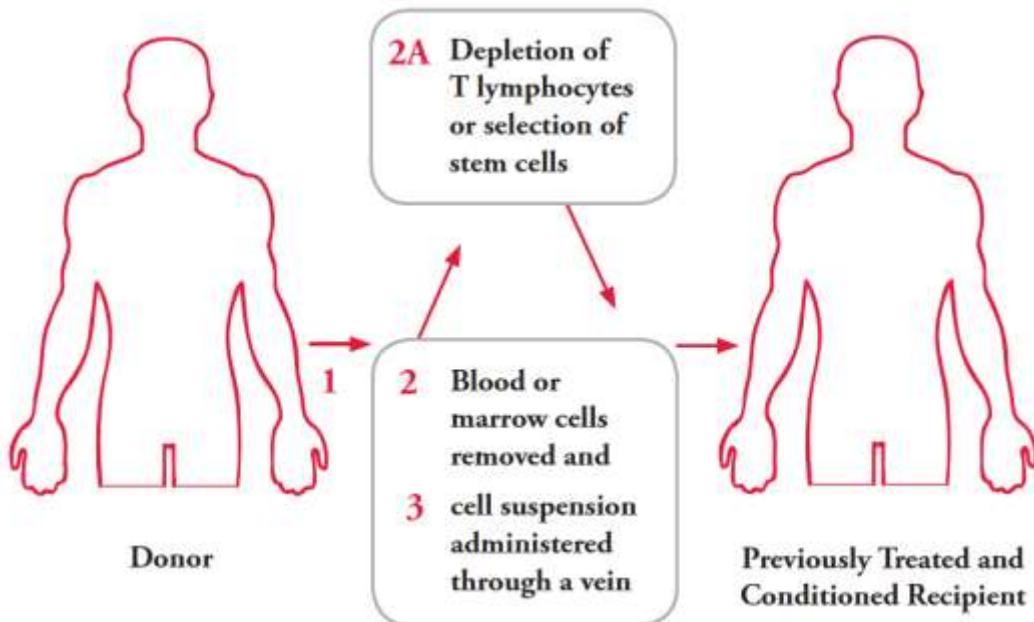


Figure 11.5

Allogeneic stem cell transplantation involves the use of donor stem cells. The donated stem cells can come from a related (family) or unrelated donor. A transplant is successful if the donor stem cells can restore normal bone marrow, thereby curing the patient's disease. The immune system is part of the blood system and all cells in the blood originate from the same

hematopoietic stem cells. Because the immune system is part of the blood system, allogeneic transplantation means that also the donor's immune system is also transferred to the recipient. This can have the following effects:

- attack of the transplant by residual immune cells of the recipient (transplant/grant rejection); and
- immune reaction by the donor cells against the tissues of the recipient (GVHD).

Prior to HSCT, patients receive high doses of chemotherapy and sometimes radiation therapy. This treatment is referred to as a "conditioning regime", whereby the cancer cells are being destroyed, but this also damages and destroys the blood forming system in the bone marrow, including the patient's immune system. Consequently, HSCT has two main goals:

- (1) to enable the formation of a new blood forming system and immune system using donated stem cells, and
- (2) to provide the patient with mature immune cells present in the graft, some of which can immediately fight opportunistic infections and recognise remaining cancer cells that have survived even after high doses of chemotherapy and kill them, helping to prevent disease relapse.

Although HSCT has the potential to cure patients with blood cancers, it is only commonly used in patients who are at high risk of relapse, who do not respond fully to more traditional treatment, or who relapse.

The four major risks and limitations that prevent HSCT from broader application are:

- (1) opportunistic infections (see paragraph 11.5.1 below);
- (2) GVHD (see paragraph 11.5.2 below);
- (3) cancer relapse (see paragraph 11.5.3 below); and
- (4) donor availability (see paragraph 11.5.4 below).

As shown in figure 11.5 below, GVHD, opportunistic infections and cancer relapse- represent 74% of all causes of death following HSCT with a matched unrelated donor (*CIBMTR, summary slides 2014 (www.cibmtr.org)*)

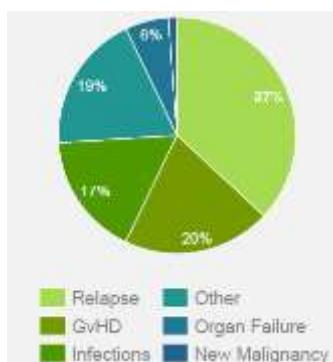


Figure 11.5 – Causes of death within the first 100 days after HSCT are shown. Data includes centres located throughout the world and is measured over 2011-2012.

11.5.1 Opportunistic infections

The term "opportunistic infection" applies to infections caused by bacterial, fungal and viral agents that rarely cause disease in healthy individuals but may cause infection in patients with compromised immune systems.

Prior to HSCT, the patient receives a conditioning regime that:

- (i) eliminates the cancer cells to make recurrence of the cancer less likely;
- (ii) inactivates the patient's immune system in order to minimise the possibility of rejection of the new immune system by the patient (stem cell graft rejection); and
- (iii) enables donor immune cells to engraft and demonstrate their potent antitumourous effect.

A number of different high-dose conditioning regimes can be used, depending on the type of blood cancer and other factors. The treatment may consist of chemotherapy drugs alone (for example, busulfan (Myleran®) and cyclophosphamide (Cytoxan®)) or chemotherapy combined with total body radiation.

Drugs and radiation therapy are given during the two weeks leading up to the transplant. The number of treatment days and the sequence of administration depend on the specific conditioning regime.

The treatment results in suppression of immune cells that normally prevent or combat infections, which leads to a high risk of infection. Infections caused by bacteria, fungi, viruses or other parasites are common in patients who have had HSCT. In a healthy individual with normal levels of immune cells and intact skin and lining of the mouth and bowel, the body easily fends off such microbes. These normal defence mechanisms, however, are not as present in immunosuppressed patients.

Many precautions must be taken to minimise the risk of infection to the patient, such as the use of prophylactic antibiotics. Patients may also be isolated for a month or longer, to enable the donor stem cells to form enough blood and immune cells to replenish the body's immune system.

After HSCT treatment it often takes at least six to twelve months to recover to near-normal blood cell levels and immune cell functions in a patient that has received HSCT (*Tomblyn et al., Biol Blood Marrow Transplant, 2009*). During this period, the patient is highly susceptible and vulnerable to infections caused by bacteria, viruses or fungi.

11.5.2 Graft-versus-Host Disease

GVHD is a side effect that occurs in many allogeneic transplant patients. With GVHD, the transplanted donor immune cells recognise the patient's tissue as 'foreign' and start attacking the patient's body, causing skin changes, gastrointestinal tract malfunction, liver injury and other organ system impairment.

GVHD may be acute or chronic. Its severity ranges from a mild condition to one that is life-threatening and depends on the differences in tissue type between patient and donor.

Acute GVHD can occur soon after the transplantation. Typically, acute GVHD will manifest in the first 100 days but it may also appear later. Acute GVHD may be mild, moderate or

severe. It may be a life-threatening condition if its manifestations are difficult to control. It is usually diagnosed by biopsy of one of the involved organs, and it is graded from I (mildest) to IV (most severe). Grade III/IV acute GVHD is regarded as life-threatening, with a high probability of death as a result of this condition.

Chronic GVHD usually occurs after the third month following the transplant, but may not develop for a year or more after the transplant. Older patients are more likely to develop chronic GVHD than younger patients. It is also more likely to occur in patients who previously have had acute GVHD, though it may also appear without prior acute GVHD. Chronic GVHD can be mild (with later improvement), or severe, persistent and incapacitating and is graded as mild, moderate or severe.

In current bone marrow transplant regimes the key focus is on minimising the risk of GVHD at the expense of the body's ability to fight infections and residual cancer cells. Medications are administered to prevent GVHD, usually starting one or two days before the stem cell transplantation. Multiple agents have been used to prevent GVHD. Common regimes include cyclosporine, tacrolimus (Prograf®), mycophenolate mofetil (CellCept®) and sirolimus (Rapamune®). All of these regimes suppress the immune system, and patients may need to continue taking such medications for many months after transplantation. Even with the use of immune suppressive medication, the incidence of severe (grade III/IV) GVHD as a result of HSCT is approximately 30% (*Jagasia et al., 2012*).

Advances in identifying the best matching donor, treating patients with immunosuppressive drugs and depletion of T-cells from the donor graft have helped reducing patients' risk of developing acute GVHD.

If GVHD develops after transplantation, treatment relies on suppression of the immunological response, initially by administration of glucocorticoids such as methylprednisolone or prednisone. New drugs and strategies are available or in clinical trials that can supplement standard treatment, including antithymocyte globulin (rabbit ATG; Thymoglobulin®), denileukin diftitox (Ontak®), monoclonal antibodies, such as infliximab (Remicade®), etanercept (Enbrel®), alemtuzumab (Campath®), mycophenolate mofetil (CellCept®), Sirolimus (Rapamune®), tacrolimus (Prograf®), oral nonabsorbable corticosteroids (such as budesonide or beclomethasone dipropionate), pentostatin (Nipent®), extracorporeal photopheresis and infusions of mesenchymal stem cells.

Despite the fact that successful treatments for both acute and chronic GVHD have been developed, GVHD does not always respond to these treatments and can still result in death, and many deaths related to GVHD occur as a consequence of infections that develop in patients with suppressed immune systems.

11.5.3 Cancer relapse

The effectiveness of HSCT in preventing cancer relapse depends on the Graft-versus-Leukaemia ("GVL") effect, in which the recipient's new immune system (originating from the donor stem cells and transplanted immune cells) may destroy any remaining cancer cells. The goal is to have the donor stem cells take up residence in the recipient's marrow and produce lymphocytes (immune cells) that attack the patient's blood cancer cells. When these newly generated immune cells attack and suppress the remaining cancer cells in the recipient, the transplant is considered successful in fighting the blood cancer.

In some instances, the donor's immune system does not completely replace that of the recipient (a state called "mixed chimerism"). In this case, extra boosts of donor immune cells (lymphocytes) can be infused to improve the engraftment and the graft's antitumour effects. These infusions are called Donor Lymphocyte Infusion ("DLI") therapy.

The more severe the suppression of the patient's immune system is during and after the HSCT, the higher the risk that any remaining cancer cells escape destruction and re-grow within the bone marrow. In reduced-intensity stem cell transplantation the patient's diseased marrow is not completely destroyed and destruction of cancer cells relies on donor immune cells to fight the patient's disease. Transplants that are not a perfect match have a stronger GVL effect. However, this comes at the price of increased risk of GVHD (*Warren et al. Tissue Antigens* 2013; 81: 183).

11.5.4 Donor availability

Almost every cell in the body displays what are called human leukocyte antigen ("HLA") molecules on the cell surface. The immune system uses these molecules to verify that a given cell is part of the body and not a foreign invader. The HLA type can be determined by looking directly at the person's DNA, obtained from the blood or from cells extracted from the inside of the cheek. HLA tissue typing is different from the red blood cell typing used to determine blood transfusion compatibility. In the latter case only antigens on the red blood cells are considered for the blood group typing, which inheritance is different from the HLA antigens found on white blood cells and tissue cells.

The best transplant outcomes happen when the patient and the donor are HLA well-matched, meaning they share the same or almost the same HLA molecules. This will reduce the chance of graft rejection and limit the risk of GVHD.

The table below provides a comparison of different donor sources of stem cells for allogeneic stem cell transplantation.

Stem cell transplantation source (in order of preference)	Risks/Limitations	Consequence and current approach
Donor is a perfect match (brother/sister; "SIB")	Best case but only available up to 25% of patients who have one brother or sister.	Risk of cancer relapse and GVHD is small but existing; patients receive medication to suppress the immune system
Donor is matched but unrelated ("MUD")	<p>Significant risk that the new system will attack the patient as foreign</p> <p>Patient needs prophylactic immune suppression to manage GVHD</p> <p>Only available for 45-55% of patients (<i>Company estimate based on Defined Health, 2013 (commissioned by the Company)</i>)</p> <p>Search for donor takes several months</p>	<p>Potentially life-threatening GVHD; patients receive medication to suppress the immune system</p> <p>Patient is highly susceptible to infections and cancer relapse</p> <p>Many patients cannot be transplanted and have no curative option</p> <p>Condition deteriorates and the cancer in patients may relapse</p>

Stem cell transplantation source (<i>in order of preference</i>)	Risks/Limitations	Consequence and current approach
Umbilical cord blood	Two cord blood units per adult required, matching usually not good; Cells are "baby" cells with no immunological memory Limited availability	Potentially life-threatening GVHD; patients receive medication to suppress the immune system and the patients are kept in isolation for a long time to minimise risk of infections
Haploidentical family member (HAPLO)	Risk of fatal GVHD requires elimination of all or part of the T-cells from the transplant Available for 95% of all patients (<i>Fuchs et al. (2012) Hematology Am Soc Hematol Educ Program 2012</i>)	Patient's immune system is severely compromised with very high risk of dying from relapse or infections until the new immune system is functional

11.5.5 Availability of SIB

Sibling donors (SIB) have the potential to match the patient's tissue type most closely, because the patient and the sibling donor (brother or sister) have received their genes from the same parents. However, siblings do not always have closely matched tissue types. The likelihood of a sibling being a match is exactly 25% for each sibling but many patients will not have a sibling with the same tissue type. In Europe and North America, where the average number of children per woman is less than two (*Eurostat; total fertility rate*), the chances of finding a SIB is in fact below 25% and this percentage is expected to decrease further as the average number of children per woman continues to decrease. For patients who do not have a matching donor in their family (SIB), a search for a matching unrelated donor (MUD) may be initiated in national/international donor registries.

11.5.6 Availability of MUD

The term "matched unrelated donor" ("MUD") is used to describe a donor who is not a blood relative. An unrelated donor is found by searching registries of volunteer donors for an individual that is identical or very similar in tissue type to the patient. Transplant doctors conduct tests to determine the degree of compatibility before the decision of using a particular donor is made.

Despite the establishment of worldwide donor registries, the probability of finding a MUD in a medically reasonable time (within two to three months) is low. The probability of finding such a donor in the international registries ranges from 10% in poorly represented ethnic groups to 60% to 80% in Caucasians (*Reisner, Y. et al. (2011), Blood*). Even when a donor has been identified, it is not always guaranteed that the donor is able or willing to donate stem cells. Typically getting results from the searches takes a minimum of six weeks (if a match can be identified in the national registries) but usually it takes two to four months and longer (*Bone Marrow Transplant. 2009 Oct; 44(7):433-40. doi: 10.1038/bmt.2009.53. Epub 2009 Mar 16. Heemskerk et al. 2005*). This timeframe makes it less of an option for patients who urgently need a HSCT, particularly for those patients with acute forms of blood cancer.

For patients who cannot find a SIB or MUD alternative donor sources are cord blood or haploidentical family members.

11.5.7 Availability of cord blood stem cells

The blood in the umbilical cord and placenta contains stem cells. After a baby is born, the blood in the umbilical cord and placenta can be collected, which is called a "cord blood unit". Each cord blood unit is transported to a cord blood bank for testing, freezing and long-term storage.

The number of cells required to give a transplant patient the best chance of successful engraftment and hence of survival is based on his or her weight. A cord blood unit needs to have a sufficient number of stem cells based on the recipient's size. On average more than one cord blood unit is required for treatment in adult patients.

Due to the smaller number of stem cells in a cord blood unit, cord blood stem cell transplants engraft more slowly than stem cells from marrow or peripheral blood. Additionally, the immune cells in the cord blood unit are "baby" cells that have not yet encountered any pathogens. Therefore, neither memory T-cells nor any other educated T-cells are transplanted resulting in a lack of immunological memory. Until engraftment occurs, patients are at risk of developing life-threatening opportunistic infections. Consequently, patients require substantially longer time in hospital after the transplantation and thus incur significant extra cost.

11.5.8 Availability of a haploidentical family member

About 75% to 80% of the patients who need HSCT do not have a suitable donor in their family. Efforts are being made to develop methods to permit a transplant between individuals who are only partially matched. For example, the ability to transplant from parent to child would make transplantation almost universally available.

Each parent's contribution to the HLA type is referred to as a "haplotype". The term "haploidentical" indicates that the potential donor shares at least half the HLA type of the potential recipient.

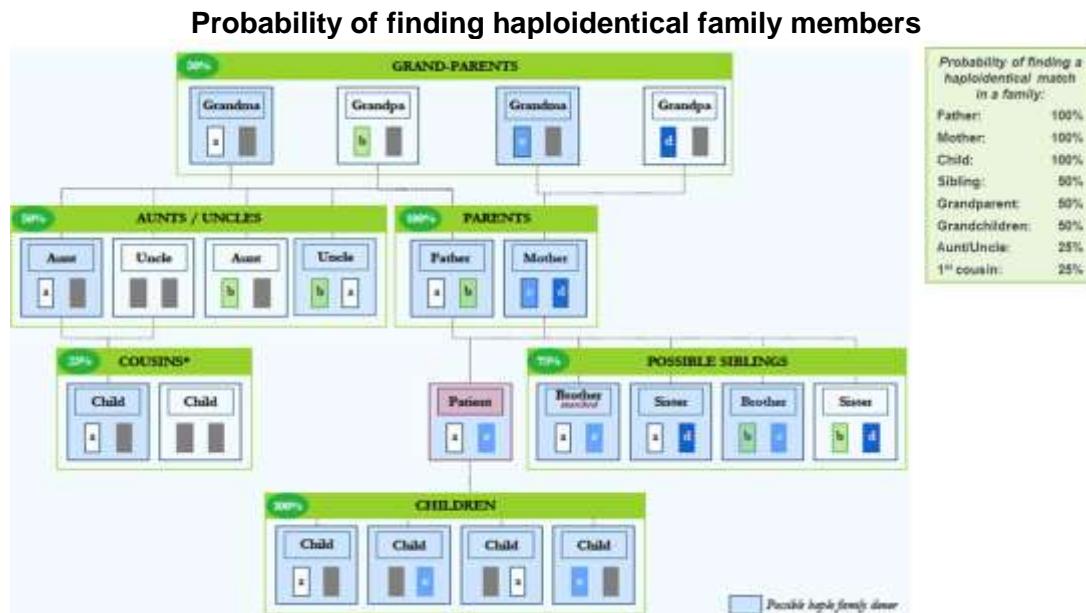


Figure 11.5.8

In the last decade, the use of haploidentical family members as an alternative donor has emerged next to umbilical cord blood as an alternative where SIB and MUD are not available (*Passweg et al., Bone Marrow Transplant. 2015 Apr; 50(4):476-82*).

The use of haploidentical family member donors requires full T-cell depletion in the donor graft or partial depletion with severe immune suppression to avoid or at least minimise the risk of GVHD. This elimination and/or suppression of T-cells greatly increases the recovery time of the patient's immune system and makes the patient vulnerable to death from infections or relapse of blood cancer within the first year after the transplantation.

11.6 Potential of ATIR to address major risks and limitations of HSCT

ATIR has the potential to address the four major risks and limitations of HSCT:

Risk/Limitation	Mitigation	Validation	Clinical Impact
Opportunistic Infections	ATIR contains the full immune repertoire of the donor immune cells, including immunological memory. Bridges the time until the immune system has fully re-grown from stem cells in graft.	ATIR is tested for the presence of active lymphocytes against pathogens, such as viruses	Less likelihood of death from infections
GVHD	T-cells that cause GVHD are eliminated from the graft using the Theralux platform	Successful elimination of GVHD causing is tested in the laboratory	No life-threatening GVHD observed
Relapse	ATIR contains potential cancer killing T-cells from the donor, which may eliminate residual cancer cells	Principle of this has been shown in the laboratory	Fewer patients should die from cancer relapse
Limited Donor availability	T-cells can be selectively eliminated from a haploidentical family member to produce the graft with minimal risk for GVHD. ATIR provides the patient with mature immune cells to reduce the risk of infections, GVHD and relapse	Allow haploidentical family members to be used as donor source	Approximately 95% of patients that need curative HSCT can now be transplanted with a family donor combined with ATIR

11.7 Clinical development

Every new drug or treatment regimen goes through a series of studies called "clinical trials" before it can be approved by regulatory bodies to become part of standard therapy. Before a clinical trial begins, a new therapy is developed and tested in a laboratory. If this early research (so-called "pre-clinical trials") shows the therapy is safe and effective, a carefully planned and monitored clinical trial of the drug or treatment will be conducted in humans.

Clinical trials are conducted in "phases." Each phase has a different purpose and assists researchers in answering different questions.

- Phase I trials — an experimental drug or treatment in a small group of people for the first time. The purpose is to evaluate its safety and identify potential side effects.
- Phase II trials — the experimental drug or treatment is administered to a larger group of people to determine whether and how well it works (efficacy) and to further evaluate its safety.
- Phase III trials — the experimental drug or treatment is administered to large groups of people to confirm its efficacy, monitor side effects and compare it with standard or equivalent treatments.

11.8 Product pipeline

Kiadis' product pipeline contains two product candidates: ATIR101, focussed on leukaemia, and ATIR201, which will focus on thalassemia.

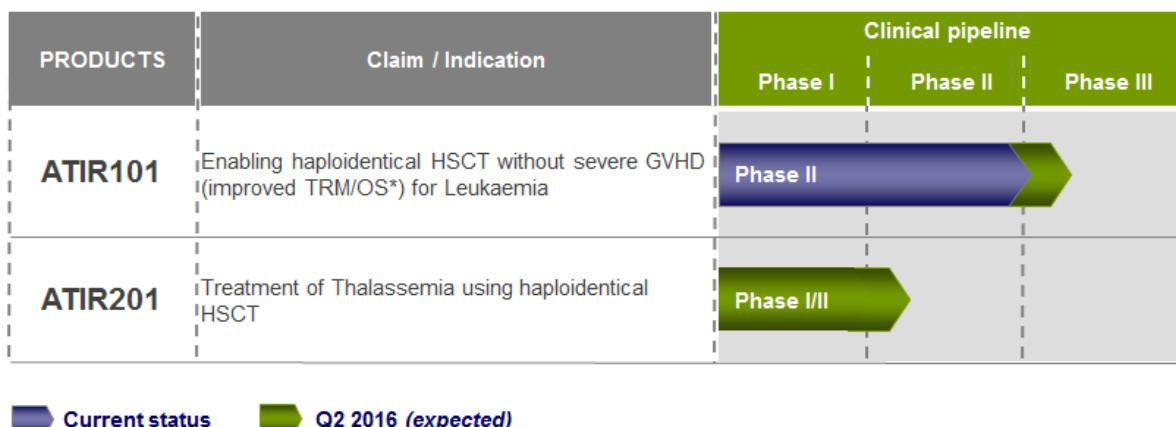


Figure 11.8

ATIR101 is currently undergoing a Phase II clinical trial. The trial is expected to end enrolment in July 2015 with a full read out of the data, completing the six months primary endpoint, in the first quarter of 2016. Following completion of this study, if successful, Kiadis intends to conduct the following clinical trials in parallel:

- an additional Phase II clinical trial to establish an enhanced dosing regimen (in effect to provide a second infusion of ATIR101) in order further enhance the treatment outcome of ATIR101; and
- a randomised and controlled Phase III international multicentre trial in the United States, the European Union and possibly other territories to collect data required

for an application in the United States and the European Union for unconditional approval.

ATIR201 is expected to enter into Phase I/II clinical development in the first quarter of 2016.

11.8.1 ATIR101

11.8.1.1 Medical need: cure of acute leukaemia

People can develop leukaemia at any age, however, it is most common in people over the age of sixty. The most common types in adults are AML and CLL. In children, ALL is the most common form of leukaemia (*SEER Research Data 1973-2012* (www.seer.cancer.gov)).

The aim of leukaemia treatment is to achieve complete remission. This means that after treatment, there is no sign of the disease left (i.e., no detectable blasts in the bone marrow and the patient returning to good health). After being diagnosed with acute leukaemia (AML and ALL) patients require treatment as soon as possible, as these diseases progress rapidly. Five-year survival of patients with acute leukaemia remains poor, at less than 20% five-year survival in AML patients at the median age of diagnosis (*SEER Research Data 1973-2012* (www.seer.cancer.gov) and Xiaomei Ma, *Am J Med* 2012).

HSCT is the most effective curative approach and it may be appropriate for patients in early first relapse or second remission. Although HSCT can successfully cure patients with blood cancer, it is only commonly used in patients who are at high risk of relapse, who do not respond fully to treatment, or who relapse after prior successful treatment. Currently, approximately 60% of all HSCTs in Europe are done in patients suffering from AML, ALL and MDS (*Passweg et al., Bone Marrow Transplant. 2015 Apr; 50(4):476-82*). Due to the risk associated with HSCT, however it is primarily performed in younger, fitter patients, excluding a large group of patients suffering from AML, ALL or MDS from this approach (*CIBMTR, summary slides 2014* (www.cibmtr.org)).

For 2014 the number of estimated new cases of ALL and AML in the United States alone amounted to approximately 6,000 and 19,000, whereas the estimated new cases of MDS in the United States over the years 2007 through 2011 amounted to approximately 14,000 per annum (*Cancer Facts & Figures 2014. American Cancer Society*).

Kiadis estimates that ATIR101 has an addressable market of up to 19,000 patients each year in Europe, the United States, Canada, Australia and New Zealand combined (*Company estimate based on SEER Research Data 1973-2012* (www.seer.cancer.gov) and scientific literature).

11.8.1.2 Overview of clinical trials

Trial ID	# patients	Aim	Phase	Design	Status
CR-GVH-001	19	Dose finding	Phase I/II	Open-label, dose- escalation	<ul style="list-style-type: none"> • Completed • 5 year follow-up completed (Report in preparation)
CR-AIR-006	158	Historic control group		Observational cohort trial	<ul style="list-style-type: none"> • On-going • Data collection & analysis
CR-AIR-007	23	Safety and efficacy	Phase II	Open-label, multi-centre trial using optimal ATIR dose	<ul style="list-style-type: none"> • On-going
CR-AIR-008	10-15	Dose Scheduling	Phase II	Open-label, exploratory trial using repeat dose administration	<ul style="list-style-type: none"> • Under discussion
CR-AIR-009	180	Safety and efficacy	Phase III	Randomized clinical trial, Haplo + ATIR vs. Haplo + Cyclophosphamide	<ul style="list-style-type: none"> • Under discussion
CR-AIR-004	40	Safety and efficacy	Phase II	Open-label, uncontrolled, multicentre trial	<ul style="list-style-type: none"> • Early terminated • Cell-based product administered was not ATIR

Figure 11.8.1.2 (a)

Phase I/II Dose Escalation – CR-GVH-001 (completed)

Kiadis started a Phase I/II open-label, dose escalation trial in 2005 and completed the five-year follow up in 2013. The trial was conducted at the Maisonneuve-Rosemont Hospital in Montreal, Canada.

Patients with blood cancer and who would need HSCT, but for whom a matching donor (e.g. SIB or MUD) was not available within two to three months, were treated with a haploidentical HSCT followed by a single infusion of ATIR101. ATIR101 was administered 28 to 40 days following the transplantation of a T-cell depleted graft (CD34+-selected stem cells). No additional medication was given to prevent GVHD after infusion of the graft. Cohorts of three patients were exposed to increasing doses of ATIR101, starting at 1×10^4 donor cells per kg bodyweight (cells/kg) and escalating upwards to 5×10^6 donor cells/kg.

The primary objective of trial CR-GVH-001 was to determine the safe and potentially efficacious dose range of ATIR101, following a T-cell depleted haploidentical HSCT. The maximum tolerated dose ("MTD") was defined as the highest dose of ATIR101 in which severe GVHD (grade III/IV) does not occur in more than one-third of patients.

A total of 19 patients were treated in this trial, with ages (as of 2005) ranging from 20 to 62 (median age was 54). The majority of patients were not in remission at the time of transplant, indicating patients had a poor survival prognosis.

Patient no.	Dose level	Patient demographics and characteristics				
		Gender	Age (y)	Hematologic disease	State of disease at baseline	No. of relapses in history
3	L1	Male	54	chronic lymphocytic leukaemia (CLL)	Refractory disease	0
5	L2	Female	57	AML	Partial remission	1
6	L2	Female	58	AML transformed from MDS	Complete remission	1
8	L2	Male	59	MDS	Refractory disease	0
7	L3	Male	40	Follicular lymphoma	Complete remission	1

Patient no.	Dose level	Patient demographics and characteristics					
		Gender	Age (y)	Hematologic disease	State of disease at baseline	No. of relapses in history	
10	L3	Male	58	AML transformed from MDS	Partial remission		0
11	L3	Female	52	AML	Partial remission		1
13	L4	Male	55	Acute myelofibrosis or myelosclerosis	Relapse		0
14	L4	Male	21	AML	Relapse		1
15	L4	Female	61	AML	Complete remission		2
16	L5	Male	59	AML	Relapse		0
19	L5	Female	20	Acute biphenotypic leukaemia	Relapse		2
20	L5	Male	60	MDS: RAEB	Ongoing disease		0
23	L6	Female	38	MDS: RAEB	Refractory disease		0
24	L6	Male	37	Chronic myeloid leukaemia (CML)	Partial remission		0
25	L6	Female	43	AML	Complete remission		1
26	L7	Female	54	AML transformed from MDS	Complete remission		0
28	L7	Male	44	AML transformed from MDS	Relapse		1
29	L7	Male	62	CLL	Partial remission		2

Figure 11.8.1.2 (b)

ATIR101 was infused at different cell dose levels (L1 – L7 between 28 to 40 days (median of 31 days)) after the initial stem cell transplantation. No patient, at any of the dose cohorts tested, experienced grade III/IV (life-threatening) acute GVHD – the primary (safety) endpoint of this trial –, so dose-limiting toxicity was not observed and the MTD was not formally determined. Additionally, no ATIR-related side effects (serious adverse events ("SAE") were reported at any of the dose cohorts used. In the dose range between 3.2×10^5 cells/kg and 2.0×10^6 cells/kg (nine patients) no patient died as a result of transplant related mortality (TRM) over the full five-year period.

The secondary endpoints of the trial regarded among others immune reconstitution, rate of disease relapse, transplant related mortality (TRM), relapse-related mortality (RRM) and overall survival ("OS"). TRM entails all transplant related causes of death, primarily death from GVHD or infections. Death from cancer relapse is not considered transplant related. Only at the highest dose cohort (L7 - 5.0×10^6 cells/kg) TRM reappeared, mostly related to infections resulting from the immunosuppressive treatment for mild GVHD.

Patient no.	Dose level	Outcome at Month 60	Time post HSCT (months)			% per dose level at 5 years post HSCT			
			TRM	RRM ⁽¹⁾	Relapse	OS	TRM	RRM	PFS ⁽²⁾
3	L1	Died	2.2			0%	100%	0%	0%
5	L2	Died	10.2						
6	L2	Died	30.8			0%	33%	67%	0%
8	L2	Died	11.0						
7	L3	Died	12.1						
10	L3	Died	10.3			33%	67%	0%	33%
11	L3	Alive							
13	L4	Alive	39.5						
14	L4	Alive	11.7			100%	0%	0%	33%
15	L4	Alive							
16	L5	Died	7.8						
19	L5	Died	9.8			33%	0%	67%	33%

20	L5	Alive						
23	L6	Died	16.9	12.6				
24	L6	Alive		9.8	67%	0%	33%	33%
25	L6	Alive						
26	L7	Died	47.0					
28	L7	Died	13.0		0%	100%	0%	0%
29	L7	Died	9.3					

⁽¹⁾ Relapse-related mortality (RRM)

⁽²⁾ Progression-free survival ("PFS")

Figure 11.8.1.2 (c)

This trial shows that ATIR101 is both safe and well tolerated at an effective dose cohort (L4-L6) as an adjuvant treatment to a haploidentical T-cell depleted transplant.

Based on the results of trial CR-GVH-001, the optimal dose of ATIR101 for further development was considered to be 2×10^6 cells/kg. This is the dose used in the current Phase II trial (CR-AIR-007) (further described below). The five-year follow-up of patients in the CR-GVH-001 trial was completed in 2013 and showed a 67% overall survival of patients treated at the effective dose range (L4 – L6).

Overall survival probability

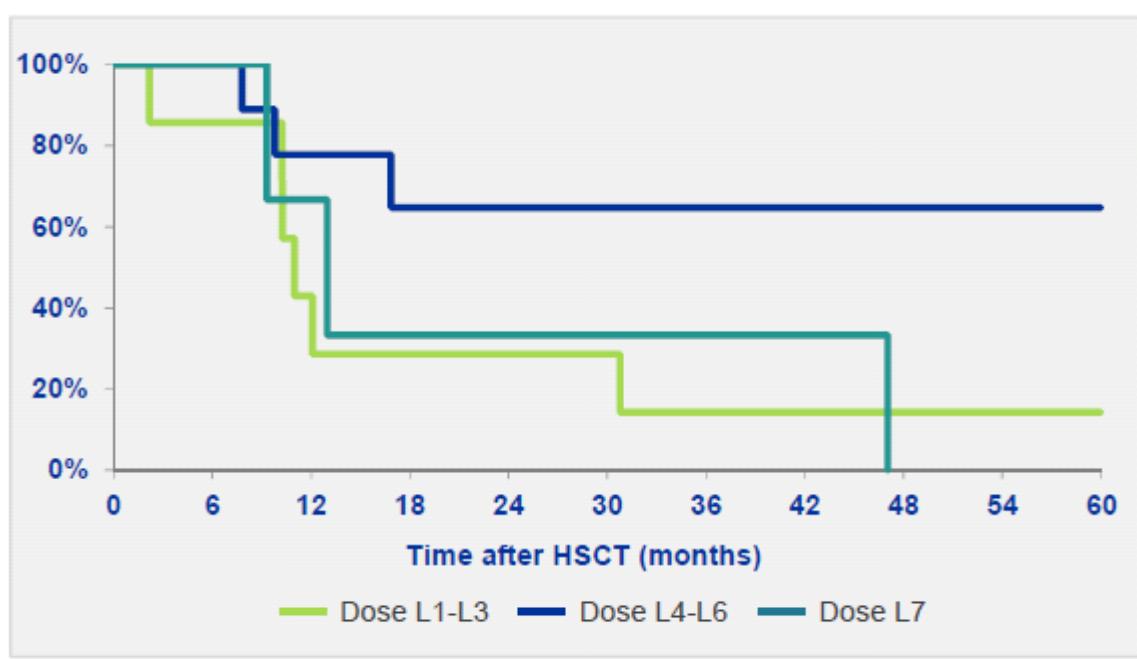


Figure 11.8.1.2 (d) - Kaplan-Meier methodology used

Observational Cohort Study – CR-AIR-006 (Ongoing)

CR-AIR-006 is an observational cohort study in which data is being collected on transplant outcomes for different donor sources.

Given that a randomised controlled trial in the setting of a so-called 'naked' haploidentical HSCT is not considered feasible due to the associated risks the CR-AIR-006 trial is designed to collect information on the outcome of haploidentical, T-cell depleted HSCT performed in

the past. This is expected to provide a validated, external control group for comparison with patients treated with ATIR101 in Kiadis' clinical trials (e.g. trial CR-AIR-007).

In order to optimise the validity and reliability of the comparisons between the ATIR101-treated group and the control groups, a restricted cohort design has been applied. This trial design adapts principles of the design of randomised, controlled trials to the design of an observational study (i.e. protocol CR-AIR-006 (*Concato et al. 2000; Horwitz et al. 1990*)). This includes:

- identification of a baseline to determine patient eligibility. This means that the inclusion and exclusion criteria are largely similar to those used in protocol CR-AIR-007;
- in the statistical analysis, adjustment for relevant prognostic factors will be applied; and
- statistical methods will be used that are similar to the methods used to analyse randomised controlled trials.

In this observational study, data has been collected from four different patient groups in a number of centres:

1 HAPLO group: Patients who received an HSCT from a haploidentical family donor without ATIR101 administration between 1 January 2006 and 30 June 2013 (N=34).

This is the most suitable control group to compare the outcome of haploidentical donor transplants with ATIR101 to and thus to determine the superiority of ATIR101 in this transplant setting.

2 Unrelated donors: Patients who received HSCT from a fully matched donor (MUD with HLA match of 10/10) or partially matched donor (MMUD with HLA match of 9/10) between 1 January 2010 and 31 December 2012 (N=64 and N=37 respectively).

3 UCB group: Patients who received a double umbilical cord blood transplantation between 1 January 2010 and 31 December 2012 (N=22).

For all patients, information was collected up to twelve months after the HSCT. To determine the efficacy of the HSCT Kiadis looked at TRM, relapse-related mortality (RRM), overall survival (OS), and progression-free survival (PFS). The primary endpoint was established at TRM, RRM, OS and PFS at up to twelve months after HSCT. The secondary endpoint consists of the incidence and severity of acute and chronic GVHD at up to twelve months after HSCT.

Data collected on TRM and OS confirms that haploidentical donor transplants without adjuvant immunotherapy have inferior outcomes compared to haploidentical donor transplants with ATIR.

	Overall Survival ⁽¹⁾		Transplant Related Mortality ⁽¹⁾	
	6 mo post HSCT	12 mo post HSCT	6 mo post HSCT	12 mo post HSCT
HAPLO 006 (n=34)	64%	15%	34%	76%
MMUD 006 (n=37)	73%	64%	22%	25%
MUD 006 (n=64)	91%	86%	6%	9%
UCB 006 (n=22)	64%	55%	32%	37%

⁽¹⁾ Kaplan-Meier estimate

Figure 11.8.1.2 (e)

Information collected on the incidence and severity of acute and chronic GVHD shows that the highest incidence of GVHD is seen with umbilical-cord ("UCB") transplants. In MUD HSCT, the standard of care for patients who do not have a SIB available, occurrence of acute GVHD was reported in 40% of patients, with 10 - 15% of patients suffering from life-threatening, grade III/IV GVHD).

Phase II Safety & Efficacy – CR-AIR-007 (Ongoing)

Kiadis is currently conducting an open-label, Phase II clinical trial, conducted under a United States IND with blood cancer patients (AML, ALL and MDS) in eight hospitals, three in Canada (Montreal, Hamilton and Toronto), three in Belgium (Leuven, Brussels and Bruges), one in Germany (Würzburg) and one in the United Kingdom (London), under trial number NCT01794299 / EudraCT number 2012-004461-41. These sites were also involved in Kiadis' terminated CR-AIR-004 trial.

Eligible patients have no matching donor available and have (a) AML in first remission with high-risk features or in second or higher remission, (b) ALL in first remission with high-risk features or in second or higher remission, (c) MDS: (transfusion-dependent), or (d) intermediate or higher revised international prognostic scoring system ("IPSS-R") risk group. All patients are given a single infusion of ATIR101 at a dose of 2×10^6 cells/kg between 28 and 32 days after a T-cell depleted HSCT ($CD34^+$ - selected stem cells) from a haploidentical donor is infused. After HSCT, no additional medication is given to prevent GVHD. The primary endpoint of this study is defined as TRM at six months after HSCT with secondary endpoints including acute/chronic GVHD, infections, recovery of immune cells, and TRM, RRM and OS at two years. The condition of patients is closely observed, initially once every week during the eight weeks following ATIR infusion, and then monthly until one year after the HSCT and every half year until two years after the HSCT.

The study began in March 2013 and 18 patients have been recruited, transplanted and given ATIR101 as at the Prospectus Date. Three additional patients have been recruited and are in the process of being transplanted as at the Prospectus Date. The goal is to recruit a total number of 23 patients, which as at the Prospectus Date leaves two more patients to be recruited to reach this target. As at the Prospectus Date, there has been no graft rejection and no ATIR-related severe, acute (grade III/IV) GVHD. Recovery of T-cells ($CD3^+$ populations) has been observed in most patients by month four to five after HSCT and no ATIR-related side effects have been observed as of the date of this Prospectus. Cancer relapse was only seen in one patient while all other patients remain free from their cancer.

A *per protocol* defined interim analysis was carried out after ten patients had been treated with ATIR101 and had completed six months of follow-up after HSCT. At enrolment these patients (50% males, 50% females) required an HSCT for the treatment of AML (70%) or ALL (30%) and were all in first (50%) or second (50%) complete remission.

During the HSCT, patients were administered a median dose of 11.1×10^6 CD34+ cells/kg and 0.25×10^4 CD3+ cells/kg. No graft failures were observed and recovery of white and red blood cells following HSCT occurred rapidly (median 12 days for both white and red blood cells). ATIR101 was infused at 29 to 33 days after HSCT.

ATIR (N=10)		
Age (years)	median (range)	43 (21-60)
Gender	female n (%)	5 (50%)
	male n (%)	5 (50%)
Indication and disease status at baseline	AML CR1 n (%)	4 (40%)
	CR2 n (%)	3 (30%)
	ALL CR1 n (%)	1 (10%)
	CR2 n (%)	2 (20%)

CR1 = first complete remission CR2=second complete remission

Figure 11.8.1.2 (f)

Transplant related mortality at six months after HSCT, the primary endpoint of the trial, was 20% (2/10 patients) at the interim analysis. This rate compares favourably to data collected from observational cohort study CR-AIR-006. Data from the CR-AIR-006 trial showed a TRM rate of 35% at six months post HSCT.

No acute GVHD grade III/IV was reported, which demonstrates the efficacy of removal of GVHD-causing T-cells in ATIR. Only mild GVHD was reported in a small number of patients, which was treated with medication and resolved. In only one patient had GVHD progressed to become chronic.

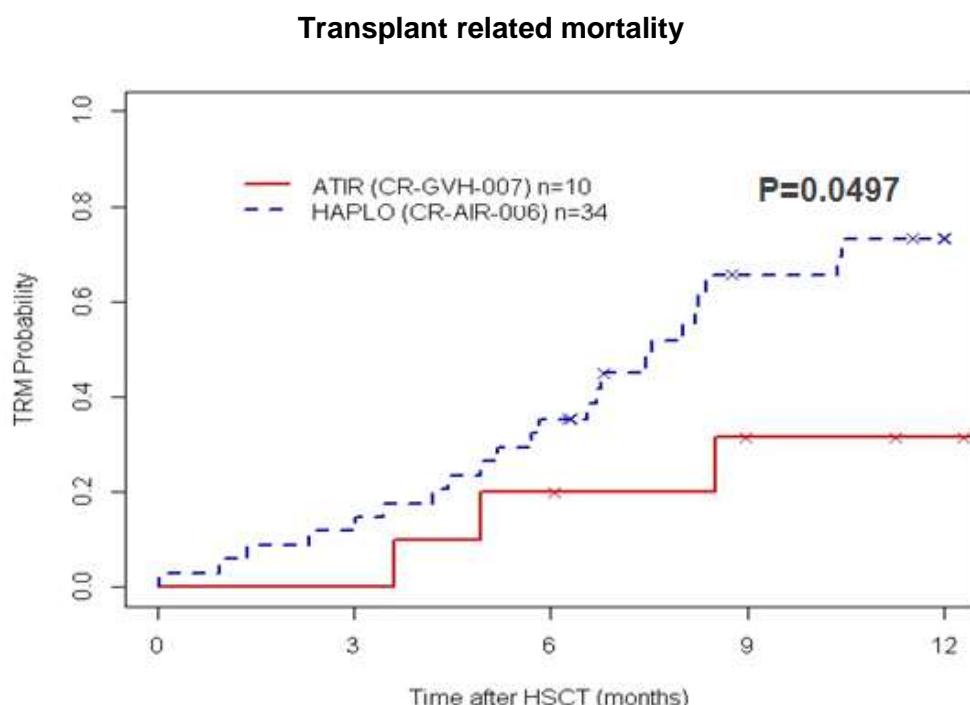


Figure 11.8.1.2 (g)

The interim data support the safety of ATIR101 administration. Reported serious adverse events (SAEs) are consistent with those observed previously in the Phase I/II trial CR-GVH-001. All SAEs were indicated by the trial investigators as not related to ATIR101, except for two cases of mild GVHD. As of 26 September 2014, three of the first ten patients had died, all due to TRM caused by infections (see figure 11.8.2.1 (h) below). Two of these patients had died within six months after HSCT (primary endpoint) at 3.6 and 4.9 months post HSCT, respectively; the third patient died 8.5 months after HSCT. All cases were classified by the investigators as unrelated to the ATIR101 infusion.

Based on the interim data, one-year overall survival is estimated to be 65%, which was significantly better ($p=0.0164$) than the one-year OS of haploidentical HSCT without adjuvant immunotherapy, which has been estimated at 15% (based on data from CR-AIR-006).

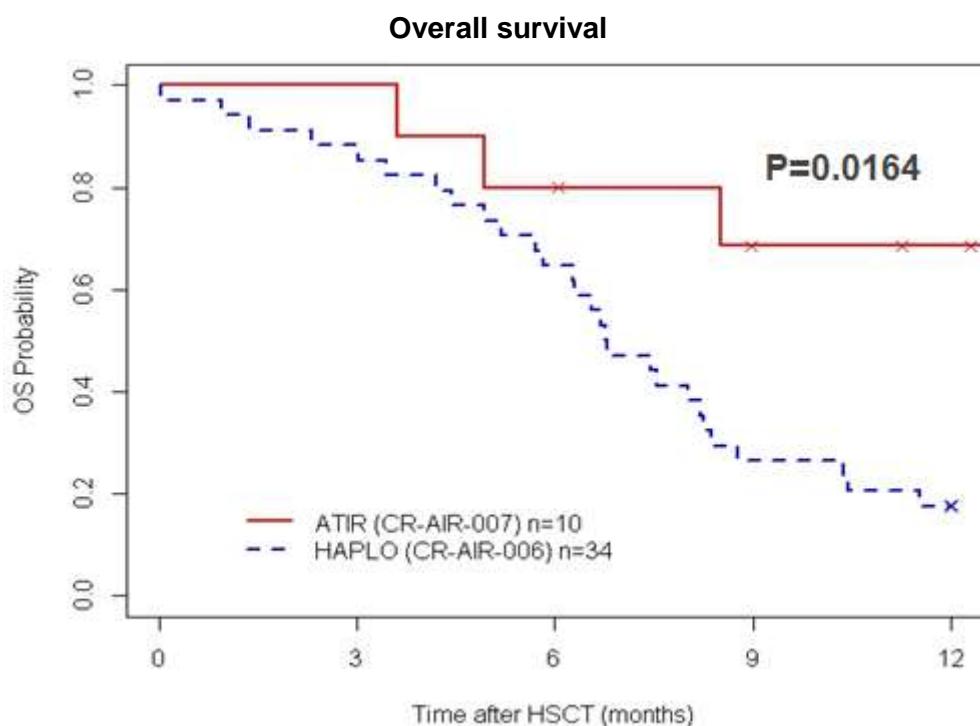
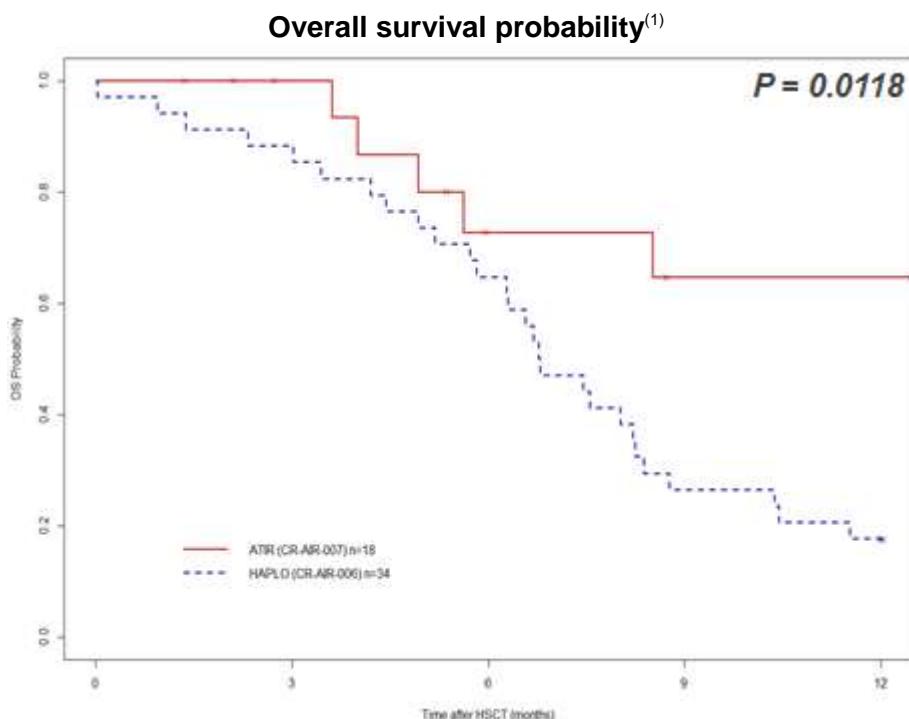


Figure 11.8.1.2 (h)

The interim analysis provided justification for the continuation of the study and continued recruitment of patients, up to the defined total number of 23, in order to demonstrate safety and efficacy in a larger group of patients.

As of the Prospectus Date, a total of 18 patients have received haploidentical HSCT followed by ATIR101 administration. Fifteen patients have been in follow up for six months or more after HSCT, three of which have died due to transplant related events. This brings the 6-month TRM rate (primary endpoint) to three out of 15 (20%), which is consistent with the reported TRM rate for the interim analysis population of 20%. Additionally, three patients have died in the course of the two-year follow up as a result of transplant related events, and one patient has died due to disease relapse.



⁽¹⁾ Kaplan-Meier mythology used

Figure 11.8.1.2 (i). The current overall survival data in CR-AIR-007 is shown in Figure 11.8.1.2(i). This takes into account the data available in the clinical trial database up to 9 April 2015. Overall survival of the Haplo + ATIR patients remains significantly better than the survival of the Haplo only (control group from CR-AIR-006) patients ($p=0.0118$)

Kiadis expects to have enrolled all 23 patients in the trial by July 2015, with the first data read out in the first quarter of 2016, when the last patient enrolled has completed the six-month follow up for the assessment of TRM.

Pooled analysis CR-AIR-006 and CR-AIR-007

When the current Phase II trial (CR-AIR-007) has been completed, if successful, an integrated analysis of CR-AIR-006 and CR-AIR-007 will be conducted in order to compare transplant outcomes between a haploidentical HSCT with and without ATIR101. This approach has been discussed and aligned with the EMA's Scientific Advice Working Party (SAWP), which may permit submission of the ATIR101 dossier for conditional approval in the European Union.

Phase II Safety & Efficacy – CR-AIR-004 (Early terminated due to manufacturing issues)

Kiadis initiated an open-label Phase II clinical trial in blood cancer patients (AML, ALL, CLL, CML, multiple myeloma ("MM"), myelodysplastic syndromes ("MDS"), mucopolysaccharidoses ("MPS") and non-Hodgkin lymphoma) in ten hospitals in North America and Europe (EudraCT no. 2008-008198-73) in 2009.

After 40 patients had been transplanted and treated, Kiadis decided to temporarily halt patient enrolment due to a high number of manufactured batches that could not be released for use (out of specification). During the investigation of these manufacturing batches, it became clear that Kiadis also had to investigate the quality of retained samples of the investigational medicinal product ("IMP") that had been released for use and had to conduct an interim analysis on the clinical outcome.

Characterisation of the IMP (and intermediates) manufactured for this trial showed that the IMP mostly consisted of dead or dying cells. Further investigations revealed that the storage of the donor cells (mostly 48 - 72 hours at 2 - 8 °C) before start of manufacturing of the IMP was likely to have contributed to the low number and poor quality of cells that survived. Kiadis also re-analysed retained samples from the Phase I/II CR-GVH-001 trial where the IMP was manufactured from freshly collected donor cells. Those analyses confirmed that the quality of IMP in CR-GVH-001 was within specifications.

Interim data of all patients treated with the study medication (N=40) did not show an improvement of TRM or OS over patients who received a haploidentical HSCT without addition of donor T-cells (*Literature data and initially collected historic data; Ciceri et al., Blood. 2008 Nov 1;112(9):3574-81*). Thus, the IMP manufactured for the CR-AIR-004 trial was not clinically beneficial.

Given that the IMP consisted mostly of dead and dying cells and was not produced to specification, Kiadis determined that the IMP manufactured during this trial was not ATIR101, which was confirmed by the EMA during subsequent interactions and correspondence. As a result, Kiadis decided to prematurely terminate the CR-AIR-004 trial on 8 February 2012 (see also paragraph 11.12 below).

11.8.1.3 Clinical development plan

Kiadis expects to complete enrolment in CR-AIR-007 in July 2015 with a full read out of the data, completing the six months primary endpoint, expected in the first quarter of 2016. In parallel and following completion of this trial, if successful, Kiadis intends to undertake the following clinical trials:

- Conduct a further Phase II (CR-AIR-008) clinical trial to explore repeat dose administration of ATIR101 after the graft transplantation in order, to analyse whether patient outcomes can be further improved.
- Conduct a randomised and controlled pivotal Phase III (CR-AIR-009) international multicentre trial in the US, Europe and possibly other territories which, if successful, will support an application for US and European (unconditional) approval.

Clinical development plan until 2019

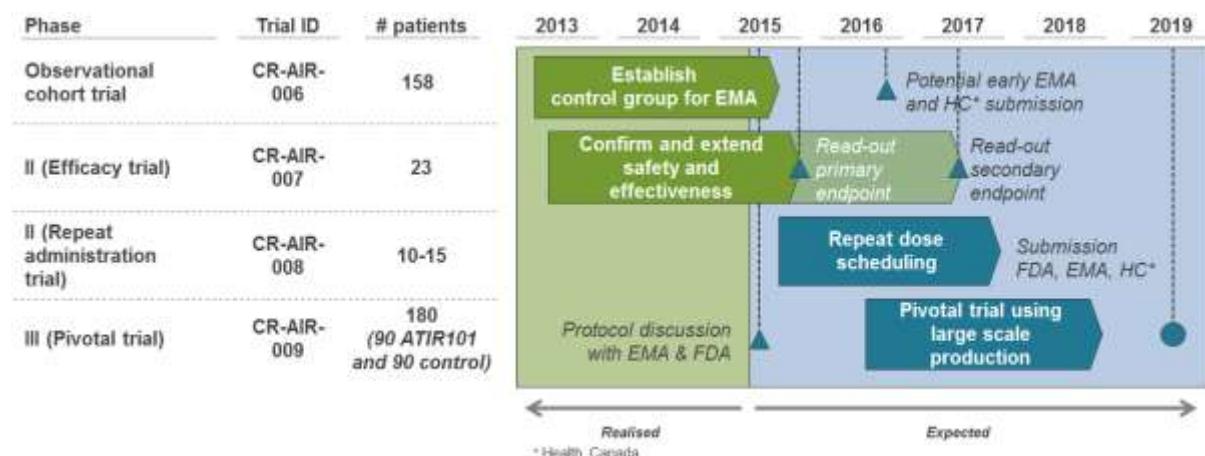


Figure 11.8.1.3

Phase II Dose Scheduling: CR-AIR-008

Kiadis plans to run in parallel with the ongoing Phase II trial (CR-AIR-007), another Phase II open-label, exploratory study assessing the safety and efficacy of repeat dose administration of ATIR101. Kiadis believes additional doses of ATIR101 early after transplantation might further improve the recovery of the immune system and reduce the risk of potentially lethal infections. This multicentre trial is expected to be conducted in Canada, the United States and Europe, commencing in Canadian hospitals currently involved in the CR-AIR-007 trial. The aim is to have 10 to 15 patients with blood cancers, such as AML, ALL and MDS, participate in this trial. The objective of this clinical trial is to determine safety of administration of a second dose of ATIR101 and determine its efficacy in preventing clinically relevant side effects, such as infections, and its impact on the speed of the recovery of the patients' immune system. Accordingly, the primary endpoint of the trial shall be incidence of acute GVHD at 180 days post-HSCT and its secondary endpoints T-cell reconstitution, T-cell response (functionality), infections, TRM, GRFS and 12-month OS.

Kiadis expects to commence this study in the third quarter of 2015.

Early Submission for Market Authorisation in the European Union, Canada and breakthrough status FDA

Subject to the successful conclusion of the ongoing Phase II trial (CR-AIR-007), Kiadis intends to file a Marketing Authorisation Application seeking conditional approval in the European Union from the EMA for the use of ATIR101 in the treatment of AML, ALL and MDS in haplo HSCT in the fourth quarter of 2016. Conditional approval, if granted, will accelerate time-to-market for ATIR101. In case early approval is denied, market approval would occur in 2020 at the earliest. Kiadis has engaged with the EMA to discuss the conditional approval process, and in the context thereof the EMA has already appointed the rapporteurs.

A similar strategy will be used in Canada, where the data from the Phase II trial will also be used to file for early marketing approval.

For the United States, Kiadis intends to file for breakthrough therapy designation for ATIR101 using the Phase II data which, if granted, will accelerate the development path in the United States.

Phase III: CR-AIR-009

If the ongoing Phase II trial is successfully completed, Kiadis intends to initiate a pivotal Phase III trial with a head-to-head comparison of Haplo-HSCT in combination with ATIR101 against Haplo-HSCT with post transplantation cyclophosphamide (a so-called T-cell replete transplantation). This transplantation method has emerged in recent years within academic centres in the United States and is perceived as an alternative to T-cell depleted transplantation strategies, including ATIR101. Kiadis anticipates that this will be a multi-centre, randomised, open-label worldwide trial involving sites in Canada, the United States, Europe and Asia. Kiadis plans to recruit up to 180 patients in this trial, with a one-year follow up period for all patients entering the study.

11.8.2 ATIR201 for thalassemia

11.8.2.1 Medical Need

Thirty years have elapsed since the first HSCT was performed for patients with β-thalassemia major, and allogeneic transplantation with a SIB donor is now being accepted as a standard clinical practice (*Angelucci, Matthes-Martin et al., Haematologica 2014*).

Whilst the adoption of HSCT in β-thalassemia major has been slower in comparison to blood cancers, given the low mortality rate of chronic therapy, HSCT use has been steadily increasing as improved transplantation techniques and adherence to chronic treatment combined with better patient classification have led to significantly improved survival data. Recent clinical trials with matched sibling donors have shown consistent overall survival data of >90% and transplant-related-mortality of ~5% or less (*Angelucci, Matthes-Martin et al., Haematologica 2014*). The HSCT-eligible patient population is currently and is likely to remain predominantly paediatric with the constant control of iron overload being the main factor in assessing transplant outcome.

The curative transplantation market for β-thalassemia major suffers from the same limitations as the transplantation setting in leukaemia, namely the difficulty in locating suitable donors. Only 20% to 35% of patients will be able to find a SIB. In fact, the chances of finding a suitable donor will be smaller as the brother or sister must not be a carrier of β-thalassemia major. Given the risks of GVHD and graft failure/rejection in the MUD and haplo-HSCT setting, the remaining patients generally prefer chronic therapy over transplantation and are subject to the cost, morbidity and mortality of the treatment.

Kiadis believes that there is a market for a product that can demonstrate the elimination of GVHD in the Haplo-HSCT setting and that provides clinical benefit. Furthermore, Kiadis anticipates that the adoption rate will be high given the lack of alternatives. The WHO estimates there are no less than 55,000 existing transfusion-dependent patients in Europe and the Middle East with an estimated 8,000 patients dying from insufficient transfusion per year in those regions (*Modell et al. WHO 2008*).

Kiadis estimates that ATIR201 has an addressable market of approximately 6,000 patients each year in Europe, the Middle East and South East Asia combined (*Company estimate based on Modell et al., WHO 2008 and Passweg et al., BMT 2015*).

11.8.2.2 Solution

Kiadis is developing ATIR201 to enable safe use of haploidentical family members to cure β-thalassemia major by HSCT. ATIR201 may provide immunological protection early post-transplantation, reduce infections and limit transplant-related mortality. It has the potential to significantly improve the patient's life by eliminating the need for regular transfusions. Kiadis believes that ATIR201 will have the potential to materially expand the patient population's access to HSCT and potentially address a significant healthcare burden.

11.8.2.3 Development status

Kiadis is currently in discussions with key opinion leaders in this field to set up a collaborative program, leading to the initiation of a clinical trial in haploidentical HSCT for β-thalassemia major.

Kiadis is planning an exploratory, open-label Phase I/II clinical trial with eight patients to be conducted in collaboration with a specialised thalassemia clinic. If the trial proceeds, all patients are expected to be given a single infusion of ATIR201 at 15 days and 45 / 60 days

after HSCT. The primary endpoint assessed is expected to be blood transfusion free survival after one year with secondary endpoints of chimerism, GVHD, TRM and OS. Kiadis is planning to initiate the study in the first quarter of 2016 and intends to run it for 18 months. Initial data read-out is expected in the first half of 2017.

11.9 Competition

11.9.1 Other programs in development to enable use of haploidentical donors in leukaemia

In the last decade, clinicians have initiated several investigator-led trials assessing approaches that allow partially matched (haploidentical) family donors without the need for manipulation of the donor cells including post transplantation treatment with cyclophosphamide. In this approach, T-cells are not removed from the bone marrow graft, but instead, patients are given a high dose of the cytotoxic agent cyclophosphamide in order to suppress the immune response, with additional use of immune suppressants for a prolonged period post HSCT. To the knowledge of Kiadis, no pharmaceutical company efforts are behind such investigator driven studies.

Kiadis believes the considerable focus from the clinical community underscores the demand and unmet medical need for a viable solution to the use of haploidentical donors for HSCT.

The academic group around Ephraim Fuchs at Baltimore spearheads the post-transplantation cyclophosphamide ("PTCY") approaches. His approach is referred to in academic literature as the "Baltimore Protocol" (*Luznik L. et al., (2008) Biol Blood Marrow Transplant*). Advantages of this approach are its low cost and simplicity. The protocol allows use of family donors without further manipulation. Drawbacks of this approach are the need for prolonged immunosuppression, the potential for severe acute GVHD, relapses and infections and the toxicity of cyclophosphamide.

In addition, other companies are developing other product candidates which are intended to improve the outcome of haploidentical HSCT in cancer, including Bellicum Pharmaceuticals Inc. and MolMed Molecular Medicine S.p.A.

The approach of both Bellicum and MolMed relies on the genetic manipulation of otherwise healthy donor cells. A suicide gene is introduced into those cells using a virus. The suicide of the transplanted cells can then be triggered should they elicit GVHD in the patient. These approaches are more complex, involving genetic manipulation of the donor cells and high manufacturing costs. Furthermore, these approaches do not prevent the development of potentially life-threatening GVHD by targeted elimination of the responsible T-lymphocyte population but rather minimise the consequences by therapeutic elimination of such cells.

Bellicum Pharmaceuticals is conducting several Phase I/II studies, including a haploidentical donor HSCT Phase I/II, dose-escalation trial (NCT01744223). As of 18 November 2014, five patients, of the intended 36, have been enrolled according to information published on their website

(www.sec.gov/Archives/edgar/data/1358403/000119312514416804/d788220ds1.htm). In addition, in late 2014, Bellicum initiated an additional Phase I/II clinical trial (NCT02231710) in patients with inherited blood disorders, which is conducted at a single site in the United States.

MolMed is conducting a randomised Phase III trial of haplo-HSCT with or without an add back strategy of HSV-TK donor lymphocytes in patients with high risk acute leukaemia. The study was initiated in 2010 and intends to recruit up to 170 patients. The study is indicated to still be open and recruiting patients (*Clinicaltrials.gov*: NCT00914628). MolMed reports that

they have filled for conditional approval in the European Union with the EMA in March 2014, but thus far no update on the outcome of this process has been reported (www.molmed.com/sites/default/files/uploads/press-releases/2464-tk_submission_for_conditional_approval_validated_by_ema/2464_1395838961.pdf).

Kiadis believes ATIR is competitively positioned given the demonstrated effects on GVHD, immune reconstitution and GVL effect. To Kiadis' knowledge its competitors do not have early or late-stage clinical studies in β-thalassemia major for these product candidates.

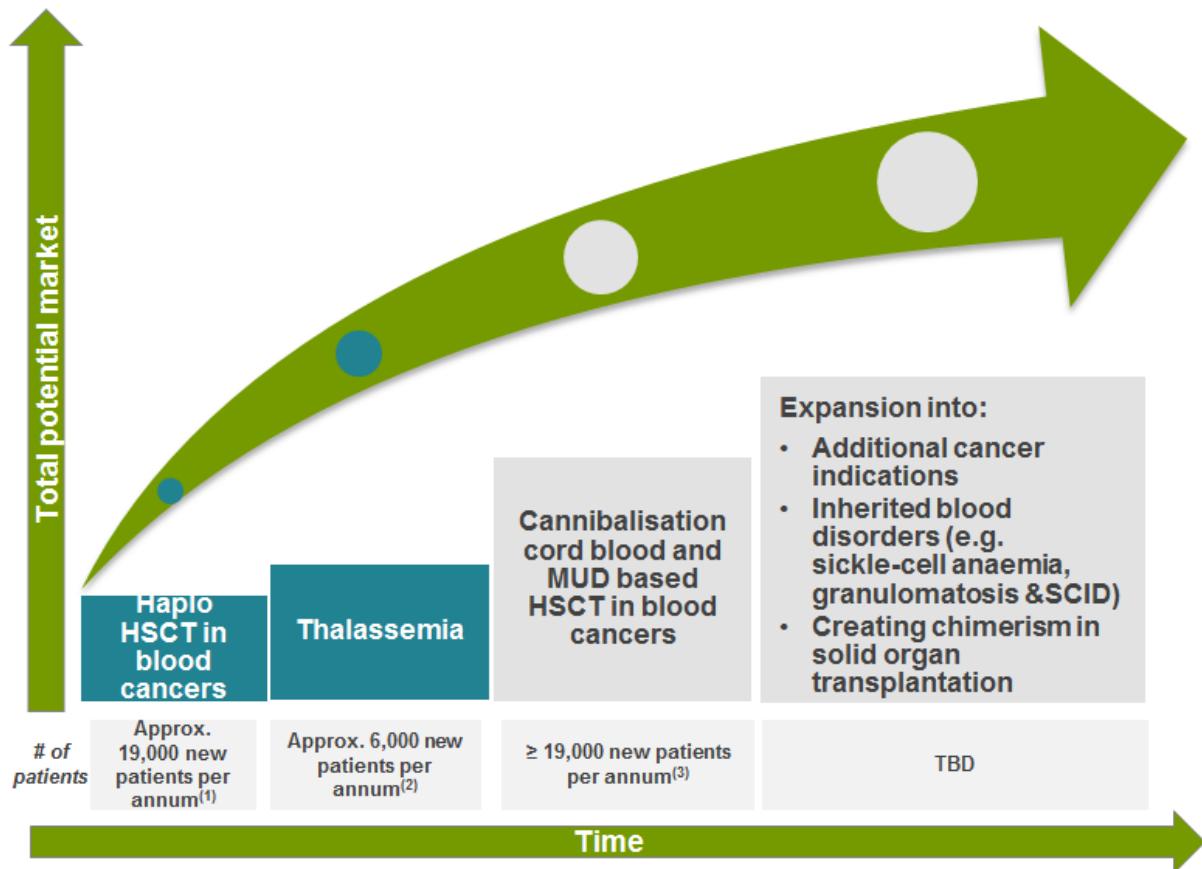
Bellicum and MolMed appear to be pursuing therapeutic options to deal with GVHD once it occurs. Therefore, these approaches are not necessarily similar to Kiadis' developments. Other approaches that might be considered as competition rely on the depletion of certain populations of T-cells that elicit GVHD from the donor material while preserving other populations of T-cells that do not elicit GVHD. The most prominent such approach is the elimination of T-cells carrying the αβ-receptor (αβ-T-cells). αβ-T-cells are crucial for the specific attack of virus infected cells or cancerous cells. What remains after depletion of αβ-T-cells are so-called γδ-T-cells. Those cells still provide some immunity to the patient but at a more unspecific ("innate") level. This approach is spearheaded primarily by an academic group but also partially sponsored by Miltenyi GmbH, which develops and markets devices and tools for αβ-T-cell-depletion.

11.9.2 Other programs in development to improve treatment of or cure thalassemia

In the thalassemia market, Acceleron Pharma, Inc. is progressing Sotatercept in Phase II studies in collaboration with Celgene Corporation for the promotion of generation of red blood cells in the body (erythropoiesis) (www.acceleronpharma.com/partners/celgene). This, however, does not provide a cure for the underlying defective gene as it only addresses the anaemia by increasing the generation of red blood cells.

Bluebird Bio, Inc. is focused on two Phase I/II clinical studies for LentiGlobin 3305, a gene therapy inserting a functional human beta-globin gene into the patient's own stem cells ex vivo and then transplanting those modified cells into the patient through infusion into the bloodstream (clinicaltrials.gov/show/NCT01745120). The FDA has granted breakthrough therapy designation to LentiGlobin 3305 for the treatment of transfusion-dependent patients with β-thalassemia major. Kiadis believes it is too early to draw meaningful conclusions on clinical efficacy of this approach.

11.10 Opportunities



⁽¹⁾ Company estimate based on SEER Research Data 1973-2012 (www.seer.cancer.gov) and scientific literature

⁽²⁾ Company estimate based on Modell et al., WHO 2008 and Passweg et al., BMT 2015

⁽³⁾ Company estimate based on SEER Research Data 1973-2012 (www.seer.cancer.gov) and scientific literature

Figure 11.10

Kiadis estimates there will be approximately 19,000 blood cancer patients annually in the immediately addressable patient population in North America, Europe and Oceania who will not have access in time to a SIB or MUD donor (*Company estimate based on SEER Research Data 1973-2012 (www.seer.cancer.gov) and scientific literature*).

If the safety and efficacy of ATIR101 is established in Kiadis' ongoing Phase II study, Kiadis believes that ATIR101 will also be adopted in patient populations that might find a MUD or that are currently treated with umbilical cord blood or other alternative approaches that might not offer the same levels of safety and efficacy as HSCT with ATIR101.

Furthermore, the innovative treatment approaches and drugs that allow more cancer patients to be eligible for transplantation (milder conditioning regimes), provide a route to remission and subsequent HSCT for refractory patients (CAR-T), or keep more patients in remission, will continue to expand the number of patients eligible for HSCT and thus increase the demand for suitable HSCT donors for these patients.

The use of donor lymphocyte infusions to further strengthen the immunological response to infections, or additionally to fight cancer upon relapse, is rarely used after HSCT. This is primarily due to the risk of GVHD. As ATIR has been shown not to elicit severe GVHD, it can potentially be employed as an additional donor lymphocyte infusion in several transplant regimens. This technique could be used in addition to strategies where transplants are done

with reduced conditioning (RIC), such as in elderly patients, as the downside of these approaches are often a high risk of cancer relapse post HSCT.

11.11 Introduction to Kiadis' key technology – the Theralux platform

11.11.1 Theralux and alloreactive T-cell depletion platform

The human immune system is capable of recognising and eradicating numerous pathogens such as viruses and bacteria. A major component of this immune system is the T-cell that basically is able to distinguish 'non-self' from 'self'. Part of the non-self-recognition leads to T-cells recognising cells and tissues being infected by bacteria, viruses or fungi. Upon 'non-self' recognition, the T-cells will try to eliminate all cells or tissues that express the 'non-self' structures.

In the case of transplanting a solid organ, such as a kidney, the T-cells of the patient recognise the whole kidney as 'non-self' and will try to eliminate it. Consequently, the patient is treated with an immune suppressant, such that the T-cells are prevented from eliminating the transplanted kidney.

Leukaemia patients suffer from cancer in their immune system. To cure this condition, these patients receive HSCT. In order to be able to receive such a transplant, however, the patient's immune system is completely destroyed. Consequently, the patient has no effective response against common viruses and bacteria and lethal complications may arise.

This trade off may be overcome by infusion of ATIR supplemental to the HSCT. ATIR consists of donor T-cells that have selectively been depleted of those T-cells that recognise the patient as 'non-self' and, therefore, cause GVHD, but retains other T-cells able to fight infections. Thus, infusion of ATIR has not been found to cause lethal complications by GVHD, but should be able to prevent some of the lethal complications caused by viruses and bacteria in the human body.

The selective depletion of GVHD-causing T-cells from the donor graft occurs through Kiadis' Theralux platform technology. This T-cell manipulation technology is shown schematically in Figure 11.11.1 (b) below. The recognition of the patient as 'non-self' (i.e. foreign) by the donor T-cells is mimicked in the laboratory. This occurs through the activation of donor T-cells against the major discordant MHC antigens on the irradiated recipient's cells through a one-way mixed lymphocyte reaction ("MLR").

Kiadis' photosensitising reagent TH9402 (a rhodamine derivative) is added to the cells after four days. During those four days all the donor T-cells that see recipient cells as 'foreign' have been activated, while the other T-cells remain unactivated. In unactivated cells, a pump also involved in drug resistance of cells, transports foreign molecules such as TH9402 out of the cells. However, in activated T-cells this pump is switched off. This distinction between activated and unactivated T-cells, results in retention and accumulation of TH9402, particularly in those donor T-cells that recognise the patient cells as 'foreign'. TH9402 is then transformed into its toxic form by exposing the cell culture to visible light of a specific wavelength using Kiadis' Theralux device.



Figure 11.11.1 (a)

The temperature controlled Theralux device operates at a fixed wavelength of 514nm and activates photosensitive compound TH9402 with accurately and precisely dosed light (e.g. 5 J/cm²).

Consequently, the toxic form of TH9402 kills those T-cells that have retained the dye because they were activated and attacking patient cells. The remaining cells represent the full repertoire of donor T-cell immunity (immunological memory), including the immune cells that can fight bacteria, viruses, fungi and other infective agents, as well as T-cells that can fight any remaining tumour cells.

Only those immune cells that cause (life-threatening) GVHD by recognition of the patient as 'foreign' have now been eliminated.

ATIR is formulated for infusion and cryopreserved by cooling to below minus 135C° until use. ATIR immunotherapy is infused into the patient 28 to 42 days after the transplantation of a haploidentical HSCT.

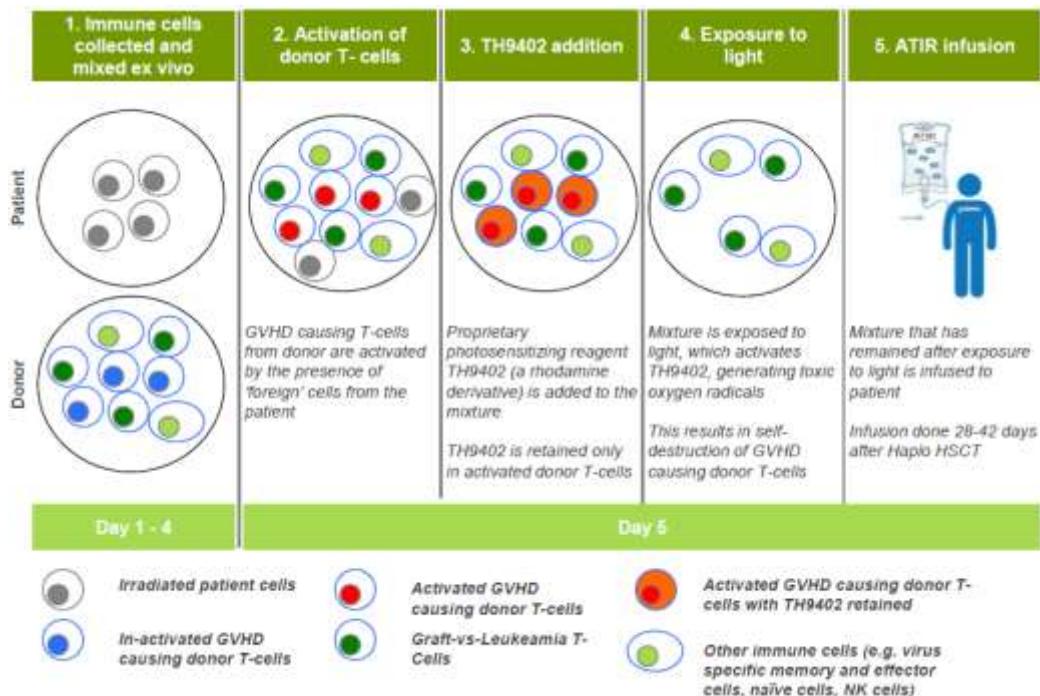


Figure 11.11.1 (b)

11.11.2 Preclinical validation of Theralux platform

Rhodamine dyes are useful as photosensitising agents, due to their preferential retention in actively metabolising cells, including activated T-cells and malignant cells. Upon absorption of a photon of the appropriate wavelength, the photosensitiser enters an excited state, which results in the production of singlet molecular oxygen, which directly kills target cells. The accumulation and photo-toxicity had been well-documented in leukaemic cells with accumulation linked to the P-glycoprotein transporter ("Pgp") (*Guimond et al. (2002), Blood*).

11.11.3 Proof of concept in human cells: Guimond et al, 2002

Guimond showed that allogeneic-mismatched T-cells stimulated by recipient cells could be eliminated by photodynamic treatment ("PDT") using TH9402 ex-vivo, without affecting the viability of resting T-cells and hematopoietic progenitor cells (*Guimond et al. (2002), Blood*). Initial experiments were carried out with the human lymphoblastic T-cell line CEM. Treatment of proliferating CEM cells with the following PDT conditions resulted in 99.97% cytotoxicity: 10 µM TH9402, 40-minute incubation period, 90-minute efflux period, and 5 J/cm² of light energy using the Theralux device.

In subsequent experiments peripheral blood mononuclear cells ("PBMCs") from healthy volunteers were used. When these PBMCs were activated by treatment with phytohemagglutinin ("PHA") and thereafter treated with PDT using TH9402 ex vivo these cells lost their capacity to respond to mismatched PBMCs. In contrast, when no primary PHA activation was performed this response was not abrogated. This showed that particularly activated, but not resting T-cells, were sensitive to PDT using TH9402 ex-vivo.

In another series of experiments using lymphocytes from healthy human volunteers MLRs were treated with different TH9402 concentrations and light intensities.

The optimal TH9402 concentration and light intensity that achieved maximum elimination of specific alloreactivity and only slightly affected response to third-party cells were 10 µM and 5 J/cm², respectively. Moreover, phenotype analysis showed that this condition eliminated more than 96% of CD25+ cells (activated T-cells), while minimally affecting the non-activated CD25- cells. A cytotoxic T-cell assay confirmed that T-cells acting against the stimulator cells were mostly eliminated. In addition, progenitor peripheral blood cells (CFU-GM) were not significantly decreased after this treatment. These conditions were therefore selected in all subsequent treatments.

To investigate possible mechanisms for the selective elimination of antigen-specific T-cells by PDT, the extent of intracellular retention of TH9402 was measured in stimulated T-cells (PHA or allogeneic stimulators) and in non-stimulated T-cells (resting cells). The extent of accumulation and retention of TH9402 was significantly higher ($p<0.05$) in proliferating and activated T-cells (CD4+CD25+ and CD8+CD25+ cells) as compared to non-stimulated, resting T-cells (CD4+CD25- and CD8+CD25- cells). The contribution of P-glycoprotein, a molecular pump, on this differential retention was analysed using specific inhibitors. Treatment of non-stimulated T-cells with verapamil, a P-glycoprotein inhibitor, resulted in significantly greater retention of TH9402 and cell killing, as compared with non-verapamil treated cells ($p<0.01$). Similar experiments were conducted with the KG1a cell line, which constitutively expressed a high level of P-glycoprotein. PDT with a lower dose (5 µM) of TH9402 was not cytotoxic to KG1a cells, while pre-treatment of KG1a cells with verapamil prior to PDT resulted in increased retention of TH9402 and in a reduction of the number of colony-forming units by 99.99%. When used without PDT, verapamil did not deplete KG1a cells.

In conclusion, this study showed that activated T-cells were significantly more susceptible to PDT-induced T-cell depletion as compared to non-stimulated T-cells and hematopoietic progenitor cells. Moreover, third party responses were not substantially affected by PDT treatment. P-glycoprotein activity appears to be an important determinant in the selective retention of TH9402 in activated T-cells and hence their specific killing by PDT using TH9402 ex-vivo. The study furthermore supported the role of the Pgp transporter and its inactivation in activated T-cells as the underlying mechanism for TH9402 retention.

11.11.4 Mice studies: Chen et al, 2002

T-cells from C57BL/6 mice (responder cells) were cultured in an MLR with irradiated T-cells from BALB/c mice (mismatched). The PDT conditions, determined for human cells (*Guimond et al. (2002), Blood*), turned out to be similarly effective at eliminating alloreactive mouse T-cells. Only TH9402 concentration (20µM) needed to be higher in the mouse study.

Study results supported this with no incidence of life-threatening GVHD and full survival of all of the same-party mice that received the PDT treated cell treatment. Further studies were undertaken to assess the ability of the PDT treatment to retain the GVL properties of the T-cell infusion. Results were positive with the study demonstrating the ability of the PDT treated cells to drive long-term remission and therefore indicating the leukaemia-specific targeting potential of the treatment in mice.

Subsequent in vivo studies showed that BALB/c mice infused with PDT/TH9402 treated mismatched T-cells (from C57BL/6) were healthy and survived for more than 100 days. In contrast, all mice that were infused with untreated T-cells developed severe GVHD and died within 30 days. If these PDT/TH9402 treated cells were infused into a third-party host (C3H/HeJ) these animals developed GVHD, albeit with some delay. These results show that PDT/TH9402 treatment of T-cells can prevent GVHD in a mismatched setting, while these cells are still reactive against other antigens (in this case from another mismatched mouse).

To show that PDT/TH9402 treatment preserves antitumour effect (GVL), mice with BCL1 leukaemia/lymphoma cells were transplanted with mismatched T-cell depleted bone marrow cells. Along with the bone marrow cells these mice received PDT/TH9402 treated mismatched T-cells, non-treated mismatched T-cells and no T-cells. The mice that did not receive the DLI showed relapse and 50% died within 40 days. Infusion of untreated T-cells prevented relapse, but all mice in this group died within 50 days of lethal GVHD. PDT/TH9402 treated T-cells also prevented relapse and importantly did not develop GVHD. Only one mouse in this group died, but this was not tumour or GVHD related.

In conclusion, data from this study demonstrated that PDT using TH9402 ex vivo successfully eliminated host antigen-specific cytotoxic T-cells but not resting anti-leukaemia and anti-third-party T-cells.

11.12 Manufacturing

Kiadis has established a GMP-compliant, robust manufacturing process that has been successfully transferred to multiple GMP-manufacturing sites. The manufacturing data and the development plan for future improvements have been submitted to the EMA and the EMA has awarded Kiadis an advanced therapy medicinal products certificate of quality and non-clinical data for ATIR.

In the past, Kiadis has encountered manufacturing issues. The first clinical trial (CR-GVH-001) conducted in Montreal, Canada was performed with a labour-intensive manual process that included several steps that would not be compliant with current GMP. After concluding of the first study CR-GVH-001, Kiadis optimised the manufacturing process to allow for

centralised manufacturing at a Contract Manufacturing Organisation (CMO). To facilitate this centralised manufacturing and to allow for scheduling flexibility at the CMO, Kiadis allowed a time-frame between collection of cells from donor and recipient and the actual start of manufacturing of up to 72 hours, without any further manipulation of the cells, such as the addition of preservation media. Moreover, several other key steps in the manufacturing process were altered with the goal of being able to perform these manufacturing steps without exposing the cells to the environment ("open handling"), which would require executing the process in the most tightly controlled clean room setting achievable.

During the optimisation of the initial process, all the separately changed process steps were studied at an individual basis, but not all changes were studied as an integrated single process. Therefore, no *old process* versus *new process* comparability was conducted to be able to compare the quality of the two processes directly. During clinical trial CR-AIR-004 (see paragraph 11.8.1.2 above), it was observed that the changed process resulted in a product with poor quality parameters that did not meet the key characteristics of ATIR101 and therefore did not qualify as ATIR101. Root cause analysis identified the 72 hour time-frame between collection and manufacturing as the primary cause of failure, although the combination of all process changes conceivably contributed to the manufacturing of an end-product with insufficient quality.

Based on thorough investigation of the failed manufacturing process, Kiadis abandoned the process changes to the initial process, re-visited the original manufacturing process used in the CR-GVH-001 study and used that process as the sole basis for further optimisation. Additionally, the contract with the CMO was terminated and responsibilities within Kiadis were restructured.

A set of new quality control assays was designed, qualified and implemented to realise more and better quality control. These assays monitor the critical quality attributes of ATIR101 such as potency, purity and safety, ensuring the current and future manufacturing of ATIR101 at the required and prespecified quality. These quality checks are used to guide further development of ATIR and are implemented to prevent release of a non-functional product. Kiadis believes the current failure rate of manufactured batches to be in line with market standards.

Based on the original manufacturing process used in the first clinical trial, Kiadis, in close collaboration with its manufacturing partners, has developed a robust manufacturing process that yields an ATIR101 end product that meets the required potency, purity and safety parameters. Kiadis has gained valuable experience from the CR-AIR-004 clinical trial and believes it has overcome the manufacturing issues, as demonstrated by the EMA having granted Kiadis a Certification of quality and non-clinical data for ATIR for advanced therapy medicinal products certificate of quality and non-clinical data for ATIR.

11.12.1 Existing manufacturing sites

Currently, Kiadis' manufacturing process is being conducted at the following sites:

GMP facility of the Blood-Donor Services Baden-Württemberg-Hessen of the German Red Cross in Frankfurt/Main, Germany

The manufacturing process was transferred into this facility in 2013 and has been validated. The process has been included in the GMP manufacturing licence of this site by the local authorities in accordance with European Union regulations. This site manufactures ATIR101 study medication for the European clinical centres of the current Phase II clinical trial and is Kiadis' intended site to manufacture ATIR study medication for future clinical studies in Europe.

Manufacturing site at the Maisonneuve-Rosemont Hospital in Montreal, Canada

The manufacturing process was transferred into this facility in 2012 and has been validated. The site has been approved for ATIR101 study manufacturing for the current Phase II clinical trial by Health Canada. This site manufactures ATIR101 study medication for the Canadian clinical centres of the current Phase II clinical trial and is Kiadis' intended site to manufacture ATIR study medication for future clinical studies in Canada.

Manufacturing site of Progenitor Cell Therapy, LLC (PCT), Allendale N.J., United States

The manufacturing process has been transferred into the non-GMP/research area of this facility in 2014 to allow outsourcing of process development activities. As a next step, it is intended to also transfer the process into the GMP area of PCT and to have PCT conduct ATIR study medication manufacturing for clinical sites in the United States and possibly North America as a whole.

Kiadis' laboratories in Amsterdam, the Netherlands

Kiadis' laboratories in Amsterdam are run under its GMP licence for certain parts of ATIR-release analytics. Specifically, all potency testing of Kiadis' ATIR study medication for the current Phase II clinical trial is conducted at this site.

In addition, manufacturing development is done to further optimise and automate the manufacturing process and to develop methodology to assess quality and potency of ATIR. Manufacturing at this site is solely done for development purposes and not under formal GMP conditions.

11.12.2 Future manufacturing sites

Kiadis is currently exploring the most suitable manufacturers for future Phase III studies and for ATIR production generally, if marketing approval is obtained in the United States and the European Union. The number of suitable manufacturing sites and contract manufacturing organisations has been increasing during the last few years and Kiadis anticipates that the number of options will further increase, reflecting the general maturation of the cell-based therapeutics sector.

11.12.3 Rationalisation of technology/improvements made

The manufacturing process for ATIR is established and GMP-compliant and is expected to be transferrable to additional manufacturing sites. The current process has received an advanced therapy medicinal products certificate of quality and non-clinical data for ATIR101. At Kiadis' laboratories a quality-by-design based development plan is being executed to further optimise and automate the manufacturing process to facilitate commercial scale production. This program is run in close collaboration with the aforementioned ATIR manufacturing sites. The primary goal of the development plan is to automate as many steps as possible in the manufacturing process in a GMP-compliant manner while at the same time ensuring an end product at optimal quality. In addition, the methodology to assess quality and potency of ATIR is being further optimised and simplified to enable fast and robust analysis of ATIR manufactured at a commercial scale.

The proof-of-concept of the optimised, automated manufacturing process as well as the optimised, simplified quality analysis of ATIR are expected to be completed in place early 2016, with validation thereafter taking two to three more months.

11.13 Intellectual property

11.13.1 Strategy

Intellectual property rights are of importance to the success of Kiadis' business. It is part of Kiadis' policy to actively seek patent protection for inventions it deems valuable. Thereto, Kiadis periodically evaluates the results of its research and development activities, and decides whether to apply for new patents. Kiadis keeps part of the results as confidential know-how.

Kiadis conducts its own research. These research activities are performed by researchers that are employed by Kiadis (including its predecessors), as well as by external researchers. The employment contracts of Kiadis' employees and external researchers contain confidentiality and intellectual property assignment clauses. With respect to its personnel, this policy is also included in Kiadis' personnel handbook.

To avoid the potential risk of infringing patent rights of third parties, Kiadis conducts freedom-to-operate analyses ("FTO"). For example, an FTO was conducted for ATIR in 2014. If necessary, Kiadis will attempt to take the necessary action to license or acquire relevant third-party patent rights. As at the Prospectus Date, Kiadis has not identified any relevant third-party patent rights.

Kiadis aims for patent protection in key jurisdictions. The filing strategy usually comprises filing a first patent application with the United States Patent and Trademark Office ("USPTO"), the Canadian Intellectual Property Office ("CIPO"), or the European Patent Office ("EPO"), to obtain a priority right. Within one year, this first filing is usually followed by an application under the Patent Cooperation Treaty ("PCT"). This PCT application forms the basis for further patent applications in selected jurisdictions. In the past, these included the United States, (a number of jurisdictions in) Europe, Japan, Australia, and Canada. In the future, Kiadis aims to seek patent protection in China.

On becoming aware of an infringement of its intellectual property, Kiadis will evaluate the various options available to protect its position. Under its licence agreement with the University of Montreal and Maisonneuve-Rosemont Hospital (see paragraph 11.15.1 below), Kiadis is obliged to take all appropriate measures required to protect the intellectual property rights it has licensed under such agreement.

11.13.2 Patents and patent applications owned or licensed-in by Kiadis

In relation to the following families of patents and patent applications in connection with its Theralux platform based products, Kiadis has rights either as owner (P014 and P019) or as exclusive licensee (P013, P015 and P016) within the scope of the relevant licence.

P013 family

Title	Registered in the name of	Patent number	Claimed priority date	Expiry date
Novel rhodamine derivatives for photodynamic therapy of cancer and in vitro purging of the leukaemias	Université de Montréal	EP 0 773 794 B1	2-9-1994	16-8-2015

The P013 family comprises granted patent US 5,556,992 and granted patent US 5,773,460, which have both expired in 2014. Family P013 comprises granted patents in Canada (CA 2,197,435), Brazil (PI9508779) and Japan (JP 4222628) as well.

This family relates to rhodamine derivatives that may be used in the ATIR process, including the rhodamine derivative that is actually used in the current protocol. This family also relates to applications of the rhodamine derivatives claimed, in particular, in the field of cancer treatment.

P014 family

Title	Registered in the name of	Patent number	Claimed priority date	Expiry date
Irradiating apparatus using a scanning light source for photodynamic treatment	Celmed Biosciences Inc.	US 5,798,523	19-7-1996	19-07-2016
Irradiating apparatus using a scanning light source for photodynamic treatment	Celmed Biosciences Inc.	EP 0 914 180 B1	19-7-1996	18-6-2017

Family P014 comprises granted patents in Canada (CA 2,260,217) and Australia (AU 721100) as well.

This family relates to the device which is used for photodynamic treatment in the ATIR process.

P015 family

Title	Registered in the name of	Patent number	Claimed priority date	Expiry date
Rhodamine derivatives for photodynamic diagnosis and treatment	Université de Montréal / Hôpital Maisonneuve-Rosemont	US 8,409,564 B2	5-10-1999	18-10-2021
Rhodamine derivatives for photodynamic diagnosis and treatment	Université de Montréal / Hôpital Maisonneuve-Rosemont	US 8,802,082 B2	5-10-1999	3-10-2020
Rhodamine derivatives for photodynamic diagnosis and treatment	Université de Montréal / Hôpital Maisonneuve-Rosemont	EP 1 267 931 B1	5-10-1999	3-10-2020

Family P015 comprises granted patents in Canada (CA 2,382,885), Australia (AU 781855), Japan (JP 4859319 and JP 5476342), Korea (KR 10-0697400), and Mexico (MX 263362) as well.

This family relates to methods of treatment for reducing or preventing GVHD and a pharmaceutical composition to be used in this method.

P016 family

Title	Registered in the name of	Publication number	Claimed priority date	Expiry date (if granted)
Immunologic compounds for prevention, protection, prophylaxis or treatment of immunological disorders, infections and cancer	Université de Montréal / Hôpital Maisonneuve-Rosemont	US 2012/0136338 A1 ⁽¹⁾	5-12-2003	2-12-2024
Immunologic compounds for prevention, protection, prophylaxis or treatment of immunological disorders, infections and cancer	Université de Montréal / Hôpital Maisonneuve-Rosemont	EP 1701740 A1 ⁽¹⁾	5-12-2003	2-12-2024

⁽¹⁾ The applications US 2012/0136338 A1 and EP 1701740 A1 are currently not granted. It is uncertain whether they will be granted and consequently also the U.S. expiry date can only be estimated.

In addition to the pending applications in Europe and the U.S., family P016 comprises granted patents in Canada (CA 2,548,468), Australia (AU 2004294243), Japan (JP 4901479) and Mexico (MX 299241).

This family relates to the use of photodynamically treated cells for treating cancer and to vaccines against haematological tumours.

P019 family

Title	Registered in the name of	Patent number	Claimed priority date	Expected expiry date
Halogenated rhodamine derivatives and applications thereof	Celmed Biosciences Inc.	US 7,560,574 B2	2-4-2001	28-01-2024
Halogenated rhodamine derivatives and applications thereof	Kiadis Pharma Canada Inc.	US 8,383,672 B2	2-4-2001	27-03-2022

Family P019 comprises granted patents in Canada (CA 2,410,273), Australia (AU2002242560), Japan (JP4647187 and JP5277211), and Mexico (MX243689) as well. The European patent application EP 1 276 734 A1 was deemed withdrawn and subsequently closed.

This family relates to more rhodamine derivatives, their synthesis and use.

NB1011 patents

In addition to the patents and patent applications in relation to the Theralux platform, Kiadis owns other patents including the NB1011 patents relating to phosphoramidate compounds for inhibiting the proliferation of cells. There is no product development or research activity in relation to these patents.

11.13.3 Trade secrets, confidential know-how and other proprietary rights

In addition to patent protection, Kiadis also relies on trade secrets and/or confidential know-how and continuing technological innovation to protect its proprietary position, especially where patent protection is believed to be limited.

Kiadis has taken steps to protect what it believes are trade secrets associated with the synthesis and development of its products, device components, the conduct of clinical trials,

the evaluation of clinical and scientific data and product discovery screening and analysis. However, trade secrets and/or confidential know-how are difficult to protect. Kiadis attempts to maintain trade secrets and/or confidential know-how partly through contractual arrangements with its employees, consultants and collaborators. These arrangements may not provide meaningful protection. These contractual arrangements may also be breached, and Kiadis may not have an adequate remedy for any such breach. In addition, Kiadis' trade secrets and/or confidential know-how may become known or be independently developed by a third party, or misused by any collaborator to whom Kiadis discloses such information.

Kiadis' policy is to require its employees, consultants and advisors to execute confidentiality agreements in connection with their employment, consulting or advisory relationships with Kiadis. Kiadis also takes measures intended to require its employees, consultants and advisors that work on Kiadis' products to agree to disclose and assign to Kiadis (or Kiadis' licensors) all inventions conceived during their term of service, developed using Kiadis' property or which relate to Kiadis' business. Despite any measures taken to protect Kiadis' intellectual property, unauthorised parties may attempt to copy aspects of its products or to obtain or use information that it regards as proprietary.

11.14 Collaborations

Kiadis and its predecessors have been working since 1991 with the University of Montreal, Canada, and since 1996 with a group led by Prof. Denis Claude Roy at the Hospital Maisonneuve-Rosemont at Montreal, Canada (affiliated to the University of Montreal), in both cases for research projects relating to the Theralux technology. Professor Roy's research includes applications of the Theralux platform in various disease indications, basic research activity in the area of mechanism of action of ATIR, and development work to establish assays for the characterisation of cellular products. Kiadis intends to continue this collaboration.

Kiadis had also been working on a research project with a group led by Prof. Angela Krackhardt from the Medical School of the Technical University Munich on the characterisation of T-cells in the ATIR product that are capable of attacking residual tumour cells (i.e. GVL effect). This research, which detected GVL T-cells in ATIR, was conducted under a research grant from the Munich excellence cluster for personalised medicine and came to an end in March 2015. Kiadis intends to continue this research under a new joint grant or otherwise.

11.15 Commercialisation

Kiadis' current strategy is to market ATIR for malignant diseases (blood cancers) and inherited blood disorders using a sales model focused on larger hospitals and specialised centres of excellence that currently cover the majority of HSCT treatments. Referral systems are planned to be established to funnel other patients to those major sites to receive ATIR. These major centres are expected to be trained and set-up to most efficiently comply with the required aphaeresis of donor and patient and the logistics and shipping involved in manufacturing and providing ATIR to the patient.

While Kiadis will evaluate the feasibility of commercialising ATIR in Europe or parts of Europe as well as Canada on its own, Kiadis foresees that a partnering model will be likely be applicable if approval of ATIR is obtained in Europe and North America. Nonetheless, Kiadis anticipates that the underlying assumptions of the commercialisation strategy will remain the same.

Kiadis plans to manufacture ATIR at regional facilities but under the full control of Kiadis or a licensee, as the case may be, to simplify logistics as much as possible. Kiadis expects that at

least one manufacturing site would be available on both the East and West Coast of the United States as well as two sites in Europe. Similarly, additional sites would be explored if approval is granted in other territories, such as Asia, the Middle East and South America.

Kiadis or its partners may set up sales forces for each territory. As ATIR treatment is expected to be done only in larger specialised centres, the number of sales representatives and technical experts is expected to be small compared to drugs that need to be marketed and distributed at the local physician level. Therefore, Kiadis expects that not more than ten specialised sales representatives will be needed to cover the United States and the EU25 Member States (i.e. all Member States forming part of the European Union before 1 January 2007). In this case Kiadis expects that it needs four for the United States and six for Europe.

As ATIR addresses an unmet medical need in patients suffering from fatal and/or debilitating diseases, Kiadis anticipates adoption of ATIR by the specialised physicians conducting HSCT. This is even more so the case because physicians will not have to change their current approach to the treatment of blood cancers but will have the additional opportunity of using haploidentical family donors to provide a potentially curative treatment to patients. In other cases, ATIR may provide an additional immunotherapy option to be provided in combination with other HSCT approaches.

Although ATIR is expected to be used primarily, if not exclusively, for the treatment of orphan diseases, Kiadis has already started to collect data to provide insight into the pharmacoeconomic impact of ATIR and it will continue to do so during the upcoming clinical studies. Such data will not only consist of data regarding overall survival rates of patients but include information on immunosuppression needed, incidence and severity of infections, relapse rates, quality of life and additional parameters that will support an appropriate pricing of ATIR.

Kiadis believes that it is conservative to assume that ATIR101 could be priced at approximately €100,000 per patient in the European Union as well as in North America. This price is based on Kiadis' current knowledge regarding the efficacy and safety of ATIR in blood cancer indications, and also based on market research and pricing studies conducted by IMS, showing the total treatment and follow-up cost for HSCT based on cord blood (*Company estimate based on: Karnonet al., 1999, H. Blommenstein/ IMTA (2010) and Van Agthoven (2002), Navneet, (2009), IMS Health (2015) ATIR cost analysis UK*). Benchmarking against the β-thalassemia major lifetime treatment costs, Kiadis believes that for ATIR201, €100,000 per patient in the European Union could also be a realistic price.

Its pricing assumptions are based on an analysis of the currently reimbursed treatment costs for the current standard of care in HSCT, including SIB and MUD donors, and the use of umbilical cord as an alternative donor source. At Kiadis' price estimate, treating patients with haploidentical family donor stems cells plus ATIR would not result in increased costs to the healthcare system than using umbilical cord and might in fact reduce that cost while increasing survival rates and decreasing incidence and severity of GVHD and potential infections.

11.15.1 Licences, royalty and milestone payment obligations

Kiadis currently licenses some of the compounds and products used in its research programs from third parties, particularly the Theralux product portfolio, for which Kiadis has an exclusive licence. Kiadis is subject to certain payment obligations in connection with the commercialisation of, among others, ATIR101.

License agreement - University of Montreal and Maisonneuve-Rosemont Hospital

Between 1991 and 2015, Kiadis and its predecessors entered into a series of licensing agreements with the University of Montreal and Maisonneuve-Rosemont Hospital pursuant to which Kiadis is obliged to pay to the University of Montreal and Maisonneuve-Rosemont Hospital royalties of 5% of net sales of all products derived from the Theralux platform for the term of Kiadis' commercialisation of such products. 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. Kiadis' present development involving these compounds relies upon previous research conducted by third parties over whom Kiadis had no control. In order to receive regulatory approval for a product, Kiadis needs to present all relevant data and information obtained during its research and development, including research conducted prior to Kiadis licensing the product. Although Kiadis is not currently aware of any such problems, any problems that emerge from preclinical research and testing conducted prior to Kiadis in-licensing may affect future results or Kiadis' ability to document prior research and to conduct clinical trials.

Following the 2010 licence agreement with Hospira (see "Hospira Termination and Royalty Agreement" below) it was agreed and confirmed in writing between the parties in September 2012 that Kiadis would pay to the University of Montreal and Maisonneuve-Rosemont Hospital an amount of US\$750,000, to be increased with 3.5% interest per annum as of 1 January 2011, as a royalty fee in relation to the sublicense granted to Hospira. The US\$750,000 royalty fee and accrued interest are payable as follows: (i) 50% will be paid if Kiadis grants a sublicense to any of the products licensed by Kiadis under the licensing agreements with the University of Montreal and Maisonneuve-Rosemont Hospital provided (a) that the sublicense includes an upfront fee and (b) that the granting of an option to a sublicense will not trigger the repayment obligation, and (ii) 100% will be paid in case of the acquisition of Kiadis by another company which results in a change of control over Kiadis (whichever of (i) and (ii) occurs first). The parties also agreed to a temporary increase in the royalty rate on net sales from 5% to 7.5% whereby the additional 2.5% would be used to pay the royalty fee (or its remainder). Upon repayment of the royalty fee, the royalty rate will return to 5%.

Hospira Termination and Royalty Agreement

In December 2010, Kiadis entered into a licence agreement with Hospira to develop and commercialise ATIR in certain territories. This agreement was terminated as of January 2012, when Hospira and Kiadis Pharma agreed to terminate both the exclusive license Kiadis had granted to Hospira related to products derived from the Theralux platform and Hospira's obligations with respect to such products.

Pursuant to the terms of the Hospira Termination and Royalty Agreement, Kiadis has agreed to use commercially reasonable efforts to commercialise the products derived from the Theralux platform. Kiadis also agreed to make payments to Hospira as follows: a milestone payment of US\$3 million to Hospira upon the earlier of (i) the execution of a sub-license to the Theralux platform, or (ii) the first commercial sale of a product derived from the Theralux platform by Kiadis. Furthermore, Kiadis has agreed to pay a 5% royalty on worldwide net sales of products derived from the Theralux platform until a threshold amount has been paid, after which a 3% royalty on net sales in all countries except for those in North America, South America and China, Mongolia, Tibet, Hong Kong, Macau and Antarctica applies. The terms of the Hospira Termination and Royalty Agreement also grant Hospira a right of first negotiation should Kiadis wish to grant a sub-license to any of its Theralux based products for human haematological therapy or for treatment of an orphan disease anywhere in the world.

Celmed milestone agreement

For a description of Kiadis' contingent liability for milestone payments to the original shareholders of Celmed BioSciences Inc. ("Celmed") in relation to Rhitol and NB1011 two product candidates which Kiadis ceased to develop in 2008 and certain security rights that have been vested in relation thereto, see note 22 to Kiadis Pharma B.V.'s audited consolidated financial statements for the years ended 31 December 2014, 2013 and 2012 on page F-38. Because these products are no longer in development, Kiadis does not expect that the approvals necessary to trigger these payment obligations will occur.

11.16 Facilities

Kiadis' headquarters are located at Entrada 200 in Amsterdam, the Netherlands, where it leases approximately 1,100 square metres of office space pursuant to a lease agreement lastly amended 29 April 2015. The lease has a one year term that is automatically extended each year with a one-year term, unless terminated at the end of a lease period with six months' notice.

Kiadis also leases approximately 210 square metres of laboratory space and 140 square metres of office space at the Science Park 406 in Amsterdam, the Netherlands, pursuant to a lease agreement originally dated April 2011. The lease has a one-year term that is automatically extended each year with a one-year term, unless terminated at the end of a lease period with three months' notice.

11.17 Legal proceedings

In the ordinary course of its business, Kiadis may become involved in litigation arising from claims against Kiadis or brought by it against others to enforce Kiadis' rights. Kiadis is not currently involved, nor has it been involved during the twelve month period immediately prior to the Prospectus Date, in any governmental, legal or arbitration proceedings which may have or have had a material effect on its business, financial position or profitability, and Kiadis is not aware of any such proceedings which are currently pending or threatened.

12 Regulation

12.1 Medicinal product regulations

In each country where it conducts its research and intends to market its products and product candidates, Kiadis has to comply with laws and regulations including regulations laid down by regulatory agencies and by other national or supra-national regulatory authorities (hereinafter, collectively the "**Competent Authorities**"), as well as industry standards, that regulate nearly all aspects of Kiadis' activities. The Competent Authorities include – among others - the European Medicines Agency in the European Union, the national competent authorities of each Member State of the European Union, the Food and Drug Administration in the U.S. and Health Canada in Canada.

12.2 Regulatory incentives

12.2.1 Orphan designation

There is a need for the development of medicines for rare diseases, and intended for small numbers of patients (i.e. orphan drugs), and since the pharmaceutical industry has limited commercial incentive, under normal market conditions, in developing and marketing such medicines, both the European Union and the United States offer a range of incentives to encourage the development of these medicines. In order for the pharmaceutical industry to profit from these incentives it has to comply with the orphan drug regulations.

Marketing authorisation for an orphan drug leads to a ten year market exclusivity in the European Union. This period may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan drug designation, including among other things, if the product is sufficiently profitable so that market exclusivity is no longer justified. In order to be eligible for incentives made available by the European Union and by the Member States to support research into, and the development and availability of, orphan drugs the medicinal product needs to be designated as an orphan drug pursuant to Regulation (EC) No 141/2000, as amended. Regulation (EC) No 141/2000, as amended, states that a medicinal product shall be designated as an orphan medicinal product if its manufacturer can establish:

- that it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the European Union when the application is made or that it is intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition in the European Union and that without incentives it is unlikely that the marketing of the medicinal product in the European Union would generate sufficient return to justify the necessary investment; and
- that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorised in the community or, if such method exists, the medicinal product will be of significant benefit to those affected by that condition.

In the United States, an orphan drug designation qualifies the manufacturer for certain tax credits and leads to market exclusivity for seven years following the date of the drug's marketing approval by the FDA. CFR21§316 states that a drug shall be designated as an orphan drug if its manufacturer can establish that the drug is for a condition:

- that affects fewer than 200,000 individuals in the United States; or

- that affects more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making available the drug for the disease or condition will be recovered from sales of the drug in the United States.

In both the European Union and the United States, a manufacturer may request orphan drug designation of a previously unapproved drug or new orphan indication for a different use for an already marketed drug. In addition, a manufacturer of a drug that is otherwise the same drug as an already approved orphan drug may seek and obtain orphan drug designation for the subsequent drug for the same rare disease or condition if it can present a plausible hypothesis that its drug may be clinically superior to the first drug. However, an orphan drug designation cannot be approved for the same drug made by another manufacturer for the same indication during the market exclusivity period unless it has the consent of the original manufacturer or the original manufacturer is unable to provide sufficient quantities. More than one manufacturer may receive orphan drug designation for the same drug for the same rare disease or condition, but each manufacturer seeking orphan drug designation must file a complete request for designation.

An application for designation as an orphan product can be made any time prior to the filing of an application for approval to market the product. The period of exclusivity begins on the date that the marketing application is approved. The exclusivity is limited to the indication for which the drug has been designated.

12.2.2 SME

In the European Union, manufacturers may benefit from further incentives including a certification procedure for advanced-therapy medicinal products ("ATMPs") under development (see paragraph 12.4 below), and/or administrative and procedural assistance and fee reductions when they are classified as a micro, small or medium-sized enterprise ("SME"). Within the SMEs, medium enterprises are defined as those which employ fewer than 250 persons, and which have an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million; a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million; and a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2 million.

12.2.3 Development of medicines for children

Several incentives for the development of medicines for children are available in the European Union:

- medicines that have been authorised across the European Union with the results of paediatric investigational plan ("PIP") studies included in the product information are eligible for an extension of their patent protection by six months. This is the case even when the studies' results are negative;
- for orphan medicines, the incentive is an additional two years of market exclusivity;
- scientific advice and protocol assistance at the EMA are free of charge for questions relating to the development of medicines for children;
- medicines developed specifically for children that are already authorised but are not protected by a patent or supplementary protection certificate, can apply for a

paediatric-use marketing authorisation ("PUMA"). If a PUMA is granted, the product will benefit from 10 years of market protection as an incentive.

12.3 Regulatory and development

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

ATMPs are medicines for human use that are based on gene therapy, somatic-cell therapy or tissue engineering. They offer ground-breaking new opportunities for the treatment of disease and injury. Competent Authorities are generally aware of the specificities of these novel cell-based product candidates, and give much attention to their upfront characterisation and the development of assays to measure their biological activity (potency). The pre-clinical and clinical development paths for product candidates are broadly similar in the European Union, the United States and Canada.

12.3.1 Non-clinical studies

Development of the product candidates starts with non-clinical studies which include laboratory tests to develop a robust product manufacturing process including formulation and stability. In addition further non clinical studies are conducted to evaluate the mode of action and in vivo tests are conducted until adequate proof of safety is established (e.g. toxicity studies in animals). The conduct of the non-clinical tests and formulation of the compounds for testing must comply with regulations and requirements set by the Competent Authorities. Upon successful completion of non-clinical studies clinical development can be initiated.

12.3.2 Clinical studies

Prior to initiating clinical trials a request for clinical trial authorisation (Canada and national competent authorities in the European Union) or an Investigational New Drug application (IND in the United States), need to be approved by the relevant Competent Authorities for such trials to be allowed to start. These submissions must be supported by an investigational medicinal product dossier as detailed in applicable guidance documents. The results of the preclinical tests, together with manufacturing information and analytical data, are included in these applications. Manufacturing of investigational products is subject to authorisation and must be carried out in accordance with applicable GMP. Furthermore, a clinical trial may only be started after a competent ethics committee (European Union and Canada) or institutional review board (United States.) has issued a favourable opinion on the clinical trial application. Clinical trials are typically conducted in sequential phases, Phases I, II and III, with Phase IV studies being conducted after marketing approval. Phase IV trials are generally required for products that receive conditional or accelerated approval to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit (see also paragraph 12.5 below). These phases may be compressed, may overlap or may be omitted in some circumstances.

12.3.3 Paediatric Regulation

On 26 January 2007, the Paediatric Regulation (Regulation (EC) No 1901/2006 and Regulation (EC) No 1902/2006) came into force in the European Union. Its objective is to improve the health of children in the European Union by facilitating the development and availability of medicines for children from birth up to 18 years of age, ensuring that medicines for use in children are of high quality, ethically researched and authorised appropriately and

improving the availability of information on the use of medicines for children. The aim is to achieve this without subjecting children to unnecessary trials or delaying the authorisation of medicines for use in adults. The Paediatric Regulation established the Paediatric Committee ("PDCO"), which is responsible for coordinating the Agency's work on medicines for children. The Committee's main role is to determine the studies that companies must carry out on children as part of PIPs. At least an approved PIP needs to be in place before applying for marketing authorisation. The PDCO grants deferrals for some medicines, allowing a company to delay development of the medicine in children until there is enough information to demonstrate its effectiveness and safety in adults. The PDCO also grants waivers when development of a medicine in children is not needed or is not appropriate, such as for diseases that only affect the elderly population.

12.4 Marketing authorisation

12.4.1 European Union

The EMA's Committee for Advanced Therapies ("CAT") provides a certification procedure for ATMPs under development by SMEs as defined in the ATMP regulation (EC) No 1394/2007, as amended. This is an opportunity for SMEs to get an assessment of the data they have generated and to obtain some degree of comfort that they are on the right track for successful development. The certification procedure involves the scientific evaluation of data quality and, when available, non-clinical data that SMEs have generated at any stage of the ATMP development process. It aims to identify potential issues early on, so that these can be addressed prior to the submission of a marketing-authorisation application. After the assessment, the CAT may recommend issuing a certification confirming the extent to which the available data comply with the standards that apply for evaluating a marketing-authorisation application. Following the CAT recommendation, the EMA issues a certification. The evaluation and certification procedure takes 90 days.

The EMA and the European Commission apply a centralised authorisation procedure. Pursuant to Regulation (EC) No 726/2004, as amended, this procedure is mandatory for ATMPs, products containing a new active substance for the treatment of acquired immune deficiency syndrome ("AIDS"), cancer, neurodegenerative disorders or diabetes, all drugs that are designated as orphan drugs pursuant to Regulation (EC) No 141/2000, as amended, and pharmaceutical products containing a new chemical substance for the treatment of autoimmune diseases, other immune dysfunctions and viral diseases. When a centralised authorisation is granted, the authorisation is automatically valid in all Member States of the European Union.

Under the centralised authorisation procedure, the EMA's Committee for Medicinal Products for Human Use, ("CHMP"), serves as the scientific committee that renders opinions about the safety, efficacy and quality of human products on behalf of the EMA. The CHMP is composed of experts nominated by the Competent Authority of each European Union Member State, one of them to be appointed to act as rapporteur for the co-ordination of the evaluation with the possible assistance of a further member of the CHMP acting as a co-rapporteur. The CHMP has 210 days, or longer if additional information is requested, to give its opinion to the EMA as to whether a marketing authorisation should be granted. This process is complex and involves extensive consultation with the Competent Authorities of the Member States of the European Union and a number of experts.

A marketing authorisation that has been granted in the European Union may be suspended or withdrawn if ongoing regulatory requirements are not met or if safety problems are identified. Among other things, marketing authorisation holders are required to have risk management plans that use risk minimisation strategies beyond product labelling to ensure that the benefits of certain prescription drugs outweigh their risks.

12.4.2 United States

The results of drug candidate development, preclinical testing and clinical trials are submitted to the FDA as part of a New Drug Application ("NDA") or in case of a biological drug therapeutic, a Biologic License Application ("BLA"). A BLA must contain extensive manufacturing information, detailed information on the composition of the product and proposed labelling; filing of a BLA also requires payment of a user fee. Once the submission has been accepted for filing, the FDA begins an in-depth review of the BLA. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act ("PDUFA"), the FDA has twelve months in which to complete its initial review of a standard BLA and respond to the applicant, and eight months for a priority BLA. The FDA does not always meet its PDUFA goal dates for standard and priority BLAs. The review process is often significantly extended by FDA requests for additional information or clarification. The review process and the PDUFA goal date may be extended by three months if the FDA requests (or the BLA sponsor otherwise provides) additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

If the FDA's evaluations of the BLA and the clinical and manufacturing procedures and facilities are favourable, the FDA may issue an approval letter. If the FDA's evaluation of the BLA submission and the clinical and manufacturing procedures and facilities are not favourable, the FDA may refuse to approve the BLA and issue a complete response letter. Companies that receive a complete response letter may submit to the FDA information that represents a response to the issues identified by the FDA in the complete response letter.

The FDA may refer the BLA to an advisory committee for review, evaluation and recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of the advisory committee, but it generally follows such recommendations. The FDA may deny approval of a BLA if the applicable regulatory criteria are not satisfied, or it may require additional clinical data or an additional pivotal Phase III clinical trial. Even if such data are submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval. Once issued, the FDA may withdraw a drug approval if ongoing regulatory requirements are not met or if safety problems occur after the drug reaches the market. In addition, the FDA may require further testing (including Phase IV clinical trials), and/or risk management plans that use risk minimisation strategies beyond drug labelling to ensure that the benefits of certain prescription drugs outweigh their risks. The FDA has the power to prevent or limit further marketing of a drug based on the results of these post-marketing programs. Drugs may be marketed only for the approved indications and in accordance with the provisions of the approved label. Further, if there are any modifications to a drug, including changes in indications, labelling or manufacturing processes or facilities, a new BLA or BLA supplement may be required to be submitted to obtain FDA approval which may require the development of additional data or the conduct additional preclinical studies and clinical trials.

12.4.3 Canada

In Canada upon completion of all clinical studies, the results are submitted to the TPD of Health Canada as part of a New Drug Submission ("NDS"). If, at the completion of a new drug review, it is concluded that the benefits outweigh the risks and that the risks can be mitigated or managed, the product is issued a letter known as a notice of compliance which permits marketing of the product in Canada. The review process typically takes between 12 and 24 months from the date an NDS is submitted.

Even after marketing approval has been obtained, further studies are required to provide additional data on safety and efficacy in order to gain approval for the use of a drug as a treatment for clinical indications other than those for which the product was initially tested.

Critical analyses of adverse drug reactions must be conducted annually or whenever requested to do so by the director of Health Canada, and a report must be provided. The TPD must also be informed of, among other things, any changes to a previously authorised Clinical Trial Application and of any updates made to an investigator's brochure. In addition, any product that is manufactured or distributed pursuant to the TPD approval is subject to extensive continuing regulation, including record-keeping and labelling requirements and reporting of adverse events with the product. If any modifications to a product are proposed, including changes in the manufacturing process, manufacturing facility or labelling, a supplement to the NDS is required to be submitted to the TPD.

The TPD conducts post-market surveillance programs to monitor a product's side effects. Results of post-marketing programs may limit or expand the further marketing of products. A serious safety or efficacy problem involving an approved drug or medical device may result in regulatory withdrawal of the product from the market.

12.5 Accelerated assessment procedures

Speeding the availability of drugs that treat serious diseases is in everyone's interest, especially when the drugs are the first available treatment or if the drug has advantages over existing treatments. Both the European Union and FDA have developed four distinct and successful approaches to making such drugs available as rapidly as possible.

12.5.1 European Union

When an application is submitted for a marketing authorisation in the European Union in respect of drugs for human use which is of major interest from the point of view of public health and in particular from the viewpoint of therapeutic innovation, the applicant may request an accelerated assessment procedure pursuant to article 14, paragraph 9 of Regulation (EC) No 726/2004, as amended. Applicants requesting an accelerated assessment procedure should justify that the medicinal product is expected to be of major public health interest. Based on the request, the justifications presented, and the recommendations of the rapporteurs, the CHMP will formulate a decision. Such a decision will be taken without prejudice to the CHMP opinion (positive or negative) on the granting of a marketing authorisation. If the CHMP accepts the request, the timeframe for the evaluation will be reduced to 150 days.

In the European Union conditional marketing authorisation may be requested by an applicant or proposed by the CHMP for medicinal products which aim at:

- the treatment, prevention or medical diagnosis of seriously debilitating or life-threatening diseases; or
- medicinal products to be used in emergency situations in response to public health threats recognised either by the World Health Organisation or by the European Union in the framework of Decision No 2119/98/EC; or
- medicinal products designated as orphan medicinal products in accordance with Regulation (EC) No 141/2000, as amended.

A conditional marketing authorisation may be granted where the CHMP finds that, although comprehensive clinical data referring to the safety and efficacy of the medicinal product have not been supplied, all the following requirements are met:

- the risk-benefit balance of the medicinal product, as defined in Article 1(28a) of Directive 2001/83/EC, as amended, is positive;
- it is likely that the applicant will be in a position to provide the comprehensive clinical data;
- unmet medical needs will be fulfilled (no existing satisfactory methods or the medicinal product provides major therapeutic advantage);
- the benefit to public health of the immediate availability on the market of the medicinal product concerned outweighs the risk inherent in the fact that additional data are still required.

The legal basis for a conditional marketing authorisation is Article 14 (7) of Regulation (EC) No 726/2004, as amended. The provisions for the granting of such an authorisation are laid down in Regulation (EC) No 507/2006. Conditional marketing authorisations are valid for one year, on a renewable basis. The holder will be required to complete ongoing studies or to conduct new studies with a view to confirming that the benefit-risk balance is positive. In addition, specific obligations may be imposed in relation to the collection of pharmacovigilance data. The granting of a conditional marketing authorisation will allow medicines to reach patients with unmet medical needs earlier than might otherwise be the case, and will ensure that additional data on a product are generated, submitted, assessed and acted upon.

In addition, authorisation under exceptional circumstances may be requested when it is not possible to provide comprehensive data on the efficacy and safety under normal conditions of use, because:

- the indications for which the product in question is intended are encountered so rarely that the applicant cannot reasonably be expected to provide comprehensive evidence; or
- in the present state of scientific knowledge, comprehensive information cannot be provided; or
- it would be contrary to generally accepted principles of medical ethics to collect such information.

The legal basis for the marketing authorisation ("MA") under exceptional circumstances is article 14 (8) of Regulation (EC) No 726/2004, as amended, and the relevant documentation for applications in exceptional circumstances are laid down in Part II of Annex I of Directive 2001/83/EC, as amended. The authorisation under exceptional circumstances is granted subject to a requirement for the applicant to meet certain conditions, in particular concerning the safety of the medicinal product, notification to the Competent Authorities of any incident relating to its use, and action to be taken. The renewal of the marketing authorisation of a medicinal product under exceptional circumstances follows the same rules as a "normal" marketing authorisation. After five years, the marketing authorisation will then be renewed under exceptional circumstances for an unlimited period, unless the Competent Authority decides, on justified grounds relating to pharmacovigilance, to proceed with one additional five-year renewal.

12.5.2 FDA - breakthrough therapy

The FDA's breakthrough therapy designation is intended to expedite the development and review of drugs which may demonstrate substantial improvement over available therapy. A

drug that receives breakthrough therapy designation is eligible for all fast track designation features, intensive guidance on an efficient drug development program, beginning as early as Phase 1 and organisational commitment involving senior managers. Breakthrough therapy designation is requested by the manufacturer. If a manufacturer has not requested breakthrough therapy designation, the FDA may suggest that the sponsor consider submitting a request if:

- after reviewing submitted data and information (including preliminary clinical evidence), the FDA thinks the drug development program may meet the criteria for breakthrough therapy designation; and
- the remaining drug development program can benefit from the designation.

Ideally, a breakthrough therapy designation request should be received by FDA no later than the end-of-phase-2 meetings if any of the features of the designation are to be obtained. Because the primary intent of breakthrough therapy designation is to develop evidence needed to support approval as efficiently as possible, FDA does not anticipate that breakthrough therapy designation requests will be made after the submission of an original BLA or NDA or a supplement. FDA will respond to breakthrough therapy designation requests within sixty days of receipt of the request.

12.5.3 Health Canada

In Canada an applicant may request priority review for a serious, life-threatening or severely debilitating disease or condition for which there is substantial evidence of clinical effectiveness that the drug provides:

- effective treatment, prevention or diagnosis of a disease or condition for which no drug is presently marketed in Canada; or
- a significant increase in efficacy and/or significant decrease in risk such that the overall benefit/risk profile is improved over existing therapies, preventatives or diagnostic agents for a disease or condition that is not adequately managed by a drug marketed in Canada.

In order to qualify for priority review status, the product must not only be intended for patients suffering from a serious, life-threatening or severely debilitating disease or condition but must also be indicated to treat, prevent or diagnose a serious symptom or manifestation of the condition. For example, a product indicated for alleviating a minor skin irritation in a patient with cancer would not be eligible for priority review status although the condition (cancer) itself is clearly life-threatening.

Priority review status allows for the insertion of eligible drug submissions into Health Canada's submission workload on the basis of a shortened review target of 180 calendar days. As such, qualifying submissions may undergo review in advance of non-eligible submissions in accordance with approaching target dates.

12.6 Manufacturing

The manufacturing of authorised drugs, for which a separate manufacturer's licence is mandatory, must be conducted in strict compliance with applicable GMP requirements and comparable requirements of regulatory bodies, which mandate the methods, facilities and controls used in manufacturing, processing and packing of drugs to assure their safety and identity. Therefore, all establishments engaged in fabrication, packaging or labelling,

importation, distribution, wholesale or operation of a testing laboratory are required to hold an establishment licence unless expressly exempted by the regulations.

12.6.1 European Union

The EMA enforces GMP requirements through mandatory registration of facilities and inspections of those facilities. The EMA may have a co-ordinating role for these inspections but the responsibility for carrying them out rests with the Competent Authority of the Member State of the European Union under whose responsibility the manufacturer falls. Failure to comply with these requirements could interrupt supply and result in delays, unanticipated costs and lost revenues, and could subject the applicant to potential legal or regulatory action, including but not limited to warning letters, suspension of manufacturing, seizure of product, injunctive action or possible civil and criminal penalties.

12.6.2 United States

Satisfactory completion of an FDA inspection of the manufacturing facility or facilities, including those of third-parties, at which the product is produced to assess compliance with strictly enforced current GMP is generally required for marketing of a new drug.

12.6.3 Canada

Health Canada enforces GMP by regular inspection of the establishments by TPD to verify whether they are in compliance with current GMP. Importers must demonstrate that the products they import originate from sites that comply with current GMP.

12.7 Marketing and promotion

12.7.1 European Union

The marketing and promotion of authorised medicinal products, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs, are strictly regulated in the European Union, notably under, among others, Directive 2001/83/EC, as amended, guidance published by the European Commission and the EMA, laws, regulations and guidance set out by the Member States of the European Union and industry wide codes of conduct. The applicable regulatory framework aims to ensure that information provided by holders of marketing authorisations regarding their products is truthful, balanced and accurately reflects the safety and efficacy claims authorised by the EMA or by the Competent Authority of the authorising Member State. Failure to comply with these requirements can result in adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Marketing and promotion of medicinal products which are available by prescription only, aimed at consumers or patients (directly or indirectly) is strictly forbidden.

12.7.2 United States

All promotional materials, including promotional labelling as well as advertisements need to be submitted to the FDA. Advertising and promotional labelling materials are regulated by the advertising and promotional labelling branch ("**APLB**"). APLB is responsible for protecting the public health by:

- regulating advertising and promotional labelling materials for Center for Biologics Evaluation and Research ("**CBER**") products to ensure that the information about the risks and benefits of regulated products are communicated in a truthful,

accurate, science-based, non-misleading and balanced manner and is in compliance with pertinent federal laws and regulations; and

- evaluating proposed proprietary names to avoid potential medication errors related to look-alike and sound-alike proprietary names and mitigating other factors that contribute to medication errors, such as unclear label abbreviations, acronyms, dose designations, and error prone label and packaging design.

Any person who disseminates or causes another party to disseminate a false or misleading direct to consumer ("DTC") ad shall be liable for a civil penalty of up to \$250,000 for the first violation, and up to \$500,000 for subsequent violations in a 3 year period (Sec. 901 of Title IX of the Food and Drug Administration Amendments Act).

12.7.3 Canada

In Canada health product advertisements need to comply with the requirements of the Food and Drugs Act and its regulations, and the Controlled Drugs and Substances Act ("CDSA"). The preclearance of advertising for marketed health products is administered through an independent, self-regulatory and voluntary system. These advertising preclearance agencies ("APAs") are independent entities which review and pre-clear advertising material to help interested parties ensure compliance with the regulatory guidance developed by Health Canada. Complaints received directly by Health Canada or referred to Health Canada by the APAs are evaluated for non-compliance and subjected to a health risk assessment. Once non-compliance and the health risk level of an advertisement is determined, immediate risk management actions may be taken by Health Canada and may include but is not limited to: warning letter to the advertising sponsor and/or broadcaster, requesting immediate cessation of the advertisement, contacting and/or referral to the APAs, issuance of a risk communication, suspension or cancellation of marketing authorisation/product licence, or prosecution. Risk management actions can be taken alone or in combination, and sequentially or simultaneously. Further information on regulatory measures available to Health Canada in order to achieve compliance by regulated parties are described in Health Canada's Compliance and Enforcement Policy (POL-0001).

12.8 Regulatory data protection and market exclusivity

12.8.1 European Union

In the European Union, all applications for marketing authorisation receive an 8+2+1 year data/market exclusivity regime if submitted on or after 20 November 2005 as regards applications via the centralised procedure or if submitted on or after 30 October 2005 as regards applications via other authorisation procedures. This regime consists of (i) a regulatory data protection period and market exclusivity period of eight years, (ii) a market exclusivity period of an additional two years after the eight year period and (iii) an extended market exclusivity period of one year after the ten year period if, during the first eight years of those ten years, the marketing approval holder obtains an approval for one or more new therapeutic indications which, during the scientific evaluation prior to their approval, are determined to bring a significant clinical benefit in comparison with existing therapies. Under the current rules, a third party may reference the preclinical and clinical data of the original sponsor beginning eight years after first approval in the European Union, but the third party may market a generic version after only ten (or, where applicable, eleven) years have lapsed.

Medicines that still meet the criteria for orphan designation benefit from the incentive of ten years of market exclusivity once they are approved for marketing in the European Union. This protects them from market competition with similar medicines with similar indications

once they are approved. Market exclusivity is awarded by the European Commission and is specifically linked to one specific orphan designation for which a marketing authorisation has been granted. Each orphan designation carries the potential for one market exclusivity for a particular indication. A medicine that has several separate orphan designations for different indications can have several separate market exclusivities if these refer to separate designated conditions. The period of market exclusivity is extended by two years for medicines that also have complied with an agreed PIP. A designated orphan medicinal product shall be removed from the European Union's Community register of orphan medicinal products at the end of the period of market exclusivity. See also paragraph 12.2.1 above for more details on orphan drugs.

12.8.2 United States

A new chemical entity that was approved by the FDA after 24 September 1984, in an application submitted under section 505(b) of the Food, Drug and Cosmetic Act receives market exclusivity for a period of five years from the date of approval of the first approved new drug application. After approval of a sponsor's marketing application for a designated orphan-drug product for treatment of the rare disease or condition concerning which orphan-drug designation was granted, exclusivity is granted for seven years from the date of approval (see also paragraph 12.2.1 above for more details on orphan drugs). As provided by section 351(m) of the PHS Act, the period will be extended by six months if the sponsor conducts paediatric studies that meet the requirements for paediatric exclusivity pursuant to section 505A of the Federal Food, Drug, and Cosmetic Act.

In August 2014 the FDA released a new draft guidance document "Reference Product Exclusivity for Biological Products Filed Under Section 351(a) of the Public Health Service Act (PHS Act)". In this draft guidance biological products approved under Section 351(a) of PHS Act are given a period of market exclusivity of twelve years beginning at a date of first licensure. However, the date of first licensure does not include the date of licensure of (and a new period of exclusivity shall not be available for) a biological product licensed under section 351(a) of the PHS Act if the licensure is for:

- a supplement for the biological product that is the reference product; or
- a subsequent application filed by the same sponsor or manufacturer of the biological product that is the reference product (or a licensor, predecessor in interest, or other related entity) for
- a change (not including a modification to the structure of the biological product) that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device, or strength; or
- a modification to the structure of the biological product that does not result in a change in safety, purity, or potency.

As provided by section 351(m) of the PHS Act, an additional six month period of exclusivity will attach to the 12-year period if the sponsor conducts paediatric studies that meet the requirements for paediatric exclusivity pursuant to section 505A of the Federal Food, Drug, and Cosmetic Act.

12.8.3 Canada

Innovative drugs, as defined in section C.08.004.1 of the Food and Drug Regulations, are entitled to an eight-year term of data protection. Where the drug has qualified for the paediatric extension, the term is extended to eight and a half years.

12.9 Post-approval regulation

If regulatory approval for marketing of a product or new indication for an existing product is obtained, Kiadis will be required to comply with a number of post-approval requirements. Kiadis will be required to report certain adverse reactions and production problems, provide updated safety and efficacy information to the Competent Authorities of the jurisdictions in which a marketing authorisation has been granted and comply with the relevant requirements concerning advertising and promotional labelling requirements. Drug manufacturers and certain of their subcontractors are required to register their establishments with the Competent Authorities and certain state agencies, and are subject to periodic unannounced inspections by the Competent Authorities and certain state agencies for compliance with ongoing regulatory requirements, including current GMP, good pharmacovigilance practice, regulations and guidance, which impose certain procedural and documentation requirements upon drug manufacturers. Accordingly, Kiadis and its third-party manufacturers must continue to expend time, money and effort in the areas of production and quality control to maintain compliance with current GMP and other regulatory requirements. Discovery of problems with a product after approval for marketing may result in restrictions on a product, manufacturer, or holder of an approved NDA or marketing authorisation holder, including withdrawal of the product from the market.

12.10 Price review

12.10.1 European Union

The pricing of prescription pharmaceuticals in each of the Member States of the European Union is subject to strict governmental control. Each country in the European Economic Area has its own pricing and reimbursement regulations and may have other regulations related to the marketing and sale of pharmaceutical products in the country. Generally, prior to the commencement of any commercial sales of a medicinal product, any obligatory or commercially necessary pricing and reimbursement negotiations will have been concluded. Some European Union Member States require the conduct of a clinical trial or other studies that compare the cost-effectiveness of a medicinal product to other available therapies in order to obtain or maintain reimbursement or pricing approval.

12.10.2 United States

The US has low levels of price regulation. The FDA has no legal authority to investigate or control the prices charged for marketed drugs. Manufacturers, distributors and retailers establish these prices. The FDA recognises that other factors beyond its purview, including insurance coverage and drug pricing, can determine patient access to drugs. These factors have been receiving increasing public attention and public debate.

12.10.3 Canada

In Canada the Patented Medicine Prices Review Board, or PMPRB, is an independent quasi-judicial administrative agency that is responsible for regulating the price charged by patentees for prescription and non-prescription patented drugs sold to wholesalers, hospitals or pharmacies for human and veterinary use to ensure that they are not excessive. The PMPRB regulates the price of each patented drug product, including the price for each strength of each dosage form of each patented medicine sold in Canada.

Under the Patented Medicines Regulations, patentees are required to file price and sales information twice a year for each strength of each dosage form of each patented medicine sold in Canada for price regulation purposes. Patentees are also required to file research and development expenditures once a year for reporting purposes. Manufacturers must

inform the PMPRB of their intention to sell a new patented medicine but are not required to obtain prior approval of the price.

Patentees are required to comply with the Patent Act to ensure that prices of patented medicines sold in Canada are not excessive. In the event that the PMPRB finds, after a public hearing, that a price is excessive in any market, it may order the patentee to reduce the price and take measures to offset excess revenues it may have received.

In Canada the provincial and territorial governments are responsible, among other things, for providing public drug benefit plans to certain segments of their population (all provinces and territories provide coverage to seniors and those receiving social assistance) and managing the list of drugs for which public reimbursement from government drug plan is available. In some cases, drugs have a restricted status limiting coverage to particular types of patients or situations.

13 Management, Supervisory Board and Employees

13.1 General

Set out below is a summary of relevant information concerning the Management Board, the Supervisory Board, Senior Management and Kiadis' employees and a brief summary of certain significant provisions of Dutch corporate law and the Articles of Association in respect of the Management Board and the Supervisory Board.

This summary does not purport to give a complete overview and should be read in conjunction with 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, via Kiadis' website www.kiadis.com.

13.2 Management structure

The Company has a two-tier board structure consisting of a Management Board (*Raad van Bestuur*) and a Supervisory Board (*Raad van Commissarissen*).

The Management Board is responsible for the day-to-day management which includes, among other things, formulating strategies and policies, and setting and achieving the Company's objectives. The Supervisory Board supervises and advises the Management Board.

Each member of the Management Board and Supervisory Board owes a duty to the Company to properly perform the duties assigned to such member and to act in the Company's corporate interest. Under Dutch law, a company's corporate interest extends to the interests of all of the company's stakeholders, including its shareholders, creditors, employees and clients.

13.3 Management Board

13.3.1 Responsibility, powers and function

The Management Board is responsible for the day-to-day management of the operations under the supervision of the Supervisory Board. In performing its duties, the Management Board must carefully consider and act in accordance with the interests of the Company and the business connected with it, taking into consideration the interest of all the stakeholders of the Company (which includes but is not limited to its customers, its employees and the Shareholders).

The Management Board is required to keep the Supervisory Board informed, consult with the Supervisory Board on important matters and submit certain important decisions to the Supervisory Board for its approval, as more fully described below. The Management Board shall inform the Supervisory Board at least once a year in writing of the general outline of the strategy, the general and financial risks and the management and control system of Kiadis.

The Management Board may perform all acts necessary or useful for achieving the Company's corporate purposes, save for those acts that are prohibited by law or by the Articles of Association. The Management Board as a whole is authorised to represent the Company, as is each member of the Management Board acting individually. The number of members of the Management Board will be determined by the Supervisory Board and will consist of a minimum of one member.

13.3.2 Management Board Rules

Pursuant to the Articles of Association, the Management Board may adopt internal rules regulating its decision-making process and working methods ("**Management Board Rules**"), in addition to the relevant provisions of the Articles of Association. The resolution of the Management Board to establish such Management Board Rules is subject to the approval of the Supervisory Board.

13.3.3 Appointment, dismissal and suspension

The Articles of Association provide that the General Meeting appoints members of the Management Board and that the Supervisory Board may draw up a non-binding nomination of one or more nominees for each vacancy to be filled for the appointment of a person as a member of the Management Board. A resolution of the General Meeting to appoint a member of the Management Board in conformity with the nomination of the Supervisory Board shall be passed by an absolute majority of votes cast. A resolution of the General Meeting to appoint a member of the Management Board not in conformity with, or without, the nomination of the Supervisory Board shall require an absolute majority of the votes cast representing more than 50% of the Company's issued share capital.

The Articles of Association provide that the General Meeting and the Supervisory Board may suspend Management Board members at any time, and that the General Meeting may dismiss Management Board members at any time. A resolution of the General Meeting to suspend or dismiss a member of the Management Board pursuant to a proposal by the Supervisory Board shall be passed with an absolute majority of the votes cast. A resolution of the General Meeting to suspend or dismiss a member of the Management Board other than pursuant to, or without, a proposal by the Supervisory Board shall require an absolute majority of the votes cast representing more than 50% of the Company's issued share capital.

13.3.4 Meetings and decision-making

The Management Board holds, in principle one meeting every week, or more (or less) often as deemed necessary or desirable for the proper functioning of the Management Board. If no larger majority is stipulated by Dutch law or pursuant to the Articles of Association or the Management Board Rules, the Management Board may adopt resolutions with an absolute majority of the votes cast at the meeting. Resolutions of the Management Board may, instead of at a meeting, be passed in writing, provided that all members of the Management Board are familiar with the resolution to be passed and none of them objects to this decision-making process.

A member of the Management Board may not participate in deliberating or decision-making within the Management Board, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. If, as a result hereof, the Management Board cannot make a decision, the Supervisory Board will resolve the matter. All transactions in which there is a conflict of interest with one or more members of the Management Board shall be agreed on terms that are customary in the sector concerned and disclosed in the Company's annual report. Decisions to enter into transactions in which there are conflicts of interest with one or more members of the Management Board that are of material significance to the Company require the approval of the Supervisory Board.

Resolutions of the Management Board identified in the Management Board Rules or identified pursuant to a resolution of the Supervisory Board from time to time on the basis of

the relevant provisions in the Articles of Association require the prior approval of the Supervisory Board.

Under the Articles of Association, the resolutions of the Management Board that must be approved by the Supervisory Board include:

- the issue and acquisition of any of the Company's shares or debt instruments, or of debt instruments issued by a limited partnership or general partnership of which the Company is a fully liable partner;
- the application or the withdrawal for quotation in the listing on any stock exchange of the Company's shares or debt instruments, or of debt instruments issued by a limited partnership or general partnership of which the Company is a fully liable partner;
- the entry into or termination of a permanent cooperation of the Company or a dependent company with another legal entity or company or as fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of major significance to the Company;
- the participation for a value of at least one-fourth of the amount of the issued capital with the reserves according to the most recent adopted balance sheet (whether consolidated or not) with explanatory notes of the Company or by a dependent company in the capital of another company, as well as a significant increase or reduction of such a participation;
- investments involving an amount equal to at least the sum of one-fourth of the Company's issued capital plus the reserves as shown in its most recent adopted balance sheet (whether consolidated or not);
- a proposal to amend the Company's articles of association;
- a proposal to dissolve (*ontbinden*) the Company;
- a proposal to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*);
- application for bankruptcy (*faillissement*) or for suspension of payments (*surséance van betaling*);
- the termination of the employment of a considerable number of employees of the Company or of a dependent company at the same time or within a short period of time;
- far-reaching changes in the employment conditions of a significant number of employees of the Company or of a dependent company; or
- a proposal to reduce the issued share capital.

Dutch law and the Articles of Association provide that decisions of the Management Board involving a significant change in the Company's identity or character are subject to the approval of the General Meeting. Such changes include:

- the transfer of all or substantially all of the Company's business to a third party;

- the entry into or termination of a longstanding joint venture with other legal entities or companies, or of the Company's position as a fully liable partner in a limited partnership or a general partnership, if such a joint venture is of major significance to the Company; or
- the acquisition or disposal of a participation in the capital of a company worth at least one-third of the amount of the assets according to the balance sheet with explanatory notes thereto, or if the Company prepares a consolidated balance sheet, according to such consolidated balance sheet with explanatory notes according to the last adopted annual accounts of the Company, by the Company or a subsidiary.

13.3.5 Members of the Management Board

The Management Board is currently composed of the following members:

Name	Age	Position	Member since ⁽¹⁾	Term
Manfred Rüdiger	50	Chief Executive Officer	2012	2019
Robbert van Heekeren	44	Chief Financial Officer	2012	2019

⁽¹⁾Mr Rüdiger and Mr Van Heekeren were appointed to the management board of Kiadis Pharma B.V. in 2012 which is referred to in this table. They have been members of the Management Board since its incorporation on 12 June 2015.

The Company's registered address serves as the business address for the members of the Management Board (see paragraph 14.1 below).

Manfred Rüdiger

Dr. Rüdiger was appointed as a member of Kiadis Pharma B.V.'s management board on 22 February 2012 and is acting as Kiadis' Chief Executive Officer since 17 October 2011. He is a member of the Management Board since its incorporation on 12 June 2015. Prior to joining Kiadis, Dr. Rüdiger was Chief Scientific Officer and acting CEO of Cardion AG, CEO of Igeneon AG, Chief Operating Officer of NASDAQ-listed Aphton Corporation, and lastly CEO of t2cure GmbH. Dr. Manfred Rüdiger holds a PhD in Biochemistry from the Max-Planck Institute for Biophysical Chemistry in Göttingen, Germany, and worked at the Technical University of Braunschweig, Germany, before he joined the industry.

At present, Dr. Rüdiger also serves as Vice Chairman of the supervisory board of 4SC AG. In addition, during the last five years, he held the following positions: CEO of Affectis Pharmaceuticals AG (2010 - 2013) and venture partner with the Munich office of LSP Life Sciences Partners (2010 - 2013).

Robbert van Heekeren

Mr. Van Heekeren was appointed as a member of Kiadis Pharma B.V.'s management board on 22 February 2012 and is acting as Kiadis' Chief Financial Officer since 1 May 2008. He is a member of the Management Board since its incorporation on 12 June 2015. Prior to joining Kiadis, Mr. Van Heekeren was Executive Director, Head Global Finance & Control at Organon, the former pharmaceutical business unit of AkzoNobel. Mr. Van Heekeren worked for Organon for more than ten years in various international management positions. Mr. Van Heekeren holds a master's degree in Economics from Tilburg University, the Netherlands, and a master's degree in Industrial Engineering & Management Science from Eindhoven University of Technology, the Netherlands.

At present, Mr. Van Heekeren also serves as a member of the supervisory boards of Odyssee Mobile and Ceronco Biosciences. During the last five years he held the position of member of the supervisory board of Proxy Laboratories (2008 - 2012).

13.4 Supervisory Board

13.4.1 Responsibility, powers and function

The Supervisory Board is responsible for supervising the conduct of the management and of the general course of affairs of the Company and of any affiliated enterprise. Furthermore, the Supervisory Board assists the Management Board by rendering advice. The members of the Supervisory Board are not authorised, however, to represent the Company in dealings with third parties.

In performing their duties, the members of the Supervisory Board are required to be guided by the interests of the Company and the enterprise connected therewith and to take into account the relevant interests of all Kiadis' stakeholders as well as the corporate social responsibility issues that are relevant to the business. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board may, at the Company's expense, seek the advice which it deems desirable for the correct performance of its duties.

The Supervisory Board will draw up a profile for its size and composition taking into account the nature of Kiadis' business, the Supervisory Board's activities and the desired expertise and background of the members of the Supervisory Board. The Supervisory Board must discuss the profile at the occasion of its adoption and must subsequently discuss it with each amendment thereof in the General Meeting.

13.4.2 Supervisory Board Rules

Pursuant to the Articles of Association, the Supervisory Board may adopt internal rules regulating its decision-making process and working methods ("**Supervisory Board Rules**"), in addition to the relevant provisions of the Articles of Association.

13.4.3 Appointment, dismissal and suspension

The Articles of Association provide that the General Meeting appoints members of the Supervisory Board and that the Supervisory Board may draw up a non-binding nomination of one or more nominees for each vacancy to be filled for the appointment of a person as member of the Supervisory Board. A resolution of the General Meeting to appoint a member of the Supervisory Board in conformity with the nomination of the Supervisory Board shall be passed by an absolute majority of votes cast. A resolution of the General Meeting to appoint a member of the Supervisory Board not in conformity with, or without, the nomination of the Supervisory Board shall require an absolute majority of the votes cast representing more than 50% of the Company's issued share capital.

The Articles of Association provide that the number of members of the Supervisory Board will be determined by the General Meeting and will consist of a minimum of three members. Only natural persons (not legal entities) may be appointed as members of the Supervisory Board. The current members of the Supervisory Board have been appointed for the term set out in the table set out in paragraph 13.4.5 below. The Supervisory Board appoints a chairman and a deputy chairman from among its members.

The Articles of Association provide that the General Meeting and the Supervisory Board may suspend Supervisory Board members at any time, and that the General Meeting may dismiss Supervisory Board members at any time. Under the Articles of Association, a resolution of

the General Meeting to suspend or dismiss members of the Supervisory Board pursuant to a proposal by the Supervisory Board requires an absolute majority of the votes cast. A resolution of the General Meeting to suspend or dismiss a member of the Supervisory Board other than pursuant to, or without, a proposal of the Supervisory Board requires an absolute majority of the votes cast representing more than 50% of the Company's issued share capital.

The Articles of Association provide that each member of the Supervisory Board shall be appointed for a maximum period of four years. A member of the Supervisory Board may be re-appointed for a total of three consecutive four-year terms. The members of the Supervisory Board must retire periodically in accordance with a rotation plan to be drawn up by the Supervisory Board. A member's term of office shall not lapse later than on the day after the first General Meeting to be held during the fourth year after such member's (re)appointment.

13.4.4 Meetings and decision-making

The Supervisory Board holds at least four meetings per year, or more often as deemed necessary or desirable by one or more members of the Supervisory Board or the Management Board. If no larger majority is stipulated by Dutch law or pursuant to the Articles of Association or the Supervisory Board Rules, the Supervisory Board may adopt resolutions with an absolute majority of the votes cast at the meeting. The Supervisory Board is only entitled to make decisions if at least half of its members are present or represented. In the event of a tie in voting, the chairman will have a deciding vote, but only if more than two members of the Supervisory Board are present.

Resolutions of the Supervisory Board may, instead of at a meeting, be passed in writing, provided that all members of the Supervisory Board are familiar with the resolution to be passed and none of them objects to this decision-making process.

A member of the Supervisory Board may not participate in deliberating or decision-making within the Supervisory Board, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. If, as a result hereof, the Supervisory Board cannot make a decision, the General Meeting will resolve the matter. All transactions in which there is a conflict of interest with one or more members of the Supervisory Board shall be agreed on terms that are customary in the sector concerned and disclosed in the Company's annual report. Decisions to enter into transactions in which there are conflicts of interest with one or more members of the Supervisory Board that are of material significance to the Company require the approval of the Supervisory Board.

13.4.5 Members of the Supervisory Board

The Supervisory Board is composed of the following four members:

Name	Age	Position	Member since	Term
Mark Wegter ⁽¹⁾	46	Supervisory director – Chairman	2001 ⁽³⁾	2019
Martijn Kleijwegt ⁽¹⁾	60	Supervisory director	2006 ⁽³⁾	2019
Stuart Chapman ⁽¹⁾	45	Supervisory director	2013 ⁽³⁾	2019
Vincent Brichard ⁽²⁾	49	Supervisory director	2015	2019

⁽¹⁾ Non-independent member of the Supervisory Board within the meaning of the Corporate Governance Code.

⁽²⁾ Independent member of the Supervisory Board within the meaning of the Corporate Governance Code.

⁽³⁾ The presented information refers to the year of appointment to the supervisory board of Kiadis Pharma B.V.

The Company's registered address serves as the business address for all members of the Supervisory Board (see paragraph 14.1 below).

Mark Wegter

Mr. Wegter became a member and chairman of the supervisory board of Kiadis Pharma B.V. in 2001. He has been a member of the Supervisory Board and its chairman since the incorporation of the Company on 12 June 2015. Mr. Wegter graduated from the Erasmus University of Rotterdam, the Netherlands, with a degree in economics. In 1998, Mr. Wegter joined Life Sciences Partners, becoming a general partner in 2001. In that same year, Mr. Wegter established Life Sciences Partners' office in Munich, Germany.

Mr. Wegter holds positions at various Life Sciences Partners entities that manage Life Sciences Partner funds. In addition, during the last five years, he held board positions at EyeSense (2006 – 2012), 4-Antibody (2004 – 2011) and VitrOomics Healthcare (2000 – 2015).

Martijn Kleijwegt

Mr. Kleijwegt became a member of the supervisory board of Kiadis Pharma B.V. in 2006. He has been a member of the Supervisory Board since the incorporation of the Company on 12 June 2015. Mr. Kleijwegt graduated from the University of Amsterdam, the Netherlands, with a degree in economics. Mr. Kleijwegt founded Life Sciences Partners in 1998 and has been managing partner of Life Sciences Partners ever since. He is also a member of the board of the European Venture Capital Association.

Mr. Kleijwegt is managing director of the Company's major Shareholders Life Sciences Partners B.V., Life Sciences Partners II B.V. and Lenildis Holding B.V. (see paragraph 15.1.1 below) and holds positions at various Life Sciences Partners entities that manage Life Sciences Partner funds. In addition, during the last five years, he held board seats at Asoyia (2009 – 2010), Eyesence (2011 – 2012), Movetis (2006 – 2010), Pasteuria (2010 – 2012) and Prosensa (2007 – 2014).

Stuart Chapman

Mr. Chapman became a member of the supervisory board of Kiadis Pharma B.V. in 2013. He has been a member of the Supervisory Board since the incorporation of the Company on 12 June 2015. Mr. Chapman graduated from the University of Loughborough, United Kingdom, with a degree in economics. After having worked at 3i Group and Cazenove Private Equity, in 2006 Mr. Chapman co-founded DFJ Esprit and has been managing partner of DFJ Esprit ever since.

Vincent Brichard

Mr. Brichard became a member of the supervisory board of Kiadis Pharma B.V. on 1 May 2015. He has been a member of the Supervisory Board since the incorporation of the Company on 12 June 2015. Dr. Vincent Brichard holds an MD in oncology from Louvain University, Belgium and a Ph.D. from the Ludwig Institute for Cancer Research, Belgium. He further holds an executive MBA from Harvard Business School. In 2002, he joined GlaxoSmithKline (GSK), where he worked until 2014 as Senior Vice-President with responsibility for the Immunotherapeutics Business Unit. In addition to this position, he also

served as a member of the Board of Directors at GSK Biologicals. Dr. Brichard is Vice President Immuno-Oncology at Celyad, consultant at Vianova Consulting and a partner at Theractys.

13.5 Senior Management

Kiadis' Senior Management supports the Management Board in the day-to-day management of the operations. It currently consists of the senior officers listed below.

Name	Age	Position and practice area
Jeroen Rovers	44	Chief Medical Officer
Margot Hoppe	51	General Counsel & Corporate Secretary

The terms of the appointment of the Senior Management members do not contain an expiration date.

The Company's registered address serves as the business address for Senior Management (see paragraph 14.1 below).

Jeroen Rovers

Dr. Rovers was appointed in 2014 as Kiadis' Senior Vice President and Chief Medical Officer. He has more than 15 years of professional experience in clinical development, including conducting clinical trials, within academia and the pharmaceutical industry, among others as Chief Medical Officer at Ceronco Biosciences, VP Medical Affairs at Kiadis Pharma and Director of Clinical Development and Global Business Development at Organon. Dr. Rovers obtained his PhD at Leiden University, the Netherlands, on the use of light-activated drugs in the treatment of tumours. Dr. Rovers currently owns consulting company Alest Biosciences consulting.

Margot Hoppe

Ms. Hoppe was appointed in 2008 as Kiadis' General Counsel & Corporate Secretary. She has over 20 years of experience in corporate legal affairs and worked for various biotechnology companies including Gist-Brocades and DSM. Ms. Margot Hoppe has Masters degrees in Law and Political Science from the Erasmus University of Rotterdam, the Netherlands. Ms. Hoppe currently owns a consulting company named 'M. Hoppe bedrijfsjuridisch advies'.

13.6 Scientific advisory board

The Company's scientific advisory board – formally not part of its corporate governance structure – provides advice on the development of Kiadis' lead product ATIR101. The scientific advisory board consists of the following members.

Dr. Richard Champlin
Professor of Medicine
MD Anderson Cancer Center

Dr. Armand Keating
Professor of Medicine
University Health Network
University of Toronto

Dr. Steven Devine
Professor of Internal Medicine
Ohio State University

Dr. Ginna Laport
Professor of Medicine (Blood and Marrow Transplantation)
Stanford University Medical Center

Dr. Jerome Ritz
Professor of Medicine
Dana-Farber Cancer Institute
Harvard Medical School

Dr. Denis-Claude Roy
Professor of Medicine
Maisonneuve-Rosemont Hospital
University of Montreal

Dr. Robert Soiffer
Professor of Medicine
Dana-Farber Cancer Institute
Harvard Medical School

13.7 Remuneration and equity holdings

The Supervisory Board establishes the remuneration of the individual members of the Management Board in accordance with the principles laid down in the Management Board remuneration policy as adopted by the General Meeting. The Supervisory Board presents to the General Meeting for approval any proposal providing for the remuneration of the members of the Management Board in the form of shares or options. This proposal must include the number of shares and/or options that may be granted to the Management Board and which criteria apply to a grant or modification. The Company's current remuneration policy provides for competitive compensation so as to enable the Company to recruit and maintain competent management. Its general principles are:

- annual fixed salary according to industry standards; and
- variable salary that will be linked to milestones/performance objectives that include clinical, commercial, operational and financial goals to be set annually by the Supervisory Board.

The variable salary may be comprised of two components: (a) an annual cash bonus payment in accordance with industry standards; and/or (b) granting of share options and/or performance share awards in accordance with an employee incentive plan that may be adopted by the Company.

13.7.1 Remuneration

Management Board

The total remuneration costs in relation to the two members of the Management Board, Dr. Rüdiger and Mr. Van Heekeren, in 2014 amounted to €579 thousand, as set forth in the following table:

Name	Base salary/ consultancy fee	Employer's pension contributions	Annual bonus	Other benefits (car lease, travel expenses)	Social security and other payments	Total remuneration
Manfred Rüdiger	€315,000	-	€50,000	€5,543	€17,410	€387,953
Robbert van Heekeren	€170,857	€10,704	-	-	€9,742	€191,303

At the Prospectus Date, there are no amounts reserved or accrued by the Company or its subsidiaries to provide pension, benefit, retirement or similar benefits for current members of the Management Board.

Supervisory Board

The remuneration of the members of the Supervisory Board is determined by the General Meeting, which has determined that the chairman of the Supervisory Board will receive an annual remuneration of €20,000 and each other member of the Supervisory Board will receive an annual remuneration of €15,000. The total remuneration in relation to 2014 amounted to €52,000.

At the Prospectus Date, there are no amounts reserved or accrued by the Company or its subsidiaries to provide pension, benefit, retirement or similar benefits for current members of the Supervisory Board.

Senior Management

The total remuneration paid in relation to 2014 to current Senior Management amounted to €153,111. It is noted that Dr. Rovers joined Kiadis as of 1 September 2014. Consequently the aforementioned amount includes the remuneration paid to him over the period from 1 September through 31 December 2014.

13.7.2 Equity holdings

At the Prospectus Date, the number of Shares held and the number of Shares envisaged to be held immediately following the issuance of the Offer Shares by the Management Board, Senior Management and Supervisory Board are as follows:

Name	Shares as of the Prospectus Date ⁽¹⁾	Shares immediately following the issuance of the Offer Shares ⁽²⁾
Manfred Rüdiger	97,240	93,298
Robbert van Heekeren	94,090	90,147
Jeroen Rovers	1,213	1,213
Margot Hoppe	9,966	9,572
Mark Wegter ⁽²⁾	-	-
Martijn Kleijwegt ⁽³⁾	-	-
Stuart Chapman	-	-
Vincent Brichard	-	-

⁽¹⁾ Actual numbers are adjusted to reflect the application of the liquidation preference provisions referred to in paragraph 15.1.2 below based on an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date.

⁽²⁾ Position shown regards Shares assuming an Offer Price at the mid-point of the Offer Price Range as at the Prospectus Date. Position illustrated does not include the Shares that will be issued pursuant to the 2013 Exit Participation Plan upon the termination of the lock-up arrangements to which certain relevant persons are subject in connection with the Offering, the lapse of the vesting period and the vesting conditions having been satisfied. For the entitlements of the members of the Management Board, Senior Management and Supervisory Board under the 2013 Exit Participation Plan, see paragraph 13.13.1 below.

⁽³⁾ Mr. Wegter does not hold Shares directly, but he is (i) a 22.95% shareholder in LSP Management Group B.V., a company that holds a capital interest of 8.70% and a voting interest of 8.81% in Lenildis Holding B.V., which latter company in turn, as at the Prospectus Date, holds 19.1% of the Shares in the Company. See also paragraph 15.1.1 below.

⁽⁴⁾ Mr. Kleijwegt does not hold Shares directly, but (i) is a 31.15% shareholder and managing director of LSP Management Group B.V., a company that holds a capital interest of 8.70% and a voting interest of 8.81% in

Lenildis Holding B.V., which latter company in turn, as at the Prospectus Date, holds 19.1% of the Shares in the Company and (ii) through Proventures I B.V., a company of which Mr. Kleijwegt is the sole shareholder and managing director, he has an a capital interest of 13.11% and a voting interest of 12.04% in Lenildis Holding B.V., which latter company in turn, as at the Prospectus Date, holds 19.1% of the Shares in the Company. See also paragraph 15.1.1 below.

13.8 Employment, service and severance agreements

As of the Prospectus Date, the current members of the Management Board are employed by Kiadis Pharma B.V., Kiadis Pharma Netherlands B.V. and Kiadis Pharma Germany GmbH. Both members of the Management are expected to enter into a service agreement with the Company as of the Settlement Date. The terms and conditions of each of these service agreements will be aligned with the provisions in the Corporate Governance Code. The agreements will be entered into for a term of four years.

The members of the Supervisory Board do not have an employment, service or severance contract with the Company, except that Dr. Vincent Brichard has an agreement with Kiadis Pharma B.V. relating to his position as member of the Supervisory Board and the supervisory board of Kiadis Pharma B.V.

13.9 Potential conflicts of interest and other information

Mr. Kleijwegt is managing director of the Company's major Shareholders Life Sciences Partners B.V., Life Sciences Partners II B.V., and Lenildis Holding B.V. (see paragraph 15.1.1 below).

Dr. Rüdiger, Mr. Van Heekeren, Dr. Rovers and Ms. Hoppe hold Shares and Mr. Kleijwegt and Mr. Wegter have an indirect interest in Shares (see paragraph 13.7.2 above), and Dr. Rüdiger, Mr. Van Heekeren, Dr. Rovers, Ms. Hoppe and Dr. Brichard have the possibility to receive fully paid up Shares issued free of charge upon the closing of the Offering as per their entitlements under the 2013 Exit Participation Plan (see paragraph 13.13.1 below).

Mr. Wegter and Mr. Kleijwegt have been nominated as members of the Supervisory Board by major Shareholders Life Sciences Partners II B.V. and Life Sciences Partners B.V. respectively and hold various positions at Life Sciences Partners. Mr. Chapman has been nominated as a member of the Supervisory Board by major Shareholder DFJ Esprit and also holds a position at DFJ Esprit. As a consequence hereof, Mr. Mark Wegter, Mr. Martijn Kleijwegt and Mr. Stuart Chapman are "not independent" within the meaning of the Corporate Governance Code (see paragraph 13.4.5 above).

Other than these circumstances, Kiadis is not aware of any other circumstance that may lead to a potential conflict of interest between the private interests or other duties of members of the Management Board, the Supervisory Board or Senior Management vis-à-vis Kiadis. No family ties exist among the members of the Management Board, Supervisory Board or Senior Management.

With respect to each of the members of the Supervisory Board, the Management Board and Senior Management, Kiadis is not aware of (i) any convictions in relation to fraudulent offences in the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships or senior management positions in the last five years, or (iii) any official public incrimination or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Other than disclosed in this paragraph 13.9, Kiadis is not aware of any arrangement or understanding with major Shareholders, suppliers, customers or others pursuant to which any member of the Management Board or Supervisory Board was selected as a member of such management or supervisory bodies.

13.10 Diversity and limitation of supervisory positions

As the Company does not qualify as a "large company" within the meaning of Dutch legislation that came into force on 1 January 2013 requiring large Dutch companies to pursue a policy of having at least 30% of the seats on both the management board and the supervisory board to be held by men and at least 30% of those seats to be held by women, these requirements do not apply to the Company. For the same reason, the Dutch legislation limiting the number of supervisory positions to be occupied by managing directors or supervisory directors is not applicable to the Company.

13.11 Directors' indemnification and insurance

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Members of the Management Board, members of the Supervisory Board, Senior Management and certain other officers of Kiadis and certain subsidiaries are insured under an insurance policy against damages resulting from their conduct when acting in the capacities as such members or officers.

The Articles of Association provide for an indemnity for members of the Management Board and the Supervisory Board. Kiadis indemnifies any member who was or is in his capacity as member of the Management Board or the Supervisory Board a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding against any and all liabilities including all expenses, judgments, fines, amounts paid in settlement and other financial losses actually and reasonably incurred. No indemnification shall be made if a member of the Management Board or the Supervisory Board shall have been adjudged in a final and non-appealable judgment by a Dutch court to be liable for gross negligence or wilful misconduct in the performance of his duty (unless and only to the extent that the judge before whom such action or proceeding was brought or any other Dutch judge having appropriate jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to a compensation which the judge before whom such action or proceeding was brought or such other judge having appropriate jurisdiction shall deem proper) or if costs and losses have been insured under any insurance and the insurance company has reimbursed the costs and losses to such member.

13.12 Employees and key technical staff

As of 31 March 2015, Kiadis had 23 employees, all primarily located in Amsterdam. Kiadis' employees are classified as follows: management, chemistry/manufacturing/control ("CMC"), clinical development, research, quality assurance, regulatory affairs, finance, IT and support staff.

Kiadis had an average of 21 employees for the year ended 31 December 2014, 20 employees for the year ended 31 December and 22 employees for the year ended 31 December. During the year ended 31 December 2014, Kiadis did not employ a significant number of temporary employees.

Kiadis' key technical staff consists of the Chief Medical Officer, the Vice President CMC, the Head of Process Development, the Head Project Management, the Head Manufacturing and Planning and the Head of Analytical Development and Quality and Control. The key technical staff's relevant collective expertise and experience encompasses clinical development, process development and manufacturing in the pharmaceutical industry, as well as a relevant education background for working in the pharmaceutical industry.

13.13 Incentive plan

13.13.1 2013 Exit Participation Plan

In order to provide incentives to certain executives and key employees to pursue a distribution of proceeds to shareholders, the Kiadis Pharma B.V. 2013 Exit Participation Plan (the "**2013 Exit Participation Plan**") was created. Pursuant to the 2013 Exit Participation Plan, Kiadis' executives and key employees have the possibility to receive fully paid up Shares issued free of charge upon the termination of the lock-up arrangements to which certain relevant persons are subject in connection with the Offering, the lapse of a vesting period and certain vesting conditions having been satisfied.

The number of Shares issued pursuant to the 2013 Exit Participation Plan, and the number of Shares that the participants in the 2013 Exit Participation Plan shall receive, is dependent on the so-called "IPO Valuation" of the Company. In this context, the IPO Valuation equals the number of Shares outstanding immediately prior to the issuance of the Offer Shares multiplied by the Offer Price. Accordingly, if the Offer Price shall amount to €11.00, which is the bottom end of the Offer Price Range as at the Prospectus Date, the IPO Valuation shall amount to €117,639,588 and 639,902 Shares shall be issued under the 2013 Exit Participation Plan. If the Offer Price shall amount to €12.38, which is the mid-point of the Offer Price Range as at the Prospectus Date, the IPO Valuation shall amount to €132,344,537 and 662,097 Shares shall be issued under the 2013 Exit Participation Plan. If the Offer Price shall amount to €13.75, which is the high end of the Offer Price Range as at the Prospectus Date, the IPO Valuation shall amount to €147,049,485 and 697,854 Shares shall be issued under the 2013 Exit Participation Plan.

The below table sets out the number of Shares that shall be issued under the 2013 Exit Participation Plan at an IPO Valuation of €117.6 million, €132.3 million and €147.0 million respectively, and which number of those Shares shall then be issued to the participating members of the Management Board, Senior Management and Supervisory Board.

Name	€117,639,588	€132,344,537	€147,049,485
Manfred Rüdiger	301,534	309,620	316,089
Robbert van Heekeren	70,754	73,587	75,853
Jeroen Rovers	84,642	89,496	93,380
Margot Hoppe	82,353	85,085	87,271
Vincent Brichard	4,663	4,739	4,800
Others	95,956	99,570	102,461
Total	639,902	662,097	679,854

13.13.2 2007 Share Option Plan and possible new employee share option plan

Prior to the Capital Restructuring, Kiadis also operated an employee share option plan (the "**2007 Share Option Plan**") under which options on ordinary shares in Kiadis Pharma B.V. were granted. Pursuant to the liquidation preference provisions included in the shareholders' agreement of 22 September 2014 relating to Kiadis Pharma B.V. and in view of the Capital Restructuring, the contractual re-allocation of ordinary shares in the capital of Kiadis Pharma B.V. will result in all preference shareholders being entitled to ordinary shares with no further rights to the former holders of ordinary shares (see paragraph 15.1.2 below). To ensure equal treatment of all holders of (rights to) ordinary shares in the capital of Kiadis Pharma B.V., by joint resolution of the management board and supervisory board of Kiadis Pharma B.V. and in accordance with the provisions of the 2007 Share Option Plan, the conditions of exercise of all options outstanding under the 2007 Share Option Plan have been changed to allow exercise only before the closing of the Offering in the absence of which all options lapse. If the holder of an option would decide to exercise an option, the holder will be required to accede to the shareholders' agreement of 22 September 2014, the liquidation preference provisions of which would subsequently require the transfer of the acquired shares for no consideration to the holders of the Kiadis Pharma B.V. preference shares. As a consequence, the value of the outstanding options will be nil.

Kiadis may plan to propose and adopt a new employee share option or performance share award plan under which key management personnel and senior employees may be granted options to purchase Shares, or be granted Shares based on performance.

13.14 Pension schemes

As per 2011, Kiadis provides its employees with a collective pension plan based on a defined-contribution agreement. Mr. Robbert van Heekeren is the only member of the Management Board who is participating in the pension scheme. Kiadis provides its employees with collectively negotiated health and retirement benefits in line with market practices in the Netherlands.

A defined-contribution plan is a post-employment benefit plan under which Kiadis pays fixed contributions into a separate entity (Delta Lloyd) administering the pension scheme. Kiadis has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

14 Description of Share Capital and Corporate Governance

14.1 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 Entrada 200, - kant. 231, 1114 AA Amsterdam-Duivendrecht, the Netherlands (tel: +31 - 20 - 3140250). The Company's commercial name is Kiadis Pharma.

Set out below is a summary of certain information concerning the Company's share capital and certain significant provisions of Dutch corporate law and a brief summary of certain provisions of the Articles of Association as they will read from the Listing Date.

This summary does not purport to give a complete overview and should be read in conjunction with 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 (see paragraph 4.6 above).

14.2 Corporate purpose

Pursuant to article 3 of the Articles of Association, the objects of the Company are:

- to develop and subsequently market or license new pharmaceutical products with a primary focus on oncology;
- to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and provide advice and other services;
- to acquire, use and/or assign industrial and intellectual property rights and real property;
- to invest funds;
- to provide security for the obligations of the Company, group companies or third parties; and
- to undertake all that which is connected to the foregoing or in furtherance thereof,

all in the widest sense of the words.

14.3 Share capital

14.3.1 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 Prospectus Date, the Company's issued capital amounts to €1,069,450.80 and is divided into 10,694,508 Shares, each with a nominal value of €0.10.

The below table shows the number of issued and outstanding Shares at the Prospectus Date, and immediately following the issuance of the Offer Shares, assuming the Offering is fully subscribed.

	Shares as of the Prospectus Date	Shares immediately following the issuance of the Offer Shares			
		Without exercise of the Increase and Over-Allotment Options	With exercise of the Increase Option	With exercise of the Over- Allotment Option	With exercise of the Increase and Over- Allotment Options
Shares	10,694,508	12,967,235	13,308,144	13,308,144	13,700,189

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

14.3.2 Form of Shares

All of the Shares are registered shares. The Shares are eligible for entry into, and the Offer Shares will be entered into, a collection deposit (*verzameldepot*) or giro deposit (*girodeposit*) on the basis of the Dutch Securities Giro Act (*Wet giraal effectenverkeer*) (the "**Securities Giro Act**"). The intermediaries (*intermediairs*), as defined in the Securities Giro Act, are responsible for the management of the collection deposit, and Euroclear Netherlands, being the central institute (*centraal instituut*) for the purposes of the Securities Giro Act, will be 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.

14.3.3 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.

14.3.4 History of share capital

The Company was incorporated on 12 June 2015. At its incorporation, the 10,694,508 Shares that are outstanding at the Prospectus Date were issued in the context of a restructuring in which shares in Kiadis Pharma B.V. were contributed on shares in the Company, as a consequence whereof the Company became the holding company of the Kiadis corporate group and the direct holder of 97.52% of the shares of Kiadis Pharma B.V.

In this Prospectus, the aforementioned contribution of Kiadis Pharma B.V. shares on shares in the Company, as a consequence whereof the Company became the holding company of the Kiadis corporate group, and the issuance of Shares to the contributing Kiadis Pharma B.V. shareholders resulting from such contribution is referred to as the "**Capital Restructuring**".

As mentioned in paragraph 13.13.2 above, in view of the Capital Restructuring and the liquidation preference provisions that are included in the shareholders' agreement of 22 September 2014 relating to Kiadis Pharma B.V. which result in the re-allocation of all ordinary shares in Kiadis Pharma B.V. to the former holders of Kiadis Pharma B.V. preference shares (see paragraph 15.1.2 below), the conditions of the options outstanding under the 2007 Share Option Plan have been changed to allow exercise only before the closing of the Offering in the absence of which all options lapse, as a consequence of which the value of the outstanding options is nil and the options shall effectively have lapsed upon completion of the Offering. In addition to these options, warrants for ordinary Kiadis Pharma B.V. shares have been granted. Similar to the options, if the holder of a warrant would decide to exercise such warrant, the holder would be required to accede to the shareholders' agreement of 22 September 2014, the liquidation preference provisions of which would subsequently require the transfer of the acquired ordinary shares for no consideration to the holders of Kiadis Pharma B.V. preference shares. As a consequence, the value of the outstanding warrants is nil.

14.3.5 Issue 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 30 June 2015 a General Meeting will be held which is expected to resolve that, subject to the approval of the Supervisory Board, the Management Board shall be authorised to issue Shares for a period of five years following 30 June 2015, or grant rights to subscribe for Shares, up to a maximum of 20% of the number of Shares that shall be outstanding immediately following the issuance of the Offer Shares and to limit or exclude 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.

14.3.6 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 14.3.5 above for the resolution that shall authorise the Management Board, subject to Supervisory Board approval, to limit or exclude pre-emptive rights that the General Meeting is expected to take on 30 June 2015.

14.3.7 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.

14.3.8 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 30 June 2015, a General Meeting shall be held that is expected to authorise the Management Board to implement transactions pursuant to which the Company would acquire Shares, by any means of acquisition of title, up to the maximum permitted by the Dutch Civil Code and the Articles of Association 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 days preceding the day of repurchase increased by 10%.

14.4 Dividends and other distributions

14.4.1 General

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. See Chapter 6 (Dividend Policy) for a more detailed description regarding dividends.

14.4.2 Right to reserve

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.

14.5 General Meetings

General Meetings must be held in Amsterdam, Rotterdam, Utrecht, or Haarlemmermeer (Schiphol) the Netherlands. The annual General Meeting must be held at least once a year, no later than in June. Extraordinary General Meetings may be held, as often as the Management Board or the Supervisory Board deem desirable. In addition, pursuant to Dutch law and the Articles of Association, one or more Shareholders, who solely or jointly represent at least one-tenth of the issued capital, may request that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within eight weeks of the Shareholder(s) making such request, the Shareholders will be authorised to request in summary proceedings a District Court to convene a General Meeting. Furthermore, within three months of it becoming apparent to the Management Board that the equity of the Company has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting must be held to discuss any requisite measures.

The convocation of the General Meeting must be published through an announcement by electronic means. The convening notice must include, among other items, an agenda indicating the location and time of the General Meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place

where the meeting documents may be obtained. The convening notice must be given at least 42 days prior to the day of the meeting.

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of the financial statements, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Management Board, the Supervisory Board or Shareholders (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the Managing Directors and Supervisory Directors concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Management Board and the Supervisory Board respectively. The agenda shall also include such items as one or more Shareholders and others entitled to attend General Meetings, representing at least 3% of the issued and outstanding share capital have requested the Management Board with a motivated request to include in the agenda, at least sixty days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

Shareholders who, individually or with other Shareholders, hold Shares that represent at least 1% of the issued and outstanding share capital or a market value of at least €250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting is chaired by the chairman of the Supervisory Board, or, in his absence by the deputy chairman of the Supervisory Board. If both are absent, the General Meeting shall appoint a chairman. Managing Directors and Supervisory Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting.

Each Shareholder may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his or her shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Shares on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper at least seven days prior to the General Meeting, specifying such person's name and the number of Shares for which such person may exercise the voting rights and/or meeting rights at such General Meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

14.6 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.

14.6.1 Identity of Shareholders

The Company may request Euroclear Netherlands, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of its Shareholders. Such request may only be made during a period of sixty days up to the day on which a General Meeting will be held. No information will be given on Shareholders with an interest of less than 0.5% of the issued share capital. A Shareholder who, individually or together with other Shareholders, holds an interest of at least 10% of the issued share capital may request the Company to establish the identity of the Shareholders. This request may only be made during a period of sixty days until (and not including) the 42nd day before the day on which a General Meeting will be held.

14.7 Amendment of the Articles of Association

On proposal by the Management Board which has been approved by the Supervisory Board, the General Meeting may resolve to amend the Articles of Association. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited with the Company for the inspection of every Shareholder until the end of the General Meeting. A copy of the proposal shall be made available free of charge to those who are entitled to attend the General Meeting.

14.8 Dissolution and liquidation

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.

14.9 Corporate governance code

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Dutch Corporate Governance Code. With effect from 1

January 2009, the Code has been amended by the Frijns Committee. The Corporate Governance Code contains principles and best practice provisions for the management board, the supervisory board, shareholders and general meetings of shareholders and audit and financial reporting. All companies whose registered offices are in the Netherlands and whose shares or depositary receipts for shares have been admitted to listing on a stock exchange, or more specifically to trading on a regulated market or a comparable system, and to all large companies whose registered offices are in the Netherlands (balance sheet value > €500 million) and whose shares or depositary receipts for shares have been admitted to trading on a multilateral trading facility or a comparable system, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Corporate Governance Code that relate to the management board or supervisory board and, if they do not apply, to explain the reasons why. The Corporate Governance Code provides that if a company's general meeting explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Corporate Governance Code.

Pursuant to article 2:391(5) of the Dutch Civil Code, the Corporate Governance Code applies to the Company. Kiadis acknowledges the importance of good corporate governance and agrees with the principles of the Code and has taken and will take further steps it considers appropriate to implement the Corporate Governance Code.

14.9.1 Non-compliance with the Corporate Governance Code

The practices where the Company is not in compliance with the Corporate Governance Code are the following:

- 1 *All supervisory board members, with the exception of not more than one person, shall be independent (section III.2.1 of the Corporate Governance Code).*

At the Prospectus Date, the Supervisory Board consists of four members. Three of the Supervisory Board members are not independent within the meaning of this best practice provision. These Supervisory Board members are employed by and have been appointed upon nomination of three of the major Shareholders of the Company. See also paragraph 13.9 above. These three major Shareholders have a long-term interest in the Company and were willing to back this up by making senior partners with relevant knowledge and experience available to Kiadis. The Supervisory Board considers that Messrs. Wegter, Chapman and Kleijwegt fit the intended profile of the Supervisory Board and that their contributions outweigh any perceived disadvantage of non-independence. In addition, Kiadis deems continuity in the composition of the Supervisory Board to be of great importance.

2. *The supervisory board shall prepare a profile of its size and composition (section III.3.1 of the Corporate Governance Code).*

As soon as reasonably possible after the Offering, the Supervisory Board will prepare a profile of its size and composition which shall, when available, be made generally available and shall be posted on Kiadis' website. However, the Supervisory Board may not strictly follow the recommendation of this best practice provision to formulate an explicit target on diversity in terms of, among other things, gender or age, and the Supervisory Board does not strictly follow the recommendation for an explicit target in this respect and has not yet established concrete targets in this respect. The overriding principle shall remain that the Supervisory Board should have a diverse composition of members with a

valuable contribution to Kiadis in terms of experience and knowledge of the industry in which Kiadis is active, or other business knowledge.

3. *A person may be appointed to the supervisory board for a maximum of three 4-year terms (section III.3.5 of the Corporate Governance Code).*

Prior to his appointment as member of the Supervisory Board on 12 June 2015, Mr. Wegter has been a member of the Kiadis Pharma B.V. supervisory board since 15 May 2001. For further details, see above under best practice provision III.2.1.

- 4 *The supervisory board shall draw up a retirement schedule (section III.3.6 of the Corporate Governance Code).*

As soon as reasonably possible after the Offering Date, the Supervisory Board will draw up a retirement schedule which shall, when available, be made generally available and shall be posted on Kiadis' website.

5. *The chairman of the supervisory board shall not be a former member of the management board of the company (section III.4.2 of the Corporate Governance Code).*

Mr. Wegter, chairman of the Supervisory Board, was a member of the Kiadis Pharma B.V. management board from 4 September 2009 through 22 February 2012.

6. *The supervisory board shall be assisted by the company secretary (section III.4.3 of the Corporate Governance Code).*

Kiadis currently does not have a company secretary, but it intends to appoint a company secretary in the near future.

7. *Any shares held by a supervisory board member in the company on whose board he sits are long-term investments (section III.7.2 of the Corporate Governance Code).*

The shares held by the members of the Supervisory Board are subject to a lock-up arrangement of 360-days after the Settlement Date (see also paragraph 17.4 below). This is not a long-term investment as set out in this best practice provision.

8. *The general meeting of shareholders may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast (section IV.1.1 of the Corporate Governance Code).*

Considering the remaining shareholdings and involvement of the Company's current Shareholders (see paragraph 15.1 below), Kiadis deems it appropriate that any resolutions of the General Meeting to cancel the binding nature of a nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board without a prior proposal of the Supervisory Board requires an absolute majority of the votes cast in a meeting where at least half of the Company's issued share capital is represented.

9. *Follow in real time all meetings with analysts, investors and press conferences (section IV.3.1 of the Corporate Governance Code).*

Kiadis believes, considering its size, that enabling Shareholders to follow in real time all the meetings with analysts, presentations to analysts, and presentations to investors as referred to in this best practice provision would create an excessive burden on Kiadis' resources. Kiadis will ensure that analyst presentations made after the Prospectus Date are posted on the website after meetings with analysts.

10. *The company shall formulate an outline policy on bilateral contacts with the shareholders and publish this policy on its website (section IV.3.13 of the Corporate Governance Code).*

Kiadis will formulate an outline policy on bilateral contacts with its Shareholders and publish this policy on its website in the near future.

14.10 Liability, insurance and indemnity

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Dutch law or the Articles of Association. Members of the Management Board and the Supervisory Board and certain other of Kiadis' officers are insured under an insurance policy against damages resulting from their conduct when acting in the capacities as such members or officers. Furthermore, the Articles of Association provide for an indemnity for members of the Management Board and the Supervisory Board (see paragraph 13.11 above).

14.11 Disclosure rules

14.11.1 Home member state for purposes of the EU Transparency Directive

The Netherlands is the Company's home member state for the purposes of the European Union Transparency Directive (Directive 2004/109/EC, as amended). As a result, upon listing, the Company will be subject to financial and other reporting obligations under the Financial Supervision Act and the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the "**Financial Reporting Supervision Act**"), which both implement the EU Transparency Directive in the Netherlands.

14.11.2 Disclosure of financial information

The Company is required to publish its financial statements (consisting of the audited annual accounts, the directors report and the responsibility statement) within four months after the end of each financial year and its half-yearly figures within two months after the end of the first six months of each financial year. It is expected that from 26 November 2015 onwards, the two-month period will be extended to three months as a consequence of the implementation of Directive 2013/50/EU into the Financial Supervision Act. In addition, the Company is obliged to publish interim management statements (among other things containing an overview of important transactions and their financial consequences and a general description of the financial position) in the period starting ten weeks after and six weeks before the first and second half of each financial year. It is expected that from 26 November 2015 onwards, this requirement will be abolished as a consequence of the implementation of Directive 2013/50/EU into the Financial Supervision Act.

14.11.3 Financial Reporting Supervision Act

On the basis of the Financial Reporting Supervision Act, the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated market, as defined in the Financial Supervision Act, or a foreign stock exchange.

Pursuant to the Financial Reporting Supervision Act, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards and (ii) recommend to the Company the making available of further explanations. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*, the "**Enterprise Chamber**") orders the Company to (i) provide an explanation of the way the Company has applied the applicable financial reporting standards to its financial statements or (ii) prepare its financial reports in accordance with financial reporting requirements following the Enterprise Chamber's instructions.

14.11.4 Shareholder disclosure and reporting obligations

Pursuant to the Financial Supervision Act, upon listing, each Shareholder who holds a substantial holding in the Company should forthwith notify the AFM of such substantial holding. Substantial holding means the holding of at least 3% of the shares or the ability to vote on at least 3% of the total voting rights. Any person who, directly or indirectly, acquires or disposes of an interest in the share capital or voting rights must give notice to the AFM without delay, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. In addition, if, as a result of such change, a person's direct or indirect interest in the share capital or voting rights passively reaches, exceeds or falls below the abovementioned thresholds, the person in question must give notice to the AFM no later than the fourth trading day after the AFM has published the change in the share capital and/or voting rights in the public register.

For the purpose of calculating the percentage of capital interest or voting rights, among others, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person's controlled undertakings or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment, (iv) shares or depositary receipts for shares or voting rights which such person, or any controlled undertaking or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible bonds), and (v) shares which determine the value of certain cash settled instruments, whereby the increase in value of the financial instruments is dependent on the increase in value of the (underlying) shares or related dividends.

For the same purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as 'shares': (i) financial instruments of which the value depends on the increase in value of the shares or dividend rights and which will be settled other than in those shares, (ii) rights to acquire shares or depositary receipts, and (iii) negotiable instruments which provide for an economic position similar to the economic position of a holder of shares or depositary receipts.

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

A person is deemed to hold the interest in the share capital or voting rights that is held by its controlled undertakings as defined in the Financial Supervision Act. The controlled undertaking does not have a duty result has to notify the interest as an indirect interest. Any person, including an individual, may qualify as an undertaking in control for the purposes of the Financial Supervision Act. A person who has a 3% or larger interest in the share capital or voting rights and who ceases to be a controlled undertaking for purposes of the Financial Supervision Act must without delay notify the AFM. As of that moment, all notification obligations under the Financial Supervision Act will become applicable to the former controlled undertaking itself.

A holder of a right of pledge or usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the Financial Supervision Act, if such person has, or can acquire, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above mentioned thresholds as a result of a change in the Company's issued share capital, such person is also required to make a notification not later than the fourth trading day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short-selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short-selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires the confirmation of a third party that the shares have been located. The notification shall be made no later than 3:30pm (CEST) on the following trading day.

Under the Financial Supervision Act, the Company is required to notify the AFM without delay of any changes in its share capital if its share capital has changed by 1% or more compared to the previous disclosure in respect of its share capital. The Company is also required to notify the AFM without delay of any changes in the voting rights, insofar as it has not already been notified at the same time as a related change in its share capital. Changes in share capital and voting rights of less than 1% must also be notified; these changes can be notified at any time but at the latest within eight days after the end of each calendar quarter. The AFM will publish such notifications in a public register.

In addition, within four weeks after the end of the calendar year, on an annual basis, every holder of 3% or more of the shares or voting rights whose interest has changed in the period

after his most recent notification to the AFM, which change relates to the composition of the notification as a result of certain acts (e.g., the exchange of shares (an actual interest) for depositary receipts for shares (which is a potential interest) or the exercise of a right to acquire shares (pursuant to which the potential interest becomes an actual interest) must notify the AFM of such changes. Based on a preliminary draft bill, it might be the case that from 26 November 2015 onwards every holder of 3% or more of the shares or voting rights whose interest has changed compared to his most recent notification, and which holder knows or should know that pursuant to this change his interest reaches, exceeds or falls below a threshold as a result of certain acts (as described above and including the exchange of a financial instrument or a contract (pursuant to which the holder is deemed to have Shares or voting rights at his disposal)), must notify the AFM of this change within four trading days after the date on which he knows or should know that his interest reaches, exceeds or falls below a threshold.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes all notifications received by it. The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

14.11.5 Non-compliance with disclosure obligations

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more Shareholders who alone or together with others represent(s) at least 3% of the issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose include:

- (i) an order requiring the person violating the disclosure obligations under the Financial Supervision Act to make appropriate disclosure;
- (ii) suspension of voting rights in respect of such person's shares for a period of up to three years as determined by the court;
- (iii) voiding a resolution adopted by a General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding; and
- (iv) an order to the person violating the disclosure obligations under the Financial Supervision Act to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

14.12 Takeover regulations

14.12.1 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*).

14.12.2 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.

14.12.3 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.

14.13 Insider trading and market manipulation rules

14.13.1 Reporting of insider transactions

The rules on preventing market abuse set out in the Financial Supervision Act are applicable to the Company, the members of the Management Board and the Supervisory Board, other insiders and persons performing or conducting transactions in the Company's securities. Certain important market abuse rules set out in the Financial Supervision Act that are relevant for investors are described hereunder.

The Company is required to make inside information public. Pursuant to the Financial Supervision Act, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities. The Company must also provide the AFM with this inside information at the time of publication. Furthermore, the Company must without delay publish the inside information on its website and keep it available on its website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands or a non-EU member state by conducting or effecting a transaction in the Shares. In addition, it is prohibited for any person to pass on inside information relating to the Company or the trade in its securities to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction in the Company's securities. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities.

Insiders within the meaning of the Financial Supervision Act are obliged to notify the AFM, ultimately on the fifth trading day after the transaction date, when they carry out or cause to be carried out, for their own account, a transaction in the Shares or in securities the value of which is at least in part determined by the value of the Shares. Insiders within the meaning of the Financial Supervision Act in this respect are: (i) members of the Management Board and the Supervisory Board, (ii) other persons who have a managerial position and in that capacity are authorised to make decisions which have consequences for future development and business prospects and who, on a regular basis, can have access to inside information relating, directly or indirectly, to the Company, and (iii) certain persons closely associated with the persons mentioned under (i) and (ii) designated by the Dutch Market Abuse Decree (*Besluit marktmisbruik Wft*).

This notification obligation does not apply to transactions based on a discretionary management agreement as described in article 8 of the Dutch Market Abuse Decree. Under certain circumstances, the notification may be delayed until the date on which the value of the transactions amounts to €5,000 or more in the calendar year in question. If a member of the Management Board or Supervisory Board has notified a transaction to the AFM under the Financial Supervision Act as described above under "Shareholder disclosure and reporting obligations", such notification is sufficient for purposes of the Financial Supervision Act as described in this paragraph.

14.13.2 Non-compliance with the Dutch market abuse rules

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed.

The AFM keeps a public register of all notifications made pursuant to the Financial Supervision Act.

Pursuant to the market abuse rules set out in the Financial Supervision Act, the Company is required to adopt a code of conduct in respect of the reporting and regulation of transactions in the Company's securities by members of the Management Board and Supervisory Board and its employees. Further, the Company is required to draw up a list of persons working for the Company who could have access to inside information on a regular basis, and to inform the persons concerned of the rules against insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

15 Existing Shareholders and Related Party Transactions

15.1 Existing Shareholders

15.1.1 Holdings prior to and after the Offering

The following table presents information about the ownership of Shares, including information about the Shareholders whom Kiadis knows beneficially own 3% or more of the outstanding Shares, as at the Prospectus Date and immediately following the issuance of the Offer Shares.

	Shares owned as of the Prospectus Date ⁽¹⁾	Shares owned immediately following the issuance of the Offer Shares ⁽²⁾⁽³⁾						
		Without exercise of the Increase and Over-Allotment Options		With exercise of the Over-Allotment Option, without exercise of the Increase Option		With exercise of the Increase and Over-Allotment Options		
		Total	%	Total	%	Total	%	
DFJ Esprit ⁽⁴⁾	3,191,674	29.8	3,345,728	25.8	3,345,728	25.1	3,345,728	24.4
Lenildis Holding B.V. ⁽⁵⁾	2,045,379	19.1	2,132,038	16.4	2,132,038	16.0	2,132,038	15.6
Life Sciences Partners B.V. ⁽⁶⁾	1,660,244	15.5	1,737,890	13.4	1,737,890	13.1	1,737,890	12.7
Life Sciences Partners II B.V. ⁽⁷⁾	1,243,185	11.6	1,279,064	9.9	1,279,064	9.6	1,279,064	9.3
Alta Partners ⁽⁸⁾	890,590	8.3	963,610	7.4	963,610	7.2	963,610	7.0
Quest for Growth N.V.	528,535	4.9	553,375	4.3	553,375	4.2	553,375	4.0
N.V. Nom ⁽⁹⁾	422,839	4.0	407,070	3.1	407,070	3.1	407,070	3.0
Kreos Capital III Ltd ⁽¹⁰⁾	–	–	398,839	3.1	398,839	3.0	398,839	2.9
Others	712,061	6.7	2,149,623	16.6	2,490,532	18.7	2,882,577	21.0
	10,694,508	100	12,967,235	100	13,308,144	100	13,700,189	100

⁽¹⁾ Actual numbers are adjusted to reflect the application of the liquidation preference provisions referred to in paragraph 15.1.2 below, assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date.

⁽²⁾ Assuming (a) that the Offering is fully subscribed, (b) an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date, and (c) application of the liquidation preference provisions referred to in paragraph 15.1.2 below. Position illustrated does not reflect the up to 662,097 Shares that will be issued pursuant to the 2013 Exit Participation Plan upon the termination of the lock-up arrangements to which certain relevant persons are subject in connection with the Offering, the lapse of a vesting period and certain vesting conditions having been satisfied.

⁽³⁾ DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners B.V., Life Sciences Partners II B.V., Alta Partners and Quest for Growth are Committed Parties (see paragraph 17.1 below). In the table it is assumed that their commitments will be fully allotted.

⁽⁴⁾ The interest of DFJ Esprit is held through Esprit Nominees Ltd.

⁽⁵⁾ Lenildis Holding B.V. is a pooling entity that holds its interest in the Company on behalf of amongst others Life Sciences Partners B.V., Life Sciences Partners II B.V., MedSciences Capital II B.V., a private equity investment fund in which Kempen AM N.L. B.V., an asset manager affiliated with the Sole Global Coordinator, holds a minority interest, Proventures 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 (see paragraph 13.7.2 above).

⁽⁶⁾ This interest excludes the interest held through Lenildis Holding B.V. (see note 5 above).

⁽⁷⁾ This interest excludes the interest held through Lenildis Holding B.V. (see note 5 above).

⁽⁸⁾ The interest of Alta Partners is held through Alta Partners VIII, LP.

⁽⁹⁾ Full name: N.V. NOM, Investerings- en Ontwikkelingsmaatschappij voor Noord Nederland.

⁽¹⁰⁾ Kreos Capital III Ltd has a warrant for preference shares in Kiadis Pharma B.V. that it is expected to exercise prior to the Listing Date. The table above reflects the interest that Kreos Capital III Ltd shall acquire on the Settlement Date as per the exercise of this warrant and the application of the liquidation preference provisions referred to in paragraph 15.1.2 below.

Except as disclosed above, Kiadis is not aware of any other person or legal entity that, as of the Prospectus 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 General Meeting.

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.

15.1.2 Capital Restructuring and Shareholders' Agreement

On 12 June 2015, the Company was incorporated. In the context of the incorporation, a group of shareholders of Kiadis Pharma B.V. collectively holding 97.52% of the share capital of Kiadis Pharma B.V. transferred their shares in Kiadis Pharma B.V. to the Company in exchange for newly issued Shares. As a consequence of this transfer, the Company became the holding company of the Kiadis corporate group and the direct holder of 97.52% of the shares of Kiadis Pharma B.V., and the aforementioned group of shareholders became Shareholders in the Company. In this Prospectus, this restructuring is referred to as the "**Capital Restructuring**".

The participants in the Capital Restructuring have agreed that the liquidation preference provisions that are set out in the shareholders' agreement that Kiadis Pharma B.V. and the majority of its shareholders entered into on 22 September 2014 (the "**Shareholders' Agreement**") shall be applied in relation to the Offering. These provisions provide that, inter alia, in the event of the occurrence of an exit event, the holders of preference shares are entitled to a preferential distribution and reallocation of proceeds (whether in cash or in kind) which is dependent on the Company's valuation as at the date of its listing. In relation to the Offering, this will result in a reallocation of all ordinary shares in Kiadis Pharma B.V. to the former holders of Kiadis Pharma B.V. preference shares and of Shares between the participants in the Capital Restructuring (which, for this purpose, is deemed to include Kreos Capital III Ltd). This reallocation will depend on the final Offer Price that is expected to be determined on 1 July 2015. The reallocation will be implemented at the Settlement Date. The application of the liquidation preference provisions has not resulted and will not result in a distribution being made by Kiadis Pharma B.V. or by the Company.

The table in paragraph 15.1.1 above sets out the participants in the Capital Restructuring with a shareholding in the Company of 3% or more after the reallocation of Shares pursuant to the liquidation preference provisions has taken place, assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date. In the event that the Offer Price is not at the mid-point of the Offer Price Range on the Prospectus Date but at either (i) the top end or (ii) the bottom end of the Offer Price Range, the shareholding percentages of the individual Shareholders set out in the table in paragraph 15.1.1 above may be up to 0.1% higher or lower.

49 holders of ordinary shares in Kiadis Pharma B.V. have not participated in the Capital Restructuring. As at the Prospectus Date, these parties collectively hold 2.48% of the issued and outstanding share capital of Kiadis Pharma B.V. (see also paragraph 21.1 below). Of these parties, certain shareholders representing 0.26% of the issued and outstanding share capital of Kiadis Pharma B.V. have not signed the Shareholders' Agreement of 22 September 2014, but have signed a previous version of the shareholders' agreement relating to Kiadis Pharma B.V. In the event that a remaining Kiadis Pharma B.V. shareholder does not voluntarily transfer its shares to the Company, the Company will seek to take appropriate steps to effect such transfer, in order to obtain all outstanding shares in Kiadis Pharma B.V. Kiadis expects that future associated legal or other costs as a consequence of the Capital Restructuring will be immaterial.

15.1.3 Registration Rights Agreement

Pursuant to the Shareholders' Agreement, the holders of preference shares are entitled to certain registration rights contained in a registration rights agreement (the "**Registration Rights Agreement**"). Pursuant to the Registration Rights Agreement, the holders of more than 30% of the (converted) preference shares may by written request demand, under certain circumstances, registration of their converted preference shares. This registration right only applies if, subsequent to the Offering, Kiadis decides to list its shares on a United States stock exchange or any other stock exchange where the sale of shares is subject to the registration of these shares. In most European jurisdictions, including the Netherlands, it is not mandatory to register shares before these shares can be sold to the public. If the Company decides to pursue a subsequent listing of its Shares in the United States or any other jurisdiction requiring registration after the closing of the Offering, the costs and expenses relating to the registration of the shares will be borne by the Company.

15.2 Related party transactions

During the period covered by the historical financial information included in this Prospectus, and the subsequent period up to the Prospectus Date, the members of the Management Board and Supervisory Board and enterprises controlled by them were considered related parties of Kiadis. Furthermore, Life Science Partners B.V. was considered to be a related party, on the basis of its shareholding and the related significant influence over Kiadis.

Other than compensation paid to members of the Management Board and the Supervisory Board, the grant of entitlements under the 2013 Exit Participation Plan (see paragraph 13.13 above), and the participation of Life Science Partners B.V. and Messrs. Rüdiger, Van Heekeren and Kleijwegt in financing rounds during the period covered by the historical financial information included in this Prospectus as set out in note 25 to Kiadis Pharma B.V.'s audited consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012, there have not been any transactions with related parties during the period covered by the historical financial information included in this Prospectus, and the subsequent period up to the Prospectus Date.

16 The Offering

16.1 Introduction

The Company is offering up to a total of 2,272,727 Offer Shares (excluding the Increase Option and the Over-Allotment Option (as both defined below) within a price range of €11.00 to €13.75 (inclusive) per Offer Share - the Offer Price Range - to raise approximately up to €28.1 million (assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date).

The Company reserves the right, after consultation with the Joint Bookrunners, to increase the total number of Offer Shares by up to 15% (the "**Increase Option**"). In the event that the Increase Option is exercised in full, the maximum number of Offer Shares amounts to 2,613,636 which would raise approximately up to €32.3 million.

The Company has granted the Sole Global Coordinator on behalf of the Underwriters the option, exercisable up to 30 calendar days after the Listing Date, pursuant to which the Sole Global Coordinator, on behalf of the Underwriters, may require the Company to issue at the Offer Price up to 340,909 Additional Shares (or up to 392,045 Additional Shares in the event that the Increase Option is exercised in full), comprising up to 15% of the total number of Offer Shares sold in the Offering, to cover short positions resulting from any over-allotments made in connection with the Offering and conduct stabilisation transactions (if any) (the "**Over-Allotment Option**").

In the event that the Over-Allotment Option is exercised in full the maximum number of Offer Shares amounts to 2,613,636 which would raise approximately up to €32.3 million (assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date).

In the event that the Increase Option and the Over-Allotment Option are both exercised in full the maximum number of Offer Shares amounts to 3,005,681 which would raise approximately up to €37.2 million (in each case assuming an Offer Price at the mid-point of the Offer Price Range on the Prospectus Date).

The Offering consists of (i) a public offering to retail and institutional investors in the Netherlands and Belgium and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to QIBs as defined in Rule 144A in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. The Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers of Shares may lawfully be made. All of the Offer Shares will rank pari passu with each other in all respects.

The Offer Price for the Offer Shares, as well as the exact number of Offer Shares offered in the Offering will be determined by the Company in consultation with the Joint Bookrunners and shall be incorporated in a pricing statement which will be deposited with the AFM and published in a press release and on Kiadis' website on or about 1 July 2015, subject to acceleration or extension of the timetable of the Offering and barring unforeseen circumstances. Respective publications will be made in the Belgian financial press.

16.2 Expected timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Time and date
Commencement of the Offering Period	17 June 2015
End of the retail offering	30 June 2015, 12:00 CEST
End of the institutional offering	30 June 2015, 16:00 CEST
End of the Offering	30 June 2015
Pricing and allocation	1 July 2015
Commencement of trading on an 'as-if-and-when-issued' basis on Euronext	2 July 2015
Settlement (payment and delivery)	3 July 2015

The Company together with Joint Bookrunners may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Company should decide to do so, it will make this public through a press release, which will also be posted on Kiadis' website. Any other material alterations will be published through a press release that will also be posted on Kiadis' website and (if required) in a supplement to this Prospectus that is subject to the approval of the AFM. Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period. In any event, the Offering Period will be at least six business days.

16.3 Offer Price and number of Offer Shares

The offering of the Shares consists of (i) an initial offering to subscribe for up to 2,272,727 Offer Shares within a price range of €11.00 to €13.75 – the Offer Price Range –, (ii) an optional increase of the total number of Offer Shares up to 15%, to an amount of 2,613,636 of Offer Shares – the Increase Option - and (iii) an Over-Allotment Option granted by the Company to the Sole Global Coordinator (acting on behalf of the Underwriters), to which it may require the Company to issue up to a maximum of 340,909 Additional Shares (or up to 392,045 Additional Shares in the event that the Increase Option is exercised in full), compromising 15% of the total number of Offer Shares sold in the Offering.

At the Prospectus Date, the Offer Price is expected to be in the range of €11.00 to €13.75 (inclusive).

The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range is an indicative price range. The Offer Price and the exact number of Offer Shares offered will be determined by the Company in consultation with the Joint Bookrunners, after the end of the Offering Period, including any acceleration or extension, on the basis of the book building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate.

The Offer Price, the exact number of Offer Shares to be offered and the maximum number of Additional Shares will be stated in a pricing statement which will be published in a press release that will also be posted on Kiadis' website and filed with the AFM. Respective publications will be made in the Belgian financial press.

The Offer Price Range is an indicative price range. The Company reserves the right, after consultation with the Joint Bookrunners, to change the Offer Price Range and/or to increase the total number of Offer Shares by up to 15%, up to a maximum of 2,613,636 Offer Shares (pursuant to the Increase Option), or to decrease the total number of Offer Shares. Any increase in the top end of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day.

Any change of the Offer Price Range will be announced through a press release which will also be placed on Kiadis' website prior to the end of the Offering Period. Respective publications will be made in the Belgian financial press.

16.4 Offering Period

The Offering will begin on 17 June 2015 and is expected to end on 30 June 2015. Up to the final day of the Offering Period, subject to acceleration and extension of the timetable for the Offering and barring unforeseen circumstances, prospective retail investors may submit offers to purchase shares until 12:00 CEST and institutional investors may subscribe for Offer Shares until 16:00 CEST.

In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the Offer Shares, as well as payment (in euros) for and delivery of the Offer Shares in the Offering may be advanced or extended accordingly. If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares arises or is noted before the final closing of the Offering, a supplement to this Prospectus will be published, the Offering Period will be extended, if so required by the Prospectus Directive, the Financial Supervision Act or the rules promulgated thereunder, and investors who have already agreed to purchase Offer Shares may withdraw their subscriptions within two business days following the publication of the supplement, provided that the new factor, material mistake or inaccuracy, arose or was noted before the final closing of the Offering.

In Belgium, subscription orders by retail investors may be submitted at the counters of KBC Bank, CBC Banque and KBC Securities and their affiliates at no cost to the investor. Subscription orders by Belgian retail investors may be submitted through intermediaries other than KBC Bank, CBC Banque and KBC Securities and their affiliates but retail investors are advised to request details of the costs which these intermediaries may charge, as they will have to pay these themselves.

16.5 Subscription and allocation

Provided that there is sufficient demand, it is intended that approximately 10% of the Offer Shares (including Additional Shares, if any) will be allocated to retail investors in the Netherlands and Belgium. The proportion of Offer Shares allocated to retail investors in the Netherlands and Belgium may be increased or decreased if applications received from them exceed or do not reach, respectively, 10% of the Offer Shares. Retail investors in Belgium and the Netherlands will be treated equally in terms of allocation in case of an oversubscription of the Offering.

Subscriptions by eligible retail investors can only be made on a market order (*bestens*). As a consequence, eligible retail investors that subscribed for the Offer Shares in the Offering, shall be obliged to purchase and pay for the number of Offer Shares in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). Retail investors (including retail investors in Belgium) are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period (if applicable, as accelerated or extended), in the event that the Offer Price Range is increased above the upper end of the original Offer Price Range or a supplement to the Prospectus is published. The financial intermediary will be responsible for collecting subscriptions from eligible retail investors and for submitting their subscriptions to the Joint Bookrunners. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the purchase of Offer Shares will be determined by the financial intermediaries in accordance with their usual procedures or as

otherwise notified to the eligible retail investors. Kiadis is not liable for any action or failure to act by a financial intermediary in connection with any purchase, or purported purchase, of Offer Shares.

The allocation of Offer Shares is expected to take place after termination of the Offering Period on or about 1 July 2015, subject to acceleration or extension of the timetable for the Offering.

Allotment to investors who applied to subscribe for Offer Shares will be made on a discretionary basis and the Company and the Joint Bookrunners retain full discretion as to whether or not and how to allot the Offer Shares in accordance with the law. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is oversubscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Company and the Joint Bookrunners may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. The Joint Bookrunners will notify investors of any allocation of Offer Shares to them. Notwithstanding the above, it is intended, as stated at the beginning of this paragraph, that approximately 10% of the Offer Shares (including Additional Shares, if any) will be allocated to retail investors in the Netherlands and Belgium.

Each investor in the Offering is deemed to have made certain representations and statements to the Underwriters as described in Chapter 18 (Selling and Transfer Restrictions). Furthermore each investor is expected to have read, and complied with, certain selling and transfer restrictions described in Chapter 18 (Selling and Transfer Restrictions). Each prospective investor should seek advice from its own advisors in relation to the legal, tax, business, financial and other aspects of participating in the Offering.

16.6 Payment

Payment for the Offer Shares is expected to take place on the Settlement Date. The Offer Price of the Offer Shares allotted must be paid in euro in full and does not include applicable taxes or expenses, which must be borne by the investor (see Chapter 19 (Taxation)).

16.7 Delivery, clearing and settlement

The Shares are registered shares which 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 Offer 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. Application has been made for the Shares to be accepted for clearance through the book-entry facilities of Euroclear Netherlands.

Delivery of the Offer Shares takes place on the Settlement Date through the book-entry facilities of Euroclear Netherlands, in accordance with its normal settlement procedures, applicable to equity securities and against payment (in euros) for the Offer Shares in immediately available funds.

Prior to the Offering there has been no public market for the Shares. Application has been made to list all of the Shares on Euronext Amsterdam and Euronext Brussels under the symbol "KDS" with ISIN code NL0011323407. Subject to acceleration or extension of the

timetable for the Offering, trading on an 'as-if-and-when-issued' basis in the Offer Shares is expected to commence on or about 2 July 2015.

If settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to settlement are at the sole risk of the parties concerned. Neither Kiadis, the Underwriters nor Euronext accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Shares on Euronext.

16.8 Dilution

The voting interest of the existing Shareholders will be diluted as a result of the issuance of the Offer Shares. The maximum dilution for the existing Shareholders pursuant to the issuance of the Offer Shares would be 21.94%, assuming the issuance of 3,005,681 Offer Shares and no participation of the existing Shareholders in the Offering.

16.9 Voting rights

Each Share confers the right to cast one vote in the General Meeting, see paragraph 14.6 above. All Shareholders have the same voting rights.

16.10 Ranking and dividends

The Offer Shares and, if the Over-Allotment Option will be exercised, any Additional Shares will, upon issue, rank equally in all respects. The Offer Shares will carry dividend rights as of the date of issue. See Chapter 6 (Dividend Policy).

16.11 Sole Global Coordinator, Joint Bookrunners and Underwriters

Kempen & Co N.V. is acting as Sole Global Coordinator and, together with KBC Securities NV/SA as the Joint Bookrunners. The Joint Bookrunners act together with Peel Hunt LLP as the Underwriters.

16.12 Stabilisation, Listing and Paying Agent

Kempen & Co N.V. acts as the stabilisation, listing and paying agent with respect to the Shares on Euronext.

16.13 Governing law

This Prospectus and the Offering are governed by Dutch Law. All disputes arising in connection with this Prospectus and the Offering shall be subject to the non-exclusive jurisdiction of the courts in Amsterdam, the Netherlands.

17 Plan of Distribution

17.1 Commitments of existing Shareholders and other investors

The current Shareholders DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners B.V., Life Sciences Partners II B.V., Alta Partners and Quest for Growth and new investor Nyenburgh Holding B.V. (the "**Committed Parties**") have committed to participate in the Offering for the amounts set to their respective names in the table below, at strike (i.e. the Offer Price) and the Company has committed to allot and issue Shares to the Committed Parties in accordance with their commitments subject to the terms and conditions set out in the Prospectus.

Committed Party	Committed amount
DFJ Esprit	€3,369,967
Lenildis Holding B.V.	€2,038,421
Nyenburgh Holding B.V.	€2,000,000
Life Sciences Partners B.V.	€1,727,971
Life Sciences Partners II B.V.	€1,293,901
Alta Partners	€1,018,419
Quest for Growth	€551,321
Total	€12,000,000

The commitments of the Committed Parties are unconditional and irrevocable, and terminate only in the event that (i) the Underwriting Agreement (as defined below) is terminated, (ii) the Offering has not settled by 31 December 2015 or, (iii) the Sole Global Coordinator on the one hand, or the Company on the other hand, informs the other prior to the execution of the Underwriting Agreement that it has determined not to proceed with the Offering.

The Committed Parties shall not receive any fee or other compensation for their commitment.

17.2 Underwriting Agreement

The Company and the Underwriters will enter into an underwriting agreement on or about 16 June 2015 with respect to the offer and sale of the Offer Shares (the "**Underwriting Agreement**").

Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Underwriters, severally but not jointly nor jointly and severally, will agree to procure subscribers for, failing which or in the absence of sufficient subscribers, to subscribe and acquire themselves the Offer Shares (excluding any of the Additional Shares) from the Company, and the Company will agree to sell the Offer Shares to subscribers procured by the Underwriters or, failing which, to the Underwriters themselves.

Subject to the satisfaction of the conditions precedents mentioned below, the proportion of Offer Shares each Underwriter may be required to acquire is indicated below.

Underwriter	Underwriting Commitment of Offer Shares
Kempen & Co N.V.	52.5%
KBC Securities NV/SA	42.5%
Peel Hunt LLP	5%
Total	100%

In the Underwriting Agreement, the Company makes certain representations and warranties. In addition, the Company will indemnify the Underwriters against most liabilities in connection with the Offering.

The Underwriting Agreement will provide that the obligations of the Underwriters under the Underwriting Agreement are subject to:

- (i) the Company and the Joint Bookrunners agreeing on the Offer Price, the number of Offer Shares and the maximum number of Additional Shares in a price and volume agreement;
- (ii) the absence of (i) a material adverse effect in or affecting the value, state or condition (financial or otherwise) of the shareholders' equity or the properties, assets, rights, business, management, prospects, earnings, net worth or results of operations of the Company, or the Group taken as a whole; or (ii) any adverse effect which negatively and significantly affects, or could reasonably be expected so to affect, the market for, or the value of, the Shares; or (iii) any material adverse effect on the ability of the Company to perform its obligations under the Underwriting Agreement or to consummate the transactions contemplated in this Prospectus ((i), (ii) and (iii) taken together being a "**Material Adverse Effect**"; or (iv) facts, circumstances or developments that could likely result in a Material Adverse Effect since the date of the Underwriting Agreement;
- (iii) 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, this Prospectus and the Offer Shares;
- (v) the approval of this Prospectus by the AFM and the approval of the FMSA in respect of marketing material used in connection with the public offering in Belgium being in full force and effect;
- (vi) the Prospectus and the Pricing Statement 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 this Prospectus;
- (viii) the execution of documents relating to the Offering and such documents being in full force and effect;

- (ix) the admission of the Shares to listing and trading on Euronext and the acceptance of the Shares for issuance through the book-entry facilities of Euroclear Netherlands;
- (x) the Capital Restructuring and the amendment of the Articles of Association having been completed; and
- (xi) certain other customary closing conditions, including, among others, the accuracy of the warranties provided by the Company pursuant to the Underwriting Agreement and the compliance by the Company with its obligations under the Underwriting Agreement.

Upon the occurrence of certain specific events, such as:

- (i) a material adverse change in the financial markets, any outbreak or escalation of hostilities, any relevant act of terrorism or war or other calamity or crisis or a prospective change in national or international financial, political, economic, market or other relevant conditions, or currency exchange rates or exchange controls, securities settlement systems likely to prejudice materially the success of the Offering and distribution of the Offer Shares and Additional Shares, if any, or dealings in the Shares in the secondary market;
- (ii) any member state of the European Economic Area or the United States, having defaulted or announced or threatened to default on its obligations under financing instruments or agreements;
- (iii) any official decision or announcement that the euro will cease to be the official currency in one or more jurisdictions which are members of the euro zone on the date of the Underwriting Agreement;
- (iv) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of Euronext Amsterdam, Euronext Brussels, the London Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market;
- (ii) the Company and the Joint Bookrunners failing to agree on the Offer Price, the number of Offer Shares and the maximum number of Additional Shares in a price and volume agreement;
- (iii) a material breach of the Underwriting Agreement;
- (iv) the publication of a supplement to the Prospectus;
- (v) a statement in the Prospectus, the Pricing Statement or any amendment or supplement to the Prospectus being untrue, inaccurate or misleading;
- (vi) a material adverse effect or facts, circumstances or developments that could likely result in a Material Adverse Effect;
- (vii) trading generally having been suspended or materially limited on, or by, as the case may be, any of Euronext Amsterdam, Euronext Brussels, the London Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market,

the Underwriters, acting reasonably and with a view to the legitimate interests of all participants in the Offering, may elect to terminate the Underwriting Agreement until the Settlement Date.

Assuming that the Offering is fully subscribed and the Offer Price is at the mid-point of the Offer Price Range (as at the Prospectus Date), the table below sets out (i) the expected gross proceeds, (ii) the expected net proceeds and (iii) the expected aggregate administrative, legal and audit expenses as well as the other costs and expenses in connection with the Offering, the fees and commissions payable to the Underwriters and the remuneration of the AFM, the FSMA and Euronext, of the Offering, including in the event that the Increase Option and/or the Over-Allotment Option are exercised in full.

	Gross proceeds	Net proceeds	Aggregate expenses, costs and fees⁽¹⁾
Offering	€28,124,997	€24,869,234	€(3,255,763)
Offering, including Increase Option	€32,343,746	€28,875,358	€(3,468,388)
Offering, including Over-Allotment Option	€32,343,746	€28,875,358	€(3,468,388)
Offering, including Over-Allotment and Increase Options	€37,195,302	€33,482,396	€(3,712,906)

⁽¹⁾ Not including an incentive commission of 1% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Additional Shares), which may be paid to the Underwriters at the discretion of the Company.

The Offer 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 Offer Shares are being offered (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Exchange Act. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A.

17.3 Potential conflicts of interests

The Underwriters are acting exclusively for the Company and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for giving advice in relation to the Offering and for the listing and trading of the Offer Shares and/or any other transaction or arrangement referred to in this Prospectus.

Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and

financial advisory and ancillary activities in the ordinary course of their business with Kiadis or any parties related to it, in respect of which they have received, and may in the future, receive customary fees and commissions.

MedSciences Capital II B.V. ("MedSciences"), a private equity investment fund, has an indirect interest in the Company through Lenildis Holding B.V. (see paragraph 15.1.1 above). MedSciences is a minority interest of Kempen AM NL B.V., an asset management affiliate of the Sole Global Coordinator. The majority of the share capital of MedSciences is held by independent third parties, comprised of both professional and retail investors, on whose behalf the fund is being managed by MedSciences Capital Management B.V. MedSciences may in the future hold, in the ordinary course of its business, the Company's securities for investment purposes. As a result, MedSciences may have interests that may not be aligned, or could possibly conflict with the interests of investors. In respect hereof, Kempen & Co has procedures in place, such as strict Chinese walls procedures based on rules and regulations and internal policies, to prevent the sharing of information and any conflicts of interest between any of its group companies, affiliates, directors and employees engaged in its merchant banking activities and in its asset management activities.

Also the other Underwriters and/or their respective affiliates may in the future hold, in the ordinary course of their business, the Company's securities for investment purposes. As a result, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

As a result of these transactions or acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of Shares, or with the interests of Kiadis.

17.4 Lock-up arrangements

The Sole Global Coordinator (on behalf of the Underwriters) may, in its sole discretion and at any time after the first 180 days of the relevant lock-up restrictions referred to in paragraphs 17.4.2 and 17.4.3 below have lapsed, waive the restrictions, including those on sales, issues or transfers of Shares, described below. If the consent referred in such lock-up arrangement is requested, full discretion can be exercised by the Sole Global Coordinators as to whether or not such consent will be granted.

17.4.1 Company lock-up

Pursuant to the Underwriting Agreement, the Company agreed with the Underwriters, that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not:

- (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing;
- (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (iii) submit to its shareholders or any other body a proposal to effect any of the foregoing; subject to the issue of the Offer Shares; or
- (iv) publicly announce such an intention to effect any such transaction.

The foregoing restrictions shall not apply to: (i) the issuance of Offer Shares and Additional Shares in connection with the Offering, (ii) 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 Kiadis Pharma B.V. and any transfers, sales, tenders or other dispositions of Shares or Kiadis Pharma B.V. shares resulting from such corporate action, (iii) any action at the direction of the Sole Global Coordinator (acting on behalf of the Underwriters) (including in its capacity as stabilisation, listing or paying agent), (iv) the granting of awards in Offer Shares by the Company pursuant to the 2013 Exit Participation Plan or (v) the granting of any options to purchase Shares or the granting of Shares based on performance under any new employee share option or performance share award plan which the Company may adopt.

17.4.2 Shareholder lock-up

The current shareholders of the Company (excluding certain minority shareholders holding in an aggregate of 1.09% of the currently issued and outstanding Shares) have agreed with the Sole Global Coordinator (acting on behalf of the Underwriters) that, for a period until 180 days from the Settlement Date, they will not, and will not thereafter only with respect to (i), (ii) and (iii) below for an additional period of 180 days, without the prior written consent of the Sole Global Coordinator:

- (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or shares of Kiadis Pharma B.V. or any securities (including any new Shares issuable upon exercise of any options and/or warrants, hereafter the "**Warrants**") convertible into or exercisable or exchangeable for Shares or other shares of the Company or shares of Kiadis Pharma B.V. or request or demand that the Company file any registration statement under the U.S. Securities Act, as amended, or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing;
- (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, Warrants or other shares of the Company or shares of Kiadis

Pharma B.V., whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

- (iii) publicly announce an intention to effect any such transaction;
- (iv) cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of Shares (other than as expressly provided by the Prospectus);
- (v) propose, directly or indirectly, any increase in the share capital of the Company to any meeting of the shareholders for resolution, or vote in favour of such a proposed increase (other than as expressly provided by the Prospectus); or
- (vi) cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into Shares (other than as expressly provided by the Prospectus).

The foregoing restrictions shall not apply to, as applicable,

- (i) the lending of Shares to the Sole Global Coordinator pursuant to the Share Lending Agreement (as defined in paragraph 17.5) to be entered into by the Sole Global Coordinator and Life Sciences Partners B.V. and Life Sciences Partners II B.V.;
- (ii) the contribution of any Kiadis Pharma B.V. shares in accordance with the Capital Restructuring;
- (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 Kiadis Pharma B.V.;
- (iv) any transfers, sales, tenders or other dispositions of Shares or Kiadis Pharma B.V. shares pursuant to a bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction made to or involving all holders of the Shares, Kiadis Pharma B.V. shares or such other securities pursuant to which a majority of total voting power of the voting shares of the Company or Kiadis Pharma B.V. is transferred to such third party (including, without limitation, the entering into any lock-up, voting or similar agreement pursuant to which the signatories to the lock-up agreement may agree to transfer, sell, tender or otherwise dispose of Shares, Kiadis Pharma B.V. shares or other such securities in connection with such transaction, or vote any Shares, Kiadis Pharma B.V. shares or other such securities in favour of any such transaction); provided that if such tender offer, merger, amalgamation, consolidation or other similar transaction is not completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions contained therein and provided further that if such tender offer, merger, amalgamation, consolidation or other similar transaction is completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions therein until the lock-up period ends or until the Shares cease to be listed on any stock exchange, whichever is earlier;
- (v) any newly issued Shares purchased in the Offering or thereafter in the secondary market; and

- (vi) the transfer or distribution of Shares or Kiadis Pharma B.V. shares to members or shareholders of a signatory to the lock-up agreement 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 signatory to the lock-up agreement or to any investment fund or other entity that controls or manages the signatories to the lock-up agreement (including, for the avoidance of doubt, a fund managed by the same manager or general partner or management company or by an entity controlling, controlled by or under common control with such manager or general partner or management company as the signatory to the lock-up agreement).

17.4.3 Management lock-up

Each member of the Management Board, the Supervisory Board and Senior Management has agreed with the Sole Global Coordinator (acting on behalf of the Underwriters) that for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, they will not, and will not thereafter for an additional period of 180 days, without the prior written consent of the Sole Global Coordinator:

- (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or shares of Kiadis Pharma B.V. or any securities (including the Warrants) convertible into or exercisable or exchangeable for Shares or other shares of the Company or shares of Kiadis Pharma B.V. or request or demand that the Company file any registration statement under the U.S. Securities Act, as amended, or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing;
- (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, Warrants or other shares of the Company or shares of Kiadis Pharma B.V., whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) publicly announce an intention to effect any such transaction.

The foregoing restrictions shall not apply to:

- (i) the contribution of any Kiadis Pharma B.V. shares in accordance with the Capital Restructuring;
- (ii) 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 Kiadis Pharma B.V.;
- (iii) any transfers, sales, tenders or other dispositions of Shares or Kiadis Pharma B.V. shares pursuant to a bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction made to or involving all holders of the Shares, Kiadis Pharma B.V. shares or such other securities pursuant to which a majority of total voting power of the voting shares of the Company or Kiadis Pharma B.V. is transferred to such third party (including, without limitation, the entering into any lock-up, voting or similar agreement pursuant to which the undersigned may agree to transfer, sell, tender or

otherwise dispose of Shares, Kiadis Pharma B.V. shares or other such securities in connection with such transaction, or vote any Shares, Kiadis Pharma B.V. shares or other such securities in favor of any such transaction); provided that if such tender offer, merger, amalgamation, consolidation or other similar transaction is not completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions contained therein and provided further that if such tender offer, merger, amalgamation, consolidation or other similar transaction is completed, any Shares, Kiadis Pharma B.V. shares or other securities subject to the lock-up agreement shall remain subject to the restrictions contained therein until the lock-up period ends or until the Shares cease to be listed on any stock exchange, whichever is earlier; and

- (iv) any newly issued Shares purchased in the Offering or thereafter in the secondary market.

17.5 Over-allotment and stabilisation

In connection with the Offering, Kempen & Co N.V., as the Stabilisation Agent, or any of its agents, on behalf of the Underwriters may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilisation Agent will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam and Euronext Brussels) or otherwise and may be undertaken at any time during the period commencing on the Listing Date and ending no later than 30 calendar days thereafter. The Stabilisation Agent or any of its agents will not be obligated to effect stabilising transactions, and there will be no assurance that stabilising transactions will be undertaken. Such stabilising transactions, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilisation Agent nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offering. The Underwriting Agreement will provide that the Stabilisation Agent may, for purposes of stabilising transactions, over-allot Shares up to a maximum of 15% of the total number of Offer Shares sold in the Offering. The Underwriting Agreement will provide that to the extent the Stabilisation Agent earns any profit directly from stabilising transactions, the Stabilisation Agent will remit the aggregate amount of any such profits to the Company. Any losses incurred from stabilising transactions will be borne by the Underwriters pro rata to their underwriting commitments.

In connection with the Over-Allotment Option, up to a maximum of 15% of the total number of Offer Shares will be made available by Life Sciences Partners B.V. and Life Sciences Partners II B.V. jointly through a securities loan to be entered into on or about the date of the Underwriting Agreement (the "**Share Lending Agreement**") to the Stabilisation Manager.

Kiadis nor the Underwriters make any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Offer Shares or any other securities of the Company. In addition, Kiadis nor the Underwriters make any representation that the Stabilisation Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

18 Selling and Transfer Restrictions

No action has been taken by Kiadis or the Underwriters that would permit, other than pursuant to the Offering, an offer of the Offer Shares or possession or distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

18.1 United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction in the United States. The Offer Shares may be offered, sold or otherwise transferred only in the following circumstances: (i) within the United States to ("QIBs") as defined in Rule 144A under the U.S. Securities Act in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Prospective investors are hereby notified that the sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Until 40 days after the Offering commences, an offer, sale or transfer of the Offer Shares within the United States by a securities dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act.

The offering of the Offer Shares is being made in the United States through U.S. broker-dealer affiliates of the Underwriters.

18.2 Notice to U.S. investors

Each purchaser of the Offer Shares within the United States will be deemed to have represented and agreed that:

- A. the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- B. the purchaser understands and acknowledges that the Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the U.S., that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder and that the Offer Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, other than in accordance with paragraph F below;
- C. such purchaser (i) is, and the time of its purchase of any Offer Shares will be, a QIB, and (ii) is acquiring the Offer Shares for its own account or for the accounts of one or more QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein

with respect to each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such Offer Shares;

- D. the purchaser understands and agrees that the Offer Shares are being offered in the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
- E. the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any Offer Shares;
- F. if, in the future, such purchaser or any such other QIB for which it is acting, as described in paragraph C above, or any other fiduciary or agent representing such investor decides to offer, resell, deliver, hypothecate, pledge or otherwise transfer such Offer Shares, such Offer Shares may be offered, sold, delivered, hypothecated, pledged or otherwise transferred only (i) pursuant to an effective registration statement under the U.S. Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the U.S. in an "offshore transaction" pursuant to Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act (and not in a pre-arranged transaction resulting in the resale of such Offer Shares into the United States), or (iv) in accordance with Rule 144 under the U.S. Securities Act, and, in each case, in accordance with all applicable securities laws of the U.S. or any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for the resale of Offer Shares;
- G. the purchaser understands that for so long as the Offer Shares are "restricted securities" within the meaning of the U.S. federal securities laws, no such Offer Shares may be deposited into any American depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depositary receipt facility, and that such shares will not settle or trade through the facilities of the Depository Trust Company or any other U.S. clearing system;
- H. the purchaser has received a copy of this Prospectus and has had access to such financial and other information concerning Kiadis as the purchaser deems necessary in connection with making an investment decision to purchase Offer Shares. The purchaser represents that it invests in or purchases securities similar to the Offer Shares in the normal course of its business, and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Offer Shares. In addition, the purchaser represents that it is able to bear the economic risk, and sustain a complete loss, of its investment in the Offer Shares. The purchaser acknowledges that none of Kiadis, the Underwriters or any of their respective representatives has made any representations to the purchaser with respect to Kiadis or the allocation, offering or sale of any Offer Shares other than as set forth in this Prospectus, which has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offer Shares. The purchaser also acknowledges that it has made its own assessment regarding the U.S. federal tax consequences of an investment in the Offer Shares. The purchaser has held and will hold any offering materials, including this Prospectus,

it receives directly or indirectly from Kiadis in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it;

- I. either (i) the purchaser is not, and is not acting on behalf of or using any assets of, any "employee benefit plan" as described in and subject to Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any "plan" as described in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any other plan or account subject to any federal, state, local or non-U.S. law substantially similar to Section 406 of ERISA or Section 4975 of the Code ("Similar Law"), or (ii) the purchaser's acquisition and holding of the Offer Shares will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law;
- J. the purchaser, and each other QIB, if any, for whose account it is acquiring Offer Shares acknowledge that the Company expects that it will be classified as a passive foreign investment company for U.S. federal income tax purposes;
- K. the purchaser understands that these representations and undertakings are required in connection with the securities laws and other laws of the United States and that Kiadis, the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser irrevocably authorises Kiadis and the Underwriters to produce this Prospectus to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered herein;
- L. the purchaser undertakes promptly to notify the Company and the Underwriters if, at any time prior to the purchase of the Offer Shares, any of the foregoing ceases to be true;
- M. the Company shall not recognise any offer, sale, pledge, delivery, hypothecation or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions; and
- N. the purchaser acknowledges that Kiadis, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

18.3 Notice to Regulation S investors

Each purchaser of the Offer Shares pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- A. the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- B. the Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and subject to certain exceptions, may not be offered or sold within the United States;
- C. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time

the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;

- D. the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- E. the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- F. the purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus;
- G. the Company shall not recognise any offer, sale, pledge, delivery, hypothecation or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;
- H. if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of such account; and
- I. the purchaser acknowledges that Kiadis, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

18.4 European Economic Area

In relation to each state which is a party to the agreement relating to the EEA and which has implemented the Prospectus Directive (a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Underwriters; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or any measure

implementing the Prospectus Directive in a Relevant Member State or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. Kiadis, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC, as amended, including Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

18.5 United Kingdom

In the United Kingdom, this Prospectus is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Offer Shares may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

18.6 Switzerland

The Offer Shares may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland and will not be listed on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Offer Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offering, the Company, the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority.

19 Taxation

19.1 Dutch taxation

This section provides a general summary of certain Dutch tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Shares. This summary provides general information only and is restricted to the matters of Dutch taxation stated in it. The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a holder of the Shares or a prospective purchaser of the Shares.

A prospective purchaser of the Shares should consult his/her own tax advisor regarding the Dutch tax consequences of acquiring, holding, redeeming and/or disposing of the Shares.

This summary is based on the tax legislation, published case law, and other regulations in force in the Netherlands as at the Prospectus Date, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Except as otherwise indicated, this summary only addresses tax legislation and published regulations in the Netherlands, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe.

The summary does not address the tax consequences of holders of Shares receiving income or realising capital gains in their capacity as employee or former employee, director or former director and/or supervisory director or former supervisory director.

19.1.1 Dividend withholding tax

Dividend payments by Dutch companies are in general subject to a 15% withholding tax under domestic law. The term 'dividend payments' includes, but is not limited to:

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

If a holder of Shares is resident in a country other than the Netherlands and if an income tax treaty is in effect between the Netherlands and such other country, such holder of Shares may, depending on the terms of that income tax treaty, be eligible for a full or partial exemption from, or refund of, Dutch dividend withholding tax.

A U.S. holder that is a qualifying exempt US pension trust as referred to in Section 35 of the U.S. - the Netherlands income tax treaty, may be entitled to an exemption or a refund of paid Dutch dividend withholding tax. Such qualifying exempt US pension trusts must provide the Company form IB 96 USA, along with a valid certificate (form 6166), for the application of relief at source from dividend withholding tax. If the Company receives the required documentation prior to the relevant dividend payment date, then the Company may apply such relief at source. If a qualifying exempt US pension trust fails to satisfy these requirements prior to the payment of a dividend, then such qualifying exempt US pension trust may claim a refund of Dutch dividend withholding tax by filing form IB 96 USA with the Dutch tax authorities.

A qualifying tax-exempt entity that is a resident of a Member State of the EU, or resident of a State of the EEA that has been specifically designated in a Ministerial Regulation (Norway, Iceland and Liechtenstein), may be eligible for a refund of paid dividend withholding taxes, if such entity also would not be subject to Dutch corporate income tax if it would be tax resident in the Netherlands. This refund is not available to entities that are engaged in similar activities as investment institutions ("*beleggingsinstellingen*") as referred to in Section 6a or Section 28 of the Dutch Corporate Income Tax Act 1969 ("*Wet op de vennootschapsbelasting 1969*").

Qualifying investors (such as pension funds, sovereign wealth funds and exempt government bodies) from outside the EU and the EEA (so-called third countries) may be eligible for a refund of Dutch dividend withholding tax. The refund only applies in connection to portfolio investments and in case the following conditions are cumulatively met:

- (a) The investor is resident in a designated country with which the Netherlands has concluded adequate arrangements for the exchange of information; and
- (b) The investor is not subject to any profits tax or exempt from any profits tax in the country of residence and would not have been subject to Dutch corporate income tax, if he/she had been resident in the Netherlands.

Individuals and corporate legal entities who are resident or deemed to be resident in the Netherlands for Dutch tax purposes ("Dutch resident individuals" and "Dutch resident entities", as the case may be) can generally credit Dutch dividend withholding tax against their income tax or corporate income tax liability. The same generally applies to holders of Shares that are neither resident nor deemed to be resident of the Netherlands if the Shares are attributable to a Dutch permanent establishment of such non-resident holder.

Pursuant to legislation to counteract "dividend stripping", a reduction, exemption, credit or refund of Dutch dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner. This legislation generally targets situations in which shareholders retain their economic interest in shares but reduce the withholding tax cost on dividends by a transaction with another party. The Dutch Ministry of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also be applied in the context of a double taxation convention.

19.1.2 Taxes on income and capital gains

The summary in this section does not address the tax consequences of a holder of Shares if such holder, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in Company as defined in the Dutch Income Tax Act 2001 ("Wet inkomenbelasting 2001"). Generally speaking, a holder of shares in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds:

- (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or
- (ii) rights to acquire, directly or indirectly, such interest.

A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Additionally, the summary in this section does not describe the tax considerations for pension funds, investment institutions as referred to in Section 6a or Section 28 of the Dutch Corporate Income Tax Act 1969 and other entities that are, in whole or in part, not subject to or exempt from corporate income tax in the Netherlands, as well as entities that are exempt from corporate income tax in their country of residence, such country of residence being another state of the EU, Norway, Liechtenstein, Iceland or any other state with which the Netherlands have agreed to exchange information in line with international standards.

Furthermore, the summary in this section does not describe the tax considerations for holders of Shares if the holder has an interest in the Company that qualifies as a "participation" for the purposes of the Dutch Corporate Income Tax Act 1969. A participation generally exists in case of a shareholding of at least 5% of the company's paid-up share capital.

For Dutch income and corporate income tax purposes, Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement, may under certain circumstances have to be allocated to the settlor, deemed settlor, grantor or similar originator or, upon the death of the settlor, his/her beneficiaries in proportion to their entitlement to the estate of the settlor of such trust or similar arrangement ("*aangezonderd particulier vermogen*").

19.1.2.1 Dutch resident individuals

If the Shares belong to an enterprise ("*onderneming*") of a Dutch individual who is resident of the Netherlands or deemed to be resident of the Netherlands, the income (including capital gains) derived from this shareholding generally may be subject to Dutch income tax at the progressive rate with a maximum of 52%.

The same progressive income tax rate applies to individuals who are a Dutch resident or deemed to be a Dutch resident whose income (including capital gains) from the Shares qualifies as income from other miscellaneous activities ("*resultaat uit overige werkzaamheden*"). This may be the case if the activities of this individual exceed regular, active portfolio management ("*normaal, actief vermogensbeheer*").

Individuals who are Dutch residents or deemed to be Dutch residents whose Shares do not belong to an enterprise, do not qualify as income from other miscellaneous activities and do not belong to a substantial shareholding, will not be subject to Dutch income tax on the income (including capital gains) derived from the Shares. Instead, such individuals will be taxed at a flat rate of 30% on the deemed income from savings and investments ("sparen en beleggen"). This deemed income is set at 4% of the yield basis ("rendementsgrondslag") of the individual. The yield basis would normally include the fair market value of the Shares. Effectively, the individual is annually subject to a flat income tax of 1.2% of the fair market value of the Shares. A tax-free amount ("heffingvrij vermogen") of € 21,330 (2015 figure) is available per individual tax payer (€ 42,660 for fiscal partners).

19.1.2.2 Dutch resident entities

Entities that are Dutch residents or deemed to be Dutch residents may be subject to corporate income tax for income (including capital gains) derived from the Shares. The first € 200,000 profits are taxable at a rate of 20%, while any profits in excess of € 200,000 are taxable at a rate of 25%.

19.1.2.3 Non-Dutch resident individuals

A holder of Shares, who is an individual and not resident or deemed to be resident in the Netherlands will not be subject to Dutch taxes on income (other than the dividend withholding tax described above) or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Shares, unless:

- such holder has an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in the Netherlands or is carried out through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Shares are attributable; and/or
- such income or capital gain forms a benefit from miscellaneous activities in the Netherlands.

If either of the abovementioned conditions applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Shares will in general be subject to Dutch income tax at the progressive rates up to 52%.

19.1.2.4 Non-Dutch resident entities

A holder of Shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for Dutch corporate income tax purposes, will not be subject to Dutch taxes on income (including capital gains) in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Shares, other than the dividend withholding tax described above, unless such holder has: an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in the Netherlands or is carried out through a permanent establishment, a deemed permanent establishment (statutorily defined term) or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Shares are attributable

If this condition applies, income derived from the Shares and gains realised on the Shares will, in general, be subject to regular corporate income tax. The first € 200,000 profits are taxable at a rate of 20%, while any profits in excess of € 200,000 are taxable at a rate of 25%.

19.1.3 Taxation of gifts and inheritances

19.1.3.1 Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Shares by way of a gift by, or, on the death of, a holder of Shares who is resident or deemed to be resident in the Netherlands at the time of the gift or his/her death.

No Dutch gift tax will arise in case of a gift of the Shares under a condition precedent by an individual who at the date of the gift was resident or deemed to be resident, but at the date of the fulfilment of the condition was neither resident nor deemed to be resident in the Netherlands, unless such individual dies within 180 days after the date of the fulfilment of the condition, while being resident or deemed to be resident in the Netherlands.

For purposes of Dutch gift and inheritance taxes, among others, a person that holds the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift, — in case of a gift under a condition precedent — the date of the fulfilment of the condition or the death of this person. Additionally, for purposes of Dutch gift tax, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift or — in case of a gift under a condition precedent — the date of the fulfilment of the condition. Applicable tax treaties may override the tax implications of deemed residency.

19.1.3.2 Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of Shares by way of a gift by, or on the death of, a holder of Shares who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) in case of a gift of the Shares under a condition precedent ("opschortende voorwaarde") by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual is resident or deemed to be resident in the Netherlands at the date of the fulfilment of the condition;
- (ii) in case of a gift of the Shares by an individual who at the date of the gift or — in case of a gift under a condition precedent — at the date of the fulfilment of the condition was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift or the fulfilment of the condition, while being resident or deemed to be resident in the Netherlands; or
- (iii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

Furthermore, Dutch inheritance tax will arise in case of a gift under a condition precedent by an individual who at the date of the gift was neither resident nor deemed to be resident of the Netherlands, but at the date of his/her death was resident or deemed to be resident in the Netherlands, and the condition was fulfilled after the date of his/her death.

19.1.4 Value added tax

No value added tax will be due in the Netherlands in respect of payments made in consideration for the issue of a Share or in respect of the transfer of a Share.

19.1.5 Other taxes and duties

No registration tax, customs duty, stamp duty, real estate transfer tax or any other similar tax or duty will be due in the Netherlands in respect of or in connection with the mere issue, transfer, execution or delivery of the Shares.

19.2 Residency

A holder of a Share will not become, and will not be deemed to be, resident in the Netherlands merely by virtue of holding such Share or by virtue of the execution, performance and/or delivery of any relevant documents.

19.3 Belgian taxation

Set out below is a summary of certain Belgian tax consequences of acquiring, holding and selling Shares under this Offering. This summary is not intended to be an exhaustive description of all relevant Belgian tax considerations and investors should consult their own tax advisors regarding such considerations in relation to their own particular circumstances. The description of certain taxes in the Kingdom of Belgium (Belgium) set out below is for general information only and does not purport to be comprehensive.

This summary is based on current legislation, published case law and other published guidelines and regulations as in force at the Prospectus Date and remains subject to any future amendments, which may or may not have retroactive effect.

19.3.1 Dividends

For Belgian tax purposes, dividend income includes any benefits paid on or attributed to Shares. A repayment of Share capital is however not considered a dividend to the extent that:

- (i) it concerns a repayment of effectively paid-up Share capital; and
- (ii) the capital decrease is performed in accordance with the Belgian Companies Code.

In case of liquidation of a company, any amount distributed in excess of the paid-up Share capital will also be considered a dividend.

In case of liquidation of a company, any amount distributed in excess of the paid-up Share capital will also be considered a dividend.

19.3.1.1 Belgian resident individuals

General

Belgian resident individuals are subject to the Income Tax for Individuals ("*impôt des personnes physiques*" / "*personenbelasting*").

In general an individual is considered a Belgian resident for tax purposes if he has his domicile in Belgium or his financial or economic interests are located in Belgium.

Under the Income Tax for Individuals, income derived from various sources is split into either:

- immovable income (which includes income from immovable property);
- movable income (which includes dividend, interest and royalty income);
- business income; or
- miscellaneous income (which includes amongst other things speculative income or gains but excludes any income or gains derived from the normal management of a private investment portfolio).

Movable income is not globalised with the immovable and business income, which are taxed at the progressive tax rates (25%-50% + municipal tax), but is taxed at a separate flat rate (25% for most products with certain exceptions), except if the globalisation would be more advantageous for the beneficiary.

Reporting and taxation of dividends

Dividends which are paid by a Belgian company or which are cashed through a Belgian financial intermediary are in principle subject to 25% Belgian withholding tax. In such case the withholding tax is considered as the final tax and the dividend income should not be reported in the annual income tax return for individuals anymore.

Dividends from foreign companies which are cashed through a foreign financial intermediary and have in principle not been subject to Belgian withholding tax have to be reported by the Belgian investor in his tax return.

Please note that no municipal tax will be added to the income tax for the dividends reported in individual tax returns.

The Belgian income tax should be calculated on the gross amount of income from movable assets before the deduction of transaction costs or custody fees. This is applicable for both Belgian and foreign source income.

However, with respect to foreign source income, the effective foreign withholding tax paid may be deducted from the gross income for computing the Belgian income tax.

To the extent that the income would be regarded as speculative or beyond the normal management of a private portfolio, the tax authorities may consider the income as "miscellaneous income" taxable at a flat rate of 33% (+ additional municipal tax). If the income is considered as part of a professional activity, they will be taxed as business income at the progressive tax rates (25%-50% + additional municipal tax).

19.3.1.2 Belgian companies

Dividends paid through an intermediary established in Belgium to a Belgian company subject to corporate income tax will generally be subject to Belgian withholding tax. However, an exemption may apply provided that certain conditions are met. Foreign source dividends received by a Belgian company will be exempt from withholding tax provided the identification requirements in Article 117, §11 of the Royal Decree implementing the Belgian Income Tax Code are met.

The current applicable withholding tax rate is 25%. For Belgian companies, the withholding tax is not the final tax, they need to declare the dividend income (after deduction of any foreign withholding tax but including any Belgian withholding tax) in their annual corporate

income tax return, where it is taxed at the normal corporate income tax rate of 33.99%. Lower tax rates may apply for Small and Medium Sized Enterprises subject to certain conditions.

A Belgian company receiving dividends will be entitled to a dividends received deduction if both a participation condition and a taxation condition are met. The deduction amounts to 95% of the gross dividends received.

According to the participation condition, the Belgian parent company should hold a participation of at least 10% in the subsidiary or the participation must have a purchase value of at least €2.5 million. In addition, the participation must be maintained in full ownership during an uninterrupted period of at least one year.

According to the taxation condition the Belgian company will in general not be entitled to any dividends received deduction for dividends received from companies which are not subject to corporate income tax or which are subject to a notably more advantageous regime as the Belgian corporate income tax regime (article 203 of the Belgian Income Tax Code).

The conditions for the application of the dividend received deduction regime should be analysed on a case-by-case basis and should be further analysed with tax consultants.

Belgian companies are, in principle, entitled to set off Belgian withholding tax against their corporate income tax liability provided certain conditions are fulfilled. However, the Belgian withholding tax may only be credited against the corporate income tax liability to the extent that:

- (i) the taxpayer has held the full ownership of the shares at the time the dividends were paid or attributed; and
- (ii) the payment or the attribution of the dividends does not result in a reduction in value of or a capital loss on the shares to which the dividends relate.

This condition is not applicable if:

- (i) the taxpayer can demonstrate that it has held the shares in full legal ownership for an uninterrupted period of twelve months prior to the payment or attribution of the dividends; or
- (ii) that the shares, during that period, never belonged to a taxpayer that is no company subject to corporate income tax or to a non-resident company that has, in an uninterrupted manner, invested the shares in a Belgian permanent establishment.

Any excess withholding tax is refundable.

In specific cases and subject to conditions, an exemption from withholding tax may be available. This should be further analysed with tax consultants.

19.3.1.3 Other Belgian legal entities subject to the legal entities income tax

For other Belgian legal entities subject to the legal entities income tax, all dividend income (as defined by the Belgian Income Tax Code) will (subject to certain exceptions) be subject to withholding tax, currently at a rate of 25%.

If interest is paid through a Belgian intermediary, such intermediary must levy withholding tax, currently at the rate of 25%. This withholding tax is a final tax. If no Belgian intermediary is involved, the withholding tax must be declared and paid by the legal entity itself.

19.3.1.4 Non-residents

Dividends paid through a professional intermediary in Belgium will in principle be subject to withholding tax. However, an exemption 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 25%.

If shares are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable non-resident individual or corporate income tax rate, as appropriate. However, any Belgian withholding tax levied at source can be credited against the non-resident individual or corporate income tax, subject to two conditions:

- (i) the taxpayer has held the shares in full legal ownership at the time the dividends were paid or attributed; and
- (ii) the payment or the attribution of the dividends does not result in a reduction in value of or a capital loss on the shares to which the dividends relate.

This condition is not applicable if:

- (i) the taxpayer can demonstrate that it has held the shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends; or
- (ii) that the shares, during that period, never belonged to a taxpayer that is no company subject to corporate income tax or to a non-resident company that has, in an uninterrupted manner, invested the shares in a Belgian permanent establishment.

Any excess withholding tax is refundable.

A non-resident company that has invested their shares in a Belgian establishment can deduct up to 95% of the gross dividends included in their taxable profits if, at the time the dividends are paid or attributed, the abovementioned conditions for the application of the 'Dividend Received Deduction' regime are satisfied.

The conditions for the application of the dividend received deduction regime should be analysed on a case-by-case basis and should be further analysed with tax consultants.

19.3.2 Capital gains on shares

19.3.2.1 Belgian resident individuals

Capital gains derived from the normal management of a private investment portfolio are in principle not taxable in Belgium.

To the extent that the gains would be regarded as speculative or beyond the normal management of a private portfolio, the tax authorities may consider the income or gains as "miscellaneous income" taxable at a flat rate of 33% (+ additional municipal tax). If the gains

are considered as part of a professional activity, they will be taxed as business income at the progressive tax rates (25%-50% + additional municipal tax).

Capital losses on shares are not tax deductible.

19.3.2.2 Belgian companies

Belgian resident companies (not being SMEs) are subject to Belgian capital gains taxation at a flat rate of 0.412% on gains provided that:

- (i) the taxation condition as mentioned in article 203 BITC is satisfied, meaning that the capital gain cannot relate to shares in a company which is not subject to corporate income tax or which is subject to a notably more advantageous regime as the Belgian corporate income tax regime; and
- (ii) the shares have been held in full legal ownership for an uninterrupted period of at least one year.

If the one-year minimum holding condition is not satisfied, the capital gains realised upon disposal of shares of the company by a Belgian resident company (non-SME or SME) are taxable at a flat corporate income tax rate of 25.75%.

Capital losses on shares incurred by resident companies are not tax deductible.

19.3.2.3 Other Belgian legal entities subject to the legal entities income tax

Other 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.

Capital losses on shares incurred by Belgian resident legal entities are not tax deductible.

19.3.2.4 Non-resident individuals

Capital gains realised by a non-resident individual that has not acquired the shares in connection with a business conducted in Belgium through a Belgian PE are, in principle, not subject to taxation, if the gain is derived from the normal management of the individual's private estate.

To the extent that the gain is deemed to be realised outside the scope of the normal management, it will be subject to a final professional withholding tax of 30.28%. If a double taxation treaty is concluded, a full exemption from Belgian capital gains taxation is possible.

Capital losses are generally not tax deductible. However, if the capital gains or losses are realised by a non-resident individual holding the shares in connection with a business conducted in Belgium through a fixed base in Belgium, those gains are taxable at the ordinary progressive income tax rates and the capital losses will be tax deductible.

19.3.2.5 Non-resident companies or entities

Capital gains realised by non-resident companies or non-resident entities that have not acquired the shares in connection with a business conducted in Belgium through a Belgian PE are, in principle, not subject to taxation.

If the shares are held in connection with a business conducted in Belgium through a Belgian PE, the gains are subject to the same regime as Belgian resident companies (i.e. 0.412% or 25.75%).

Capital gains realised by Belgian non-residents could under certain circumstances (article 228, §3 BITC) be subject to Belgian taxation, levied in the form of a professional withholding tax upon a transfer of the shares to a Belgian resident (including a Belgian establishment of a foreign entity).

Capital losses are generally not tax deductible.

19.3.3 Tax on stock exchange transactions

According to article 120 of the Belgian Code of Divers Duties and Taxes ("BCDDT"), transactions with respect to Belgian and foreign public securities are in principle subject to stock exchange tax, provided that a Belgian recognised financial trader (i.e. financial institutions, stock exchange companies) is involved in the transaction.

With respect to the purchase and sale of existing securities (transaction on secondary market), the tax should be paid by both the seller and the purchaser separately. This means that each transaction will give rise to a double taxation, i.e. between the seller and the intermediary and between the intermediary and the purchaser.

Stock exchange transactions on shares are generally subject to a rate of 0.27%. The total tax per transactions is capped at € 800.

On 14 February 2013 the European Commission adopted the Draft Directive on a Financial Transaction Tax (the "**Financial Transaction Tax**", or "**FTT**"). The Draft Directive stipulates that once the FTT enters into effect, the Participating Member States shall not maintain or introduce any taxes on financial transactions other than the FTT. This means that for Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into effect. The Draft Directive is still subject to negotiation between the Participating Member States and may be further amended.

An agreement is still yet to be reached on what form the initial application of the FTT will take. This is currently scheduled for January 1, 2016. Also, an agreement on the extent to which transactions involving other financial instruments such as derivatives should be subject to the FTT has not been reached. Another unresolved area includes whether the FTT should be levied on the basis of the place of establishment of the participating financial institutions, or where the instrument was issued. Further work is also required on a possible collection mechanism for the tax. Although the self-imposed deadline for reaching agreement by the end of 2014 has now effectively not been met, European Commissioner Mocscovici indicated that the 2016 start date is still realistic.

19.4 U.S. taxation

19.4.1 General notice and considerations

The following summary describes the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Shares as of the date of this Prospectus. 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 in the Offer, 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 U.S. 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 or her 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 Prospectus. 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.

19.4.2 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. A distribution generally will be foreign-source income for U.S. foreign tax credit purposes, and should generally constitute passive category income.

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 may be subject to reduced 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 believes that it will be considered a "qualified foreign corporation". However, there has not been sought for or received an opinion of counsel or a ruling from the IRS to that effect. No assurance can be given that a court would not ultimately determine that the Company is not considered a qualified foreign corporation. You should consult your own tax advisors regarding the application of these rules given your particular circumstances.

19.4.3 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. You are urged to consult your own tax advisors regarding the availability of the foreign tax credit or deduction under your particular circumstances.

19.4.4 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.

19.4.5 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 reduced 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 19.4.4 above.

19.4.6 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 during its 2014 taxable year and that it may be so as well during its 2015 taxable year.

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 dividends, interest, royalties, rents, annuities, gains in excess of losses from the disposition of assets which produce passive income.

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 rateably 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 elections enable the shareholder of a PFIC to avoid these consequences. A U.S. holder can make a Qualified Electing Fund ("QEF") election for a taxable year by properly filing and completing a 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., an election to defer such taxes until certain future events may be available).

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. If the Company determines that it is a PFIC for a taxable year, the Company may or may not 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.

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 making a mark-to-market election with respect to their Shares, 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. 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.

19.4.7 Net Investment Income Tax

Certain U.S. holders that are individuals, estates or trusts are subject to a 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.

19.4.8 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. 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 entitle it to a refund, provided that the required information is timely furnished to the IRS.

19.4.9 Foreign Asset Reporting

Certain Non-corporate 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.

Independent Auditors

KPMG Accountants N.V. ("KPMG"), independent auditors with their address at Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands, has audited and rendered an unqualified auditor's report on Kiadis Pharma B.V.'s special purpose consolidated financial statements for the financial years ended 31 December 2014, 2013 and 2012 included in this Prospectus, which auditor's report is included in this Prospectus on page F-2.

Kiadis Pharma B.V.'s unaudited condensed consolidated interim financial information for the three-month period ended 31 March 2015 included in this Prospectus have not been audited, but have been reviewed by KPMG as stated in its review report which is included in this Prospectus on page F-59.

KPMG has given, and not withdrawn, its written consent to the inclusion of its auditor's reports in this Prospectus in the form and context in which they are included. As the Shares have not been and will not be registered under the U.S. Securities Act, KPMG has not filed a consent under the U.S. Securities Act.

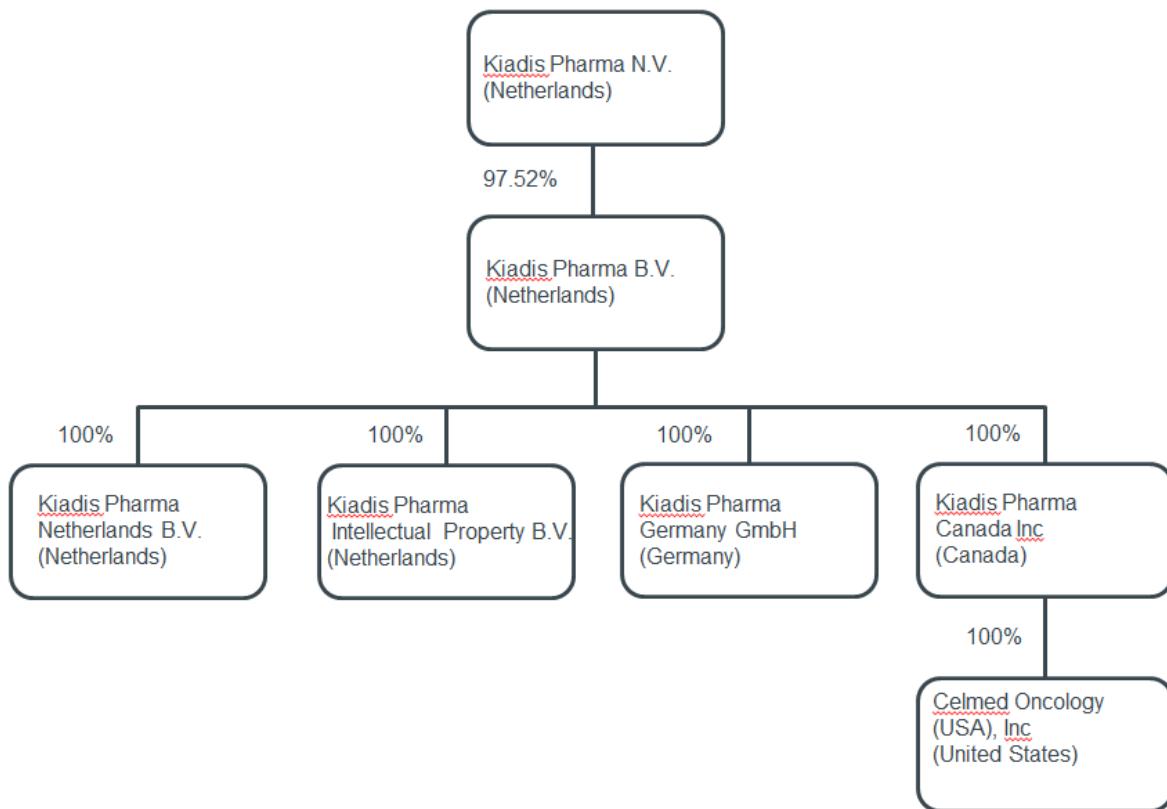
KPMG is governed by Dutch law in the Netherlands and is subject to inspection by the AFM. The AFM has granted KPMG a license to perform financial statement audits of public interest entities.

The auditor who signs on behalf of KPMG is a member of the Dutch Professional Organization for Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

21 General Information

21.1 Organisational structure

The Company is a holding company at the head of the Kiadis corporate group. The below organisational chart lists all subsidiaries of Kiadis Pharma N.V.



21.2 Legal matters

Certain legal matters in connection with the Offering will be passed upon for the Company with respect to Dutch law by Eversheds B.V. and Simmons & Simmons LLP (Amsterdam) and U.S. law by Simmons & Simmons LLP (Amsterdam). Certain legal matters in connection with the Offering will be passed upon for the Underwriters with respect to Dutch law by NautaDutilh N.V. and U.S. law by Sidley Austin LLP (London).

21.3 Corporate resolutions

On 30 June 2015 a General Meeting will be held, during which the General Meeting is expected to authorise the Management Board, subject to the approval of the Supervisory Board, to issue the Offer Shares and to exclude the pre-emptive rights of the Shareholders with respect to the issuance of the Offer Shares.

On the basis of the abovementioned authority to be granted to it by the General Meeting, on the Listing Date the Management Board is expected to resolve to issue the Offer Shares and to exclude the pre-emptive rights of the Shareholders with respect to the issuance of the Offer Shares.

21.4 Material contracts

Save as disclosed in paragraphs 9.8 above, 9.11 above, 11.15.1 above and 17.2 above, Kiadis has not entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Prospectus Date which are material, or at any other time and containing provisions under which Kiadis has an obligation or entitlement that is material as of the Prospectus Date.

Definitions and Glossary

In this Prospectus, the following defined terms are used

"2007 Share Option Plan"	the employee share option plan operated by Kiadis Pharma B.V. prior to the Capital Restructuring
"2013 Exit Participation Plan"	the incentive plan that was created in order to provide incentives to certain executives and key employees to pursue a distribution of proceeds to the shareholders
"Additional Shares"	the additional Shares offered in the Offering that the Sole Global Coordinator, on behalf of the Underwriters, may require the Company to issue pursuant to the Over-Allotment Option
"AFM"	the Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
"Articles of Association"	the Company's articles of association (<i>statuten</i>) as they read on the Listing Date
"Capital Restructuring"	the restructuring implemented on 12 June 2015 in which shares in Kiadis Pharma B.V. were contributed on shares in the Company, as a consequence whereof the Company became the holding company of the Kiadis corporate group and the direct holder of 97.52% of the shares of Kiadis Pharma B.V.
"Celmed"	Celmed BioSciences Inc.
"CEST"	Central European Summer Time
"Co-manager"	Peel Hunt LLP
"Committed Parties"	Life Sciences Partners B.V., DFJ Esprit, Lenildis Holding B.V., Life Sciences Partners II B.V., Alta Partners, Quest for Growth and Nyenburgh Holding B.V., being the parties that have committed to participate in the Offering for an aggregate amount of €12 million
"Company"	Kiadis Pharma N.V.

"Competent Authorities"	regulatory agencies and other national or supra-national regulatory authorities that lay down regulatory regulations
"Draft Directive"	the proposal that the EU Commission adopted on 14 February 2013 for a Council Directive on a common financial transaction tax
"EEA"	European Economic Area
"Enterprise Chamber"	the Enterprise Chamber of the Amsterdam Court of Appeal (<i>Ondernemingskamer van het Gerechtshof te Amsterdam</i>)
"Euroclear Netherlands"	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
"Euronext Amsterdam"	Euronext Amsterdam, a regulated market of Euronext Amsterdam N.V.
"Euronext Brussels"	Euronext Brussels, a regulated market of Euronext Brussels NV/SA
"Euronext"	Euronext Amsterdam N.V. and Euronext Brussels NV/SA
"Financial Promotion Order"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
"Financial Reporting Supervision Reporting Act"	the Dutch Financial Reporting Supervision Act (<i>Wet toezicht financiële verslaggeving</i>)
"Financial Supervision Act"	the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
"Financial Transaction Tax"	the common financial transaction tax as proposed by the Draft Directive
"FSMA 2000"	the Financial Services and Markets Act 2000
"FSMA"	the Belgian Financial Services and Markets Authority (<i>Autorité des services et marchés financiers</i>)
"General Meeting"	any general meeting of the shareholders (<i>algemene vergadering van aandeelhouders</i>) of the Company duly held in accordance with the Articles of

	Association and applicable law
"HIPAA"	the Health Insurance Portability and Accountability Act
"Hospira Licence Agreement"	the December 2010 licence agreement that Kiadis Pharma B.V. entered into with Hospira to develop and commercialise ATIR in certain territories
"Hospira Termination and Royalty Agreement"	the agreement that Kiadis Pharma B.V. and Hospira entered into, by means of which Kiadis retrieved all its licensed and marketing rights related to products derived from the Theralux platform, and Hospira's obligations with respect to such products were terminated
"Hospira"	Hospira, Inc.
"IFRS"	international financial reporting standards as adopted by the European Union.
"Increase Option"	the option to, prior to the allocation of the Offer Shares, increase the maximum number of Offer Shares by up to 15%, up to a total of 340,909
"Joint Bookrunners"	Kempen & Co N.V. and KBC Securities NV/SA
"Kiadis"	the Company and its consolidated subsidiaries
"Listing and Paying Agent"	Kempen & Co N.V.
"Listing Date"	2 July 2015
"Management Board"	the Company's board of managing directors
"Management Board Rules"	internal rules regulating its decision-making process and working methods that the Management Board may adopt in addition to the relevant provisions of the Articles of Association
"MedSciences Capital"	MedSciences Capital II B.V.
"Offering Period"	the offer period during which investors may subscribe for the Offer Shares at the Offer Price currently expected to be from 17

	June 2015 07:00 (CEST) to 30 June 2015 16.00 (CEST) subject to acceleration and extension
"Offer Price Range"	the offer price range for the Offer Shares between €11.00 and €13.75 (inclusive) as on the Prospectus Date
"Offer Price"	the offer price for the Offer Shares to be determined on the outcome of the book building process in the Offering Period
"Offer Shares"	the new Shares offered in the Offering including the Additional Shares unless the context indicates otherwise
"Offering"	the offering of Offer Shares at the Offer Price as described in the Prospectus
"Over-Allotment Option"	the over allotment option granted to the Sole Global Coordinator pursuant to which the Sole Global Coordinator, on behalf of the Underwriters may require the Company to issue the Additional Shares to cover short positions resulting from any over-allotments made in connection with the Offering and stabilisation transactions (if any)
"Participating Member States"	the Member States of the European Union that intend to implement the Financial Transaction Tax, among which Belgium
"Prospectus Date"	means 16 June 2015
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of the European Union as amended
"Prospectus"	this prospectus as amended or supplemented
"QIBs"	qualified institutional buyers within the meaning of, and pursuant to Rule 144A under the U.S. Securities Act
"Registration Rights Agreement"	the registration rights agreement related to the Shareholders' Agreement, pursuant to which the (former) holders of Kiadis Pharma B.V. preference shares are entitled to certain registration rights

"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Member State"	each member state of the EEA that has implemented the Prospectus Directive
"Rule 144A"	Rule 144A under the U.S. Securities Act
"RVO Adjustment"	the adjustment of the qualification in the financial statements of the innovation loans obtained from RVO Nederland as a consequence of the new repayment schedule Kiadis and RVO Nederland agreed on 19 May 2015
"RVO Nederland"	Netherlands Enterprise Agency (<i>Rijksdienst voor Ondernemend Nederland</i>), a division of the Dutch Ministry of Economic Affairs
"Securities Giro Act"	the Dutch securities giro Act (<i>Wet giraal effecten verkeer</i>)
"Senior Management"	Kiadis' senior management, that supports the Management Board in the day-to-day management of the operations
"Settlement Date"	3 July 2015
"Shareholder"	holder of at least one (1) of the Shares
"Shareholders' Agreement"	the 22 September 2014 shareholders' agreement relating to Kiadis Pharma B.V.
"Share Lending Agreement"	the securities loan to be entered into on or about the date of the Underwriting Agreement by and between the Stabilisation Agent and Life Sciences Partners B.V. and Life Sciences Partners II B.V.
"Shares"	all of the ordinary shares with a nominal value of €0,10 in the capital of the Company
"Sole Global Coordinator"	Kempen & Co N.V.
"Stabilisation Agent"	Kempen & Co N.V.
"Supervisory Board"	the Company's board of supervisory directors

"Supervisory Board Rules"	internal rules regulating its decision-making process and working methods that the Supervisory Board may adopt in addition to the relevant provisions of the Articles of Association
"U.S. Exchange Act"	the U.S. Securities Exchange Act of 1934, as amended
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended
"Underwriting Agreement"	the underwriting agreement that the Company and the Underwriters are expected to enter into with respect to the Offering
"Underwriters"	Kempen & Co N.V., KBC Securities NV/SA and Peel Hunt LLP
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "U.S."	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"Warrants"	securities (including any new Shares issuable upon exercise of any options and/or warrants) convertible into or exercisable or exchangeable for Shares or other shares of the Company or shares of Kiadis Pharma B.V.

The following explanations are not intended to be exhaustive definitions, but to assist understanding of certain terms used in this Prospectus.

Advanced Therapy Medicinal Product (ATMP)	a medicinal product for human use which is a gene therapy medicinal product, a somatic cell therapy medicinal product, or a tissue engineered product
Acute lymphoblastic leukaemia (ALL)	an aggressive (fast-growing) type of leukaemia (blood cancer) in which too many lymphoblasts (immature white blood cells) are found in the blood and bone marrow. Also called acute lymphoblastic leukaemia and acute lymphocytic leukaemia
anaemia	the condition of having a lower-than-normal number of red blood cells or quantity of hemoglobin
allogeneic transplant	transplant using stem cells provided by a donor
Acute myeloid leukaemia (AML)	a type of cancer in which the bone marrow makes abnormal myeloblasts (a type of white blood cell), red blood cells, or platelets
antibody	protein made by plasma cells (a type of white blood cell) in response to an antigen
antigen	a substance that when introduced into the body stimulates the production of an antibody
advertising preclearance agencies (APAs)	independent entities which review and pre-clear advertising material to help interested parties ensure compliance with the regulatory guidance developed by Health Canada
autologous transplant	transplant using cells provided by the patient
BLA	a Biologic License Application
blind study	study in which neither the patient nor the treating physician is aware of the treatment being used
CAT	the EMA's Committee for Advanced Therapies
CDSA	the Controlled Drugs and Substances Act
Chimeric Antigen Receptor (CAR) T-cells	engineered, artificial T cell receptors which graft an arbitrary specificity onto an immune effector cell

CHMP	the EMEA Committee for Medicinal Products for Human Use
chronic lymphocytic leukaemia (CLL)	a type of slow growing leukaemia that affects developing B-cells, which are specialised white blood cells
chronic myeloid leukaemia (CML)	a slowly progressing blood and bone marrow disease in which the bone marrow makes too many white blood cells
CMO	contract manufacturing organisation
CRO	contract research organisation
cytotoxic	quality of being toxic to cells
EMA	European Medicines Agency
engraftment	process by which transplanted or transfused cells begin to grow and reproduce within the recipient
ex vivo	pertaining to experimentation performed on living tissue in an artificial environment outside the organism
FDA	United States Food and Drug Administration
GCP	good clinical practices
GMP	good marketing practices, the practices required in order to confirm the guidelines recommended by competent authorisation agencies and regulatory authorities
Graft-versus-leukaemia (GVL)	T-cells having anti-malignancy (anti-leukaemia) effect
Graft-versus-host disease (GVHD)	complication during bone marrow transplantation in which transplanted cells attack the recipient
haploidentical stem cell transplantation	stem cell transplantation from family members who are only partially matched
Hematopoietic stem cell transplantation (HSCT)	transplantation of multipotent hematopoietic stem cells, usually derived from bone marrow, peripheral blood, or umbilical cord blood. It may be autologous (the patient's own stem cells are used) or allogeneic (the stem cells come from a donor). Except where the context requires differently, references in this Prospectus to HSCT are to allogeneic hematopoietic stem cell transplantation

Hematopoietic system	the blood-making organs, principally the bone marrow and lymph nodes
immune reactive cells	cells that defend a host organism against pathogens and tumour cells. An example of an immune reactive cell is a white blood cell
immunosuppressive	used to inhibit or prevent activity of the immune system
immunotherapy	treatment that uses the patients body's own immune system to help fight certain diseases, specifically cancer
incidence	the number of new occurrences of a certain disease or condition in a population over time
indication	a condition which makes a particular treatment or procedure advisable
Investigational New Drug application (IND)	a filing made with the FDA after completion pre-clinical testing to begin clinical testing in humans
lymphocyte	type of white blood cells that divide to form T-cells, which destroy antigens, or B-cells, which produce antibodies
mucopolysaccharidoses (MPS)	a group of inherited metabolic diseases in which a defective or missing enzyme causes large amounts of complex sugar molecules to accumulate in harmful amounts in the body's cells and tissues
multiple myeloma	cancer of plasma cells, a type of white blood cell normally responsible for producing antibodies
myelodysplastic syndromes (MDS)	a type of cancer in which the bone marrow does not make enough healthy blood cells (white blood cells, red blood cells, and platelets) and there are abnormal cells in the blood and/or bone marrow
new drug application (NDA)	following the completion of all three phases of clinical trial development, a company analyses all of the data and files an NDA with the FDA if the data successfully demonstrate both safety and effectiveness
new drug submission (NDS)	a new drug submission to the TPD of Health Canada
off-label use	prescribing legally available drugs or devices for an indication that has not been approved by the relevant regulatory authority

open-label study	study in which both the patient and the treating physician are aware of the treatment being used
PDUFA	Prescription Drug User Fee Act
PFIC	a passive foreign investment company for US federal income tax purposes
PIP	paediatric investigational plan
PMRB	the Patented Medicine Prices Review Board, is an independent quasi-judicial administrative agency in Canada that is responsible for regulating the price charged by patentees for prescription and non-prescription patented drugs sold to wholesalers, hospitals or pharmacies for human and veterinary use to ensure that they are not excessive
prevalence	the number of cases of a certain disease or condition in a population at a given time
PUMA	paediatric-use marketing authorisation
SAE	serious adverse events
SME	small or medium-size enterprises
T-cells	cells belonging to a group of white blood cells known as lymphocytes. They can be distinguished from other lymphocyte types by the presence of a special receptor on their cell surface called the T-cell receptor
TH9402	the compound upon which the Theralux platform is based
Thalassemia	a blood disorder passed down through families (inherited) in which the body makes an abnormal form of haemoglobin. Haemoglobin is the protein in red blood cells that carries oxygen. The disorder results in large numbers of red blood cells being destroyed, which leads to anaemia
TPD	Canadian Therapeutic Products Directorate
TRM	transplant related mortality
Unmet medical need	an unmet medical need is a condition whose treatment or diagnosis is not addressed adequately by available therapy

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**Audited consolidated financial statements and notes thereto for the financial years
ended 31 December 2014, 2013 and 2012**

Independent auditor's report

To: the Board of Directors of Kiadis Pharma B.V.

We have audited the accompanying special purpose consolidated financial statements of Kiadis Pharma B.V., Groningen, which comprise the special purpose consolidated statement of financial position as at 31 December 2014, 31 December 2013 and 31 December 2012 and the special purpose consolidated statements of comprehensive income, special purpose consolidated statements of changes in equity and special purpose consolidated statement of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Director's responsibility

The Board of Directors is responsible for the preparation and fair presentation of the special purpose consolidated financial in accordance with International Financial Reporting Standards as adopted by the European Union. Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose consolidated financial statements give a true and fair view of the consolidated financial position of Kiadis Pharma B.V. as at 31 December 2014, 31 December 2013 and 31 December 2012 and of its result and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to note 2.1 'Going concern assessment' to the financial statements which indicates that the Company, based on the current operating plans, has insufficient cash and cash equivalents to meet their working capital requirements. This condition, along with other matters as set forth in note 2.1 'Going concern assessment', indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Basis of preparation and restriction on use

Without modifying our opinion, we draw attention to note 2.1, which describes the special purpose of the special purpose consolidated financial statements and the notes, including the basis of accounting. The special purpose consolidated financial statements are prepared for the purpose of the offering circular. As a result, the special purpose consolidated financial statements may not be suitable for another purpose. This independent auditor's report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Utrecht, 15 June 2015

KPMG Accountants N.V.

J.G.R. Wilmink RA

KIADIS PHARMA
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Amounts in euro x 1,000)

		As at 31 December		
	Note	2014	2013	2012
Assets				
Property, plant and equipment	5	413	280	280
Intangible assets	6	<u>13,687</u>	<u>13,148</u>	<u>14,762</u>
Total non-current assets		14,100	13,428	15,042
Trade and other receivables	7	196	51	351
Deferred expenses	7	242	227	140
Cash and cash equivalents	8	<u>5,674</u>	<u>6,482</u>	<u>9,900</u>
Total current assets		<u>6,112</u>	<u>6,760</u>	<u>10,391</u>
Total assets		<u>20,212</u>	<u>20,188</u>	<u>25,433</u>
Equity				
Share capital		10,567	10,896	10,896
Share premium		57,243	51,863	51,850
Translation reserve		317	249	529
Warrant reserve		2,580	2,580	2,580
Accumulated deficit		<u>(68,042)</u>	<u>(60,229)</u>	<u>(53,341)</u>
Equity attributable to owners of the Company	9	2,665	5,359	12,514
Liabilities				
Loans and borrowings	11	5,090	10,021	8,416
Derivatives	12	<u>3,730</u>	<u>3,189</u>	<u>3,189</u>
Total non-current liabilities		<u>8,820</u>	<u>13,210</u>	<u>11,605</u>
Loans and borrowings	11	7,129	384	349
Trade and other payables	13	<u>1,598</u>	<u>1,235</u>	<u>965</u>
Total current liabilities		<u>8,727</u>	<u>1,619</u>	<u>1,314</u>
Total liabilities		<u>17,547</u>	<u>14,829</u>	<u>12,919</u>
Total equity and liabilities		<u>20,212</u>	<u>20,188</u>	<u>25,433</u>

The Notes on pages F-8 to F-41 are an integral part of these special purpose consolidated financial statements.

KIADIS PHARMA
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts in euro x 1,000)

		For the year ended 31 December		
	Note	2014	2013	2012
Revenue	14	-	-	-
Other income	15	-	-	-
Research and development expenses	16,17	(4,692)	(3,548)	(3,616)
General and administrative expenses	16,17	(1,476)	(1,444)	(1,348)
Total expenses		(6,168)	(4,992)	(4,964)
Operating loss		(6,168)	(4,992)	(4,964)
Interest income		28	89	62
Interest expenses		(1,073)	(920)	(889)
Other net finance expenses		(598)	(1,062)	(879)
Net finance expenses	18	(1,643)	(1,893)	(1,706)
Loss before tax		(7,811)	(6,885)	(6,670)
Income tax expense	19	(2)	-	-
Loss for the period		(7,813)	(6,885)	(6,670)
Other comprehensive income				
<u>Items that are or may be reclassified subsequently to profit or loss</u>				
Foreign currency translation difference for foreign operations		68	(270)	27
Related tax		-	-	-
		68	(270)	27
Other comprehensive income for the period, net of tax		68	(270)	27
Total comprehensive income for the period		(7,745)	(7,155)	(6,643)
Loss attributable to:				
Owners of the company		(7,813)	(6,885)	(6,670)
		(7,813)	(6,885)	(6,670)
Total comprehensive income attributable to:				
Owners of the company		(7,745)	(7,155)	(6,643)
		(7,745)	(7,155)	(6,643)
Earnings per share				
Basic earnings per share (euro)	20	(0.75)	(0.63)	(0.68)
Diluted earnings per share (euro)		(0.74)	(0.63)	(0.67)

The Notes on pages F-8 to F-41 are an integral part of these special purpose consolidated financial statements.

KIADIS PHARMA
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Amounts in euro x 1,000)

	Note	Share Capital	Share Premium	Translation Reserve	Warrant Reserve	Retained Earnings	Total Equity
Balance at 1 January 2012		9,707	42,922	502	2,580	(46,702)	9,009
Loss for the period						(6,670)	(6,670)
Other comprehensive income				27			27
Total comprehensive income		-	-	27	-	(6,670)	(6,643)
Transactions with owners, recorded directly in equity							
Issue of shares	9		1,189	8,928			10,117
Equity-settled share-based payment	16				31		31
Balance at 31 December 2012		10,896	51,850	529	2,580	(53,341)	12,514
Balance at 1 January 2013		10,896	51,850	529	2,580	(53,341)	12,514
Loss for the period						(6,885)	(6,885)
Other comprehensive income				(270)			(270)
Total comprehensive income		-	-	(270)	-	(6,885)	(7,155)
Transactions with owners, recorded directly in equity							
Issue of shares	9		-				-
Other			-	13	(10)		(3)
Equity-settled share-based payment	16					-	-
Balance at 31 December 2013		10,896	51,863	249	2,580	(60,229)	5,359
Balance at 1 January 2014		10,896	51,863	249	2,580	(60,229)	5,359
Loss for the period						(7,813)	(7,813)
Other comprehensive income				68			68
Total comprehensive income		-	-	68	-	(7,813)	(7,745)
Transactions with owners, recorded directly in equity							
Issue of shares	9		593	4,458			5,051
Cancellation of ordinary shares	9		(922)	922			-
Equity-settled share-based payment	16					-	-
Balance at 31 December 2014		10,567	57,243	317	2,580	(68,042)	2,665

The Notes on pages F-8 to F-41 are an integral part of these special purpose consolidated financial statements.

KIADIS PHARMA
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in euro x 1,000)

	Note	For the year ended 31 December		
		2014	2013	2012
Cash flows from operating activities				
Loss for the period		(7,813)	(6,885)	(6,670)
Adjustments for :				
Depreciation of property, plant & equipment (PPE)	5	126	102	108
Impairment losses on intangible assets	6	-	80	-
Net interest expenses	18	1,045	831	826
(Gain) or loss on sale of PP&E	5	-	-	(1)
Equity-settled share-based payment transactions	16	-	-	31
Net unrealised foreign exchange (gains) or losses		(361)	1,238	(55)
(Gain) or loss from change in fair value of derivatives	12	541	-	1,856
(Gain) or loss from restatements of loans	11	387	(178)	(953)
Income tax expense	19	2	-	-
Cash used in operating activities before changes in working capital and provisions:		(6,073)	(4,812)	(4,858)
Trade and other receivables		(143)	286	(5)
Deferred expenses		(16)	(88)	82
Trade and other payables		256	(167)	(323)
Other liabilities		(86)	412	(1,280)
Total change in working capital		11	443	(1,526)
Provisions		-	-	(185)
Cash used in operating activities		(6,062)	(4,369)	(6,569)
Interest paid		(13)	(28)	(53)
Income taxes paid		-	-	-
Net cash used in operating activities		(6,075)	(4,397)	(6,622)
Cash flows from investing activities				
Interest received		28	89	90
Proceeds from sale of PP&E	5	-	-	1
Acquisition of PP&E	5	(259)	(102)	(48)
Net cash used in investing activities		(231)	(13)	43
Cash flows from financing activities				
Proceeds from issue of share capital	9	5,051	-	10,117
Proceeds from government loans	11	889	1,317	-
Repayment of borrowings	11	(450)	(300)	(300)
Payment of finance lease liabilities		-	-	(15)
Net cash used in financing activities		5,490	1,017	9,802
Net decrease in cash and cash equivalents		(816)	(3,393)	3,223
Cash and cash equivalents at 1 January		6,482	9,900	6,678
Effect of exchange rate fluctuations on cash held		8	(25)	(1)
Cash and cash equivalents at 31 December	8	5,674	6,482	9,900

The Notes on pages F-8 to F-41 are an integral part of these special purpose consolidated financial statements.

1. General Information

Kiadis Pharma ("the Company" or "Kiadis Pharma") and its subsidiaries (together "the Group") are engaged in the pharmaceutical development of cell-based immunotherapy products in the field of diseases of the blood building system.

The Company is a limited liability company incorporated and domiciled in Groningen, The Netherlands. The address of its business office is Entrada 231-234, 1114 AA, Amsterdam-Duivendrecht, The Netherlands.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

The accounting policies have been applied consistently by the Group entities. Certain comparative amounts in the consolidated statement of financial position, the income statement, and statement of comprehensive income have been reclassified to conform to this year's presentation.

2.1 Basis of Preparation

These special purpose consolidated financial statements 2012-2014 have been prepared for inclusion in the offering circular. This report is required by and in compliance with line item 20.1 of Annex I to the prospectus Directive Regulation (EC/809/2004) and is given for the purpose of complying with that Regulation and for no other purpose.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS", hereafter also referred to as "IFRS").

The consolidated financial statements have been prepared under the historical cost convention except when otherwise stated. All financial information presented in euro has been rounded to the nearest thousands, except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies, that have the most significant effect on the amounts recognized in the financial statements, are described on pages F-18 – F-20.

These special purpose consolidated financial statements were authorized for issue by the Company's Board of Directors on 15 June 2015.

Going concern assessment

The special purpose consolidated financial statements have been prepared on a going concern basis, although based on the current operating plan cash and cash equivalents are currently not sufficient to meet the Company's working capital requirements through the 12 months following the date of these financial statements. The above circumstance indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the Company believes that sufficient additional funds can be raised by means of equity financing, non-dilutive financing or strategic transactions. As subsequent event, the Company started to prepare for an Initial Public Offering (IPO). Based on its operating plans, and assuming the IPO will generate net proceeds of at least €18 million, management believes that the Company will be able to meet at least its financial obligations in the twelve months following the date of these financial statements. Therefore, management is of the opinion that the going concern assumption is justified.

2.2 New IASB standards, amendments and interpretations issued but not effective for the financial year ended 31 December 2014 and not early adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014, which Kiadis Pharma has not applied in preparing these special purpose consolidated financial statements.

IFRS 9, published in July 2014, replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective on or after 1 January 2018, with early adoption permitted.

Kiadis Pharma is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9 and IFRS 15. The Company is not planning to early adopt these standards.

The following new or amended standards are not expected to have a significant impact on Kiadis Pharma consolidated financial statements:

- Classification of Acceptable Methods of Depreciation and Amortization (amendments to IAS 16 and IAS 38)
- Defined Benefit Plans: Employee Contributions (amendments to IAS 19)
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

2.3 Consolidation

The Company is the holding company of a group of companies. The legal entities forming the Group are as follows:

Legal Entity	Country of Incorporation	Ownership
Kiadis Pharma Netherlands N.V.	The Netherlands	100.00%
Kiadis Pharma Intellectual Property N.V.	The Netherlands	100.00%
Kiadis Pharma Germany GmbH	Germany	100.00%
Kiadis Pharma Canada Inc. (*)	Canada	100.00%
Celmed Oncology (USA) Inc.	USA	100.00%

(*) *Celmed BioSciences Inc. merged with Kiadis Pharma Canada Inc. on December 11, 2006, with Kiadis Pharma Canada Inc. as the surviving company.*

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Management Board.

As per 31 December 2014, the Group has one lead product under development being ATIR. This is considered to be the only reportable segment. All corporate activities can be assigned therefore to this segment as well. Therefore no additional segment analysis is disclosed.

2.5 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2.6 Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash disclosed in the cash flow statement is comprised of cash and cash equivalents. Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that

are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows denominated in foreign currencies have been translated at the exchange rate prevailing at the transaction date. Exchange rate differences affecting cash items are shown separately in the Cash flow statement.

Interest paid and income taxes are included in Cash from operating activities.

2.7 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired (also after re-assessment), the difference is recognized directly in the income statement.

Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Patents (licenses, trademarks)

Patents can be acquired separately or as part of a business combination. Patents that are acquired as part of a business combination are valued at fair value. Patents that are acquired separately by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. A patent is recognized as intangible asset when:

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

The probability of future economic benefits must be based on reasonable and supportable assumptions about conditions that will exist over the life of the asset. The probability recognition criterion is always considered to be satisfied for intangible assets that are acquired separately or in a business combination.

Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives. Amortization begins when an asset is available for use.

(c1) In-process research and development acquired in a business combination

In-process research and development acquired in a business combination is capitalized as intangible assets if the assets acquired meet the definition of an intangible asset. I.e., an intangible asset lacks physical substance; is identifiable; is non-monetary; and is controlled by the entity and expected to provide future economic benefits. Intangible assets acquired in a business combination that meet the following criteria are recognized at fair value: it is probable that future economic benefits that are attributable will flow to the entity; and the fair value of the asset can be measured reliably. These intangible assets are amortized from the moment these assets are available for use, being the commencement of the commercial introduction of the product on a straight-line basis over the term of its expected benefit.

(c2) Research and development expenses

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

(c3) Capitalized in-process research and development

Capitalized in-process research and development costs with a finite useful life are stated at cost less accumulated amortization and impairment losses. These costs are amortized on a straight-line basis over the term of its expected benefit from the moment these assets are available for use, being the commencement of the commercial introduction of the product.

This intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (also refer to 2.9).

(d) Subsequent expenditure

Subsequent expenditure of intangibles is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates and is amortized over the estimated useful life of the respective intangible. All other expenditure, including expenditure on internally generated goodwill, is recognized in profit or loss when incurred.

2.8 Property, Plant and Equipment

(a) Property, plant and equipment

Property, plant and equipment comprise laboratory equipment, hardware, furniture and leaseholds improvements. All property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(c) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Laboratory equipment and furniture: 5 years
- Hardware: 5 years
- Leaseholds Improvements: Lease term

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (also refer to 2.9).

Gains and losses on the sale of property, plant and equipment are included in the consolidated financial statement of income.

(d) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased equipment and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "finance lease liabilities". The interest element of the finance cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each term. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

2.9 Impairment

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An

impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.10 Financial Instruments

(a) ***Non-derivative financial instruments***

Non-derivative financial instruments comprise trade, other receivables and deferred expenses, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Investments are measured at fair value through profit and loss if held for trading purposes or designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in profit and loss when incurred. Financial instruments at fair value through profit and loss are measured at fair value, and changes therein are recognized in profit and loss.

Trade receivables are recognized at amortized cost less impairment losses.

Cash and cash equivalents includes cash-in-hand, current accounts, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately within current liabilities on the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Loans and borrowings are recognized at fair value at initial recognition and subsequently stated at amortized cost.

Loans and borrowings are classified as "current liabilities" and "non-current liabilities" to reflect the Group's obligations to repay the loan. The portion that is due for payment within 12 months is classified as "current liabilities" while the remainder is classified as "non-current liabilities".

Trade and other payables are stated at amortized cost.

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

A financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Accounting for finance income and expense is discussed in note 2.15.

(b) Derivative financial instruments

Derivatives that qualify as financial liabilities are accounted for at fair value through profit and loss. At each reporting date, the fair value of derivatives is remeasured and changes are recognized in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

2.11 Equity

(a) Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

(b) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss.

(c) Own shares

Own shares held are presented as a deduction from shareholders' equity. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity.

2.12 Employee Benefits

(a) Share-based payments

For equity-settled option and bonus plans the accounting treatment is as follows: the grant date fair value of options or rights to bonus shares granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to these options or rights. The amount recognized as an expense is adjusted to reflect the latest estimate of the number of rights that will vest.

For cash-settled bonus plans the expense and corresponding liability incurred are measured at the fair value of the liability. These cash-settled awards are subsequently re-measured at each reporting date.

(b) Pension obligations

The Group has a defined contribution plan. The Group has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all

employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Profit-sharing and bonus plans

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.13 Research & Development and General & Administrative Expenses

Research expenditures, and development expenditures that do not meet the asset recognition criteria, are recognized as expenses as incurred and comprise allocated employee costs, collaboration costs, allocated office costs, license costs, amortization costs, depreciation costs, and the cost of laboratory consumables.

General and administrative expenses comprise allocated employee costs, allocated office costs, consultancy costs, and other general and administrative costs.

2.14 Operating Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease.

2.15 Finance Income and Expenses

Finance income comprises interest income on funds invested, and foreign currency gains. Interest income is recognized as it accrues, using the effective interest method.

Finance expenses comprise interest expense on loans and borrowings and foreign currency losses.

2.16 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group limits its exposure to credit risk by maintaining its bank accounts and short term deposits with well-established banks.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by maintaining its bank accounts and short term deposits with well established bank institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(c) Market risk

As a result of its operating and financing activities, the Group is exposed to market risks that may affect its financial position and results of operations. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will potentially incur economic losses.

Senior management is responsible for implementing and evaluating policies which govern the Group's funding, investments and any use of derivative financial instruments. Management monitors risk exposure on an ongoing basis.

Foreign currency risk

The Group's functional currency is the euro. It operates via its Dutch entities, but it also conduct business in North America. The Group has therefore expenses denominated in the Canadian dollar and the US dollar in connection with, among other things, its sponsored trials, process development, loans, and the maintenance of its intellectual property portfolio. The Group also has intercompany financing between Group companies and has US dollar loans.

Upon preparing consolidated financial statements, the Group's euro-denominated consolidated reported financial results can be affected by changes in the relative values of

the Canadian dollar and the US dollar against the euro. Fluctuations in currency values also distort period-to-period comparisons of financial performance. Also given the high volatility of currency exchange rates, there can be no assurance that the Group will be able to effectively manage its currency risk to minimize its impact on its business. The Group's exposure to foreign currency translation gains and losses may change over time if it expands its operations and could have a material adverse effect on the Group's business, results of operations or financial condition. The Group does not currently engage in any hedging activities to limit its exposure to exchange rate fluctuations. Refer to Note 20 for a sensitivity analysis of how exchange rate fluctuations may impact the Group's equity and profit.

Interest rate risk

The Group is exposed to changes in interest rates on borrowings as some of the interest rates are variable, for details refer to Note 21.

4. Critical accounting estimates and judgments

The Group prepares its consolidated financial statements in accordance with IFRS as adopted by the EU. The preparation of financial statements requires senior management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the Group's financial statements, and the reported amounts of revenues and expenses for the relevant accounting periods. The Group bases these estimates on historical experience and assumptions that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Management evaluates these estimates on an ongoing basis

Critical accounting estimates and assumptions

The Group has identified the following critical accounting policies as requiring management to make the most significant estimates and judgments in the preparation of its consolidated financial statements. The Group considers an accounting policy to be critical if it requires management to make an accounting estimate based on assumptions about matters that are highly uncertain at the time the estimate is made, and if the reasonable use of different estimates in the current period or changes in the accounting estimate that are reasonably likely to occur from period to period would have a material impact on its financial presentation. When reviewing the Group's financial statements, investors should consider the effect of estimates on its critical accounting policies, the judgments and other uncertainties affecting application of these policies and the sensitivity of the Group's reported financial results to changes in conditions and assumptions. The Group's actual results may differ materially from these estimates under different assumptions.

Critical judgments in applying the Company's accounting policies

(a) Impairment of Goodwill, Patents and In-process R&D acquired in a business combination

The Group reviews long-lived assets for impairment when events or circumstances indicate that carrying amounts may not be recoverable. In determining impairments of intangible assets and tangible fixed assets, management must make significant judgments and estimates to determine whether the cash flows generated by those assets are less than their carrying value. Determining cash flows requires the use of judgments and estimates that have been included in the Group's strategic plans and long-range forecasts. The data necessary for the execution of the impairment tests are based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, in general the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Goodwill and intangibles that are not yet amortized are evaluated at least annually for impairment and written down to its recoverable amount, in the case of impairment. The determination of such implied value involves significant judgment and estimates from management.

Changes in assumptions and estimates included within the impairment reviews could result in significantly different results than those recorded in the consolidated financial statements.

(b) Income Tax Expense

The Group exercises judgment in determining the extent of the realization of the net operating losses based upon estimates of future taxable income in the various jurisdictions in which these net operating losses exist. Where there is an expectation that on the balance of probabilities there will not be sufficient taxable profits to utilize these net operating losses, these net operating losses have not been recognized as a deferred tax asset. If actual events differ from management's estimates, or to the extent that these estimates are adjusted in the future, any changes could materially impact the Group's financial position and results of operations.

At 31 December 2014, Kiadis Pharma B.V. had deferred tax assets in respect of gross cumulative tax losses of €43.3 million in the Netherlands, CN\$18.2 million in Canada and US\$32.0 million in the United States. These deferred tax assets have been recognized to the extent they are used to offset the deferred tax liabilities which the Group has recognized.

(c) Share-based Payments

The amount recognized as an expense for equity-settled share-based payments reflects the latest estimate of the number of rights that will vest. At each balance date, the Group revises its estimates of the number of rights which are expected to vest. The Group recognizes the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity.

The amount recognized as an expense for cash-settled share-based payments reflects the estimated change in fair value of the corresponding liability at the reporting date.

(d) Derivatives

The Group exercises judgment in determining the estimated value of derivatives. For derivatives that are level 3 financial liabilities this means that management has to make assumptions about significant unobservable inputs used to calculate fair values, based on binomial option pricing.

(e) Loans and borrowings

The Group exercises judgment in determining which financial liabilities qualify as loans and subsequently exercises judgment in determining the estimated value of these loans. For level 2 financial liabilities, management has to make significant judgments and estimates about future cash flows.

Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets

The fair value of in-process research and development acquired in a business combination is based on the discounted cash flow method for product-related technologies (by calculating the present value of future cash flows resulting from each asset). Discount rates of 12% to 14% had been used for a risk-adjusted NPV model.

(b) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(c) Trade and other receivables

The fair value of trade, other receivables and deferred expenses, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(d) Share-based payment transactions

Measurement inputs to calculate the fair value of employee stock options include the (estimated) share price on the measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Measurement inputs to calculate the fair value of employee rights to equity-settled share-based payments include the estimated share price on the grant date, exercise price and the estimated vesting schedule. For cash-settled share-based payments the estimated share price at the reporting date is used as an input to calculate the fair value of the liability.

(e) Derivatives

The estimated fair value of derivatives of level 3 is based on binomial model. Measurement inputs to calculate the fair value include estimated share prices, probabilities that certain scenarios will occur, discount rates, and the exercise price of the instrument.

(f) Loan from Hospira Inc.

The Group exercises judgment in determining the estimated value of the financial liability towards Hospira Inc. that has been judged as a loan. For this financial liability, management has to make significant judgments and estimates about future cash flows towards Hospira Inc.

5. Property, Plant and Equipment

	Laboratory Equipment	Furniture & Hardware	Leasehold Improvements	Total
<u>Balance as of 1 January 2012</u>				
Cost of acquisition	463	372	385	1,220
Depreciation / impairment	(218)	(277)	(385)	(880)
Book Value at 1 January 2012	245	95	-	340
<u>Changes in Book Value 2012</u>				
Additions	41	7	-	48
Retirements & Disposals	-	-	-	-
Depreciation	(67)	(41)	-	(108)
Effect of movement in foreign exchange rates	-	-	-	-
Total Changes in Book Value 2012	(26)	(34)	-	(60)
<u>Balance as of 31 December 2012</u>				
Cost of acquisition	504	379	41	924
Depreciation / impairment	(285)	(318)	(41)	(644)
Book Value at 31 December 2012	219	61	-	280
<u>Changes in Book Value 2013</u>				
Additions	64	38	-	102
Retirements & Disposals	-	-	-	-
Depreciation	(71)	(31)	-	(102)
Effect of movement in foreign exchange rates	-	-	-	-
Total Changes in Book Value 2013	(7)	7	-	-
<u>Balance as of 31 December 2013</u>				
Cost of acquisition	568	295	41	904
Depreciation / impairment	(356)	(227)	(41)	(624)
Book Value at 31 December 2013	212	68	-	280
<u>Changes in Book Value 2014</u>				
Additions	250	9	-	259
Retirements & Disposals	-	-	-	-
Depreciation	(96)	(30)	-	(126)
Effect of movement in foreign exchange rates	-	-	-	-
Total Changes in Book Value 2014	154	(21)	-	133
<u>Balance as of 31 December 2014</u>				
Cost of acquisition	818	304	41	1,163
Depreciation / impairment	(452)	(257)	(41)	(750)
Book Value at 31 December 2014	366	47	-	413

6. Intangible Assets

	Goodwill	In-process Research & Development	Patents	Total
<u>Balance as of 1 January 2012</u>				
Cost	4,622	9,987	80	14,689
Amortisation / Impairment	-	-	-	-
Book Value at 1 January 2012	4,622	9,987	80	14,689
<u>Changes in Book Value 2012</u>				
Additions	-	-	-	-
Impairment loss	-	-	-	-
Effect of movement in foreign exchange rates	23	50	-	73
Total Changes in Book Value 2012	23	50	-	73
<u>Balance as of 31 December 2012</u>				
Cost	4,645	10,037	80	14,762
Amortisation / Impairment	-	-	-	-
Book Value at 31 December 2012	4,645	10,037	80	14,762
<u>Changes in Book Value 2013</u>				
Additions	-	-	-	-
Impairment loss	-	-	(80)	(80)
Effect of movement in foreign exchange rates	(485)	(1,049)	-	(1,534)
Total Changes in Book Value 2013	(485)	(1,049)	(80)	(1,614)
<u>Balance as of 31 December 2013</u>				
Cost	4,160	8,988	80	13,228
Amortisation / Impairment	-	-	(80)	(80)
Book Value at 31 December 2013	4,160	8,988	-	13,148
<u>Changes in Book Value 2014</u>				
Additions	-	-	-	-
Impairment loss	-	-	-	-
Effect of movement in foreign exchange rates	170	369	-	539
Total Changes in Book Value 2014	170	369	-	539
<u>Balance as of 31 December 2014</u>				
Cost	4,330	9,357	80	13,767
Amortisation / Impairment	-	-	(80)	(80)
Book Value at 31 December 2014	4,330	9,357	-	13,687

Goodwill

Goodwill recognized relates to the acquisition of Celmed BioSciences Inc. in 2006.

In-process research and development acquired in a business combination

The business combination effected in 2006 (acquisition of Celmed BioSciences Inc.) has been accounted for in accordance with IFRS 3, Business Combinations. Based on IFRS 3, the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. These intangible assets are amortized from the commencement of the commercial production of the product on a straight-line basis

over the term of its expected benefit. The useful live is estimated to be 10 years at minimum from the date of market introduction.

Patents

In December 2006, the Company acquired certain intangible assets related to the Wnt Pathway from Hybrigenics SA and from one of its subsidiaries for an amount of €80 thousand. It has been estimated, based on the life span of the patents concerned, that these acquired IP rights are of no beneficial value to the Company anymore and an impairment charge has been taken for the total value of €80 thousand. The Company is no longer working on any of these assets.

Impairment test of goodwill and in-process research and development

For the purpose of the impairment testing, goodwill and in-process research and development have been allocated to the total Group because no lower cash-generating units can be identified which generate cash inflows that are largely independent of those from other assets. The recoverable amount is determined based on a value-in-use calculation (i.e. the present value of the future cash flows expected to be derived from the products, of which positive cash flows are not expected till the development period has successfully completed and a product has been launched, the commencement of the commercial sale of the product). The calculation is executed by applying an income approach which involves calculating the present value of future cash flows (over an estimable period) resulting from each asset. Estimated risk-adjusted future net cash flows are used, which are a.o. based on probabilities of reaching the market with an estimated potential product introduction date (estimated 2017-2020), possible revenues resulting from estimated market shares and product pricing, estimated gross margins and estimated operating expenditures. A discount rate of 12% had been used for a risk-adjusted NPV model. Reasonable possible changes in key assumptions will not lead to a materially different outcome. However, a scenario of not being able to reach commercialization of the related products will probably result in impairment.

7. Trade, Other Receivables and Prepayments

	2014	2013	2012
Trade receivables	-	-	-
VAT receivables	122	27	103
Deferred expenses	242	227	140
Deposits (lease of buildings)	58	2	227
Other amounts receivable	16	22	21
	438	278	491

8. Cash and Cash Equivalents

	2014	2013	2012
Cash at bank and in hand	5,643	724	480
Short-term bank deposits	31	5,758	9,420
Cash and Cash Equivalents	5,674	6,482	9,900
Bank overdrafts used for cash management purposes	-	-	-
Net Cash as per Cash Flow Statement	5,674	6,482	9,900

All amounts reported as cash or cash equivalents are at the free disposal of the company with the exception of a call deposit having a carrying value of €31,000 that is pledged against certain bank guarantees provided as security for the lease of buildings.

9. Shareholders' equity

	Number of Issued Shares					
	Ordinary Shares	Preference Shares Class A	Preference Shares Class B	Preference Shares Class C	Preference Shares Class AA	Preference Shares Class BB
Balance as of 1 January 2012	6,532,768	1,810,762	1,070,203	293,184	-	-
New shares issued for cash	-	-	-	-	1,188,841	-
Share Options Exercised	-	-	-	-	-	-
Conversion to ordinary shares	3,174,149	(1,810,762)	(1,070,203)	(293,184)	-	-
Balance as of 31 December 2012	9,706,917	-	-	-	1,188,841	-
New shares issued for cash	-	-	-	-	-	-
Cancellation of ordinary shares	-	-	-	-	-	-
Balance as of 31 December 2013	9,706,917	-	-	-	1,188,841	-
New shares issued for cash	-	-	-	-	-	593,577
Cancellation of ordinary shares	(921,998)	-	-	-	-	-
Balance as of 31 December 2014	8,784,919	-	-	-	1,188,841	593,577

	Issued Share Capital					
	Ordinary Shares	Preference Shares Class A	Preference Shares Class B	Preference Shares Class C	Preference Shares Class AA	Preference Shares Class BB
Balance as of 1 January 2012	6,533	1,811	1,070	293	-	-
New shares issued for cash	-	-	-	-	1,189	-
Share Options Exercised	-	-	-	-	-	-
Conversion to ordinary shares	3,174	(1,811)	(1,070)	(293)	-	-
Balance as of 31 December 2012	9,707	-	-	-	1,189	-
New shares issued for cash	-	-	-	-	-	-
Conversion to ordinary shares	-	-	-	-	-	-
Balance as of 31 December 2013	9,707	-	-	-	1,189	-
New shares issued for cash	-	-	-	-	-	593
Cancellation of ordinary shares	(922)	-	-	-	-	(922)
Balance as of 31 December 2014	8,785	-	-	-	1,189	593
						10,567

In 2014, the Company issued an aggregate number of 593,577 preference BB shares at a price of €8.51 per share to existing shareholders. In 2012, the Company issued an aggregate number of 1,188,841 preference AA shares at a price of €8.51 per share to existing shareholders. Immediately prior to the issuance of preference AA shares, all outstanding preference A, B and C shares were converted into ordinary shares.

Shares issued:

On 31 December 2014, the total number of ordinary shares issued by the Company was 8,784,919 (2013: 9,706,917, 2012: 9,706,917) with a nominal value of €1.00 per share.

On 31 December 2014, the total number of preference shares AA issued by the Company was 1,188,841 (2013: 1,188,841, 2012: 1,188,841) with a nominal value of €1.00 per share.

On 31 December 2014, the total number of preference shares BB issued by the Company was 593,577 (2013: nil, 2012: nil) with a nominal value of €1.00 per share.

Ordinary and preference shares hold the right to one vote per share. In case of an exit event (e.g. IPO or trade sale) or liquidation of the Company, preference AA shares have a twenty-five time liquidation preference and preference BB shares have a 3 time liquidation preference. On the closing of an IPO, all outstanding preferred shares will be converted into ordinary shares on a one-to-one ratio. However, the shareholders of the company have agreed that depending on the valuation of the company in such an IPO, the preferred shareholders will be entitled to receive more ordinary shares than the number of preferred shares held by them immediately prior to conversion. Any such additional ordinary shares that preferred shareholders are entitled to, will be delivered by the current holders of ordinary shares. The conversion of the preferred shares into ordinary shares upon an IPO will therefore effectively constitute a redistribution of the share capital of the company among the shareholders.

Own shares held

At 31 December 2014 the Group did not hold any of its own shares (2013: 921,998, 2012: 921,998). On June 2, 2014, the Company cancelled all of the 921,998 ordinary shares it previously held.

Share premium

	2014	2013	2012
Balance as of 1 January	51,863	51,850	42,922
Paid-in surplus on new shares issued	4,458	-	8,928
Cancellation of ordinary shares	922	-	-
Other	-	13	-
Balance as of 31 December	57,243	51,863	51,850

Translation reserve

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Warrant reserve

The Company has issued an aggregate number of 1,224,140 warrants on ordinary shares. In 2009, the Company issued 961,186 warrants with an expiry date of 31 December 2015; and in 2010 the Company issued 262,954 warrants with an expiry date of 31 December 2016.

10. Deferred Tax Assets and Liabilities

	Net balance at 1 January	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Balance at 31 December	
				Net	Deferred tax assets	Deferred tax liabilities
2014						
Intangible assets	(2,876)			(118)	(2,994)	-
Derivatives	797	136			933	933
Loans and borrowings	900	196			1,096	1,096
Tax value of accumulated losses	21,592	2,596			24,188	24,188
Tax assets (liabilities) before set-off	20,413	2,928	-	(118)	23,223	26,217 (2,994)
Set-off of tax	-				-	(2,994) 2,994
Tax assets (liabilities)	20,413	2,928	-	(118)	23,223	23,223 -
Losses for which no deferred tax asset is recognized	(20,413)	(2,928)	-	118	(23,223)	(23,223)
Deferred tax assets (liabilities)	-	-	-	-	-	-
2013						
Intangible assets	(3,212)			336	(2,876)	-
Derivatives	797	-			797	797
Loans and borrowings	851	49			900	900
Tax value of accumulated losses	21,979	(387)			21,592	21,592
Tax assets (liabilities) before set-off	20,415	(338)	-	336	20,413	23,289 (2,876)
Set-off of tax	-				-	(2,876) 2,876
Tax assets (liabilities)	20,415	(338)	-	336	20,413	20,413 -
Losses for which no deferred tax asset is recognized	(20,415)	338	-	(336)	(20,413)	(20,413)
Deferred tax assets (liabilities)	-	-	-	-	-	-
2012						
Intangible assets	(3,196)	-		(16)	(3,212)	-
Provisions	55	(55)			-	(3,212)
Derivatives	333	464			797	797
Loans and borrowings	989	(138)			851	851
Tax value of accumulated losses	22,595	(616)			21,979	21,979
Tax assets (liabilities) before set-off	20,776	(345)	-	(16)	20,415	23,627 (3,212)
Set-off of tax	-				-	(3,212) 3,212
Tax assets (liabilities)	20,776	(345)	-	(16)	20,415	20,415 -
Losses for which no deferred tax asset is recognized	(20,776)	345	-	16	(20,415)	(20,415)
Deferred tax assets (liabilities)	-	-	-	-	-	-

Since future taxable profits cannot be estimated reliably, it is uncertain how the Company may recover or settle the carrying amount of its deferred tax assets and liabilities. Therefore, the Company has recognized its deferred tax assets only to the extent that they may be used to offset deferred tax liabilities.

The deferred tax liabilities relate to the fair value of purchase price adjustments in respect of the acquisition of Celmed BioSciences Inc. Deferred tax assets primarily relate to temporary differences regarding license fees recognized as taxable income in 2010 and 2011 which will be offset by future royalty payments that are tax deductible, and the carry forwards of losses.

Accumulated tax losses

	2014	2013	2012	Expiry period
Kiadis Pharma B.V. (*)	43,317	38,507	34,036	2015-2023
Kiadis Pharma Germany GmbH	-	2	-	
Kiadis Pharma Canada Inc. (**)	12,926	12,013	15,618	2024-2034
Celmed Oncology (USA) Inc. (***)	26,351	23,201	24,205	2017-2034
	82,594	73,723	73,859	

(*) The tax loss carry forwards in The Netherlands can only be utilized if the business carried on after the change of control is similar to the business carried on before the change in control.

(**) The tax loss carry forwards in Canada can only be utilized to the extent that the business carried on prior to the change of control is carried on after the change in control with a reasonable expectation of profit and only to the extent of the profit of that business or a similar business.

(***) The tax loss carry forwards in the USA available to be used by a purchaser are limited to the market value of the US Company multiplied by the Federal long term rate. Business enterprises must be continued or the losses available will be zero in any post-change year.

11. Loans and Borrowings

	2014	2013	2012
<u>Non current liabilities</u>			
Government Loans (RVO NL)	-	5,596	3,782
Government Loans (Industry Canada)	-	72	171
Secured bank loans	-	150	450
Loan from Hospira Inc.	4,382	3,599	3,403
Loan from University of Montreal, Canada	708	604	610
	5,090	10,021	8,416

	2014	2013	2012
<u>Current liabilities</u>			
Government Loans (RVO NL)	7,129	-	-
Government Loans (Industry Canada)	-	82	46
Secured bank loans	-	302	303
	7,129	384	349

Terms and debt repayment schedule

	Nominal interest rate	Year of maturity	Carrying amount		
			2014	2013	2012
Government Loan I (RVO NL)	11.40%	2015	4,693	4,213	3,782
Government Loan II (RVO NL)	10.00%	2015	2,436	1,383	-
Government Loans (Industry Canada)	0.00%	2012-2014	-	154	217
Secured bank loan I	4.75%	2010-2014	-	301	502
Secured bank loan II	4.75%	2010-2014	-	151	251
Loan from Hospira Inc.	1.50%	undefined	4,382	3,599	3,403
Loan from University of Montreal, Canada	3.50%	undefined	708	604	610
			12,219	10,405	8,765

Secured bank loans

The secured bank loan I and II relate to credit facilities arranged by Deutsche Bank with an original term of 8 years amounting €1.5 million in total, a €1.0 million government-guaranteed loan ("Borgstellingskrediet") and a €0.5 million loan. Both loans had in 2014 an effective interest rate of 4.8% (2013: 4.8%, 2012: 5.1%).

Both loans have been repaid in full as at 31 December 2014.

Loan from RVO NL

In 2014 an additional amount of € 0.9 million was received as a partial payment on government loan II (bearing an annually compounded interest rate of 10%) from Rijksdienst voor Ondernemend Nederland (RVO NL), a Dutch governmental agency. These types of loans have as purpose to stimulate innovation.

Loan from Hospira Inc.

In December 2011, the Company entered into an agreement with Hospira Inc. for which an amount of USD 24.5 million had been judged as a loan. The loan bears a contractual interest rate of 1.5% per annum and the conditional payment obligations regarding this loan are as follows:

- (a) a milestone payment of USD 3 million upon the earlier of (i) the execution of a sub-license on the Theralux platform, or (ii) the first commercial sale of a product derived from the Theralux platform; and
- (b) a 5% royalty on worldwide net-sales of products derived from the Theralux product platform until the loan amount has been fully paid.

After initial recognition at fair value, the carrying amount of the loan is restated at each reporting date, should there have been a change in the (estimated) underlying cash flows. In such cases, the carrying amount of the loan is restated to the net present value of the (re-estimated) underlying cash flows discounted at the original effective interest rate of 11%.

Covenants

The Company is not subject to any debt covenants.

12. Derivatives

	2014	2013	2012
Balance at 1 January	3,189	3,189	1,333
Loss included in 'finance expenses' :			
- Net change in fair value (unrealised)	541	-	1,856
Balance at 31 December	3,730	3,189	3,189

Warrants have been issued towards third party Kreos Ltd. These warrants have an exercise period up till November 2020 and entitle the holder to buy shares of any existing or future class of shares of the Group. At the time of issuance, the number of warrants was not fixed. As a result, the warrants do not meet the criteria of an equity instrument and are classified as a liability (see also note 21). The fair value of these warrants has been determined by making use of binomial option pricing, taking into account potential scenarios of exercising or lapsing in the period up till November 2020. Input parameters that have been used are amongst others potential future equity values at moment of exercise and probabilities of occurring of these equity values. A risk-adjusted discount rate of 12% has been used in these calculations. A reasonable possible change of 10% in the concerned estimated equity values at 31 December 2014 will result in a change of approximately 11% (2013: 11%; 2012: 10%) in the fair value of the derivatives.

13. Trade and Other Payables

	2014	2013	2012
Suppliers	396	182	250
Salaries, bonuses and vacation	119	139	195
Tax and social premium contributions	107	51	78
Accrued Clinical Costs	249	460	172
Accrued Manufacturing Costs	79	178	96
Accrued Audit Fees	58	66	49
Accrued R&D contracts	441	-	-
Tax credits	-	44	44
Other	149	115	81
	1,598	1,235	965

14. Revenues

No revenues were recorded in any of the years presented in these special purpose financial statements.

15. Other Income

No other income was recorded in any of the years presented in these special purpose financial statements.

16. Employee Benefits

	2014	2013	2012
Wages and salaries	1,855	1,883	2,042
Compulsory social security contributions	176	159	184
Contributions to defined contribution plans	81	84	106
Equity-settled share-based payment transactions	-	-	31
Company cars	18	17	17
Other employee benefits	27	21	26
Total	2,157	2,164	2,406

Number of employees (headcount) as of 31 December,

Research & development positions	16	15	16
General & administrative positions	5	5	6
	21	20	22

Share based payments

The Group has a share option program that entitles key management personnel and senior employees to purchase shares in the Company. Under the Kiadis stock option plan, 382,137 stock options were issued and still outstanding at 31 December 2014. Of these options 382,137 were vested and exercisable. Refer to the tables below for the comparative numbers of options outstanding at 31 December 2013 and 2012.

The option rights granted give entitlement to one ordinary share. Option rights granted are conditional on the employee completing a pre-defined number of years of service ("the vesting period"). Each installment of the Company's graded vesting awards is treated as a separate share option grant. Consequently, the vesting periods for the individual installments of the Company's graded vesting awards vary between 0 and 2 years for options granted after 1 January 2008. The options are exercisable from the vesting date. Option rights forfeit if the employee ceases to be employed with the Company or lapse after a maximum of 10 years after granting the option rights.

The fair value of these option rights is accounted for under wages and salaries in the income statement, with addition of the same amount to other reserves. Since the Company is not listed, the share price was not readily available at the valuation date of the share options.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014		2013		2012	
	Average exercise price in € per share	Number of options	Average exercise price in € per share	Number of options	Average exercise price in € per share	Number of options
At 1 January,	0.98	404,637	0.99	929,637	1.81	974,040
Granted	1.00	-	1.00	-	1.00	-
Forfeited	1.00	-	1.00	-	1.00	-
Exercised	1.00	-	1.00	-	1.00	-
Lapsed	1.00	(22,500)	1.00	(525,000)	18.98	(44,403)
At 31 December,	0.98	382,137	0.98	404,637	0.99	929,637

Share options outstanding at the end of the year have the following expiry year and exercise prices:

Exercise price (€ per share)	Number of options		
	2014	2013	2012
2016	0.60	17,804	17,804
2017	1.00	35,000	35,000
2018	1.00	187,000	187,000
2019	1.00	101,000	113,500
2020	1.00	41,333	51,333
0.98	382,137	404,637	929,637

In 2014 and 2013, the Company did not incur any expenses for options granted. In 2012, the Company incurred a charge of €31k for options that vested in the period.

17. Expenses

The research and development expenses comprise allocated employee costs, clinical development costs, collaboration costs, laboratory supplies, consumables costs and allocated depreciation costs. General and administrative expenses comprise allocated employee costs, office costs and other administrative costs.

The research and development and general and administrative expenses can be summarized as follows:

	2014	2013	2012
Employee benefits (note 16)	2,157	2,164	2,406
Depreciation expense	126	102	108
Facilities	314	272	446
Consultancy	594	500	459
Telecom & IT	73	87	79
Travel	230	183	211
Insurance	62	59	59
Clinical costs	545	697	(74)
Manufacturing	1,794	698	1,080
Royalties	-	-	7
Other	273	230	183
Total	6,168	4,992	4,964
	2014	2013	2012
Research and development expenses	4,692	3,548	3,616
General and administrative expenses	1,476	1,444	1,348
Total	6,168	4,992	4,964

18. Finance Income and Expenses

	2014	2013	2012
<u>Finance income</u>			
- Interest income	28	89	62
- Net foreign exchange gain	330	-	24
- Gain from restatements of loans	-	178	953
	358	267	1,039
	2014	2013	2012
<u>Finance expenses</u>			
- Bank borrowings, and other debt	(1,073)	(920)	(877)
- Other interest expenses	-	-	(11)
- Finance leases	-	-	(1)
- Net foreign exchange loss	-	(1,240)	-
- Loss from restatements of loans	(387)	-	-
- Loss from change in fair value of derivatives	(541)	-	(1,856)
	(2,001)	(2,160)	(2,745)

Finance expenses for bank borrowings and other debt include interest on third party loans for €418 thousand (2013: €396 thousand, 2012: €446 thousand), interest on government loans for €644 thousand (2013: €497 thousand, 2012: 387 thousand), and interest on secured bank loans for €11 thousand (2013: €27 thousand, 2012: €44 thousand).

The losses from changes in fair value of derivatives relate to the warrants issued to Kreos Capital Ltd in 2010. See also note 12.

19. Income Tax Expense in the Income Statement

	2014	2013	2012
Tax expense for the period	2	-	-
Deferred tax expense	-	-	-
Income tax expense	2	-	-
<hr/>			
<u>Reconciliation of effective tax rate</u>			
Loss before income taxes	(7,813)	(6,885)	(6,670)
Income tax (expense) income using domestic rates (25.0% for all years)	1,953	1,721	1,668
Effect of tax rates in foreign jurisdictions	38	37	49
Tax exempt income	128	206	98
Non-deductible expenses	(880)	(694)	(621)
Tax loss for which no deferred tax asset is recognized	(1,237)	(1,270)	(1,194)
Income tax expense	2	-	-

20. Earnings per Share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 has been based on the loss attributable to ordinary share holders of €7,813 thousand and a weighted average number of shares outstanding during the year of 10,471 thousand.

Shares have been included in the weighted average number of shares from their issuance date.

	2014	2013	2012
Loss attributable to owners of the Company	(7,813)	(6,885)	(6,670)
Weighted average number of ordinary shares	9,171,400	9,706,917	6,923,032
Weighted average number of preference shares A	-	-	1,588,127
Weighted average number of preference shares B	-	-	938,621
Weighted average number of preference shares C	-	-	257,137
Weighted average number of preference shares AA	1,188,841	1,188,841	146,169
Weighted average number of preference shares BB	110,458	-	-
	<hr/>	<hr/>	<hr/>
Basic earnings per share (€ per share)	(0.75)	(0.63)	(0.68)

Diluted earnings per share

The calculation of diluted earnings per share has been based on the loss attributable to equity holders and the weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. However, the number of dilutive ordinary

shares used in this calculation has been based on share options and warrants that are estimated to be in-the-money at the end of each reporting period.

	2014	2013	2012
Weighted average number of ordinary shares (basic)	10,470,699	10,895,758	9,853,086
Effect of warrants exercised	52,271	52,271	52,271
	10,522,970	10,948,029	9,905,357
Diluted earnings per share (€ per share)	(0.74)	(0.63)	(0.67)

At 31 December 2014, 382,137 share options (2013: 404,637; 2012: 929,637) and 1,224,140 warrants (2013: 1,224,140; 2012: 1,224,140) were excluded from the diluted weighted average number of ordinary shares calculation because they were estimated to be `out-of-the-money` at the end of each reporting period.

21. Financial Instruments

Capital management

The Company does not have an explicit return on capital policy. There have been no changes in the capital management policies during the year. Capital is considered by the Company to be equity and debt as shown in the statement of financial position.

Liquidity risk analysis

A debt repayment schedule is included in Note 11. Also refer to the Going concern assessment in Note 2.1 for an explanation of how the Company assessed its short-term obligations.

Fair values

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Non-current assets		Current assets			Total	Level 1 Level 2 level 3 Total		
			Trade and other receivables	Cash and cash equivalents					
31 December 2014									
Financial assets not measured at fair value									
Trade and other receivables			196		196				
Cash and cash equivalents				5,674	5,674				
			196	5,674	5,870				
31 December 2013									
Financial assets not measured at fair value									
Trade and other receivables			51		51				
Cash and cash equivalents				6,482	6,482				
			51	6,482	6,533				
31 December 2012									
Financial assets not measured at fair value									
Trade and other receivables			351		351				
Cash and cash equivalents				9,900	9,900				
			351	9,900	10,251				
Carrying amount					Fair value				
Non-current liabilities		Current liabilities			Level 1 Level 2 level 3 Total				
Derivatives	Loans and borrowings	Trade and other payables	Loans and borrowings	Total					
31 December 2014									
Financial liabilities measured at fair value									
Derivatives				3,730			3,730	3,730	
Financial liabilities not measured at fair value									
Government loans (RVO NL)	-		7,129	7,129		7,129		7,129	
Government loans (Industry Canada)	-		-	-		-		-	
Secured bank loans	-		-	-		-		-	
Loan from Hospira Inc.	4,382			4,382		4,382		4,382	
Loan from University of Montreal	708			708		708		708	
Trade and other payables			1,598	1,598					
	3,730	5,090	1,598	7,129	17,547				
31 December 2013									
Financial liabilities measured at fair value									
Derivatives				3,189			3,189	3,189	
Financial liabilities not measured at fair value									
Government loans (RVO NL)	5,596		-	5,596		5,596		5,596	
Government loans (Industry Canada)	72		82	154		154		154	
Secured bank loans	150		302	452		452		452	
Loan from Hospira Inc.	3,599			3,599		3,599		3,599	
Loan from University of Montreal	604			604		604		604	
Trade and other payables			1,235	1,235					
	3,189	10,021	1,235	384	14,829				
31 December 2012									
Financial liabilities measured at fair value									
Derivatives				3,189			3,189	3,189	
Financial liabilities not measured at fair value									
Government loans (RVO NL)	3,782		-	3,782		3,782		3,782	
Government loans (Industry Canada)	171		46	217		217		217	
Secured bank loans	450		303	753		753		753	
Loan from Hospira Inc.	3,403			3,403		3,403		3,403	
Loan from University of Montreal	610			610		610		610	
Trade and other payables			965	965					
	3,189	8,416	965	349	12,919				

Exposure to interest rate risks

The effective interest rate on short-term bank deposits was 0.9% on average for 2014 (2013: 1.2%, 2012: 1.6%). An increase of 100 basis points in interest rates would have increased equity and profit by €30 thousand.

The interest rates on secured bank loans are variable. An increase (decrease) of 100 basis points in interest rates would have decreased (increased) equity and profit by €3 thousand in 2014 (2013: €6 thousand; 2012: €9 thousand).

Exposure to foreign currency risk

A strengthening of the Canadian and US dollar against the euro at 31 December 2014, of 6% would have increased equity by €131 thousand and decreased the loss for the year by €396 thousand. This analysis is based on foreign currency exchange rates that the company considered to be reasonably possible at the end of the reporting period. All other variables are considered to remain unchanged.

The analysis is performed on the same basis for 2013 and 2012. A strengthening of the Canadian dollar and US dollar against the euro at 31 December 2013, of 6% would have increased equity by €156 thousand and decreased the loss for the year by €382 thousand. A strengthening of the Canadian dollar and US dollar against the euro at 31 December 2012, of 6% would have increased equity by €229 thousand and decreased the loss for the year by €410 thousand.

22. Contingencies

Milestone payments

Celmed Founding Shareholders

The Group is party to agreements with certain former shareholders of Celmed BioSciences Inc., including Theratechnologies Inc., Fonds de Solidarité des Travailleurs du Quebec and Investissements Santé Inc. Under these agreements, the Group is obligated to pay such shareholders CAD 3.4 million, if and when all approvals required to market Rhitol in the United States have been granted by the FDA and CAD 6.9 million, if and when all approvals required to market NB1011 in the United States have been granted by the FDA. These obligations are secured by a hypothecation of certain rights to Theralux and NB1011 patents under Quebec laws and a security interest under California law.

University of Montreal

Between 1991 and 1997, Kiadis Pharma Canada Inc. and/or its predecessors entered into a series of licensing agreements with the University of Montreal which obligates the Group to pay royalties of 5% of net sales of all products derived from the Theralux product platform for the term of our commercialization of such products. The same rate of royalties applies to receipts related to sub-licenses.

Hospira Inc.

If the loan (see note 11) has been repaid, Hospira is able to receive thereafter royalties of 3% on net sales of products derived from the Theralux product platform in a specified territory (total world minus North & South America and China) for an unlimited period of time.

Bonus for Management Team and Supervisory Board of Kiadis Pharma (Exit Participation Plan)

As an incentive payment, the Management Team and Supervisory Board are eligible to receive a percentage of the `exit-value` of Kiadis Pharma. In case of an IPO (Initial Public Offering), the exit-value is defined as the pre-money valuation and the bonus will be distributed by means of bonus shares. (In case of an IPO, there will be no distribution of cash). In case of a potential future M&A (merger & acquisition) or out-licensing deal, the exit value is defined as the trade-sale value of the company or the combined value to be received via out-licensing upfront, milestone, and royalty payments. Depending on the level of the proceeds, the combined percentage of the proceeds to be allocated in total for the Management Team and Supervisory Board together ranges from 2.0% to around 8.0%. The bonus is structured as such that a higher exit value will result in a higher percentage of this exit value to be distributed as bonus. The Company did not recognize any expenses yet related to this plan. It is seen as a contingency until it has become clear which of the potential Exit scenarios, if any, has become likely to be realized.

23. Commitments

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014	2013	2012
Less than one year	196	276	272
Between one and five years	-	160	387
More than 5 years	-	-	-
	196	436	659

(a) Rental of premises:

The Company has rental commitments regarding office and laboratory space located in Amsterdam with a total liability as of 31 December 2014 of €192 thousand (2013: €413 thousand, 2012: €631 thousand). The remaining lease terms are 8 months for office space and 4 months for laboratory space.

(b) Company cars:

The Company had undersigned one operational lease contract in The Netherlands regarding cars. (2013: 1, 2012: 1). The contract ended in 2014. The liability as of 31 December 2013 amounted to €6 thousand (2012: € 18 thousand).

(c) Laboratory equipment:

The Company has undersigned one operational lease contract (2013: 2, 2012: 2) in The Netherlands regarding laboratory equipment. The liability as of 31 December 2014 amounted to €4 thousand (2013: €18 thousand, 2012: €10 thousand). The terms of the contract will end in 2015.

(d) Capital commitments

At the balance sheet dates 31 December 2014 there were no capital expenditures contracted for, but not yet incurred.

24. Business Combinations

There were no business combinations effected in the years presented in these special purpose financial statements.

25. Related Parties

Transactions with related parties with a significant influence over the Company

The transactions with shareholders that have a significant impact over the Company during the years presented are described below.

Management Board and Supervisory Board

(a) Management Board salaries, bonuses and other emoluments

In addition to salaries, the Group also provides non-cash benefits.

The Management Board included in the table below relates to 2 members (Chief Executive Officer and Chief Financial Officer) that were in office during the years 2014, 2013 and 2012.

	2014	2013	2012
Salaries and other short-term employee benefits	536	498	408
Pensions	11	10	10
Share based payments	-	-	4
Social securities	27	10	8
Other emoluments	5	-	-
Total	579	518	430

The remuneration of the Supervisory Board members included in the table below relates to the compensation for 3 members in 2014 (2013: 3, 2012: 3).

	2014	2013	2012
Remuneration	52	25	-
Total	52	25	-

(b) Transactions of Shares in the Company

In 2012 the Company raised €10.1 million in gross proceeds in a private placement. LSP I, a major shareholder acquired 184,774 preferred AA shares at €8.51 per share, at identical conditions as the other participants. Mr. Kleijwegt, a member of the Supervisory Board, acquired (through Pro-Ventures I B.V.) 29,377 preferred AA shares at €8.51 per share, at

identical conditions as the other participants. Mr. Rüdiger, the Company's CEO, acquired 11,751 preferred AA shares at €8.51 per share, at identical conditions as the other participants. Mr. Van Heekeren, the Company's CFO, acquired 11,751 preferred AA shares at €8.51 per share, at identical conditions as the other participants. (Other participants, who acquired preferred AA shares in the 2012 financing round, were a.o. DFJ-Esprit, Lenildis, LSP-II and Alta Partners, acquiring respectively 352,526, 232,685, 138,358 and 94,007 preferred AA shares).

In 2014 the Company raised €5.1 million in gross proceeds in a private placement. LSP I, a major investor acquired 91,318 preferred BB shares at €8.51 per share, at identical conditions as the other participants. Mr. Kleijwegt, a member of the Supervisory Board, acquired (through Pro-Ventures I B.V.) 14,519 preferred BB shares at €8.51 per share, at identical conditions as the other participants. Mr. Rüdiger, the Company's CEO, acquired 1,762 preferred BB shares at €8.51 per share, at identical conditions as the other participants. Mr. Van Heekeren, the Company's CFO, acquired 235 preferred BB shares at €8.51 per share, at identical conditions as the other participants. (Other participants, who acquired preferred BB shares in the 2014 financing round, were a.o. DFJ-Esprit, Lenildis, LSP-II and Alta Partners, acquiring respectively 185,921, 93,010, 68,379 and 68,714 preferred BB shares).

(c) Options held in the Company, transactions in 2006, 2008, 2009 and 2010

Options held by Management Board and Supervisory board members are as follows:

Options held by	For the year ended December 31,			Exercise price in €	Conditions
	2014	2013	2012		
M. Wegter	8,902	8,902	8,902	0.60	Granted and vested in 2006. Expiration date June 28, 2016.
M. Wegter	100,000	100,000	100,000	1.00	Granted in 2008 and vested in 2008, 2009, and 2010. Expiration date June 6, 2018.
M. Wegter	50,000	50,000	50,000	1.00	Granted in 2009 and vested in 2009,2010 and 2011. Expiration date October 1, 2019.
M. Kleijwegt	8,902	8,902	8,902	0.60	Granted and vested in 2006. Expiration date June 28, 2016.
M. Kleijwegt	25,000	25,000	25,000	1.00	Granted in 2008 and vested in 2008, 2009, and 2010. Expiration date June 6, 2018.
M. Kleijwegt	5,000	5,000	5,000	1.00	Granted in 2009 and vested in 2009,2010 and 2011. Expiration date October 1, 2019.
R. Van Heekeren	19,000	19,000	19,000	1.00	Granted in 2008 and vested in 2008,2009 and 2010. Expiration date May 1, 2018.
R. Van Heekeren	2,000	2,000	2,000	1.00	Granted in 2009 and vested in 2009,2010 and 2011. Expiration date October 1, 2019.
R. Van Heekeren	9,000	9,000	9,000	1.00	Granted in 2010 and vested in 2010,2011 and 2012. Expiration date October 1, 2020.

26. Subsequent events

The Company is currently preparing for an Initial Public Offering (IPO).

In May 2015, a new repayment schedule for the loans from RVO NL has been agreed upon; as long as no M&A or license deal is realized beforehand, requirement to make repayments is spread over the period Q4 2015 through Q4 2020.

In the period from April to June 2015, adjustments in the distributed number of rights of the Exit Participation Plan (EPP) have taken place. Depending on the level of proceeds of a potential future M&A or license deal, or IPO, the combined percentage of the proceeds to be allocated in total for EPP participants ranges from 2.5% to around 7.9%.

**Unaudited condensed consolidated interim financial information and the notes
thereto for the three-month period ended 31 March 2015**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in euro x 1,000)

	Note	31 March 2015 ⁽¹⁾	31 December 2014
Assets			
Property, plant and equipment	5	387	413
Intangible assets	6	<u>14,093</u>	<u>13,687</u>
Total non-current assets		14,480	14,100
Trade and other receivables	7	177	196
Deferred expenses	7	180	242
Cash and cash equivalents	8	<u>3,913</u>	<u>5,674</u>
Total current assets		4,270	6,112
Total assets		18,750	20,212
 Equity			
Share capital		10,567	10,567
Share premium		57,243	57,243
Translation reserve		372	317
Warrant reserve		2,580	2,580
Accumulated deficit		<u>(71,751)</u>	<u>(68,042)</u>
Equity attributable to owners of the Company	9	(989)	2,665
 Liabilities			
Loans and borrowings	10	6,417	5,090
Derivatives	11	<u>4,589</u>	<u>3,730</u>
Total non-current liabilities		11,006	8,820
Loans and borrowings	10	7,321	7,129
Trade and other payables	12	<u>1,412</u>	<u>1,598</u>
Total current liabilities		8,733	8,727
Total liabilities		19,739	17,547
Total equity and liabilities		18,750	20,212

⁽¹⁾ Unaudited but reviewed.

The Notes on pages F-47 to F-58 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(amounts in euro x 1,000)

	Note	For the three months ended	
		31 March 2015 ⁽¹⁾	31 March 2014 ⁽¹⁾
Revenue		-	-
Other income		-	-
Research and development expenses	13,14	(1,175)	(1,124)
General and administrative expenses	13,14	(495)	(370)
Total expenses		(1,670)	(1,494)
Operating loss		(1,670)	(1,494)
Interest income		1	13
Interest expenses		(319)	(261)
Other net finance expenses		(1,721)	(430)
Net finance expenses	15	(2,039)	(678)
Loss before tax		(3,709)	(2,172)
Income tax expense		-	-
Loss for the period		(3,709)	(2,172)
Other comprehensive income			
<u>Items that are or may be reclassified subsequently to profit or loss</u>			
Foreign currency translation difference for foreign operations		55	(63)
Related tax		-	-
Other comprehensive income for the period, net of tax		55	(63)
Total comprehensive income for the period		(3,654)	(2,235)
Loss attributable to:			
Owners of the company		(3,709)	(2,172)
		(3,709)	(2,172)
Total comprehensive income attributable to:			
Owners of the company		(3,654)	(2,235)
		(3,654)	(2,235)
Earnings per share			
Basic earnings per share (euro)		(0.35)	(0.20)
Diluted earnings per share (euro)		(0.35)	(0.20)

⁽¹⁾ Unaudited but reviewed.

The Notes on pages F-47 to F-58 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in euro x 1,000)

	<u>Note</u>	Share Capital	Share Premium	Translation Reserve	Warrant Reserve	Retained Earnings	Total Equity
Balance as at 1 January 2015		10,567	57,243	317	2,580	(68,042)	2,665
Total comprehensive income							
Loss for the period						(3,709)	(3,709)
Other comprehensive income						55	55
Total comprehensive income for the period⁽¹⁾		-	-	55	-	(3,709)	(3,654)
Transactions with owners, recorded directly in equity							
Issue of shares	9						-
Equity-settled share-based payment	13						-
Balance as at 31 March 2015		10,567	57,243	372	2,580	(71,751)	(989)
	<u>Note</u>	Share Capital	Share Premium	Translation Reserve	Warrant Reserve	Retained Earnings	Total Equity
Balance as at 1 January 2014		10,896	51,863	249	2,580	(60,229)	5,359
Total comprehensive income							
Loss for the period						(2,172)	(2,172)
Other comprehensive income						(63)	(63)
Total comprehensive income for the period⁽¹⁾		-	-	(63)	-	(2,172)	(2,235)
Transactions with owners, recorded directly in equity							
Issue of shares	9						-
Issue of warrants issued							
Conversion of shares							-
Equity-settled share-based payment	13						-
Share options exercised							-
Balance as at 31 March 2014		10,896	51,863	186	2,580	(62,401)	3,124

⁽¹⁾ Unaudited but reviewed.

The Notes on pages F-47 to F-58 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(amounts in euro x 1,000)

	Note	For the three months ended	
		31 March 2015 ⁽¹⁾	31 March 2014 ⁽¹⁾
Cash flows from operating activities			
Loss for the period		(3,709)	(2,172)
<u>Adjustments for :</u>			
Depreciation of property, plant & equipment (PP&E)	5	34	27
Net interest expenses	15	319	248
Equity-settled share-based payment transactions	13	-	-
Net unrealized foreign exchange (gains) or losses		(258)	431
(Gain) or loss from change in fair value of derivatives	11	859	-
(Gain) or loss from restatements of loans	10	1,105	-
Income tax expense		-	-
Cash used in operating activities before changes in working capital and provisions:		(1,650)	(1,466)
Trade and other receivables		21	8
Deferred expenses		62	50
Trade and other payables		234	137
Other liabilities		(431)	179
Total change in working capital		(114)	374
Provisions		-	-
Cash used in operating activities		(1,764)	(1,092)
Interest paid		-	(5)
Income taxes paid		-	-
Net cash used in operating activities		(1,764)	(1,097)
Cash flows from investing activities			
Interest received		1	13
Acquisition of PP&E	5	(8)	(20)
Net cash used in investing activities		(7)	(7)
Cash flows from financing activities			
Repayment of borrowings		-	(75)
Net cash used in financing activities		-	(75)
Net decrease in cash and cash equivalents		(1,771)	(1,179)
Cash and cash equivalents as at 1 January		5,674	6,482
Effect of exchange rate fluctuations on cash held		10	(12)
Cash and cash equivalents as at 31 March	8	3,913	5,291

⁽¹⁾ Unaudited but reviewed.

The Notes on pages F-47 to F-58 are an integral part of these condensed consolidated interim financial statements.

1. Company information

Kiadis Pharma B.V. ("the Company" or "Kiadis Pharma") and its subsidiaries (together "the Group") are engaged in the pharmaceutical development cell-based immunotherapy products in the field of diseases of the blood building system.

The Company is a limited liability company incorporated and domiciled in Groningen, The Netherlands. The address of its business office is Entrada 231-234, 1114 AA, Amsterdam-Duivendrecht, The Netherlands.

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. This interim report has been prepared for inclusion in the offering circular. The interim financial statements do not contain all information required for an annual report and should therefore be read in conjunction with the Company's Special Purpose Consolidated Financial Statements included in the offering circular.

The interim financial statements were authorized for issue by the Company's Board of Directors on 15 June 2015.

The interim financial statements were subject to a limited review by the statutory auditor, but have not been audited.

Going concern assessment

The interim financial statements have been prepared on a going concern basis, although based on the current operating plan cash and cash equivalents are currently not sufficient to meet the Company's working capital requirements through the 12 months following the date of these financial statements. The above circumstance indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the Company believes that sufficient additional funds can be raised by means of equity financing, non-dilutive financing or strategic transactions. As subsequent event, the Company started to prepare for an Initial Public Offering (IPO). Based on its operating plans, and assuming the IPO will generate net proceeds of at least €18 million, management believes that the Company will be able to meet at least its financial obligations in the twelve months following the date of these financial statements. Therefore, management is of the opinion that the going concern assumption is justified.

3. Significant accounting policies

There were no significant changes in accounting policies applied by the Group in these condensed consolidated interim financial statements compared to those used in the Special Purpose Consolidated Financial Statements.

Significant accounting estimates and judgments

The preparation of financial statements requires judgments and estimates that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Non-derivative financial liabilities

The Company presented non-current non-derivative financial liabilities with a carrying value of €6.4 million at 31 March 2015. These liabilities primarily relate to a loan from Hospira Inc. for which repayment is conditional (see Note 10). This loan has an effective interest rate (EIR) of 11% that was established at initial recognition. At each reporting date the Company makes an assessment of the underlying future cash flows. In the event cash outflows related to repayment of the loan have changed, the Company recalculates the net present value (NPV) of these re-estimated cash outflows using the original EIR. Any difference between the carrying amount and the recalculated NPV at the reporting date, will give rise to a gain or loss to be charged to the statement of income.

Derivative financial liabilities

The Company presented derivative financial liabilities with a carrying value of €4.6 million at 31 March 2015. These liabilities represent the fair value of warrants issued and are based on models using assumptions with respect to, amongst others, the exercise of the warrants on or before maturity. The estimated fair value of derivatives that are level 3 financial liabilities in the fair value hierarchy (see Note 16) is based on a binomial model. Measurement inputs to calculate the fair value include estimated share prices, probabilities that certain scenarios will occur, discount rates, and the exercise price of the instrument. Fair value changes of warrant rights unexercised between 31 March 2015 and subsequent reporting dates are charged to the statement of income.

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Management Board.

As per 31 March 2015, the Group has one lead product under development being ATIR. This is considered to be the only reportable segment. All corporate activities can be assigned therefore to this segment as well. Therefore no additional segment analysis is disclosed.

5. Property, plant and equipment

The carrying value of Kiadis Pharma's property, plant and equipment decreased from €413 thousand at 31 December 2014 to €387 thousand at 31 March 2015. The €26 thousand decrease largely reflects €34 thousand in depreciation charges.

In the first three months of 2015, the Company purchased laboratory equipment for a total amount of €8 thousand.

6. Intangible assets

	Goodwill	In-process Research & Development	Patents	Total
<u>Balance as at 1 January 2015</u>				
Cost	4,330	9,357	80	13,767
Amortization / Impairment	-	-	(80)	(80)
Book value as at 1 January 2015	4,330	9,357	-	13,687
<u>Changes in book value</u>				
Additions	-	-	-	-
Effect of changes in foreign exchange rates	128	278	-	406
	128	278	-	406
<u>Balance as at 31 March 2015</u>				
Cost	4,458	9,635	80	14,173
Amortization / Impairment	-	-	(80)	(80)
Book value as at 31 March 2015	4,458	9,635	-	14,093

The Company's intangible assets mainly relate to the business combination effected in 2006 in which Kiadis Pharma acquired Montreal, Canada, based Celmed BioSciences Inc. The carrying value of the Company's intangible assets increased from €13.7 million at year end 2014 to €14.1 million at 31 March 2015. The €0.4 million increase is caused by a 3% increase in the exchange rate of the Canadian dollar against the euro.

7. Trade and other receivables

	31 March 2015	31 December 2014
Trade receivables	-	-
VAT receivables	101	122
Deferred expenses	180	242
Deposits (lease of buildings)	58	58
Other amounts receivable	18	16
	357	438

Deferred expenses decreased with €62 thousand compared to 31 December 2014. This is mainly due to the recognition of expenses relating to maintenance and service contracts that were invoiced and paid before the end of 2014.

8. Cash, cash equivalents and cash flows

The main cash flow items for the first three months of 2014 and 2015 can be summarized as follows:

	2015	2014
Net cash used in operating activities	(1,764)	(1,097)
Net cash used in investing activities	(7)	(7)
Net cash used in financing activities	-	(75)
Effect of exchange rate fluctuations on cash held	10	(12)
Net decrease for the period	(1,761)	(1,191)
Cash and cash equivalents as at 1 January	5,674	6,482
Cash and cash equivalents as at 31 March	3,913	5,291

Cash used in operating activities increased by €0.7 million, which is largely explained by timing of payments and to a lesser extent by an increased level of expenditures.

All amounts reported as cash or cash equivalents are at the free disposal of the company with the exception of a call deposit having a carrying value of €31 thousand that is pledged against certain bank guarantees provided as security for the lease of buildings.

9. Equity

No transactions with owners of the Company took place in the first three months of 2015 and 2014. The Company did not issue any equity instruments, nor did the Company incur any

expenses for equity-settled share-based payment transactions.

10. Loans and borrowings

	31 March 2015	31 December 2014
<u>Non current liabilities</u>		
Loan from Hospira Inc.	5,608	4,382
Loan from University of Montreal	809	708
	6,417	5,090

Both loans are denominated in US dollar. Interest charged on the loans is denominated in the currency of the borrowing.

In December 2011, the Company entered into an agreement with Hospira Inc. for which an amount of USD 24.5 million had been judged as a loan. The loan bears a contractual interest rate of 1.5% per annum and the conditional payment obligations regarding this loan are as follows:

1. a milestone payment of USD 3 million upon the earlier of (i) the execution of a sub-licence on the Theralux platform, or (ii) the first commercial sale of a product derived from the Theralux platform; and
2. a 5% royalty on worldwide net-sales of products derived from the Theralux product platform until the loan amount has been fully paid.

	Hospira Inc.	University of Montreal
Balance as at 1 January 2015	4,382	708
Interest accrued during the period	121	7
Restatement of carrying amount	1,105	-
Effect of changes in foreign exchange rates	-	94
Balance as at 31 March 2015	5,608	809

At 31 March 2015, the carrying amount of this loan has been adjusted by an amount of €1.1 million to reflect changes in the (estimated) underlying future cash flows. This amount has been charged to the income statement (see Note 15).

	31 March 2015	31 December 2014
<u>Current liabilities</u>		
Government Loan I (RVO NL)	4,825	4,693
Government Loan II (RVO NL)	2,496	2,436
	7,321	7,129

The Company has entered into two loan agreements with Rijksdienst voor Ondernemend Nederland (RVO NL), a Dutch governmental agency. The change in the carrying amount reflects interest accrued during the period of €192 thousand. Both government loans become due in the last quarter of 2015. However, the Company is currently in the process of renegotiating the repayment schedule with RVO NL (see Note 19).

11. Derivatives

	Period ended	
	31 March 2015	31 December 2014
Balance as at 1 January	3,730	3,189
Loss included in 'finance expenses' :		
- Net change in fair value (unrealized)	859	541
Balance as at end of period	4,589	3,730

Warrants have been issued towards third party Kreos Ltd. These warrants have an exercise period up till November 2020 and entitle the holder to buy shares of any existing or future class of shares of the Group. At the time of issuance, the number of warrants was not fixed. As a consequence, the warrants did not meet the criteria of an equity instrument and are classified as a financial liability (see also note 16). The fair value of these warrants has been determined by making use of binomial option pricing, taking into account potential scenarios of exercising or lapsing in the period up till November 2020. Input parameters that have been used are amongst others potential future equity values at moment of exercise and probabilities of occurring of these equity values. A risk-adjusted discount rate of 12% has been used in these calculations. A reasonable possible change of 10% in the concerned estimated equity values at 31 March 2015 will result in a change of approximately 12% (31 December 2014: 11%) in the fair value of the derivatives.

At 31 March 2015, the fair value of derivatives has been adjusted by an amount of €0.9 million to reflect changes in the assumptions mentioned above. This amount has been charged to the statement of income (see Note 15).

12. Trade and other payables

	31 March 2015	31 December 2014
Suppliers	640	396
Salaries, bonuses and vacation	170	119
Tax and social premium contributions	63	107
Accrued clinical costs	252	249
Accrued manufacturing costs	81	79
Accrued audit fees	28	58
Accrued legal fees	87	20
Accrued R&D expenses	-	441
Other	91	129
	1,412	1,598

The overall decrease in trade and other payables of €0.2 million is mainly due to the timing of payments.

13. Employee Benefits

	31 March 2015	31 March 2014
Wages and salaries	518	437
Compulsory social security contributions	44	43
Contributions to defined contribution plans	20	21
Equity-settled share-based payment transactions	-	-
Company cars	1	5
Other employee benefits	9	5
Total	592	511

Number of employees (headcount)

Research & development positions	18	15
General & administrative positions	5	5
Number of employees (headcount) at end of period	23	20

Employee benefits for the first three months of 2015 increased €81 thousand compared to the same period in 2014, mainly due to an increase in headcount and increased salaries.

14. Expenses

	31 March 2015	31 March 2014
Employee benefits (see Note 13)	592	511
Depreciation expense	34	27
Facilities	90	82
Consultancy	215	72
Telecom & IT	17	21
Travel	61	85
Insurance	16	15
Clinical costs	106	153
Manufacturing	475	412
Other	64	116
Total	1,670	1,494
	31 March 2015	31 March 2014
Research and development expenses	1,175	1,124
General and administrative expenses	495	370
Total	1,670	1,494

Research and development expenses compared to the same period of last year increased primarily due to the hiring of new staff. General and administrative expenses for the first three months of 2015 include €104 thousand of legal fees related to the envisaged IPO.

15. Finance income and expenses

	31 March 2015	31 March 2014
<u>Finance income</u>		
- Interest income	1	13
- Net foreign exchange gain	243	-
	244	13
<u>Finance expenses</u>		
- Bank borrowings, and other debt	(319)	(261)
- Net foreign exchange loss	-	(430)
- Loss from restatements of loans	(1,105)	-
- Loss from change in fair value of derivatives	(859)	-
	(2,283)	(691)

Net foreign exchange gains of €243 thousand in the first three months of 2015 include €361 thousand of unrealized (non-cash) Canadian dollar/euro exchange rate gains on intra-group loans. This intra-group forex gain compares to a loss of €450 thousand in 2014.

Due to an increase in the estimated future cash flows underlying the Hospira loan, the carrying amount of the loan was adjusted upward for €1.1 million (see Note 10). This resulted in a charge included in finance expenses of the same amount.

The reassessment of the fair value of derivatives (see Note 11) resulted in a loss for the Company of €0.9 million in the first three months of 2015.

16. Financial instruments

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. These tables do not include include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

17. Contingencies and commitments

In the first three months of 2015 there were no material changes to the commitments and contingent liabilities from those disclosed in Notes 22 and 23 of the Special Purpose Consolidated Financial Statements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 March 2015	31 December 2014
Less than one year	206	196
Between one and five years	9	-
More than 5 years	-	-
	215	196

The operating lease contracts mainly relate to office and laboratory space in Amsterdam.

18. Transactions with related parties

The transactions with related parties that have a significant influence over the Company during the three months presented in this Interim Report are described below. Other than this, there were no transactions or business activities with related parties.

Management Board

The Management Board included in the table below relates to 2 members (Chief Executive Officer and Chief Financial Officer) that were in office during the first three months of 2015 and 2014.

	31 March 2015	31 March 2014
Salaries and other short-term employee benefits	132	118
Pensions	3	3
Social securities	6	8
Other emoluments	1	1
Total	142	130

Supervisory Board

The remuneration of the Supervisory Board members included in the table below relates to the compensation for 3 members in the first three months of 2015 (2014: 3).

	31 March 2015	31 March 2014
Remuneration	13	13
Total	13	13

19. Subsequent events

The Company is currently preparing for an Initial Public Offering (IPO).

In May 2015, a new repayment schedule for the loans from RVO NL has been agreed upon; as long as no M&A or license deal is realized beforehand, requirement to make repayments is spread over the period Q4 2015 through Q4 2020.

In the period from April to June 2015, adjustments in the distributed number of rights of the Exit Participation Plan (EPP) have taken place. Depending on the level of proceeds of a potential future M&A or license deal, or IPO, the combined percentage of the proceeds to be allocated in total for EPP participants ranges from 2.5% to around 7.9%.

Independent auditors' review report

To: the Board of Directors of Kiadis Pharma B.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information as at 31 March 2015 of Kiadis Pharma B.V., Groningen, which comprises the condensed consolidated statement of financial position as at 31 March 2015, the condensed consolidated statements of comprehensive income, the condensed consolidated statements of changes in equity, and the condensed consolidated statements of cash flows for the period of three months ended 31 March 2015, and the notes. The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2015 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Emphasis of an uncertainty with respect to the going concern assumption

We draw attention to note 2 'Going concern assessment' to the financial statements which indicates that the Company, based on the current operating plans, has insufficient cash and cash equivalents to meet their working capital requirements. This condition, along with other matters as set forth in note 2.1 'Going concern assessment', indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

16 June 2015
KPMG Accountants N.V.
J.G.R. Wilmink RA

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