

The interim financial report is prepared in accordance with article 13 of the Royal Decree on the obligations of issuers of financial instruments admitted to trading on a regulated market and can be accessed on the website of Bone Therapeutics in the section 'Financial information'. Bone Therapeutics publishes its interim financial report in English. A French translation of the report will also be made available. In the event of differences between the English and the French version of the report, the original English version will prevail.

Bone Therapeutics reports half year 2020 results

Recruitment of JTA-004 phase III study in knee osteoarthritis on track to be completed by year-end

Phase IIb trial with ALLOB in tibial fractures approved in most countries ready to start in H2 2020

A total amount of EUR 15.0 million committed gross proceeds raised in two successful funding operations to support clinical progress

Broadening product portfolio from orthopedics into inflammatory conditions, leveraging Bone Therapeutics' allogeneic MSC platform

Management to host conference call today at 6:00 pm CEST today - details provided below

Gosselies, Belgium, 26 August 2020, 7am CEST – BONE THERAPEUTICS (Euronext Brussels and Paris: BOTHE), the cell therapy company established to address unmet medical needs in orthopedics and other diseases, today provides a business update and its financial results for the six-month period ended 30 June 2020, prepared in accordance with IFRS as adopted by the European Union, and the outlook for the remainder of the year.

Miguel Forte, MD, PhD, Chief Executive Officer of Bone Therapeutics, commented: *"Bone Therapeutics is continuing to make significant progress with the development of our clinical assets closer to patients. The pivotal JTA-004 phase III clinical trial in knee osteoarthritis is now recruiting in all countries and the phase IIb study with ALLOB in tibial fractures has received regulatory clearance in nearly all countries applied. The successful fundraises in previous months further strengthen our cash position allowing us to execute our business strategy to progress both lead candidates through their late-stage clinical development. Furthermore, the recent funding from the Walloon Region supporting the expansion of our pipeline into inflammatory conditions further underscores the potential of our MSC platform to drive much needed innovation in a wide range of therapeutic areas. This recent progress and the appointment of Stefanos Theoharis as Chief Business Officer will further accelerate strategic discussions regarding the commercialization of both our clinical assets with potential business partners. With the anticipated completion of patient recruitment of JTA-004 phase III trial, the start of the ALLOB phase IIb study and the 24 months readout of the phase IIa trial with ALLOB in spinal fusion, Bone Therapeutics is progressing towards an exciting second half of the year."*

Operational and Corporate Highlights

- During the first wave of the global COVID-19 pandemic, Bone Therapeutics decided to reduce the recruitment activities of its studies to a minimum to support healthcare systems in the respective trial countries enabling them to concentrate on treating COVID-19 patients whilst necessary.
- Following the lifting of the COVID-19 lockdown measures, Bone Therapeutics initiated the recruitment of its pivotal phase III study with the next generation of viscosupplement, JTA-004, targeting osteoarthritic knee pain in mid-May 2020. The clinical trial has now been approved in all seven territories in which Clinical Trial Applications (CTA) of the study had been submitted, these being Belgium, Czech Republic, Denmark, Hong Kong, Moldavia, Poland and United Kingdom. Approximately 20% of the targeted assessable patients have been treated since the initiation of the trial.
- The phase IIb study of its allogeneic cell therapy product, ALLOB, in patients with difficult tibial fractures has received approval from regulatory authorities in the main six of the seven European countries in which the Company has applied for the study. Patient recruitment is expected to start in the second half of the year.

- In March, the company appointed Stefanos Theoharis, PhD as Chief Business Officer (CBO), further strengthening its management team. With more than 15 years of business development experience in the pharma and biotech industry, specifically in the cell and gene therapy space, Stefanos will be responsible for the company's corporate development activities and the execution of its business strategy.
- Post period, in August, Bone Therapeutics was granted EUR 1.0 million in non-dilutive funding under the form of recoverable cash advances from the Walloon Region, Belgium. This funding will provide additional financial support to advance its current phase III clinical study with JTA-004.
- Also in August, the Company received two additional grants with a total value of EUR 0.6 million from the Walloon Region for research and initial preparatory steps towards clinical development of BT-20, its new allogeneic and off-the-shelf cell therapy product, leveraging its expertise in Mesenchymal Stromal Cell (MSC) biology to expand its portfolio from orthopedics and bone diseases to inflammatory conditions. Both grants, as well as the recoverable cash advances, are subject to conditions precedent.

Financial Highlights for the period ended 30 June 2020

- In April, Bone Therapeutics announced that it secured EUR 11.00 million financing. The financing operation consisted of EUR 4.75 million bridge loans, EUR 1.26 million in equity private placement (through immediate conversion of convertible bonds (CBs)) by existing shareholders and, on an as-needed basis, a EUR 4.99 million in private placement of CBs.
- Subsequently, in May, Bone Therapeutics received an additional EUR 4.00 million of financing from existing investors in the form of subordinated bonds with the option to convert. The total amount of committed gross proceeds for both funding operations amount to EUR 15.00 million.
- The structure of the financing (mainly non-dilutive) combined with an operating loss for the period led to a negative shareholders' equity of EUR 4.6 million at the end of June 2020.
- During the first six months of 2020, total operating income amounted to EUR 1.04 million, a slight decrease compared to the same period in 2019 (EUR 1.68 million).
- Operating loss for the period amounted to EUR 9.10 million, compared to EUR 5.44 million in H1 2019.
- The Company ended the first six months of 2020 with EUR 10.04 million in cash and cash equivalents. Cash used for the period amounted to EUR 8.86 million, excluding net proceeds obtained from financing activities, compared to EUR 5.12 million over the same period of 2019.

Outlook for the remainder of 2020

- At the current recruitment rate, patient enrolment for the JTA-004 phase III study is on track to be completed before year-end. Bone Therapeutics anticipates reporting topline results on the 3-month primary endpoint and 6-month follow-up period in the second half of 2021.
- The Company expects to initiate clinical trial activities and patient recruitments for the ALLOB phase IIb study in patients with difficult tibial fractures in European clinical centers in the second half of 2020.
- As the evolution of the pandemic is uncertain and cannot be predicted at present, both studies may encounter a delay compared to the anticipated schedule. The situation in Europe and Hong Kong is actively and closely monitored on an ongoing basis.
- In November, Bone Therapeutics plans to initiate the first discussions with the US FDA (Food and Drug Administration) in preparation for the next steps in the clinical development of JTA-004 in the US, a large, important market.
- In the second half of 2020, the Company also expects to report results from the 2-year follow-up period of the phase IIa study with ALLOB in patients undergoing a spinal fusion procedure.
- Bone Therapeutics continues to hold discussions with potential partners to explore business opportunities. It also intends to prepare a fundraise in the second half of 2020. Existing shareholders have already taken a pre-commitment to participate.
- Good cost and cash management will remain a key priority, as already reflected in our operating expenses. Cash used for the full year 2020 is anticipated to amount to EUR 15.00-16.00 million, largely driven by external costs associated with increased clinical trial activities and costs associated with the JTA phase III and ALLOB phase IIb clinical studies. Taking into account the total committed gross proceeds of EUR 15 million raised through the Private Placements and in bridge loans in April and May of this year, the convertible bonds and the recoverable cash

advances granted by the Walloon Region, the Company anticipates having sufficient cash to carry out its business objectives into Q2 2021. This assumes normal operation, as there may be further effects of the ongoing COVID-19 epidemic. Potential delay in patient recruitment in both studies could lower the expected cash burn and extend the anticipated cash runway further into 2021.

Conference call

Miguel Forte, MD, PhD, Chief Executive Officer, and Jean-Luc Vandebroek, Chief Financial Officer, will host a conference call today at 6:00 pm CEST. To participate in the conference call, please select your phone number below and use the conference ID 927 9360 0923#.

Belgium: +32 2 290 9360
France: +33 1 7095 0103
United Kingdom: +44 208 080 6592
United States: +1 646 876 9923

The presentation will be made available on the Investors section - Presentations of the Bone Therapeutics website shortly prior the call.

Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	For the six-months period ended	
	30/06/20	30/06/19
Revenues	0	0
Other operating income	1,039	1,679
Total revenues and operating income	1,039	1,679
Research and development expenses	(8,528)	(5,472)
General and administrative expenses	(1,606)	(1,643)
Operating profit/(loss)	(9,096)	(5,436)
Interest income	20	31
Financial expenses	(739)	(162)
Exchange gains/(losses)	(5)	(3)
Share of profit/(loss) of associates	6	(3)
Result Profit/(loss) before taxes	(9,814)	(5,572)
Income taxes	(26)	(20)
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD	(9,840)	(5,592)
Basic and diluted loss per share (in euros)	(0.88)	(0.65)
Profit/(loss) for the period attributable to the owners of the Company	(9,830)	(5,536)
Profit/(loss) for the period attributable to the non-controlling interests	(10)	(55)
Total comprehensive income/(loss) for the period attributable to the owners of the Company	(9,830)	(5,536)
Total comprehensive income/(loss) for the period attributable to the non-controlling interests	(10)	(55)

Consolidated Balance Sheet

Consolidated Assets IFRS per: (in thousands of euros)	30/06/20	31/12/19
Non-current assets	10,411	10,660
Intangible assets	21	28
Property, plant and equipment	5,839	6,100
Investments in associates	338	332
Financial assets	161	140
Deferred tax assets	4,052	4,059
Current assets	12,231	11,733
Trade and other receivables	2,014	3,025
Other current assets	180	75
Cash and cash equivalents	10,040	8,633
TOTAL ASSETS	22,644	22,393

Consolidated Equity & Liabilities IFRS per: (in thousands of euros)	30/06/20	31/12/19
Equity attributable to owners of the parent	(4,578)	2,048
Share capital	5,959	5,454
Share premium	60,296	58,026
Accumulated losses	(70,998)	(61,586)
Other reserves	165	154
Non-controlling interests	0	0
Total Equity	(4,578)	2,048
Non-current liabilities	14,940	11,006
Financial liabilities	14,940	11,006
Other non-current liabilities	0	0
Current liabilities	12,283	9,339
Financial liabilities	6,992	2,709
Trade and other payables	4,005	3,841
Other current liabilities	1,286	2,788
Total liabilities	27,222	20,344
TOTAL EQUITY AND LIABILITIES	22,644	22,393

Consolidated Cash Flow Statement

Consolidated Statements of Cash Flows (in thousands of euros)	For the six-months period ended	
	30/06/20	30/06/19
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(9,096)	(5,436)
Adjustments for:		
Depreciation, Amortisation and Impairments	351	389
Share-based compensation	8	21
Grants income related to recoverable cash advances	(315)	(1,075)
Grants income related to patents	(3)	(8)
Grants income related to tax credit	(452)	(250)
Other	29	(1)
Movements in working capital:		
(Increase)/Decrease in Trade and other receivables (excluding government grants)	(40)	28
Increase/(Decrease) in Trade and other Payables	(1)	(1,049)
Increase/(Decrease) in Other current liabilities (excluding government grants)	0	2
Cash used by operations	(9,519)	(7,378)
Cash received from licensing agreement	0	900
Cash received from grants related to recoverable cash advances	725	1,273
Cash received from grants related to patents	27	14
Cash received from other grants	117	0
Cash received from grants related to tax credit	394	344
Income taxes paid	(26)	(20)
Net cash used in operating activities	(8,282)	(4,866)
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	1	1
Purchases of property, plant and equipment	(88)	(271)
Purchases of intangible assets	0	(2)
Net cash used in investing activities	(87)	(272)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	311	546
Proceeds received from related parties	1,550	0
Reimbursements of financial lease liabilities and loan from related parties	(114)	(255)
Reimbursements of other financial loans	(63)	(125)
Proceeds from bank institutions	4,000	0
Interests paid	(187)	(147)
Payments to acquire financial investments	(1,234)	0
Transaction costs	(200)	(620)
Proceeds from issue of equity instruments of the Company	1,450	7,282
Proceeds received from convertible loan	4,263	(57)
Proceeds received from subordinated bonds	0	3,500
Net cash generated from financing activities	9,776	10,124
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,407	4,985
CASH AND CASH EQUIVALENTS at beginning of the period	8,633	8,174
CASH AND CASH EQUIVALENTS at end of the period	10,040	13,159

Consolidated statement of changes in equity

<i>(in thousands of euros)</i>	Attributable to owners of the parent				Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Accumulated Losses & other reserves	Total equity attributable to owners of the parent		
BALANCE AT 1 JANUARY 2019	12,532	53,478	(61,518)	4,492	0	4,492
Total comprehensive income of the period	0	0	(5,536)	(5,536)	(55)	(5,592)
Issue of share capital	3,009	4,273	0	7,282	0	7,282
Transaction costs for equity issue	0	(445)	0	(445)	0	(445)
Specific reserve for convertible bonds	0	0	198	198	0	198
Allocation to the legal reserve	0	0	6	6	0	6
Share-based payment	0	0	21	21	0	21
Movement non-controlling interests	0	0	(55)	(55)	55	0
Other	0	0	(6)	(6)	0	(6)
BALANCE AT 30 JUNE 2019	15,541	57,306	(66,888)	5,958	0	5,958
BALANCE AT 1 JANUARY 2020	5,454	58,026	(61,432)	2,048	0	2,048
Total comprehensive income of the period	0	0	(9,830)	(9,830)	(10)	(9,840)
Issue of share capital	506	2,269	0	2,775	0	2,775
Equity component for Convertible Bonds	0	0	199	199	0	199
Specific reserve for convertible bonds	0	0	219	219	0	219
Allocation to the legal reserve	0	0	3	3	0	3
Share-based payment	0	0	8	8	0	8
Movement non-controlling interests	0	0	(10)	(10)	10	0
Other	0	0	10	10	0	10
BALANCE AT 30 JUNE 2020	5,959	60,296	(70,833)	(4,578)	0	(4,578)

About Bone Therapeutics

Bone Therapeutics is a leading biotech company focused on the development of innovative products to address high unmet needs in orthopedics and other diseases. The Company has a diversified portfolio of cell and biologic therapies at different stages ranging from pre-clinical programs in immunomodulation to mid-to-late stage clinical development for orthopedic conditions, targeting markets with large unmet medical needs and limited innovation.

Bone Therapeutics is developing an off-the-shelf next-generation improved viscosupplement, JTA-004, which is currently in phase III development for the treatment of pain in knee osteoarthritis. Consisting of a unique combination of plasma proteins, hyaluronic acid - a natural component of knee synovial fluid, and a fast-acting analgesic, JTA-004 intends to provide added lubrication and protection to the cartilage of the arthritic joint and to alleviate osteoarthritic pain and inflammation. Positive phase IIb efficacy results in patients with knee osteoarthritis showed a statistically significant improvement in pain relief compared to a leading viscosupplement.

Bone Therapeutics' core technology is based on its cutting-edge allogeneic cell therapy platform with differentiated bone marrow sourced Mesenchymal Stromal Cells (MSCs) which can be stored at the point of use in the hospital. Currently in pre-clinical development, BT-20, the most recent product candidate from this technology, targets inflammatory conditions, while the leading investigational medicinal product, ALLOB, represents a unique, proprietary approach to bone regeneration, which turns undifferentiated stromal cells from healthy donors into bone-forming cells. These cells are produced via the Bone Therapeutics' scalable manufacturing process. Following the CTA approval by regulatory authorities in Europe, the Company is ready to start the phase IIb clinical trial with ALLOB in patients with difficult tibial fractures, using its optimized production process. ALLOB continues to be evaluated for other orthopedic indications including spinal fusion, osteotomy, maxillofacial and dental.

Bone Therapeutics' cell therapy products are manufactured to the highest GMP (Good Manufacturing Practices) standards and are protected by a broad IP (Intellectual Property) portfolio covering ten patent families as well as knowhow. The Company is based in the BioPark in Gosselies, Belgium. Further information is available at www.bonetherapeutics.com.

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