

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 announces H1 results for 2017

Patient recruitment completed for the interim analyses of ALLOB[®] Phase I/IIA delayed-union and PREOB[®] Phase III osteonecrosis studies

Strengthening of Company's Board with the appointments of Steve Swinson as Chairman, Damian Marron and Dirk Dembski as new Board members

Jean-Luc Vandebroek appointed Chief Financial Officer

Thomas Lienard, Chief Executive Officer and Wim Goemaere, Chief Financial Officer, will host a conference call today at 11:00 CEST / 10:00 BST. The call will be conducted in English and a replay will be available for 30 days.

To access the conference call, please dial one of the appropriate number below quoting the conference ID.

BE: +32 (0) 81 70 00 61

FR: +33 (0) 176 74 24 28

US: +1 (866) 966 9439

Standard International Dial-In: +44 (0) 1452 555 566

Conference ID: 75560121

The presentation will be made available on the Investors section of the Bone Therapeutics website shortly before the call (<http://bonetherapeutics.com/en/investors/presentations>)

Gosselies, Belgium, 31 August 2017, 7am CEST – BONE THERAPEUTICS (Euronext Brussels and Paris: BOTHE), the bone cell therapy company addressing high unmet medical needs in orthopaedics and bone diseases, today provides a business update and its financial results for the six-month period ended 30 June 2017, prepared in accordance with IFRS as adopted by the European Union.

Thomas Lienard, Chief Executive Officer of Bone Therapeutics, commented: *“During the first half of 2017, Bone Therapeutics has continued to advance its allogeneic and autologous bone cell therapy platforms through key clinical studies and notably, we successfully completed the patient recruitment for the interim analysis of the ALLOB[®] Phase I/IIA delayed-union trial. Results for this interim analysis, as well as in spinal fusion, expected in September, could provide potential value inflection points for the platform, bringing our innovative bone cell therapy platform a step closer to commercialisation. We have also made good progress on our PREOB[®] Phase III study in osteonecrosis of the hip, completing recruitment of 44 treated patients required for the planned interim analysis of the trial.”*

“We are also delighted to welcome Jean-Luc Vandebroek to our management team, replacing Wim Goemaere as Chief Financial Officer. His experience in strategy, financial planning and corporate finance will be critical to Bone Therapeutics as we move towards a more commercial phase of our business and we are pleased that Wim, who has decided to pursue an opportunity in the not-for-profit sector, will remain on the Board as a Non-Executive Director and will lead a managed succession during the transition period.”

Operational Highlights

ALLOB®

- In March, Bone Therapeutics completed the recruitment of the 16 patients required for the interim analysis of the ALLOB® Phase I/IIA delayed-union study.
- In June, the Company was notified by the European Patent Office of its intention to grant a key patent covering Company's first-in-class allogeneic cell therapy technology.

PREOB®

- In June, the Company announced the completion of the recruitment of the 44 treated patients required for the planned interim analysis of the Phase III trial for the treatment of osteonecrosis of the hip with its autologous bone cell therapy product, PREOB®.

Corporate Highlights

- The Company welcomed Steve Swinson, Damian Marron and Dirk Dembski to its Board of Directors, further expanding its knowledge base and experience in the field of orthopedics and cell therapy.
- Following his appointment, Steve Swinson was elected Chairman of the Board of Directors in June, replacing Michel Helbig, who remains a Non-Executive Director.
- Post period, the Company appointed Jean-Luc Vandebroek as Chief Financial Officer to replace Wim Goemaere who will take up a senior role within a not-for-profit. Jean Luc previously served as Chief Financial Officer of Fluxys and Moteo Two Wheels/Bihr Europe (Alcoba Group) and has held a number of senior executive positions at the international retailer, Ahold-Delhaize. Jean-Luc's previous experience in strategy, financial planning and corporate finance will help support Bone Therapeutics as it moves its bone cell therapy programmes towards commercialisation.

Financial Highlights

- During the first six months of 2017, operating income amounted to EUR 1.92 million, in line with revenues realized during the first half of 2016 (EUR 1.95 million)
- Operating loss for the period amounted to EUR 6.16 million, compared with EUR 5.74 million in H1 2016
- The Company ended the first six months of 2017 with EUR 12.60 million in cash and cash equivalents. Cash used for the period amounted to EUR 7.70 million, in line with cash used over the same period last year.

Outlook for the remainder of 2017

In September 2017, Bone Therapeutics expects to announce interim results for its two ongoing Phase IIA programs for delayed union and spinal fusion with its allogeneic product ALLOB®. A positive outcome for the 16 delayed-union patients treated and followed over a six-month period could allow the Company to complete this Phase IIA program early and allow the Company to take the necessary steps to initiate the next phase. The interim results for the first cohort of 16 patients recruited and followed over a one-year period in the spinal fusion trial are expected within the same time frame. Both trials continue to recruit in the meantime and recruitment of the total number of patients (32) required for the spinal fusion trial is expected around year-end.

Diligent cash management will remain a key priority, with a strong focus on net cash burn. Cash burn for the full year 2017 is expected to be in the range of EUR 14-15 million. Based on its current strategic priorities, the Company provides guidance that it has sufficient cash to carry out its strategic objectives into Q2 2018.

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● **About Bone Therapeutics**

Bone Therapeutics is a leading cell therapy company addressing high unmet needs in orthopaedics and bone diseases. Based in Gosselies, Belgium, the Company has a broad, diversified portfolio of bone cell therapy products in clinical development across a number of disease areas targeting markets with large unmet medical needs and limited innovation.

Our technology is based on a unique, proprietary approach to bone regeneration which turns undifferentiated stem cells into “osteoblastic”, or bone-forming cells. These cells can be administered via a minimally invasive procedure, avoiding the need for invasive surgery.

Our primary clinical focus is ALLOB[®], an allogeneic “off-the-shelf” cell therapy product derived from stem cells of healthy donors, which is in Phase II studies for the treatment of delayed-union fractures and spinal fusion. The Company also has an autologous bone cell therapy product, PREOB[®], obtained from patient’s own bone marrow and currently in Phase III development for osteonecrosis and non-union fractures.

Bone Therapeutics’ cell therapy products are manufactured to the highest GMP standards and are protected by a rich IP estate covering nine patent families. Further information is available at: www.bonetherapeutics.com.

● **For further information, please contact:**

Bone Therapeutics SA

Thomas Lienard, Chief Executive Officer
Wim Goemaere, Chief Financial Officer

Tel: +32 (0)2 529 59 90

investorrelations@bonetherapeutics.com

For Belgium and International Media Enquiries:

Consilium Strategic Communications

Amber Fennell, Jessica Hodgson and Hendrik Thys

Tel: +44 (0) 20 3709 5701

bonetherapeutics@consilium-comms.com

For French Media and Investor Enquiries:

NewCap Investor Relations & Financial Communications

Pierre Laurent, Louis-Victor Delouvrier and Nicolas Merigeau

Tel: + 33 (0)1 44 71 94 94

bone@newcap.eu

For US Media and Investor Enquiries:

Westwicke Partners

John Woolford

Tel: + 1 443 213 0506

john.woolford@westwicke.com

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Consolidated Statement of Comprehensive Income

For the six-month period ended June 30,

<i>(in thousands of euros)</i>	2017	2016
Revenue	0	0
Other operating income	1,922	1,953
Total operating income	1,922	1,953
Research and development expenses	(6,430)	(6,014)
General and administrative expenses	(1,656)	(1,681)
Operating profit/(loss)	(6,164)	(5,742)
Interest income	120	191
Financial expenses	(316)	(314)
Exchange gains/(losses)	(5)	(5)
Share of profit/(loss) of associates	(2)	1
Result Profit/(loss) before taxes	(6,368)	(5,870)
Income taxes	0	60
PROFIT/(LOSS) FOR THE PERIOD	(6,368)	(5,809)
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	(6,368)	(5,809)
Basic and diluted loss per share (in euros)	(0,93)	(0,82)
Profit/(loss) for the period attributable to the owners of the Company	(6,352)	(5,638)
Profit/(loss) for the period attributable to the non-controlling interests	(16)	(171)
Total comprehensive income for the period attributable to the owners of the Company	(6,352)	(5,638)
Total comprehensive income for the period attributable to the non-controlling interests	(16)	(171)

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Consolidated Balance Sheet

ASSETS <i>(in thousands of euros)</i>	30/06/2017	31/12/2016
Non-current assets	10,547	10,114
Intangible assets	47	56
Property, plant and equipment	6,485	6,385
Investments in associates	289	291
Financial assets	284	299
Deferred tax assets	3,442	3,083
Current assets	19,300	28,471
Trade and other receivables	6,499	8,013
Other current assets	203	158
Cash and cash equivalents	12,598	20,300
TOTAL ASSETS	29,846	38,585
EQUITY AND LIABILITIES <i>(in thousands of euros)</i>	30/06/2017	31/12/2016
Equity		
Equity attributable to owners of the parent	8,897	15,270
<i>Share capital</i>	20,708	20,708
<i>Share premium</i>	42,670	42,670
<i>Retained earnings</i>	(55,147)	(48,773)
<i>Other reserves</i>	666	665
Non-controlling interests	0	0
Total equity	8,897	15,270
Non-current liabilities	12,072	12,802
Financial liabilities	10,434	11,167
Deferred tax liabilities	0	0
Other non-current liabilities	1,641	1,635
Current liabilities	8,874	10,512
Financial liabilities	1,313	1,242
Trade and other payables	2,672	3,120
Other current liabilities	4,888	6,150
Total liabilities	20,949	23,315
TOTAL EQUITY AND LIABILITIES	29,846	38,585

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Consolidated Cash Flow Statement
For the six-month period ended June 30,
(in thousands of euros)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(6,165)	(5,742)
Adjustments for:		
Depreciation, Amortisation and Impairments	253	282
Share-based compensation	17	86
Grants income related to recoverable cash advances	(1,063)	(1,218)
Grants income related to patents	(112)	(36)
Grants income related to tax credit	(360)	(306)
Other	9	(15)
Movements in working capital:		
Trade and other receivables (excluding government grants)	(431)	222
Trade and Other Payables	(437)	(384)
Other current liabilities (excluding government grants)	(2)	(6)
Cash generated from operations	(8,294)	(7,117)
Cash received from grants related to recoverable cash advances	1,368	438
Cash received from grants related to patents	19	59
Cash received from grant tax credit	0	37
Net cash used in operating activities	(6,908)	(6,583)
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	(2)	21
Purchases of property, plant and equipment	(334)	(688)
Purchases of intangible assets	(9)	(17)
Net cash used in investing activities	(346)	(684)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	586	188
Repayment of government loans	(480)	(402)
Repayment of other non-current liabilities	(60)	0
Proceeds from loans from related parties	0	300
Proceeds from financial loans	0	476
Reimbursements of financial lease liabilities	(236)	(116)
Reimbursements of other financial loans	(125)	0
Interests paid	(133)	(186)
Net cash provided by financing activities	(447)	260
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,700)	(7,007)
CASH AND CASH EQUIVALENTS at beginning of period	20,300	33,611
CASH AND CASH EQUIVALENTS at end of period	12,598	26,604

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Consolidated Statement of Changes in Equity

<i>(in thousands of euros)</i>	<i>Attributable to owners of the parent</i>			<i>Total equity attributable to owners of the parent</i>	<i>Non-controlling interests</i>	<i>TOTAL EQUITY</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>			
Balance at 1 January 2016	20,708	42,670	(35,232)	28,146	0	28,146
Total comprehensive income of the period	0	0	(5,638)	(5,638)	(171)	(5,809)
Share-based payment	0	0	86	86	0	86
Movement non-controlling interests	0	0	(171)	(171)	171	0
Other	0	0	(9)	(9)	0	(9)
Balance at 30 June 2016	20,708	42,670	(40,964)	22,415	0	22,415
Balance at 1 January 2017	20,708	42,670	(48,108)	15,270	0	15,270
Total comprehensive income of the period	0	0	(6,352)	(6,352)	(16)	(6,368)
Allocation to the legal reserve	0	0	(3)	(3)	0	(3)
Share-based payment	0	0	17	17	0	17
Movement non-controlling interests	0	0	(16)	(16)	16	0
Other	0	0	(18)	(18)	0	(18)
Balance at 30 June 2017	20,708	42,670	(54,481)	8,897	0	8,897