Interim Financial Report

H1 2018

This 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.

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 versions of the report, the original English version will prevail.

Bone Therapeutics' Interim Financial Report Half-Year 2018

1. Report of the Board of Directors

Bone Therapeutics has made significant progress over the first half of 2018 towards its goal of creating efficacious and commercially scalable bone cell therapy products to address large underserved patient populations. The Company has made advances clinically, secured significant depth of experience at the Board level and has the funds to ensure continued pace across its development programmes in the future. Looking to the second half of the year, it looks forward to providing further data on its allogeneic and autologous programmes and its further clinical development plans.

Total operating income for the first six months of 2018 slightly decreased to € 1.88 million compared to € 1.92 million in the first six months of 2017. The operating loss for the period amounted to € 6.08 million compared to € 6.16 million in H1 2017. The Company ended the first six months of 2018 with € 9.10 million in cash and cash equivalents.

Operational Highlights

In February 2018, the Company announced the completion of patient recruitment in the ALLOB® Phase IIA lumbar spinal fusion study. This twelve-month, open-label clinical study is designed to evaluate the safety and efficacy of the addition of ALLOB® to the standard of care procedure, in which an interbody cage with bioceramic granules is implanted to achieve fusion of the lumbar vertebrae.

Strong interim results for the first 15 patients, reported in September 2017, showed radiological evidence of successful fusion and important clinical improvements in function and pain.

Efficacy and safety data for the full set of 32 patients are expected mid-2019, post a follow-up period of 12 months.

Corporate highlights

During the first half of 2018, the Company reshaped and further strengthened its Board of Directors. In February, Jean Stéphenne, a highly-experienced life sciences executive, was appointed Chairman of the Board of Directors. Jean Stéphenne served in senior leadership roles at numerous biotechnology and pharmaceutical companies, including as Chairman of TiGenix and Chief Executive of GSK Biologicals (now GSK Vaccines).

In April, Claudia D'Augusta, Chief Financial Officer of TiGenix, joined the Board as a Non-Executive Director, adding more than 20 years' experience in corporate finance, capital markets and M&A in the biotechnology space.

In addition, Jean-Luc Vandebroek, Chief Financial Officer, was nominated to the Board as an Executive Director on the Annual General Assembly, held on 13 June 2018.

Financial Highlights

In March, Bone Therapeutics secured a total amount of € 19.45 million in committed capital via a private placement of convertible bonds and associated bond warrants. The exercise of warrants by part of the investors resulted in total gross proceeds for the period of € 9.09 million, made up of initial gross proceeds of € 6.58 million and the exercise of 1,002 bond warrants resulting in supplementary proceeds of € 2.51 million in the second quarter.

The remaining bond warrants will be exercised over a maximum period of 16 months ending in October 2019, providing additional proceeds of € 10.36 million. (For additional details regarding the convertible bonds and the impact of the related transactions on the financial statements, we refer to Note 5 concerning the Financial Liabilities.)

Income statement

During the first six months of 2018, total operating income amounted to € 1.88 million, a slight decrease compared to the first half of 2017 (€ 1.92 million). Income resulted from the recognition of recoverable cash advances (€ 1.15 million), partial exemption of withholding tax payable on R&D salaries (€ 0.34 million), tax credit on investments (for € 0.28 million) and patent and other subsidies (€ 0.11 million).

Research and development expenses slightly decreased by 3.3% to € 6.22 million (€ 6.43 million in H1 2017). This decrease is mainly related to the decrease in R&D operating expenses from clinical operations.

General and administrative expenses for the first six months show a slight increase of 5% and amount to € 1.74 million versus € 1.66 million over the same period last year. The increase of the other expenses is mainly explained by the development of our strategic program.

As a result, the operating loss amounted to € 6.08 million in the first half of 2018, compared to € 6.16 million in the same period in 2017.

The net financial loss amounted to € 2.37 million compared with € 0.20 million in 2017. The net financial expenses are mainly impacted by the recognition of the discount given on the committed capital from the placement of the Convertible Bonds and related bond warrants (impact of € 1.69 million) and by the recognition of transaction costs of € 0.51 million related to the corresponding private placement.

The net loss for the period amounted to € 8.45 million during the first six months ending 30 June 2018 compared to € 6.37 million in 2017.

Balance sheet

The Company's total assets amounted to € 24.43 million at 30 June 2018 compared with € 25.17 million at the end of December 2017. Current assets decreased by 3.8% to € 14.06 million at the end of June 2018 (€ 14.62 million in 2017). The decrease is mainly explained by the decrease of the receivables linked to the recoverable cash advances (payments from the Walloon Region for an amount of € 1.18 million during the first 6 months of 2018). This decrease is partly offset by the increase of the cash position at 30 June 2018 which amounts to € 9.10 million. The non-current assets decreased by 1.7% to € 10.38 million (€ 10.56 million in 2017). This decrease relates to the depreciation of the PPE and to the reclassification of the tax credit to short term for amount reaching maturity within the next 12 months (higher than the recognition of the tax credit for the first 6 months of 2018).

The Company's equity increased from € 2.38 million at the end of December 2017 to € 4.02 million at 30 June 2018, as a result of the share capital and share premium's increase (amounting to € 7.88 million), by the incorporation of the loss for the period (amounting to € 8.45 million), by the impact of IFRS 15 for € 1.50 million and by the recognition of a specific reserve linked to the convertible bonds and warrants for € 0.69 million.

Liabilities amounted to € 20.41 million in 2018 compared with € 22.79 million at the end of December 2017 representing a decrease of € 2.38 million.

Current liabilities decreased and amounted to € 9.01 million at 30 June 2018 (compared to € 10.60 million at the end of 2017). The Company observed a decrease in other current liabilities, in particular in deferred income related to the recoverable cash advances and patent subsidies and related to the upfront payment from Asahi Kasei Corporation. This decrease is partly offset by the increase of the financial liabilities including the recognition of the convertible bonds and their related warrants which are not yet exercised.

Non-current liabilities decreased by 6.5% to € 11.41 million compared with € 12.19 million at 31 December 2017. The non-current liabilities are impacted by a reclassification of € 0.81 million in current liabilities for debt reaching maturity within the next 12 months.

Cash flow statement

The table in section 2.4 (see below) sets forth the Company's consolidated cash flow statement for the six-month periods ending 30 June 2018 and 30 June 2017.

Cash used for operating activities amounts to € 7.11 million for the first six months of 2018 compared to € 6.91 million for the first six months of 2017.

Total operating loss for the period amounts to € 6.08 million compared to a loss of € 6.17 million over the same period in 2017. The net negative impact of adjustments for non-cash items amounted to in total € 1.20 million compared to € 1.26 million during the previous year relating to depreciation, share based payments and recognition of grant income from RCA's, patent subsidies and tax credits. Actual cash received in 2018 for the grant related items amounted to € 1.05 million compared to € 1.39 million in 2016 (part for which reimbursements is turnover-dependent).

Working capital was negatively impacted for the first six months of 2018 for an amount of € 0.87 million following a reduction in trade payables for an amount of € 0.98 million and a decrease in trade receivables of € 0.11 million. For the first six months of 2017 there was a reduction of working capital for an amount of € 0.87 million.

Cash flow from investing activities shows a net use of cash of € 0.18 million for the first six months of 2018 compared with € 0.35 million for the first six months of 2017. This mainly represents further investments made through the Company's affiliate SCTS for the production zone.

Cash flow generated from financing activities amounts to € 7.98 million for the first six months of 2018 compared with a net cash used of € 0.45 million for the first six months of 2017.

Financial cash inflows during H1 2018 are as follows:

- Cash in from the private placement (convertible bonds and related warrants) (total amount received of € 9.09 million);
- recoverable cash advances provided to the Company by the Walloon Region (R&D project financing) for an amount of € 0.35 million in 2018 (€ 0.59 million in 2017) (part for which reimbursements is turnover-independent).

Financial cash outflows during H1 2018 are as follows:

- reimbursements of recoverable cash advances for an amount of € 0.50 million in 2018 (€ 0.48 million in 2017);
- other reimbursements (lease contracts and bank loans), dividends paid by SCTS and interest paid for an amount of € 0.46 million in 2018 (€ 0.55 million in 2017).

Outlook for the remainder of 2018

- Bone Therapeutics plans to report the final results from the ALLOB® Phase I/IIA delayed-union study, provide an update on the optimisation of its allogeneic manufacturing process and the next steps of clinical development in September.
- The Company expects to present the conclusions of the interim analysis after a one-year follow-up period of the first 44 patients in the Phase III study of PREOB® in osteonecrosis of the hip in Q4 2018.
- The Company confirms the expected cash burn (excluding proceeds from financing) for the full year 2018 to be in the range of € 15-16 million in line with previous guidance. Based on its current priorities, the Company expects to have sufficient cash to carry out its objectives until the end of Q3 2019.

Risks and uncertainties

For a detailed description of the risks associated to the activities of the Company, we refer to the Annual Report 2017 available on the Company's website.

2. Condensed consolidated financial statements for the six-month period ended 30 June 2018

2.1. Interim Condensed Consolidated Statement of Financial Position

Consolidated Assets IFRS per: *(in thousands of euros)*	**Note**	**30-06-18**	**31-12-17**
Non-current assets		**10,379**	**10,558**
Intangible assets		16	30
Property, plant and equipment	**1**	6,216	6,302
Investments in associates		298	297
Financial assets		299	317
Deferred tax assets		3,549	3,611
Current assets		**14,055**	**14,615**
Trade and other receivables	**2**	4,810	5,938
Other current assets		147	266
Cash and cash equivalents	**3**	9,098	8,411
TOTAL ASSETS		**24,433**	**25,173**

Consolidated Liabilities IFRS per: *(in thousands of euros)*	**Note**	**30-06-18**	**31-12-17**
Equity			
Equity attributable to owners of the parent		**4,023**	**2,383**
Share capital		16,338	14,663
Share premium		48,869	42,665
Retained earnings		(61,774)	(55,501)
Other reserves		590	557
Non-controlling interests		**0**	**0**
Total Equity	**4**	**4,023**	**2,383**
Non-current liabilities		**11,406**	**12,192**
Financial liabilities	**5**	9,737	10,551
Other non-current liabilities		1,669	1,641
Current liabilities		**9,005**	**10,598**
Financial liabilities	**5**	3,615	1,251
Trade and other payables		2,609	3,583
Other current liabilities	**6**	2,780	5,764
Total liabilities		**20,411**	**22,791**
TOTAL EQUITY AND LIABILITIES		**24,433**	**25,174**

2.2. Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of euros)	Note	For the 6-months period ended 30-06-18	30-06-17
Revenues		0	0
Other operating income		**1,880**	**1,922**
Total revenues and operating income	**7**	**1,880**	**1,922**
Research and development expenses	**8**	(6,218)	(6,430)
General and administrative expenses	**9**	(1,737)	(1,656)
Operating profit/(loss)		**(6,076)**	**(6,164)**
Interest income		78	120
Financial expenses	**10**	(2,442)	(316)
Exchange gains/(losses)		*(4)*	*(5)*
Share of profit/(loss) of associates		0	(2)
Result Profit/(loss) before taxes		**(8,444)**	**(6,368)**
Income taxes		(10)	0
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**(8,454)**	**(6,368)**
Basic loss per share (in euros)	**11**	**(1.17)**	**(0.93)**
Diluted loss per share (in euros)	**11**	**(0.95)**	**(0.91)**
Profit/(loss) for the period attributable to the owners of the Company		(8,452)	(6,352)
Profit/(loss) for the period attributable to the non-controlling interests		(2)	(16)
Total comprehensive income for the period attributable to the owners of the Company		(8,452)	(6,352)
Total comprehensive income for the period attributable to the non-controlling interests		(2)	(16)

2.3. Interim Condensed Consolidated Statements of Change in Shareholder's Equity

(in thousands of euros)	Attributable to owners of the parent					
	Share capital	**Share premium**	**Retained earnings**	**Total equity attributable to owners of the parent**	**Non-controlling interests**	**TOTAL EQUITY**
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)
Issue of share capital	0	0	0	**0**	0	0
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**
Balance at 31 December 2017	**14,662**	**42,665**	**(54,944)**	**2,382**	**0**	**2,382**
Impact of restatement based on IFRS 15	0	0	1,501	**1,501**	0	1,501
Balance at 1 January 2018	**14,662**	**42,665**	**(53,443)**	**3,883**	**0**	**3,883**
Total comprehensive income of the period	0	0	(8,452)	**(8,452)**	(2)	(8,454)
Issue of share capital	1,676	6,205	0	**7,881**	0	7,881
Specific reserve for convertible bonds and warrants	0	0	685	**685**	0	685
Allocation to the legal reserve	0	0	5	**5**	0	5
Share-based payment	0	0	26	**26**	0	26
Movement non-controlling interests	0	0	(2)	**(2)**	2	0
Other	0	0	(3)	**(3)**	0	(3)
Balance at 30 June 2018	**16,338**	**48,869**	**(61,184)**	**4,023**	**0**	**4,023**

The movement linked to the specific reserve for convertible bonds and related warrants relates partly to the amount transferred from financial liability to equity when the bonds are converted. The carrying amount of 2,500 EUR per share is recorded under share capital and share premium, while the difference is recorded under that specific reserve.

2.4. Interim Condensed Consolidated Cash Flow Statement

Consolidated Statements of Cash Flows (in thousands of euros)	**For the six-month period ended 30 June** **2018**	 **2017**
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(6,076)	(6,165)
Adjustments for:		
Depreciation, Amortisation and Impairments	283	253
Share-based compensation	26	17
Grants income related to recoverable cash advances	(1,147)	(1,063)
Grants income related to patents	(79)	(112)
Grants income related to tax credit	(281)	(360)
Other	(6)	9
Movements in working capital:		
Trade and other receivables (excluding government grants)	111	(431)
Trade and Other Payables	(979)	(437)
Other current liabilities (excluding government grants)	(2)	(2)
Cash generated from operations	**(8,150)**	**(8,294)**
Cash received from grants related to recoverable cash advances	820	1,368
Cash received from grants related to patents	0	19
Cash received from grants related to tax credit	232	0
Income taxes paid	(10)	0
Net cash used in operating activities	**(7,107)**	**(6,908)**
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	1	(2)
Purchases of property, plant and equipment	(183)	(334)
Purchases of intangible assets	0	(9)
Net cash used in investing activities	**(183)**	**(346)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	352	586
Repayment of government loans	(495)	(480)
Dividend paid	0	(60)
Reimbursements of financial lease liabilities	(197)	(236)
Reimbursements of other financial loans	(125)	(125)
Interests paid	(133)	(133)
Transaction costs related to private placement	(512)	0
Proceeds from issue of equity instruments of the Company	7,880	0
Proceeds received from convertible loan	1,208	0
Net cash generated from financing activities	**7,976**	**(447)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**686**	**(7,700)**
CASH AND CASH EQUIVALENTS at beginning of the period	**8,411**	**20,300**
CASH AND CASH EQUIVALENTS at end of the period	**9,098**	**12,598**

2.5. Notes to Interim Condensed Consolidated Financial Statements

2.5.1. General information

Bone Therapeutics SA (the "**Company**") is a limited liability company governed by Belgian law. The address of its registered office is Rue Auguste Piccard 37, 6041 Gosselies, Belgium. The shares of the Company are publicly listed on NYSE Euronext Brussels and Paris since 6 February 2015.

The Company and its affiliates Skeletal Cell Therapy Support SA "**SCTS**" and Bone Therapeutics USA Inc "**BT US**" (together with the Company referred to as the "**Group**") are active in regenerative therapy for addressing unmet medical needs in the field of bone diseases and orthopaedics. The Company combines in-depth knowledge of bone diseases and stem cell science, strong expertise in cell manufacturing for human use and cell therapy clinical trials and regulatory affairs, which have allowed to establish a leadership position in the field of cell therapy for orthopaedics and bone diseases.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 29 August 2018.

2.5.2. Summary of significant accounting policies

The Company's interim consolidated financial statements for the six-month period ended 30 June 2018 have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and with IAS 34 Interim Financial Reporting.

The same accounting policies and methods of computation are followed in these interim consolidated financial statements as were applied in the consolidated financial statements of the Company for the year ended 31 December 2017, except for the adoption of new standards and interpretations described below.

- IFRS15 Revenue from Contracts with Customers, and clarifications on this IFRS (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 9 Financial Instruments, and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)

The following IFRS standards, interpretations and amendments that have been issued but that are not yet effective, have not been applied to the IFRS financial statements closed on 30 June 2018:

- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)

It is not expected that the initial application of the above mentioned IFRS standards, interpretations and amendments will have a significant impact on the interim consolidated financial statements, except for the IFRS 16 (for an amount of € 0.40 million on the balance sheet).

The nature and the effect of the changes related to IFRS15 and IFRS9 were taken into consideration, and the above amendments affected the condensed interim consolidated financial statements as follows:

Change in accounting policies - IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB (International Accounting Standards Board) issued IFRS 15 - Revenue from Contracts with Customers. The IASB issued then a clarification to IFRS 15 in April 2016 as part of a joint project with the FASB to develop a comprehensive standard on revenue recognition. The standard is to be applied for reporting periods beginning on 1 January 2018 or later. The standard replaces the current standards IAS 18 Revenue and IAS 11 Construction Contracts as well as their interpretations.

In respect of the transition to IFRS 15, entities have the choice to either apply a full retrospective application or to apply a modified retrospective application. The Group decided to adopt the new standard on the required effective date using the modified retrospective method, whereby only the opening equity of 2018 is restated.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard establishes a five-step approach to revenue recognition:

- Step 1: Identifying contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Up to 2016, the Group was not generating revenue from contracts with customers. In September 2017, the Group entered into a patent and know-how license agreement with Asahi Kasei Cooperation ("AKC") in which an upfront non-refundable payment was received of € 1.67 million. In addition, this contract incorporates multiple development milestone payments, sales-based milestone payments and royalty payments.

Under IAS 18 the upfront non-refundable payment was deferred as the upfront-fee could not be regarded as related to a separate transaction (it was negotiated in conjunction with the pricing of other elements), and apart from providing a license on some of Bone Therapeutics' IP, there is a continuing involvement of the Company to provide technical assistance (reflected by a maximum number of FTE hours on a yearly basis) to AKC as foreseen in the contract. As a result, the upfront non-refundable payment was recognised on a linear basis over the expected period of involvement as to the provision of technical assistance to AKC.

Under IFRS 15, two distinct performance obligations could be identified (step 2 of the model), the provision of a license on some of the Company's IP and the provision of technical assistance. The license is considered as a right to use under IFRS 15. Revenue in respect of a distinct license that is a right to use shall be recognised at a point in time under IFRS 15 when the license is granted to AKC (this is made possible by the fact that the license is mature and by the fact that the Company has not planned to carry out additional work). The license is granted in 2017, therefore, that portion of the transaction price that is allocated to the license (step 4 of the model) will be recognised in 2017. The portion of the transaction price to be recognised in 2017 with respect to the license will be higher compared to the portion of the deferred revenue under IAS 18 (the upfront non-refundable payment) that was recognised in 2017. The Management of the Company determined that the allocation to the provision of the technical assistance would lead to an immaterial amount. The stand-alone selling price of the license will be then fully recognised at 2017. The impact recognized into the equity statement amounted to € 1.50 million.

In determining the transaction price, the transaction price is initially limited to the upfront non-refundable payment. The development milestones under the contract that qualify as variable consideration, are initially not considered because of the related constraint principles under IFRS 15.

In the tables below, you will find the different impacts on the consolidated balance sheet which has been restated under IFRS 15.

Consolidated Assets IFRS per: *(in thousands of euros)*	31-12-17	Impact of IFRS 15	31-12-2017 restated
Non-current assets	**10,558**	**0**	**10,558**
Intangible assets	30	0	30
Property, plant and equipment	6,302	0	6,302
Investments in associates	297	0	297
Financial assets	317	0	317
Deferred tax assets	3,611	0	3,611
Current assets	**14,615**	**(128)**	**14,487**
Trade and other receivables	5,938	0	5,938
Other current assets	266	(128)	138
Cash and cash equivalents	8,411	0	8,411
TOTAL ASSETS	**25,173**	**(128)**	**25,045**

Consolidated Liabilities IFRS per: *(in thousands of euros)*	31-12-17	Impact of IFRS 15	31-12-2017 restated
Total Equity	**2,383**	**1,501**	**3,884**
Non-current liabilities	**12,192**	**0**	**12,192**
Financial liabilities	10,551	0	10,551
Other non-current liabilities	1,641	0	1,641
Current liabilities	**10,598**	**(1,629)**	**8,969**
Financial liabilities	1,251	0	1,251
Trade and other payables	3,583	0	3,583
Other current liabilities	5,764	(1,629)	4,135
Total liabilities	**22,791**	**(1,629)**	**21,162**
TOTAL EQUITY AND LIABILITIES	**25,174**	**(128)**	**25,046**

Change in accounting policies - IFRS 9 Financial Instruments

Based on an analysis of the Group’s financial assets and liabilities as at 1 January 2018 on the basis of the facts and circumstances that exist at that date, the Management of the Company have assessed the impact of IFRS 9 to the Group’s consolidated financial statements as follows this new revised IFRS:

- All financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39
- All financial assets and financial liabilities will continue to be classified on the same basis as is currently adopted under IAS 39. We refer to the classification of financial instruments in note 2.5.6.

Basis of preparation

The consolidated financial statements are presented in thousands of euros, unless otherwise stated. Euro is also the functional currency of both the Company and SCTS. The USD is the functional currency for Bone Therapeutics USA Inc. The functional currency is the currency of the economic environment in which an entity operates. The consolidated financial statements have been prepared on a historical basis, unless otherwise stated.

2.5.3. Going concern statement

The interim financial accounts for H1 2018 have been established under going concern based on the following:

The Company today has sufficient cash to take it research and development programs forward into Q3 2019. The Company plans to raise funds at the end of 2018 or the first half of 2019 to further strengthen its cash position in order to progress the development of its promising bone-forming cell therapy platform and to assure continuity for a period beyond 12 months as on the date of this report.

2.5.4. Operating segment information

The Group does not make the distinction between different operating segments, neither on a business or geographical basis in accordance with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors of the Company.

2.5.5. Disclosures to the interim condensed consolidated financial statements

Note 1 – Property, plant and equipment

Property, plant and equipment amounted to € 6.22 million at 30 June 2018 showing a decrease of € 0.09 million. The decrease is explained by the amount of depreciation recorded over the first six months of 2018 for an amount of € 0.27 million. The decrease is offset by further investments for an amount of € 0.15 million related to the production facility at Gosselies and by the acquisition of laboratory and production equipment for an amount of € 0.03 million.

Note 2 – Trade and other receivables

The trade and other receivables are detailed as follows:

Trade and other receivables	**Total**	
(in thousands of euros)	**30-06-18**	**31-12-17**
Trade receivables		
Trade receivables	8	59
Write-downs on trade receivables	0	0
Total trade receivables	**8**	**59**
Other receivables		
Receivable related to taxes	372	422
Receivable related to tax credit	343	232
Receivable related to recoverable cash advances	3,824	5,001
Receivable related to Patent grants	264	225
Total other receivables	**4,802**	**5,880**
Total trade and other receivables	**4,810**	**5,938**

Trade and other receivables amounted to € 4.81 million showing a decrease of € 1.13 million compared to the end of December 2017. The decrease results mainly from the reduction of the receivables related to the recoverable cash advances (€ 1.17 million of payments received during the period).

Note 3 - Cash and cash equivalents

The cash position at the end of June 2018 amounted to € 9.10 million, an increase of € 0.69 million mainly due to cash received in the private placement. In March, Bone Therapeutics secured a total amount of € 19.45 million in committed capital via a private placement of convertible bonds. Until 30 June 2018, the Company has collected a proceed of € 9.08 million (before € 0.51 million of transaction costs). In counterparts, the Company has used € 7.90 million in operation, investing, and financing activities.

Note 4 – Equity

The Company's equity after the restatement based on IFRS 15 (of € 1.50 million) increased from € 3.88 million at the end of December 2017 to € 4.02 million (an increase of € 0.14 million) at 30 June 2018. The variation is mainly explained by an increase of € 7.88 million in share capital and share premium and an increase of € 0.69 million of the reserve for the Convertible Bonds. This operation is offset by the result of the Company (€ 8.45 million).

On 7 March 2018, the Company successfully raised € 19.45 million of Commitment in Convertible Bond Placement. As a result of the immediate conversion of the convertible bonds placed via the private placement on 7 March 2018, the share capital was increase by € 1.21 million with issuance of 565,773 shares on 9 March 2018. The aggregate share premium for this transaction amounts to € 4.79 million. Following the capital increase, the share capital of the Company amounted to € 15.87 million and was represented by 7,415,427 shares.

In April, May and June 2018, as a result of the subsequent conversion of the convertible bonds placed via the private placement on 7 March 2018, the share capital was increased by € 0.46 million with issuance of 216,923 new shares. The aggregate share premium for this transaction amounts to € 1.41 million. Following the capital increase, the share capital of the Company amounted to € 16.34 million and was represented by 7,632,350 shares. The share premium accounts amounts to € 50.91 million.

Note 5 – Financial liabilities

Financial liabilities are detailed as follows:

	Non-current		Current		Total	
(in thousands of euros)	**30-06-18**	**31-12-17**	**30-06-18**	**31-12-17**	**30-06-18**	**31-12-17**
Finance lease liabilities	36	82	96	121	132	203
Government loans (RCA)	6,067	6,583	803	627	6,869	7,211
Loans from related parties	1,385	1,511	253	253	1,638	1,765
Bank debt	2,250	2,375	250	250	2,500	2,625
Convertible Bonds and related warrants	0	0	2,214	0	2,214	0
Total financial liabilities	**9,737**	**10,551**	**3,615**	**1,251**	**13,353**	**11,803**

Overall financial liabilities have slightly increased (+13%) and amount to 13.35 million.

Non-current financial liabilities amounted to € 9.74 million compared to € 10.55 million at 31 December 2017. The decrease is mainly explained by a reclassification of € 0.81 million in current liabilities for debt reaching maturity within the next 12 months.

Current financial liabilities amounted to € 3.62 million representing an increase of € 2.36 million mainly explained by the recognition of the debt linked to the Convertible Bonds and related warrants, here-after described.

Convertible Bonds and related warrants

On 7 March 2018, the Company has successfully placed senior, unsecured Convertible Bonds (the “CBs”) including warrants with a total commitment of EUR 19.45 million via a private placement.

The Convertible Bonds and related warrants were offered through an accelerated bookbuilding offering, open to institutional investors and such other investors as permitted under applicable private placement exceptions only. Bryan, Garnier & Co. acted as Sole Bookrunner for the Offering.

The CBs are in registered form, denominated EUR 2,500 each. The CBs do not bear any coupon and have a maturity date of twelve months after issuance. The CBs are convertible in ordinary shares at CB holders’ convenience before maturity or are automatically converted at maturity date at the Conversion Price. The Conversion Price will be equal to 92% of the Volume-Weighted-Averaged-Price of the Company’s shares as provided by Bloomberg LP of the day immediately preceding CB holder’s request of conversion or maturity date, but not lower than the par value (EUR 2.14) of the Company’s share. Upon conversion of the CBs, the new shares issued shall immediately bear the same right of all other existing shares and could be traded on the Euronext stock exchanges in Brussels and in Paris. The Company has also the right to redeem the CB at a price of EUR 2,577.31 instead of issuing new shares.

Each subscribed CB is accompanied by 19 bond warrants (the “Bond Warrants”) in registered form with a warrant term of 19 months. Each Bond Warrant entitles its holder to subscribe to one CB and can be exercised at an exercise price of EUR 2,500 per CB at the request of the warrant holder at any time during the warrant term. All bond warrants have to be exercised during the warrant term and the warrant holders could be obliged to exercise at least one of the 19 Bond Warrants every 30 calendar days.

A total amount of € 19.45 million in committed capital has been subscribed during the Offering. In March 2018, part of the investors has decided to immediately exercise warrants resulting in immediate gross proceeds of about € 6.58 million and 565,773 new shares to be created, increasing the total outstanding shares from 6,849,654 to 7,415,427 ordinary shares. In the ensuing 3 months, 1,002 bond warrants have been exercised which resulted in additional proceeds of € 2.51 million. During the same period, 757 bonds have been converted into shares resulting in a total of 7,632,350 ordinary shares. The remaining warrants will be exercised providing additional proceeds of EUR 10.36 million over a maximum period of 15 months.

The bonds and its warrants are financial liabilities and are designated as at Fair Value through Profit and Losses (FVTPL).

Based on several assumptions described here below, management has estimated the fair value of the financial liabilities using the issue price of the convertible bonds of 2,500 € and the implied discount of 8% on the share price at the time of conversion of the bonds to obtain the total amount of € 2.21 million at 30 June 2018.

In the context of measuring and presenting the fair value of the convertible bonds, management has made several assumptions:

- The Bond and its warrants cannot be transferred separately from each other. As a consequence, the bonds and related warrants have been considered as a single financial instrument.
- The company considers that the warrants and the conversion options in the Convertible Bonds are immediately exercisable. Therefore, no discounting applies. It has also been considered that the liquidity of the Company stock on the market allows to absorb the shares that would be issued as a result of bonds and warrants that have not been converted or exercised yet in a short period. Therefore, no timing/discount effect has been taken into account in the valuation. If this assumption would be incorrect, the fair value of the financial liability would be somewhat lower, due to the effect of discounting the same expected contractual cash flows over a relatively short period of time.
- The bond holders have no financial interest not to exercise their warrants immediately or not to convert their bond directly, as the bonds do not bear interest and the conversion options in the bonds are currently far “in the money”

- Given the business model and the liquidity requirements, the Company does not intend to repay the bond in cash. If this possibility would have been retained, the impact on the fair value would have been lower compared to the retained fair value as the [redemption] premium due in that case would be lower than the value of the discount offered to the investor.
- The Company has no reason to believe, based on available information, that over the remaining life of the instrument (maximum 15 months as from July 2018 onwards), the stock price would decrease below EUR 2,14 (par value). In such a scenario, the financial liability would then be significantly lower than the current valuation considered due to the effect of the floor on the conversion rate at the par value of the shares (EUR 2.14).

The cost associated with the offered discount on the share price at the time of conversion of the bonds has been recognised under financial expenses for an amount of € 1.69 million. This cost corresponds to the difference between the fair value of the CBs (issue price divided by 92%) and the issue price (2,500 €) for each bond and this for the total number of convertible bonds (7,780) included the outstanding warrants.

Summary of the situation at the beginning of the transaction and at 30 June 2018:

Initial financing round (7 March 2018)		Transactions until 30 June 2018		Situation on 30 June 2018	
# CBs purchased	389	# CB converted	3,152	# CBs outstanding	483
# warrants attached	7,391	# warrants exercised	3,246	# warrants outstanding	4,145
Total # CBs (Issued or to be issued)	7,780			Total # CBs remaining (Issued or to be issued)	4,628
Total proceeds committed	19,450,000 €	Proceeds obtained	9,087,500 €	Proceeds remaining	10,362,500 €
# shares outstanding (before private placement)	6,849,654	# shares issued	782,696	# shares outstanding	7,632,350

At each capital increase registered by the notary linked to an exercised conversion of a bond, the carrying amount (fair value) of the corresponding liability is transferred to equity for the par amount and the issue premium of the new shares created, the remainder corresponding to the discount is recorded under a specific reserve under equity.

Note 6 – Other current liabilities

Other current liabilities consist of the deferred income related to the government grants as detailed in the following table:

(in thousands of euros)	**30-06-18**	**31-12-17**
Deferred income on grants related to recoverable cash advances	2,723	4,029
Deferred income related to licensing agreement	0	1,629
Deferred income on grants related to patents	59	106
Other	(2)	0
Total	**2,780**	**5,764**

The Company observe a decrease in other current liabilities, more in particular in deferred income related to the recoverable cash advances and patent subsidies and also related to the upfront payment from Asahi Kasei Corporation. The impact of the upfront payment (related to IFRS 15) has been recognized in the equity statement as of 1 January 2018, because under IFRS 15 this revenue can be recognized whereas under IAS18 it had to be deferred (see Note 2.5.2).

Note 7 – Other operating income

The other operating income relate to the different grants received by the Group:

(in thousands of euros)	**30-06-18**	**30-06-17**
Grants income related to recoverable cash advances	(1,147)	(1,063)
Grants income related to exemption on withholding taxes	(344)	(379)
Grants income related to tax credit	(279)	(360)
Grants income related to patents	(79)	(112)
Other grants income	(31)	(8)
Total	**(1,880)**	**(1,922)**

Note 8 – Research and development expenses

The research and development expenses are described as follow:

(in thousands of euros)	**30-06-18**	**30-06-17**
Lab fees and other operating expenses	2,753	3,041
Employee benefits expenses	3,004	3,027
Depreciations, amortizations and impairment losses	247	212
Patents costs	215	150
Total	**6,218**	**6,430**

The research and development expenses for the first six months amount to € 6.22 million compared to € 6.43 million over the same period last year. The decrease in expenses is mainly related to the decrease of the R&D operating expenses in the clinical and manufacturing department. The recruitment of the patients has been finalized for the ALLOB studies in 2017.

Note 9 – General and administrative expenses

The general and administrative expenses are described as follow:

(in thousands of euros)	**30-06-18**	**30-06-17**
Employee benefits expenses	841	884
Depreciation and amortization expense	36	40
Other expenses	861	732
Total	**1,737**	**1,656**

General and administrative expenses for the first six months amount to € 1.74 million compared to € 1.66 million over the same period last year. The increase of the other expenses is mainly explained by the development of our strategic program.

Note 10 – Finance result

The net financial loss amounted to € 2.37 million compared with € 0.20 million in 2017. The net financial expenses are mainly impacted by the recognition of the share price discount included in the placement of the Convertible Bonds and related warrants (impact of € 1.69 million) and by the recognition of the transaction costs of € 0.51 million related to the private placement.

Note 11 – Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(in thousands of euros)	**30-06-18**	**30-06-17**
Profit/loss for the period attributable to the owners of the Company	(8,454)	(6,368)
Weighted average number of ordinary shares for basic loss per share (in number of shares)	7,252,411	6,849,654
Basic loss per share (in euros)	**(1.17)**	**(0,93)**

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

(in thousands of euros)	**30-06-18**	**30-06-17**
Profit/loss for the period attributable to the owners of the Company	(8,454)	(6,368)
Weighted average number of ordinary shares for diluted loss per share (in number of shares)	8,921,325	7,016,954
Diluted loss per share (in euros)	**(0.95)**	**(0.91)**

2.5.6. Financial instrument

The following table provides the category in which financial assets and financial liabilities are classified in accordance with IFRS 9 – *Financial Instruments: Recognition and Measurement.* There were no changes in the classification of financial instruments.

(in thousands of euros)	**IFRS 9 Category**	**30-06-18**	**31-12-17**
Other non-current financial assets			
Non-current receivables	At amortized cost	299	317
Trade and other receivables	At amortized cost	4,810	5,226
Cash and cash equivalents	At amortized cost	9,098	8,411
Total financial assets		**14,207**	**13,953**
Non-current financial liabilities			
Finance lease liabilities	At amortized cost	36	82
Government loans (RCA)	At amortized cost	6,067	6,583
Loans from related parties	At amortized cost	1,385	1,511
Bank debt	At amortized cost	2,250	2,375
Other non-current liabilities			
Put on non-controlling interests	At fair value through profit or loss	1,669	1,641
Current financial liabilities			
Finance lease liabilities	At amortized cost	96	121
Government loans	At amortized cost	803	627
Loans from related parties	At amortized cost	253	253
Bank debt	At amortized cost	250	250
Convertible Bonds and warrants	At fair value through profit or loss (fair value option)	2,163	0
Trade and other payables			
Trade payables	At amortized cost	1,977	2,808
Total financial liabilities		**14,972**	**13,497**

The fair value of financial instruments can be classified into three levels (1 to 3) based on the degree to which the inputs to the fair value measurements are observable:

- Fair value measurements of level 1 are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Fair value measurements of level 2 are based on inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (through prices) or indirectly (through input derived from prices);
- Fair value measurements of level 3 are based on valuation techniques comprising inputs which are unobservable for the asset or liability.

The fair value of financial instruments has been determined using the following methods:

- For short-term financial instruments, such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount measured at amortized cost;
- For floating rate liabilities, the fair value is considered not to be significantly different from the carrying amount measured at amortized cost;
- For derivative financial instruments (foreign currency, interest rate or forecasted cash flows), the fair value is determined using valuation models discounting future cash flows based on future interest rate curves, foreign currency curves or other forward prices;
- For the other derivative instruments, the fair value is determined by discounting future estimated cash flows;
- For fixed rate liabilities, the fair value is determined by discounted cash flows, based on the market interest rates at reporting date.

The carrying amounts of financial assets recognised in the interim consolidated financial statements at amortised cost approximate their fair values. The same situation is applicable for financial liabilities, except as detailed in the following tables:

	30-06-18		
(in thousands of euros)	**Carrying amount**	**Fair value**	**Fair value level**
Other non-current financial assets			
Non-current receivables	147	147	Level 2
Trade and other receivables	4,810	4,810	Level 2
Cash and cash equivalents	9,098	9,098	Level 2
Total financial assets	**14,055**	**14,055**	
Non-current financial liabilities			
Finance lease liabilities	36	36	Level 2
Government loans	6,067	7,861	Level 3
Loans from related parties	1,385	1,663	Level 2
Bank debt	2,250	2,510	Level 2
Other non-current liabilities			
Put on non-controlling interests	1,669	1,669	Level 3
Current financial liabilities			
Finance lease liabilities	96	96	Level 2
Government loans (RCA)	803	803	Level 2
Loans from related parties	253	253	Level 2
Convertible Bonds and warrants	2,214	2,214	Level 3
Bank debt	250	250	Level 2
Trade and other payables			
Trade payables	1,977	1,977	Level 2
Total financial liabilities	**16,998**	**19,332**	

	31-12-17		
(in thousands of euros)	**Carrying amount**	**Fair value**	**Fair value level**
Other non-current financial assets			
Non-current receivables	317	317	Level 2
Trade and other receivables	5,226	5,226	Level 2
Cash and cash equivalents	8,411	8,411	Level 2
Total financial assets	**13,953**	**13,953**	
Non-current financial liabilities			
Finance lease liabilities	82	82	Level 2
Government loans	6,583	7,656	Level 3
Loans from related parties	1,511	1,799	Level 2
Bank debt	2,375	2,664	Level 2
Other non-current liabilities			
Put on non-controlling interests	1,641	1,641	Level 3
Current financial liabilities			
Finance lease liabilities	121	121	Level 2
Government loans (RCA)	627	627	Level 2
Loans from related parties	253	253	Level 2
Bank debt	250	250	Level 2
Trade and other payables			
Trade payables	2,808	2,808	Level 2
Total financial liabilities	**16,252**	**17,901**	

The financial liabilities subsequently measured at fair value on Level 3 fair value measurement are the put option granted by the Group to non-controlling interests in SCTS, which has been fully consolidated, and the convertible bonds and related warrants.

The government loans related to the recoverable cash advances are measured at amortised costs (fair value is disclosed above).

Put Option granted by the Group to non-controlling interests in SCTS:

These commitments to purchase equity instruments have been recognized under other non-current liabilities and concern 50.1% of SCTS.

The table below shows the reconciliation of the level 3 fair value measurement:

Reconciliation in thousands of euros	30-06-18	31-12-17
Opening balance	1,641	1,635
Distribution of dividends	0	-60
Total gains or losses in profit or loss	28	60
Closing balance	**1,669**	**1,641**

The put option has been measured using a discounted cash flow analysis based on significant unobservable inputs, such as expected rate of return (6.5%) and discount rate (1.1%).

If the above unobservable input linked to the expected rate of return was 10% higher/lower while all the other variables were held constant, the carrying amount of the put option would increase/decrease by € 45,000 (H1 2018). For the first half of 2017, the increase/decrease would have been € 60,000.

Convertible bonds and related warrants

We refer to note 5 where the valuation of the corresponding financial liability has been described.

Reconciliation in thousands of euros	30-06-18
Opening balance	0
Change in fair value	10,702
Total gains or losses in profit or loss	(1,690)
Transfer to equity	(6,849)
Closing balance	**2,163**

The liability linked to the convertible bonds and related warrants can only be lower if the assumptions linked to the judgements of management (described under note 5) would be different.

Government loans related to the recoverable cash advances:

The fair value has been calculated as the weighted average of a best case, base case and worst case scenario for each project. The weight given to each scenario is as follows:

- Best case given the weight of the probability of success (PoS) given by the analysts (ranging from 20% to 40%) to each project whereby the project is successfully commercialized and a maximum of the commitments vis-à-vis the Walloon Region are honored.
- Worst case: the Company stops all activity in 2020 and will only honor its fixed commitments up to that date. Probability for this scenario has been set at 10% for all projects
- Base case: the Company honors only the fixed commitments (non-turnover related reimbursements) for each of the projects. The probability for this scenario has been set between 50% and 70%.

Based on those scenarios, the fair value, after discounting fixed commitments at rates between 1.08% and 2,91% and the turnover dependent reimbursements at a rate of 17.10% (average rate used by the analysts following the Company) amounts to € 8.66 million.

When applying a sensitivity analysis on the above varying the ponderations between the best and base case scenario (decreasing/increasing the PoS of the projects) and varying the discount rate used for discounting the turnover dependent reimbursements (using a discount rate for a more mature biotech company) we obtain the following results:

	Impact of PoS*				
in thousands €	**-40%**	**-20%**	**0**	**+20%**	**+40%**
DCF with discount rate of 17,10% used for turnover dependant reimbursement	8,010	8,282	8,664	9,122	9,580
DCF *with discount rate used for turnover dependant reimbursement* reduced to 12,50%**	8,667	9,045	9,575	10,210	10,845

** decrease/increase of best case versus increase/decrease of base case with the worst case scenario remaining at the same level*
*** DCF used for turnover dependant reimbursements*

If the interim analysis, based on a 12-month follow-up of patients, documents a strong sign of efficacy for PREOB®, the study recruitment could lead to an early stop of the trial. Results from the 12-month follow-up are expected in H2 2018. Based on those result, the PoS of PREOB® could increase up to 50%. In this case, the impact will be € 1.83 million (with a discounting factor of 17.10%) and € 2.51 million (with a discounting factor of 12.50%).

2.5.7. Related party transactions

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

2.5.7.1 Transactions with SISE

SISE, which is an associate of the Group, performed certain services for the Company, for which an amount of € 224,000 (€ 213,000 for the first half of 2017) was charged in 2018, being an appropriate allocation of costs incurred by the associate. Furthermore, a liability is recognised in the consolidated statement of financial position for an amount of € 168,000, consisting of trade payables (for an amount of € 130,000) and a finance lease liability for the long lease right on the land for an amount of € 38,000, of which € 35,000 is classified as a non-current liability.

2.5.7.2 Transactions with the Walloon Region

As a result of the relationship of the government (i.e. Walloon Region) with some shareholders of the Company and the extent of financing received, the Company judges that the government is a related party. In total till date, an amount of € 31.28 million was granted by the Walloon Region in recoverable cash advances ("avances récupérables"), patent subsidies and other operational subsidies. Next to the government grants, government agencies granted loans to the Group for a total amount of € 2.42 million.

2.5.7.3 Transactions with the Key management personnel

The remuneration of key management personnel has been described as follow:

	Period ended 30 June	
(in thousands of euros)	2018	2017
Number of management members	5	6
Short-term benefits	624	671
Share-based payments	26	17
Total	**650**	**688**
Cumulative number of warrants granted (in units)	60,000	83,800
Shares owned (in units)	0	0

Transactions with the non-executive directors can be summarized as follows:

	Period ended 30 June	
(in thousands of euros)	2018	2017
Share-based payments	0	0
Management fees	123	101
Total	**101**	**101**
Number of warrants granted (in units)	0	0
Shares owned (in units)	660,934	717,886

2.5.8. Events and updates after 30 June 2018

The interim financial report of 30 June 2018 was authorized for issue by the Board of Directors of the Company on 29 August 2018. Accordingly, events after the reporting period are those events that occurred between 1 July 2018 and 29 August 2018.

On 9 July 2018, the Extraordinary General Meeting (EGM) decided to decrease the share capital by an incorporation of losses of an amount of € 4.83 million without any reduction of shares. Following the capital increase, the share capital of the Company amounted to € 11.51 million and was represented by 7,632,350 shares.

On the same day, the EGM approved a new Warrants' plan 2018 for the granting of 220,000 subscription rights in the context of a program reserved mainly for members of the Company's personnel, and on an ancillary basis to certain consultants and directors of the Company, with a period of validity of seven years from the date of the offer to the beneficiary and ten years from the date of issue of the subscription rights. The exercise price will be the lesser of (i) the average closing price of the share during the 30 days before the date of the offer, and (ii) the last closing price that precedes the offer date.

On the same day, the EGM approved to allocate a maximum of 40,000 subscriptions rights of the 220.000 subscription rights to the non-executive directors of which 20,000 subscription rights will be in favor of the Chairman of the Board of Directors.

In July and August 2018, as a result of the conversion of 809 convertible bonds placed via the private placement on 7 March 2018, the share capital was increase by € 0.31 million with issuance of 202,599 new shares. The aggregate share premium for this transaction amounts to € 1.72 million. Following the capital increase, the share capital of the Company amounted to € 11.81 million and was represented by 7,834,949 shares.

3. Responsibility statement

The Board of Directors, represented by all its members, declares that, to the best of its knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2018, which have been prepared in accordance with IAS 34 'Interim Financial reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the undertakings included in the consolidation as a whole, and that the interim report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

4. Auditor's Report

Deloitte.

Report on the review of the consolidated interim financial information of Bone Therapeutics SA for the six-month period ended 30 June 2018

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 june 2018, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as explicative notes 1 to 11.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Bone Therapeutics SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 24,433 (000) EUR and the consolidated condensed statement of comprehensive income shows a consolidated loss (group share) for the period then ended of 8,454 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the 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 consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 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 performed in accordance with the International Standards on Auditing (ISA) 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 on the consolidated interim financial information.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Bone Therapeutics SA has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Liège, 29 August 2018

The statutory auditor

DELOITTE Réviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Julie Delforge

Certain statements, beliefs and opinions in this report are forward-looking; they reflect the Company or, as appropriate, the Company directors' current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. A multitude of factors including, but not limited to, changes in demand, competition and technology, can cause actual events, performance or results to differ significantly from any anticipated development. Forward looking statements contained in this report regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. As a result, the Company expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements in this report as a result of any change in expectations or any change in events, conditions, assumptions or circumstances on which these forward-looking statements are based. Neither the Company nor its advisers or representatives nor any of its subsidiary undertakings or any such person's officers or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does either accept any responsibility for the future accuracy of the forward-looking statements contained in this document or the actual occurrence of the forecasted developments. The reader is advised not to place any undue reliance on forward-looking statements, which speak only as of the date of this document.