Interim Financial Report

H1 2019

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 2019

1. REPORT OF THE BOARD OF DIRECTORS

The recently reported strong Phase IIa efficacy and safety results for our allogenic cell therapy product, ALLOB, in a second indication, together with our optimised, scalable proprietary cell manufacturing process, further underscore the potential of our technology to address high unmet needs in orthopaedics. The new funds recently raised allow us to execute on our business strategy focused on the further development of our innovative proprietary product pipeline. We are on track to submit two clinical trial applications by year-end to allow the start of late-stage clinical development for ALLOB in patients with delayed union fractures and JTA-004 to treat pain in patients with osteoarthritis of the knee. We continue to further build on the progress we made and look forward to reporting on the upcoming value inflection milestones.

For the first six months of 2019, total operating income slightly decreased to € 1.68 million compared to € 1.88 million in the first six months of 2018. The operating loss for the period amounted to € 5.44 million compared to € 6.08 million in H1 2018. The Group ended the first six months of 2019 with € 13.16 million in cash and cash equivalents.

Operational and Corporate Highlights

- In June, Bone Therapeutics announced the successful completion of the Phase IIa study of its allogeneic cell therapy product, ALLOB, in patients undergoing a lumbar spinal fusion procedure. The results demonstrated that treatment with ALLOB resulted in significant clinical and radiological improvements and that ALLOB was generally well-tolerated, consistent with previous reported results.
- In June, the Company significantly strengthened its Board of Directors with the appointment of Gloria Matthews, DVM, PhD, DACVS, an American citizen, as Independent Director. Gloria has more than 20 years of research and clinical experience in orthopaedics, osteoarthritis, rheumatology and cartilage repair with extensive expertise in medical devices, biologicals, and regenerative medicine. She has built an impressive business and medical network over the years and her knowledge will be invaluable as the Company is entering a next stage in its corporate development.
- In March, Olivier Godeaux, MD and Benoît Moreaux, PhD were appointed as Chief Medical Officer and Chief Scientific and Technology Officer respectively. Dr. Olivier Godeaux is a seasoned biopharmaceutical industry executive with a proven track record in advancing drug candidates through to regulatory approval and commercial launch. With 20 years of experience, Benoit Moreaux brings extensive industry expertise in strategic operations planning and execution, as well as global quality assurance.

Financial Highlights for the period ended 30 June 2019

- On 27 June, Bone Therapeutics announced that it successfully raised € 8.5 million in gross proceeds through a private placement of new shares via an accelerated bookbuild offering, and a non-dilutive subordinated bond placement.
- During the first six months of 2019, total operating income amounted to € 1.68 million, a slight decrease compared to the same period in 2018 (€ 1.88 million).
- Operating loss for the period amounted to € 5.44 million, compared to € 6.08 million in H1 2018.

- The Company ended the first six months of 2019 with € 13.16 million in cash and cash equivalents. Cash used for the period amounted to € 5.12 million, excluding net proceeds obtained from financing activities, compared to € 7.90 million over the same period of 2018.

Income statement

During the first six months of 2019, total operating income amounted to € 1.68 million, a slight decrease compared to the first half of 2018 (€ 1.88 million). Income resulted from the recognition of recoverable cash advances (€ 1.08 million), partial exemption of withholding tax payable on R&D salaries (€ 0.35 million), tax credit on investments (for € 0.25 million) and patent and other subsidies.

Research and development expenses decreased by 12.0% to € 5.47 million (€ 6.22 million in H1 2018). 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 decrease of 5.4% and amount to € 1.64 million versus € 1.74 million over the same period last year. The decrease of the other expenses is mainly explained by a better cost management.

As a result, the operating loss amounted to € 5.44 million in the first half of 2019, compared to € 6.08 million in the same period in 2018.

The net financial loss amounted to € 0.14 million compared with € 2.37 million in 2018. The net financial expenses were mainly impacted in 2018 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 € 0.58 million related to the corresponding private placement.

The net loss for the period amounted to € 5.59 million during the first six months ending 30 June 2019 compared to € 8.45 million in 2018.

Balance sheet

The Group's total assets amounted to € 27.94 million at 30 June 2019 compared with € 25.75 million at the end of December 2018 mainly explained by the increase of the current assets. Current assets increased by 15.7% to € 17.35 million at the end of June 2019 (€ 15.00 million in 2018). The increase is mainly explained by the increase of the cash and cash equivalents from € 8.17 million at the end of the December 2018 to € 13.16 million at 30 June 2019. The Company successfully raised EUR 8.5 million in gross proceeds through a private placement of 1,351,352 new shares via an accelerated bookbuild offering (for € 5.00 million), launched on 27 June 2019 and a non-dilutive subordinated bond placement (for € 3.5 million).

In counterparts, the trade and other receivables decreased by € 2.69 million mainly explained by the receipt of € 0.90 million from Asahi Kasei for the milestone payment and by the receipt of € 1.82 million from the Walloon Region for the ongoing recoverable cash advances contracts.

The non-current assets decreased by 1.0% to € 10.59 million (€ 10.75 million in 2018). This decrease relates to the Tax credit receivables (reclassification of the tax credit to short term for amount reaching maturity within the next 12 months which is higher than the recognition of the tax credit for the first 6 months of 2019) and by the financial assets (-€ 0.21 million). This decrease is offset by the increase of the PPE mainly with the recognition of the lease assets according to the new IFRS 16 rule (+€ 0.24 million) and to new laboratory equipment.

The Group's equity increased from € 4.49 million at the end of December 2018 to € 5.96 million at 30 June 2019, as a result of the share capital and share premium's increase (amounting to € 7.28 million), by the incorporation of the loss for the period (amounting to € 5.59 million), by the recognition of a specific reserve linked to the convertible bonds and warrants for € 0.20 million and by the recognition of the transactions costs for the equity operation of June 2019 for € 0.45 million.

Liabilities amounted to € 21.98 million in 2019 compared with € 21.26 million at the end of December 2018 representing an increase of € 0.72 million.

Current liabilities decreased and amounted to € 9.23 million at 30 June 2019 (compared to € 9.34 million at the end of 2018). The Group observed a decrease of the trade and other payables (-€ 1.20 million) which is offset by the increase of the other current liabilities and the recognition in the short term of the Put Option for an amount of € 1.68 million (we refer to Note 6 for more detail). The decrease is also 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 increased by 7.0% to € 12.76 million compared with € 11.93 million at 31 December 2018. The non-current liabilities are impacted by the recognition of the non-dilutive subordinated loan for an amount of € 3.33 million and offset by a reclassification of € 0.88 million in current liabilities for debt reaching maturity within the next 12 months but also by the reclassification of the Put Option in the other current liabilities.

Cash flow statement

The table in section 2.4 (see below) sets forth the Group's consolidated cash flow statement for the six-month periods ending 30 June 2019 and 30 June 2018.

Cash used for operating activities amounts to € 4.87 million for the first six months of 2019 compared to € 7.11 million for the first six months of 2018.

Total operating loss for the period amounts to € 5.44 million compared to a loss of € 6.08 million over the same period in 2018. The net negative impact of adjustments for non-cash items amounted to in total € 0.92 million compared to € 1.20 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 2019 for the grants and milestone payment amounted to € 2.51 million compared to € 1.04 million in 2018 (grants - part of which reimbursements is turnover-dependent).

Working capital was negatively impacted for the first six months of 2019 for an amount of € 1.02 million following a reduction in trade payables for an amount of € 1.05 million and a decrease in trade receivables of € 0.03 million. For the first six months of 2018 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 € 0.27 million for the first six months of 2019 compared with € 0.18 million for the first six months of 2018. This mainly represents further investments made in terms of laboratory equipment.

Cash flow generated from financing activities amounts to € 10.12 million for the first six months of 2019 compared with € 7.98 million for the first six months of 2018.

Financial cash inflows during H1 2019 are as follows:

- Cash in from the private placement (convertible bonds and related warrants) and equity transaction through a private placement on 27 June 2019 (total amount received of € 7.28 million);
- Cash in from the non-dilutive subordinated loan placement (€ 3.50 million);

- recoverable cash advances provided to the Group by the Walloon Region (R&D project financing) for an amount of € 0.55 million in 2019 (€ 0.35 million in 2018) (part for which reimbursements is turnover-independent).

Financial cash outflows during H1 2019 are as follows:

- Transaction costs for the equity transaction and the non-dilutive subordinated loan placement (€ 0.62 million);
- other reimbursements (lease contracts and bank loans) and interest paid for an amount of € 0.53 million in 2019 (€ 0.46 million in 2018).

Outlook for the remainder of 2019

- In the second half of 2019, the Company plans to submit a clinical trial application (CTA) with the regulatory authorities to start a Phase II/III programme with its allogeneic cell therapy product, ALLOB, in patients with delayed-union fractures, using its proprietary, optimised production process.
- Also, in the second half of 2019, the Company plans to submit a CTA with the regulatory authorities to start a Phase III programme with its off-the-shelf product for osteoarthritis pain, JTA-004.
- Good cost and cash management will remain a key priority, as already reflected in our operating expenses. Cash used in H2 2019 is expected to amount to € 6-7 million largely driven by external costs associated with increased clinical development activities due to the preparation of new clinical studies and partially offset by decreased internal costs, resulting in an anticipated net cash burn of € 12-13 million for the full year 2019. Taking into account the total gross proceeds of € 8.5 million raised through the Private Placement and the Bond Issuance in June, 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 Q3 2020.

Risks and uncertainties

For a detailed description of the risks associated to the activities of the Group, we refer to the Annual Report 2018 available on the Company's website.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

2.1. Interim Condensed Consolidated Statement of Financial Position

Consolidated Assets IFRS per: **(in thousands of euros)**	**Note**	**30-06-19**	**31-12-18**
Non-current assets		**10,592**	**10,754**
Intangible assets		16	22
Property, plant and equipment	**1**	6,405	6,203
Investments in associates		323	326
Financial assets		117	323
Deferred tax assets		3,731	3,881
Current assets		**17,347**	**15,000**
Trade and other receivables	**2**	4,030	6,724
Other current assets		158	102
Cash and cash equivalents	**3**	13,159	8,174
TOTAL ASSETS		**27,939**	**25,753**

Consolidated Equity & Liabilities IFRS per: *(in thousands of euros)*	**Note**	**30-06-19**	**31-12-18**
Equity attributable to owners of the parent		**5,958**	**4,491**
Share capital		15,541	12,532
Share premium		57,306	53,478
Accumulated losses		(67,535)	(62,136)
Other reserves		647	618
Non-controlling interests		**0**	**0**
Total Equity	**4**	**5,958**	**4,491**
Non-current liabilities		**12,755**	**11,925**
Financial liabilities	**5**	12,755	10,247
Other non-current liabilities		0	1,678
Current liabilities		**9,226**	**9,337**
Financial liabilities	**5**	3,248	2,606
Trade and other payables		2,790	3,996
Current tax liabilities		11	11
Other current liabilities	**6**	3,178	2,725
Total liabilities		**21,981**	**21,262**
TOTAL EQUITY AND LIABILITIES		**27,939**	**25,753**

2.2. Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of euros)	Note	For the six-months period ended	
		30-06-19	30-06-18
Revenues		0	0
Other operating income		**1,679**	**1,880**
Total revenues and operating income	**7**	**1,679**	**1,880**
Research and development expenses	**8**	(5,472)	(6,218)
General and administrative expenses	**9**	(1,643)	(1,737)
Operating profit/(loss)		**(5,436)**	**(6,076)**
Interest income		31	78
Financial expenses	**10**	(162)	(2,442)
Exchange gains/(losses)		*(3)*	*(4)*
Share of profit/(loss) of associates		*(3)*	*0*
Result Profit/(loss) before taxes		**(5,572)**	**(8,444)**
Income taxes		(20)	(10)
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD		**(5,592)**	**(8,454)**
Basic and diluted loss per share (in euros)	**11**	**(0.65)**	**(1.17)**
Profit/(loss) for the period attributable to the owners of the Company		(5,536)	(8,452)
Profit/(loss) for the period attributable to the non-controlling interests		(55)	(2)
Total comprehensive income/(loss) for the period attributable to the owners of the Company		(5,536)	(8,452)
Total comprehensive income/(loss) for the period attributable to the non-controlling interests		(55)	(2)

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 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	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	(30)	**(30)**	0	(30)
BALANCE AT 30 JUNE 2018	**16,338**	**48,870**	**(61,211)**	**3,995**	**0**	**3,995**
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**

2.4. Interim Condensed Consolidated Statement of Cash Flows

Consolidated Statements of Cash Flows *(in thousands of euros)*	**For the six-month period ended 30 June** **2019**	**2018**
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(5,436)	(6,076)
Adjustments for:		
Depreciation, Amortisation and Impairments	389	283
Share-based compensation	21	26
Grants income related to recoverable cash advances	(1,075)	(1,147)
Grants income related to patents	(8)	(79)
Grants income related to tax credit	(250)	(281)
Other	1	(6)
Movements in working capital:		
(Increase)/Decrease in Trade and other receivables (excluding government grants)	28	111
Increase/(Decrease) in Trade and other Payables	(1,049)	(979)
Increase/(Decrease) in Other current liabilities (excluding government grants)	2	(2)
Cash used by operations	**(7,378)**	**(8,150)**
Cash received from licensing agreement	900	0
Cash received from grants related to recoverable cash advances	1,273	820
Cash received from grants related to patents	14	0
Cash received from grants related to tax credit	344	232
Income taxes paid	(20)	(10)
Net cash used in operating activities	**(4,866)**	**(7,107)**
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	1	1
Purchases of property, plant and equipment	(271)	(183)
Purchases of intangible assets	(2)	0
Net cash used in investing activities	**(272)**	**(183)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	546	352
Repayment of government loans	0	(495)
Reimbursements of financial lease liabilities	(255)	(197)
Reimbursements of other financial loans	(125)	(125)
Interests paid	(147)	(133)
Transaction costs	(620)	(512)
Proceeds from issue of equity instruments of the Company	7,282	7,880
Proceeds received from convertible loan	(57)	1,208
Proceeds received from subordinated bonds	3,500	0
Net cash generated from financing activities	**10,124**	**7,976**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,985**	**687**
CASH AND CASH EQUIVALENTS at beginning of the period	**8,174**	**8,411**
CASH AND CASH EQUIVALENTS at end of the period	**13,159**	**9,098**

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 as the "**Group**") are active in regenerative therapy specializing 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, a strong expertise in both 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 of Bone Therapeutics SA for the six months ended 30 June 2019 include Bone Therapeutics SA and its affiliates. These were authorized for issue by the Board of Directors on 29 August 2019.

2.5.2. Summary of significant accounting policies

The Group's interim consolidated financial statements for the six-month period ended 30 June 2019 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 Group for the year ended 31 December 2018, except for the adoption of new standards and interpretations described below.

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

The nature and the effect of the changes related to IFRS16 were taken into consideration, and the above amendments affected the condensed interim consolidated financial statements as follows:

Change in accounting policies - IFRS 16 Leases

As from 1 January 2019, the Group no longer applies IAS 17 "Leases". IFRS 16 is applicable for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition. Measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under IAS 17.

The Group's leased assets relate mainly to transportation equipment and IT and laboratory equipment.

On January 1, 2019, the Group

- adopted IFRS 16, using the modified retrospective approach and did not restate comparative information;
- measured the lease liability for leases previously classified as an operating lease at the present value of the remaining lease payments, discounted using the respective Group entity's incremental borrowing rate as of 1 January 2019. The lease liability amounted to € 0.32 million. The weighted average incremental borrowing rate was 4.0 %.

The Group has used the IFRS 16 option not to take into account short-term and low-value contracts.

Please find below the reconciliation between the operating lease commitments at 31 December 2018 and the right of use assets and lease liabilities at 1 January 2019:

	2019
Operating lease commitments disclosed as at 31 December 2018	849
Discounted using the lessee's incremental borrowing rate of at the date of initial application	800
Add: finance lease liabilities recognised as at 31 December 2018	257
(Less): short-term leases not recognised as a liability	(124)
(Less): low-value leases not recognised as a liability	(353)
Add/(less): contracts reassessed as lease contracts	0
Add/(less): adjustments as a result of a different treatment of extension and termination options	0
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	0
Lease liability recognised as at 1 January 2019	**580**
Of which are:	
Current lease liabilities	264
Non-current lease liabilities	316
	580

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 2019 have been established under going concern based on the following:

The Company today has sufficient cash to take its research and development programs forward into Q3 2020. The Company plans to raise funds during the first half of 2020 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 € 6.41 million at 30 June 2019 showing an increase of € 0.20 million. The increase is explained by the new acquisition of the laboratory equipment for € 0.28 million and € 0.32 million for the IT and transportation equipment in relation with the application of the new IFRS16 rule. The amount of depreciation recorded over the first six months of 2019 amounted to € 0.39 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)	**30/06/2019**	**31/12/2018**
Trade receivables		
Trade receivables	33	939
Write-downs on trade receivables	0	0
Total trade receivables	**33**	**939**
Other receivables		
Receivable related to taxes	337	359
Receivable related to tax credit	397	343
Receivable related to recoverable cash advances	2,884	4,704
Receivable related to patent grants	379	379
Total other receivables	**3,997**	**5,785**
Total trade and other receivables	**4,030**	**6,724**

Trade and other receivables amounted to € 4.03 million showing a decrease of € 2.69 million compared to the end of December 2018. The decrease results mainly from the reduction of the receivables related to the recoverable cash advances (€ 1.82 million of payments received during the period) and also by the receipt of the milestone payment from Asahi Kasei, after reaching a regulatory milestone following a successful consultation with the Japanese Regulatory Authority for PREOB for a net amount of € 0.9 million.

Note 3 - Cash and cash equivalents

The cash position at the end of June 2019 amounted to € 13.16 million compared to € 8.17 million at 31 December 2018. The strengthened cash position was the result of the exercise of convertible bond warrants issued in March 2018 for an amount of € 2.22 million (see note 5), and the successful private placement of new shares and non-dilutive subordinated bond placement in the successful operation of 27 June 2019 raising € 8.5 million in gross proceeds.

During the first six months of 2019, the Company has collected a proceed of € 10.73 million (before € 0.61 million of transaction costs). In the same period, the Company has used € 5.74 million in operation, investing, and financing activities.

Note 4 – Equity

The Group's equity increased from € 4.49 million at the end of December 2018 to € 5.96 million (an increase of € 1.46 million) at 30 June 2019.

Share capital and share premium

From January 2019 to June 2019, 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 € 0.97 million with issuance of

641,425 new shares. The aggregate share premium for this transaction amounts to € 1.31 million. Following the capital increase, the share capital of the Company amounted to € 13.50 million and was represented by 8,951,971 shares. The share premium accounts amount to € 55.79 million (including transaction costs).

Via the Private Placement on 27 June 2019, the Company has raised EUR 5.0 million and placed 1,351,352 new shares with current and new institutional investors in Belgium and abroad at a price of EUR 3.70 per share, which represents a 15% discount to the day before closing price. The new shares represent 15.1% of the Company's shares currently admitted to trading on Euronext Brussels and Euronext Paris (pre-transaction). The share capital was increased by € 2.04 million. The aggregate share premium for this transaction amounts to € 2.96 million. Following the capital increase, the share capital of the Company amounted to € 15.54 million and was represented by 10,303,323 shares. The share premium accounts amount to € 57.31 million (including transactions costs).

The Company recorded an amount of € 0.45 million as being the transactions costs for the equity operation.

Share-based Payments Scheme

The Company currently has 2 subscription rights plans outstanding:

On 24 February 2014, the extraordinary general shareholders' meeting of the Company created and approved a plan which consisted in the issue of 113,760 subscription rights for employees, consultants and Directors (plan A). On At the date of this Report, 87,998 subscription rights have been granted and accepted, the remaining 25,762 subscription rights can still be offered;

On 18 December 2014, the extraordinary general shareholders' meeting of the Company approved a second plan for the issue of the 145,000 subscription rights for the CEO, CFO and CCRO (Plan C). At the date of publication of this Report, 145,000 subscription rights have been granted and accepted but as the conditions were not respected anymore, 22,500 subscription rights have been cancelled.

On the date of the publication of this Report, the following warrants are outstanding in accordance with the above-mentioned plans:

Plan	Plan A	Plan C	Total
CEO	36,000	-	**36,000**
CFO	24,000	-	**24,000**
CCRO	-	20,000	**20,000**
Consultant	4,000	-	**4,000**
Board members	7,998	-	**7,998**
Former CTMO	5,333	-	**5,333**
Former CFO	-	35,000	**35,000**
Former CEO	-	67,500	**67,500**
Total	**77,331**	**122,500**	**199,831**

Compared to the last version published, there are no more warrants in Plan B as the conditions were not met anymore

The ordinary general meeting of 12 June 2019 decided to limit the possibility reserved to the Board of Directors to issue subscription rights within the framework of annual plans issued in the context of the authorised capital, to a maximum of 0.6% of the number of shares existing at the time of the issue of the said subscription rights.

The following plans were established:

Plan	Beneficiaries	Number of warrants issued	Number of warrants granted	Exercise price of warrants granted	Expiry
Warrant Plan A	Employees, consultants or Directors	113,760	77,331	€ 4.11, € 7.72 and € 8.77	February 2024
Warrant Plan C	CEO, CFO, CCRO	145,000	122,500	€ 11	December 2019
TOTAL		**304,760**	**199,831**		

The main terms and the fair value at grant date of warrants granted out of Plan A and C are as follows:

Options series	Number	Grant Date	Expiry date	Exercise price	Fair Value at grant date
(1) Warrant Plan C	122,500	22-12-14	18-12-19	11	4.11
(2) Warrant Plan A	24,000	19-12-16	23-02-24	7.72	3.10
(3) Warrant Plan A	5,333	31-08-17	01-02-21	8.77	3.18
(4) Warrant Plan A	47,998	28-02-19	23-02-24	4.11	1.95

The fair value of the warrants has been determined at grant date based on the Black-Scholes formula. The variables, used in this model, are:

	Plan A - TL	Plan A - BC	Plan A - 2019	Plan C
Number of warrants granted	24,000	5,333	47,998	145,000
Exercise price (in €)	7.72	8.77	4.11	11
Fair value of the share at grant date	7.72	8.77	4.11	11
Expected dividend yield	0	0	0	0
Expected volatility	35.80%	35.80%	56.40%	43.52%
Risk-free interest rate	0.00%	0.00%	0.00%	0.05%
Duration in years	6.15	5.15	4.11	4.99
Fair value (in €)	3.1	3.18	1.95	4.11

There was no warrant exercised in 2019. At closing 2019, all the warrants of Plan C are vested.

Note 5 – Financial liabilities

Financial liabilities are detailed as follows:

(in thousands of euros)	Non-current		Current		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Finance lease liabilities	223	151	206	106	430	257
Government loans	6,026	6,688	1,565	742	7,591	7,430
Loans from related parties	1,181	1,283	203	228	1,385	1,511
Bank debt	2,000	2,125	250	250	2,250	2,375
Non-dilutive subordinated bond	3,325	0	0		3,325	0
Convertible Bonds	0	0	1,023	1,279	1,023	1,279
Total financial liabilities	**12,755**	**10,247**	**3,248**	**2,606**	**16,003**	**12,853**

Overall financial liabilities have increased (+24%) and amount to 16.00 million.

Non-current financial liabilities amounted to € 12.76 million compared to € 10.25 million at 31 December 2018. The increase is mainly explained by the recognition of the non-dilutive subordinated bond and by a reclassification of € 0.90 million in current liabilities for debt reaching maturity within the next 12 months.

Current financial liabilities amounted to € 3.25 million representing an increase of € 0.64 million mainly explained by the reclassification of short-term debts.

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 15 months, 3,967 bond warrants have been exercised which resulted in additional proceeds of € 9.92 million. During the same period, 3,917 bonds have been converted into shares resulting in a total of 8,951,971 ordinary shares. The remaining warrants will be exercised providing additional proceeds of € 2.95 million over a maximum period of 4 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 € 1.02 million at 30 June 2019.

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 4 months as from July 2019 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).

Last year, 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 2019:

Initial financing round (7 March 2018)		Transactions until 30 June 2019		Situation on 30 June 2019	
# CBs purchased	389	# CB converted	6,318	# CBs outstanding	282
# warrants attached	7,391	# warrants exercised	6,211	# warrants outstanding	1,180
Total # CBs (Issued or to be issued)	7,780			Total # CBs remaining (Issued or to be issued)	1,462
Total proceeds committed	19,450,000 €	Proceeds obtained	16,500,000 €	Proceeds remaining	2,950,000 €
# shares outstanding (before private placement)	6,849,654	# shares issued	2,102,317	# shares outstanding	8,951,971

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.

Non-dilutive subordinated loan

Via the Bond Issuance of June 2019, the Company has raised € 3.5 million. The non-dilutive subordinated bonds will be issued in registered form, redeemable at 100% of their principal amount with a maturity of 48 months and a coupon of 8% per annum. The coupon will be payable annually. The Company also recorded some transactions costs of € 0.18 million

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)	**30-06-19**	**31-12-18**
Deferred income on grants related to recoverable cash advances	1.439	2.675
Deferred income on grants related to patents	56	50
Other	1.683	0
Total	**3.178**	**2.725**

The Group observe an increase in other current liabilities, mainly explained by the recognition in short term of the Put Option on Non-Controlling Interests in Skeletal Cell Therapy Support:

> The Company has granted to the 50.1% non-controlling interests in SCTS an option to sell (put option) their SCTS shares to the Company. This put option is exercisable as from 1 January 2020 at a strike price amounting to the net assets of SCTS multiplied by the percentage held, with a minimum price floored at 90% of the share subscription value. This put option on non-controlling interests (own equity instrument) gives rise to a gross liability that is initially recognised against equity and measured

at the present value of the redemption amount (strike price). This gross liability is subsequently measured at fair value with changes in fair value recognized in profit or loss.

In this context, management made estimations in measuring the expected net assets of SCTS on 1 January 2020 taking into account that the SCTS shareholders' agreement prescribes in substance that a minimum return of 6.5% shall be reached on the investment as from the fourth year of SCTS incorporation. The expected net assets value has been discounted to the reporting date using a rate of 1.1%. In the statement of financial position on 30 June 2019, the fair value of the gross liability for the put option on non-controlling interests in SCTS amounts to € 1,683,000 (€ 1,678,000 in 2018).

In addition, the Company holds an option to buy (call option) the 50.1% non-controlling interests in SCTS. This call option is exercisable from 1 January 2014 until 31 December 2019 at such a strike price that non-controlling interests realize an internal rate of return reaching 8% on capital contributed to SCTS. This call option is a derivative financial asset of the Company. Considering however that the strike price is based on a return of 8% whereas the minimum agreed return is limited to 6.5% as from the fourth year of SCTS incorporation, management concluded that this call option will always be out of the money. As a result, the fair value of this derivative financial asset is negligible.

It is offset by the decrease of the deferred income related to the recoverable cash advances and patent subsidies.

Note 7 – Other operating income

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

(in thousands of euros)	30-06-19	30-06-18
Grants income related to recoverable cash advances	1,075	1,147
Grants income related to exemption on withholding taxes	346	344
Grants income related to tax credit	247	279
Grants income related to patents	8	79
Other grants income	3	31
Total	**1,679**	**1,880**

Note 8 – Research and development expenses

The research and development expenses are described as follow:

(in thousands of euros)	30-06-19	30-06-18
Lab fees and other operating expenses	2,134	2,753
Employee benefits expenses	2,882	3,004
Depreciations, amortizations and impairment losses	356	247
Patents costs	100	215
Total	**5,472**	**6,218**

The research and development expenses for the first six months amount to € 5.47 million compared to € 6.22 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 2018. The Company is preparing the submission of a clinical trial application (CTA) with the regulatory authorities in Europe and the United States for the Phase III programme with JTA-004 in patients with knee osteoarthritis and for the start of a Phase II/III clinical trial with ALLOB in patients with delayed-union fractures, using its proprietary, optimised production process.

Note 9 – General and administrative expenses

The general and administrative expenses are described as follow:

(in thousands of euros)	**30-06-19**	**30-06-18**
Employee benefits expenses	893	841
Depreciation and amortization expense	33	36
Other expenses	717	861
Total	**1,643**	**1,737**

General and administrative expenses for the first six months amount to € 1.64 million compared to € 1.74 million over the same period last year. The decrease of the other expenses is mainly the result of the diligent use of the available funds and increased cost monitoring.

Note 10 – Finance result

The net financial loss amounted to € 0.14 million compared with € 2.37 million in 2018. The net financial expenses were mainly impacted in 2018 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 in March 2018.

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:

	30/06/2019	**30/06/2018**
Profit/loss for the period attributable to the owners of the Company	(5,592)	(8,454)
Weighted average number of ordinary shares for basic loss per share (in number of shares)	8,622,012	7,249,100
Basic/diluted loss per share (in euros)	**(0.65)**	**(1.17)**

Due to the loss of the period, no dilutive instruments are considered for the diluted earnings per share 2019 and 2018 as the inclusion of these instruments would have an adverse effect, *i.e.* reducing the loss per share. The impact of the dilutive instruments on the weighted average on ordinary shares would be as follows:

(in thousands of euros)	**30/06/2019**	**30/06/2018**
Impact on weighted average number of ordinary shares outstanding		
Share-based payment plan - warrants	210,498	167,300
Convertible bonds and the attributed warrants	902,714	1,028,441

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)	**IFRS9 Category**	**30/06/19**	**31/12/18**
Other non-current financial assets			
Non-current receivables	financial assets at amortized cost	117	323
Trade and other receivables	financial assets at amortized cost	3,263	5,083
Cash and cash equivalents	financial assets at amortized cost	13,159	8,174
Total financial assets		**16,539**	**13,580**
Non-current financial liabilities			
Finance lease liabilities	At amortised cost	224	151
Government loans (RCA)	At amortised cost	6,018	6,688
Loans from related parties	At amortised cost	1,181	1,283
Bank debt	At amortised cost	2,125	2,125
Non-dilutive subordinated bond	At amortised cost	3,321	0
Other non-current liabilities			
Put on non-controlling interests	At fair value through profit and loss	0	1,678
Current financial liabilities			
Finance lease liabilities	At amortised cost	206	106
Government loans (RCA)	At amortised cost	1,565	742
Loans from related parties	At amortised cost	203	228
Convertible bonds	At fair value through profit and loss	1,023	1,279
Bank debt	At amortised cost	250	250
Trade and other payables			
Trade payables	At amortised cost	2,142	3,043
Other current liabilities			
Put on non-controlling interests	At fair value through profit and loss	1,681	0
Total financial liabilities		**19,939**	**17,573**

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:

(in thousands of euros)	30-06-19		
	Carrying amount	**Fair value**	**Fair value level**
Other non-current financial assets			
Non-current receivables	117	117	Level 2
Trade and other receivables	3,263	3,263	Level 2
Cash and cash equivalents	13,159	13,159	Level 2
Total financial assets	**16,539**	**16,539**	
Non-current financial liabilities			
Finance lease liabilities	224	224	Level 2
Government loans	6,018	8,310	Level 3
Loans from related parties	1,181	1,181	Level 2
Bank debt	2,125	2,125	Level 2
Non-dilutive subordinated bond	3,321	3,321	Level 2
Current financial liabilities			
Finance lease liabilities	206	206	Level 2
Government loans (RCA)	1,565	1,565	Level 2
Loans from related parties	203	203	Level 2
Convertible bonds	1,023	1,023	Level 3
Bank debt	250	250	Level 2
Trade and other payables			
Trade payables	2,142	2,142	Level 2
Other current liabilities			
Put on non-controlling interests	1,681	1,681	Level 3
Total financial liabilities	**19,939**	**22,231**	

(in thousands of euros)	Carrying amount	31/12/18 Fair value	Fair value level
Other non-current financial assets			
Non-current receivables	323	323	Level 2
Trade and other receivables	5,083	5,083	Level 2
Cash and cash equivalents	8,174	8,174	Level 2
Total financial assets	**13,580**	**13,580**	
Non-current financial liabilities			
Finance lease liabilities	151	151	Level 2
Government loans	6,688	8,667	Level 3
Loans from related parties	1,283	1,535	Level 2
Bank debt	2,125	2,357	Level 2
Other non-current liabilities			
Put on non-controlling interests	1,678	1,678	Level 3
Current financial liabilities			
Finance lease liabilities	106	106	Level 2
Government loans (RCA)	742	742	Level 2
Loans from related parties	228	228	Level 2
Convertible bonds	1,279	1,279	Level 3
Bank debt	250	250	Level 2
Trade and other payables			
Trade payables	3,043	3,043	Level 2
Total financial liabilities	**17,573**	**20,036**	

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 and is also a Level 3 measurement).

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)***	**30/06/19**	**31/12/18**
Opening balance	1,678	1,641
Impact of the dividend paid	0	0
Total gains or losses in profit or loss	3	37
Closing balance	**1,681**	**1,678**

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 € 43,000 (2018: increase/decrease by € 58,000).

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)*	**30/06/2019**	**31/12/2018**
Opening balance	1,279	0
Change in fair value	(20)	16,482
Total gains or losses in profit or loss	0	(1,691)
Transfer to equity	(2,282)	(12,996)
Closing balance	**1,023**	**1,279**

The liability linked to the convertible bonds and related warrants can only be lower if the assumptions linked to the judgments 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) determined by the Management based on the analysts' reports (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 € 9.88 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:

in thousands €			**Impact of PoS***		
	-40%	**-20%**	**0**	**+20%**	**+40%**
DCF with discount rate of 17,10% used for turnover dependent reimbursement	9,082	9,413	9,875	10,432	11,535
DCF *with discount rate used for turnover dependent reimbursement* reduced to 12,5%**	9,733	10,168	10,777	11,509	12,870

** 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 dependent reimbursements*

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 € 261,000 (€ 224,000 for the first half of 2018) was charged in 2019, 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 € 193,000, consisting of trade payables (for an amount of € 155,000) 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 Group and the extent of financing received, the Group judges that the government is a related party. In total till date, an amount of € 33.15 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)	**2019**	**2018**
Number of management members	5	6
Short-term benefits	597	624
Share-based payments	(2)	26
Total	**595**	**650**
Cumulative number of warrants granted (in units)	60,000	60,000
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)	**2019**	**2018**
Share-based payments	23	0
Management fees	98	123
Total	**122**	**123**
Number of warrants granted (in units)	7,998	0
Shares owned (in units)	47,038	660,934

2.5.8. Events and updates after 30 June 2019

The interim financial report of 30 June 2019 was authorized for issue by the Board of Directors of the Company on 29 August 2019. Accordingly, events after the reporting period are those events that occurred between 1 July 2019 and 29 August 2019.

From July till the date of this H1 Report, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 216,646 with issuance of 143,474 shares and amounts to € 15,757,251 and is represented by 10,446,797 shares. The aggregate share premium for this transaction amounts to € 300,827.

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 2019, 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.

On behalf of the Board of Directors,

Thomas Lienard SPRL,
represented by Thomas Lienard

Finsys Management SPRL,
represented by Jean-Luc Vandebroek

4. AUDITOR'S REPORT

Deloitte.

Bone Therapeutics SA

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2019

The original text of this report is in French

Bone Therapeutics SA | 30 June 2019

Report on the review of the consolidated interim financial information of Bone Therapeutics SA for the six-month period ended 30 June 2019

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 interim condensed consolidated statement of financial position as of 30 June 2019, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flows statement for the period of six months then ended, as well as selective 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 subsidiary (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 27,939 (000) EUR and the consolidated condensed income statement shows a consolidated loss (group share) for the period then ended of 5,536 (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.

1

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 2019

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/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.