Interim Financial Report

H1 2022 – 30/06/2022

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 2022 (30/06/2022)

1. REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We are pleased to present you our half-year report including the consolidated financial statements for the accounting period that ended 30 June 2022 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Operational and Corporate Highlights

- In March 2022, Bone Therapeutics realigned its strategic priorities to fully concentrate on the clinical development of its most advanced asset, ALLOB.
- In May 2022, Bone Therapeutics entered into a non-binding term sheet and exclusive discussions for a period of three months with the shareholders of Medsenic. Medsenic is a privately held, clinical stage biopharmaceutical company incorporated in France, specializing in the development of optimized formulations of arsenic salts and their application in inflammatory conditions and other potential new indications.

Financial Highlights for the 6-month period ended 30 June 2022

- In April 2022, Bone Therapeutics signed a binding term sheet for a EUR 5 million convertible bonds (CBs) facility arranged by ABO Securities. The proceeds of the financing will be particularly used to advance the clinical development of Bone Therapeutics' lead asset, ALLOB. At the end of May 2022, Bone Therapeutics signed the definitive subscription agreement for a maximum EUR 5 million CBs facility with ABO Securities. The CBs will be issued and subscribed in ten tranches.
- During the first six months of 2022, total operating income amounted to EUR 0.40 million, a slight decrease compared to the same period in 2021 (EUR 0.77 million).
- Operating loss for the period amounted to EUR 3.96 million, compared to EUR 5.72 million in H1 2021.
- The Company ended the first six months of 2022 with EUR 3.96 million in cash and cash equivalents. Net cash used for the period amounted to EUR 5.55 million, compared to EUR 8.63 million over the same period of 2021.
- The combined group is expected to have a proforma cash position of at least EUR 5 million at closing. The Company plans to raise funds in the form of a private placement of new shares at the end of 2022 in order to finance the combined activities of Medsenic and the Company. In the meantime, the Company will make use of the existing EUR 5 million convertible facility obtained via ABO to finance its activities and to finance the convertible loan granted to Medsenic for of up to EUR 2 million, to secure their projects during this period.
- Disciplined cost and cash management will remain a key priority. The operating cash burn for the full year 2022 is expected to be in the range of EUR 8-10 million and a financing cash burn of approximately EUR 1.3 million, assuming normal operation as we continue to feel the effects of the COVID-19 pandemic.
- Based on the completion of the current CB financing operation as mentioned above and the announced sole focus on the completion of the ALLOB TF2 study with related downsizing of the company the Board is of the opinion that it is appropriate to prepare the 2022 interim financial statements of the Company under the assumption of going concern, considering a projected operational cash burn of €8 to 10 million for 2022 and a cash runway into the Q1 2023.

Subsequent events

- In July 2022, Bone Therapeutics announced an optimized statistical analysis and the implementation of an interim analysis for the ongoing Phase IIb clinical trial with its allogeneic bone cell therapy product, ALLOB. With the improved statistical analysis, the number of required patients could be reduced by 20%. The interim analysis will be added to the study providing an early assessment of ALLOB's efficacy based on radiological data of the first 66 evaluable patients and more stringent efficacy end point criteria.
- In August 2022, Bone Therapeutics and Medsenic announced the signature of a binding contribution agreement to combine the operations of both companies by means of a share for share exchange, subject to the approval of the shareholders' meeting. The acquisition will result in the business combination of Bone Therapeutics and Medsenic to create BioSenic, a speciality biopharma company. 51% of Medsenic shares (valued at around EUR 40 million) will be contributed at a subscription price per share of EUR 0.45. In addition, each existing share will be entitled to subscribe to one additional share at EUR 0.45 in case of successful ALLOB interim results. Bone Therapeutics aims to acquire the remaining outstanding capital of Medsenic within 24 to 36 months. Following the completion of the Business Combination, it is anticipated that the executive leadership team will bring in François Rieger (CEO) and Véronique Pomi-Schneiter (Executive Director).

Income statement

During the first six months of 2022, total operating income amounted to € 0.40 million compared to € 0.77 million for the first half of 2021. Income resulted from the recognition of recoverable cash advances (€ 0.07 million), partial exemption of withholding tax payable on R&D salaries (€ 0.15 million), tax credit on investments (for € 0.15 million) and patent and other subsidies.

Research and development expenses decreased by 35% to € 3.12 million (€ 4.77 million in H1 2021). This decrease is mainly related to the decrease in R&D operating expenses from clinical operations and following the reorientation of the company to primarily focus on ALLOB Phase IIB completion.

General and administrative expenses for the first six months show a decrease of 28% and amount to € 1.24 million versus € 1.73 million over the same period last year. The decrease of the general expenses is mainly explained by the recognition of the settlement with the FSMA for € 0.50 million signed in July 2021.

As a result, the operating loss amounted to € 3.96 million in the first half of 2022, compared to € 5.72 million in the same period in 2021.

The net financial profit amounted to € 0.75 million compared with a net financial loss of € 0.36 million in 2021. The net financial incomes were mainly impacted in 2022 by the recognition of the stop of the JTA development which led to a non-reimbursement to the Walloon region of € 1.07 million. The net financial expenses were mainly impacted by the interest expenses on the loans of EIB, and with the Insurance companies.

The net loss for the period amounted to € 3.21 million during the first six months ending 30 June 2022 compared to € 6.07 million in 2021.

Balance sheet

The Group's total assets amounted to € 11.73 million on 30 June 2022 compared with € 19.77 million at the end of December 2021 mainly explained by the decrease of the current assets. Current assets decreased by 52% to € 6.88 million at the end of June 2022 (€ 14.29 million in 2021). The decrease is mainly explained by the decrease of the cash and cash equivalents of € 5.55 million showing a cash position of € 3.96 million on 30 June 2022.

The decrease of the current assets is also impacted by the receipt of the guarantee of €1.20 million which had been placed in an escrow account as part of the deal with Catalent for the resale of the SCTS subsidiary.

The non-current assets decreased by 11.5% to € 4.85 million (€ 5.48 million in 2021). This decrease only related to the reclassification in short term of € 0.71 million in relation with the tax credit to be obtained in early 2023.

The Group's equity decreased from a negative amount of € 6.77 million at the end of December 2021 to a negative amount of € 9.97 million on 30 June 2022, as a result of the incorporation of the loss for the period (amounting to € 3.21 million).

Liabilities amounted to € 21.70 million in 2022 compared with € 26.54 million at the end of December 2021 representing a decrease of € 4.83 million.

The non-current liabilities decreased by €4.85 million compared to last year and amounted to € 15.23 million. The decrease is mainly explained by the stop of JTA development (which led to a non-reimbursement to the Walloon region of € 1.07 million) and by the reclassification into the current liabilities of the non-convertible bonds with the Insurance companies into the short term (for a total of € 3.40 million). The non-current liabilities are mainly composed of the convertible bonds for an amount of € 1.97 million, by the non-convertible bonds for an amount of € 9.79 million, leasing debts for €0.46 million and the debts to be repaid to the Walloon Region in relation of Recoverable cash advances for € 2.80 million.

Current liabilities remained stable and amounted to € 6.69 million on 30 June 2022 (compared to € 6.67 million at the end of 2021). The current financial liabilities increased with €3.40 million in relation with the non-convertible bonds with the Insurance companies to be reimbursed in June 2023 and with €0.45 million in relation with the convertible bonds program with ABO signed in May 2022. In the other hand, the Company also observed a large decrease in the trade and other payables for an amount of 3.09 million and also in the deferred income for €0.74 million (for the partially recognition of the recoverable cash advance into the comprehensive income and the early stop of the ongoing conventions).

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 2022 and 30 June 2021.

Cash used for operating activities amounts to € 6.29 million for the first six months of 2022 compared to € 6.22 million for the first six months of 2021.

Total operating loss for the period amounts to € 3.96 million compared to a loss of € 5.72 million over the same period in 2021. The net negative impact of adjustments for non-cash items amounted to in total € 0.14 million compared to € 0.39 million during the previous year relating to depreciation, share based payments and recognition of grant income from RCA's, patent subsidies and tax credits. No cash received in 2022 for the grants and milestone payment amounted compared to € 2.09 million in 2021 (grants and milestones).

There was a reduction of working capital in 2022 for an amount of € 2.19 million compared to € 2.19 million in 2021.

Cash flow from investing activities shows a net use of cash of € 0.04 million for the first six months of 2022 compared with € 0.05 million for the first six months of 2021.

Cash flow generated from financing activities amounts to a cash in of € 0.79 million for the first six months of 2022 compared with a use of cash of € 2.37 million for the first six months of 2021.

Financial cash inflows during H1 2022 are as follows:

- Receipt of the guarantee of €1.20 million which had been placed in an escrow account as part of the deal with Catalent for the resale of the SCTS subsidiary.
- Convertible Bonds from ABO for an amount of €0.50 million.

Financial cash outflows during H1 2022 are as follows:

- Interest paid for €0.45 million in 2022 (€0.35 million in 2021).
- other reimbursements (lease contracts and recoverable cash advances reimbursement) and interest paid for an amount of € 0.49 million in 2022.

In 2021, the Company reimbursed the bridge loans to the banks and to Sambrinvest for € 2.06 million.

Outlook for the remainder of 2022 and 2023

- The transaction between Bone Therapeutics and Medsenic is subject to the approval of the contribution by Bone Therapeutics' shareholders at an extraordinary shareholders' meeting ('ESM') to be convened by the Board of Bone Therapeutics in the course of September 2022. The transaction is also subject to certain other customary conditions including the confirmation that the proposed Business Combination would not lead to the necessity, for any subscriber involved to launch a mandatory takeover bid on Bone Therapeutics.
- The Phase IIb trial of Bone Therapeutics' ALLOB, a randomized, double-blind, placebo-controlled study in patients with high-risk tibial fractures, is still ongoing and set to report important interim results in the first half of 2023.
- The Medsenic Phase II clinical study with arsenic trioxide in the first-line treatment of cGvHD (chronic GvH) is complete and provided positive results. A phase IIa clinical trial for Lupus had previously established proof of concept of safety for the patient and efficacy on the course of the autoimmune disease: a Phase 2b clinical trial for severe Lupus is in the planning stage. A Phase III study of cGvHD is also currently anticipated to start in 2023. Also, positive preclinical work gives good grounds for a Phase 2 clinical trial on systemic sclerosis.
- The reverse merger between Bone Therapeutics and Medsenic will soon lead to a new company, BioSenic. The new company plans to accelerate its development-mainly based upon clinical research, and will raise funds, in the form of a first private placement of new shares at the end of 2022, in order to finance its combined activities.

Risks and uncertainties

For a detailed description of the risks associated to the activities of the Group, we refer to the Annual Report 2021 available on the Company's website.

2. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

2.1. Unaudited Interim Condensed Consolidated Statement of Financial Position

Consolidated Assets IFRS per: *(in thousands of euros)*	Note	30/06/2022	31/12/2021
Non-current assets		**4,853**	**5,481**
Intangible assets		30	24
Property, plant and equipment		784	863
Investments in associates		12	12
Other non-current assets		96	96
R&D Tax Credits	**1**	3,930	4,486
Current assets		**6,878**	**14,291**
Trade and other receivables	**2**	2,416	2,581
Other current assets		500	1,000
Financial assets	**3**	0	1,200
Cash and cash equivalents	**4**	3,963	9,510
TOTAL ASSETS		**11,732**	**19,772**

Consolidated Equity & Liabilities IFRS per: *(in thousands of euros)*	Note	30/06/2022	31/12/2021
Equity attributable to owners of the parent		**(9,972)**	**(6,765)**
Share capital		4,967	4,924
Share premium		69,441	69,499
Accumulated losses		(84,716)	(81,488)
Other reserves		336	301
Total Equity	**5**	**(9,972)**	**(6,765)**
Non-current liabilities		**15,011**	**19,864**
Interest bearing borrowings	**6**	15,003	19,752
Other non-current liabilities		8	112
Current liabilities		**6,693**	**6,673**
Interest bearing borrowings	**6**	4,900	1,046
Trade and other payables	**7**	1,732	4,822
Other current liabilities	**8**	61	804
Total liabilities		**21,704**	**26,537**
TOTAL EQUITY AND LIABILITIES		**11,732**	**19,772**

2.2. Unaudited Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of euros)	Note	For the six-months period ended 30/06/2022	For the six-months period ended 30/06/2021
Revenues		0	0
Other operating income	**9**	396	773
Total revenues and operating income		**396**	**773**
Research and development expenses	**10**	(3,115)	(4,768)
General and administrative expenses	**11**	(1,242)	(1,726)
Operating profit/(loss)		**(3,961)**	**(5,721)**
Financial Income	**12**	1,178	0
Interest income	**12**	3	23
Financial expenses	**12**	(416)	(362)
Exchange gains/(losses)		(18)	(13)
Result Profit/(loss) before taxes		**(3,213)**	**(6,072)**
Income taxes		0	0
Result Profit/(loss) for the Period		**(3,213)**	**(6,072)**
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD		**(3,213)**	**(6,072)**
Basic and diluted loss per share attributable to the owners of the Company (in euros)	**13**	**(0.15)**	**(0.52)**
Profit/(loss) for the period attributable to the owners of the Company		(3,213)	(6,072)
Total comprehensive income/(loss) for the period attributable to the owners of the Company		(3,213)	(6,072)

2.3. Unaudited Interim Condensed Consolidated Statement of Changes in Shareholder's Equity

	Attributable to owners of the parent			
(in thousands of euros)	Share capital	Share premium	Accumulated Losses & other reserves	Total equity attributable to owners of the parent
BALANCE AT 1 JANUARY 2021	**8,415**	**67,594**	**(72,684)**	**3,325**
Total comprehensive income of the period	0	0	(6,072)	**(6,072)**
Issue of share capital	0	0	0	**0**
Decrease of share capital	(4,602)	0	4,602	**0**
Transaction costs for equity issue	0	(36)	0	**(36)**
Specific reserve for convertible bonds	0	0	(60)	**(60)**
Share-based payment	0	0	(17)	**(17)**
Other	0	0	11	**11**
BALANCE AT 30 JUNE 2021	**3,813**	**67,558**	**(74,220)**	**(2,849)**
BALANCE AT 1 JANUARY 2022	**4,924**	**69,499**	**(81,188)**	**(6,765)**
Total comprehensive income of the period	0	0	(3,213)	**(3,213)**
Issue of share capital	43	7	0	**50**
Transaction costs for equity issue	0	(65)	0	**(65)**
Share-based payment	0	0	0	**0**
Other	0	0	20	**20**
BALANCE AT 30 JUNE 2022	**4,967**	**69,441**	**(84,381)**	**(9,973)**

2.4. Unaudited Interim Condensed Consolidated Statement of Cash Flows

Consolidated Statements of Cash Flows *(in thousands of euros)*	**For the six-month period ended 30 June**	
	2022	**2021**
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(3,962)	(5,721)
Adjustments for:		
Depreciation, Amortisation and Impairments	113	64
Share-based compensation	0	(17)
Grants income related to recoverable cash advances	(71)	(294)
Grants income related to patents	4	(13)
Grants income related to tax credit	(147)	(205)
Other	(36)	78
Movements in working capital:		
(Increase)/Decrease in Trade and other receivables (excluding government grants)	549	(139)
Increase/(Decrease) in Trade and other Payables	(2,743)	(2,053)
Cash used by operations	**(6,293)**	**(8,301)**
Cash received from licensing agreement	0	933
Cash received from grants related to recoverable cash advances	0	639
Cash received from grants related to patents	0	56
Cash received from other grants	0	0
Cash received from grants related to tax credit	0	459
Income taxes paid	0	0
Net cash used in operating activities	**0**	**(6,215)**
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	3	29
Purchases of property, plant and equipment	(28)	(75)
Purchases of intangible assets	(16)	(6)
Net cash used in investing activities	**(41)**	**(52)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	0	274
Repayment of government loans	(280)	(142)
Reimbursements of loan from related parties	(56)	(629)
Reimbursements of lease liabilities	(61)	(17)
Reimbursements of bank loans	0	(1,500)
Interests paid	(451)	(354)
Transaction costs	(65)	0
Proceeds from issue of equity instruments / convertible bonds	500	0
Guarantee facilities	1,200	0
Net cash generated from financing activities	**787**	**(2,367)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(5,547)**	**(8,635)**
CASH AND CASH EQUIVALENTS at beginning of the period	**9,510**	**14,648**
CASH AND CASH EQUIVALENTS at end of the period	**3,963**	**6,014**

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 Granbonpré 11 - Bâtiment H (bte 24), 1435 Mont-St-Guibert, Belgium. The shares of the Company are publicly listed on NYSE Euronext Brussels and Paris since 6 February 2015.

The Company and its affiliates 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-month period ended 30 June 2022 include Bone Therapeutics SA and its affiliates. These were authorized for issue by the Board of Directors on 7 September 2022.

2.5.2. Summary of significant accounting policies

The Group's interim consolidated financial statements for the six-month period ended 30 June 2022 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 condensed interim consolidated financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2021 financial statements.

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 2021 except for the convertible bonds program with ABO described in Note 6.

Applicable IFRS Standards and Interpretation

New Standards, Interpretations and Amendments adopted by the Group

During the current financial period, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the European Union and effective for the accounting year starting on January 1, 2022. The Group has not applied any new IFRS requirements that are not yet effective as per June 30, 2022.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC as adopted by the European Union are effective for the financial period:

- Annual improvements to IFRSs 2018-2020 Cycle (May 2020)
- IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (May 2020)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (May 2020)
- IFRS 3 Business Combinations – Amendments updating a reference to the Conceptual Framework (May 2020)

The adoption of these new standards and amendments has not led to major changes in the Group's accounting policies.

Standards and Interpretations issued but not yet effective in the current period

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued by the IASB and the IFRIC but are not yet effective as per 30 June 2022 and/or not yet adopted by the European Union as per 30 June 2022 and for which the impact might be relevant:

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (February 2021)
- IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (May 2021) *
- IFRS 17 Insurance Contracts - 7 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (annual periods beginning on or after 1 January 2023) (December 2021) *
- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (January 2020) * and Amendment to defer the effective date of the January 2020 amendments (July 2020) * and Amendments regarding the disclosure of accounting policies (February 2021) *

** Not yet endorsed by the EU as of June 30, 2022*

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2022 which have been issued by the IASB and the IFRIC but are not yet effective as per 30 June 2022 and/or not yet adopted by the European Union as per 30 June 2022, are expected to have a material effect on the Group's future financial statements.

Basis of preparation

The consolidated financial statements are presented in thousands of euros, unless otherwise stated. Euro is also the functional currency of the Company and the Group. 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 cost basis, unless otherwise stated.

2.5.3. Going concern statement

The consolidated balance sheet on 30 June 2022 shows a negative equity in the amount of € 9.97 million and a cash position of € 3.96 million. The Company is still in a development phase conducting a clinical trial to achieve regulatory approval and pre-clinical development which implies various risks and uncertainties. Based on the 2022 revised projected cash forecast considering an operating cash burn of €8 million to €10 million and a projected financing cash burn of around €1.3 million, the Company anticipates having sufficient cash to carry out its revised strategic focus, namely achieving an efficacy outcome milestone with ALLOB TF2 Phase IIb clinical study by H1 2023 considering the following relevant assumptions:

- a collection of a milestone payment from the licensees Link Health-Pregene of € 0,93 million.
- The issuance of a convertible bond amounting to €5 million as of May 2022 with a long stop date of 18 months of which the first tranches amounting to €1.5 million have been drawn at the date of the Report. An amount of €1.0 million can still be issued without liquidity conditions and assuming compliance with the permitted indebtedness as imposed by certain lenders of the company. The company also has the possibility to extend this contract for an issuance of an extra €5 million in the future.
- No further delays together with an acceleration of the patient recruitment in the Phase IIb ALLOB clinical study in high-risk tibial fractures. CRO costs and related milestone payments are projected in line with ICON proposal and realistic BT timing.
- The Company already further downsizes the team during the first half of 2022, allowing the company to execute its redefined and focused strategic priorities concentrating on the development of its most advanced clinical asset, the allogeneic cell therapy platform, ALLOB and abandon all other activities. In this context disciplined cost and cash management with further restructuring of any excess capacity were assumed.

The assumptions made above comprise various risks and uncertainties, mainly but not limited to the timing of collection of certain funds, the uncertainty about the ALLOB interim top line results, and the uncertainty related to the equity. Based on cash flow forecasts for the next twelve months including significant expenses and cash outflows for the ongoing clinical trials and the issuance of the Convertible Bond in the amount of € 4.5 million, the cash runway of the company is expected into Q1 2023 on a stand-alone basis.

On top of that, and in the objective to reinforce the pipeline, the Company and Medsenic, a privately held, clinical stage biopharmaceutical company incorporated in France and specialized in the development of optimized formulations of arsenic salts and their application in inflammatory conditions and other potential new indications, announced on 10 August 2022 the signature of a binding contribution agreement to combine the operations of both companies by means of a share for share exchange, subject to the approval of the shareholders' meeting.

Integrating both biopharmaceutical companies would significantly derisk and broaden Bone Therapeutic's therapeutic portfolio, targeting a broad array of inflammatory and orthopedic indications. Both companies currently are running several mid to advanced stage clinical trials ongoing in lupus, chronic graft-versus-host disease, tibial fractures and other indications. As a result, there would be a number of economic, financial and operational benefits and synergies in combining the clinical development programs within one organization.

The Company plans to raise funds in the form of a private placement of new shares at the end of 2022 in order to finance the combined activities of Medsenic and the Company for an approximate gross amount of €15 million. In the meantime, the Company will make use of the existing EUR 5 million convertible facility obtained via ABO to finance its activities and to finance the convertible loan granted to Medsenic for of up to EUR 2 million to secure the projects of Medsenic during this period.

Hence the Company will continue to require additional financing to continue its operations in the longer turn. The Company also continues to evaluate other options with a potential positive impact on the going concern such as an optimized statistical analysis and the implementation of an interim analysis for the ongoing Phase IIb clinical trial with its allogeneic bone cell therapy product, ALLOB. The Company expects to announce the recommendation of the DSMB for the interim analysis and to report topline results as scheduled by the first half of 2023. The Company will continue to hold discussions with potential partners in Europe and US to explore business opportunities as ALLOB is approaching the announcement of the Interim results in the 1st half of 2023.

All of the above circumstances and events are however subject to material uncertainties, which may cast significant doubt about the Company's ability to continue as a going concern.

Nevertheless, based on the completion of the current CB financing operation as mentioned above and the announced sole focus on the completion of the ALLOB TF2 study with related downsizing of the company, and with the combination of the 2 companies, the Board is of the opinion that it is appropriate to prepare the 2022 interim financial statements of the Company under the assumption of going concern, considering a projected operational cash burn of €8 to 10 million for 2022 and a cash runway into the 2nd half of 2023. The Board of Directors remain confident about the strategic focus taken and have decided, after due consideration, that the application of the valuation rules in the assumption of a "going concern" is justified. The latter is reinforced by the nature of the ongoing discussions potentially further strengthening the going concern beyond the results of the Phase IIb ALLOB clinical study as the Company's ability to continue operations also depends on its ability to raise additional capital and to refinance existing debt in order to fund operations and assure the solvency of the Company.

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 – R&D tax credits

The R&D tax credits are detailed as follows:

R&D tax credits	**Total**	
(in thousands of euros)	**30/06/2022**	**31/12/2021**
Non-current assets portion	3,930	4,486
Current assets portion	703	0
Total R&D tax credits	**4,633**	**4,486**

The total of the R&D tax credits amount to € 4.63 million and show an increase of € 0.15 million, which corresponds to the portion recognize in other operating income as it has been treated as a government grant.

Note 2 – Trade and other receivables

The trade and other receivables are detailed as follows:

Trade and other receivables	**Total**	
(in thousands of euros)	**30/06/2022**	**31/12/2021**
Trade receivables		
Trade receivables	1,026	1,029
Write-downs on trade receivables	0	0
Total trade receivables	**1,026**	**1,029**
Other receivables		
Receivable related to taxes	179	278
Receivable related to tax credit	703	0
Receivable related to recoverable cash advances	230	671
Receivable related to Non-refundable subsides	21	331
Receivable related to patent grants	257	271
Total other receivables	**1,390**	**1,552**
Total trade and other receivables	**2,416**	**2,581**

Trade and other receivables amounted to € 2.42 million showing a decrease of € 0.17 million compared to the end of December 2021. The trade receivables mainly contain the milestones payment to be obtained from Link Health for an amount of € 0.93 million

Note 3 – Financial assets

The financial assets were related to the two bank guarantees of each €0.60 million constituted as a result of the sale of the subsidiary in November 2020. The bank Guarantee was issued for a term of 18 months as of the Closing Date of the deal, unless if within such period a Claim shall have been made. As no Claim appeared during this period, the Company was able to end the bank Guarantee in May 2022.

Note 4 - Cash and cash equivalents

The cash position at the end of June 2022 amounted to € 3.96 million compared to € 9.51 million on 31 December 2021. The Company has used € 5.54 million in operation, € 0.04 million in investing, and € 1.21 million in financing activities. In the other hands, the Company received € 1.25 million in operations activities, such as reimbursement of guarantee facilities and proceeds from equity instruments.

Note 5 – Equity

The Group's equity decreased from a negative amount of € 6.77 million at the end of December 2021 to a negative amount of € 9.97 million on 30 June 2022.

Share capital and share premium

On 31 May 2022, the Company announced that it has signed the definitive subscription agreement for a maximum EUR 5 million convertible bonds (CBs) facility arranged by ABO Securities, through its affiliated entity Global Tech Opportunities 15. The proceeds of the financing will contribute to continuing to advance the clinical development of Bone Therapeutics' lead asset, its allogeneic bone cell therapy, ALLOB.

Following this signature, on 20 June 2022, the share capital was increased by €42,592.55 with the issuance of 185,185 new shares. The aggregate share premium for this transaction amounts to €7,407.40. Following the capital increase, the share capital of the Company amounted to € 4,966,591.18 and is represented by 21,495,705 shares.

Share-based Payments Scheme

The Company currently has 3 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). At the date of the Document, 69,331 subscription rights have been granted and accepted and 33,333 warrants were expired in December 2021. The Ordinary General Meeting of 10 June 2020 took note of the number of Plan A subscription rights still available for granting, i.e. 25,761 subscription rights and decided to cancel the said residual subscription rights.

- On 28 May 2020, the Board of directors of the Company created and approved a plan which consisted in the issue of 69,978 subscription rights for employees, management members and Directors (plan 2020/05).

- On 23 December 2020, the Board of directors of the Company created and approved a plan which consisted in the issue of 99,832 subscription rights for employees, management members and Directors (plan 2020/12).

On 18 December 2021, a total amount of 33,333 warrants from Plan A expired of which 28,000 warrants from the former CEO Thomas Liénard and 5,333 warrants from the former CTMO Benoit Champluvier. In addition, we corrected the total outstanding warrant for Plan 12/2020 on behalf of the Board Member Jean-Paul Prieels for an amount of 2,000 warrants as these have not been accepted.

Please find the variation in the outstanding warrants during the year 2022:

Plan	31/12/2021	Offered	Cancelled	Loss	30/06/2022
Plan A	35,998	0	0	0	35,998
Plan 2020/05	63,724	0	0	0	63,724
Plan 2020/12	97,832	0	0	0	97,832
Total	**197,554**	**0**	**0**	**0**	**197,554**

The following plans were established during the year 2014 and 2020:

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	87,998	4.11, 7.72 and 8.77	February 2024
Warrant Plan 2020/05	CEO, CFO	69,978	63,724	2.74	May 2027
Warrant Plan 2020/12	Employees, consultants or Directors	93,578	99,832[1]	2.55	December 2027
TOTAL		**277,316**	**251,554**		

[1] 6,254 warrants were granted in December 2020 but issued in May 2020

On the date of this Document, the following subscription rights are outstanding in accordance with the above-mentioned plan:

Plan	Total
CEO	109,724
CBO	5,000
Consultant	5,000
Board members	72,830
Former CMO	5,000
Total	**197,554**

Note 6 – Financial liabilities

The evolution of the financial liabilities are detailed as follows:

(in thousands of euros)	2022	2021
Balance on 1 January, as previously reported		
Non-current	19,864	11.720
Current	1,046	3.077
Total	**20,911**	**14,797**
Adjusted balance at 1 January	**20,911**	**14,797**
Issues	**500**	**8,685**
Leasing agreement	0	573
EIB and warrants	0	8.112
Convertible bonds ABO	500	0
Repayments	**(384)**	**(2,774)**
Leasing agreement	(48)	(45)
Governments loans	(280)	(372)
Loan from related parties	(56)	(675)
Bank debt	0	(1,500)
Convertible Bonds	0	(182)
Other	**(1,116)**	**202**
Change in estimated cash flow	72	202
Conversion of the convertible bonds	(50)	0
Stop of JTA	(1,138)	0
At	**30/06/2022**	**31/12/2021**
Non-current	15.011	19.864
Current	4.900	1.046
Total	**19.911**	**20,911**

There are some outstanding covenants with respect to the financial liabilities, such as related to the Novallia loans in case the Company has difficulties regarding continuity. In case of a public take-over bid, we refer to Annual Report 2021 in section 6.5.

Overall financial liabilities have decreased (-3.7%) and amount to 15.23 million.

Non-current financial liabilities amounted to € 15.01 million compared to € 19.86 million on 31 December 2021 and are mainly composed on Convertible Bonds and Non-Convertible Bonds (for a total of € 11.76 million).

The variation is mainly explained by the reclassification of the non-convertible bonds with the Insurance companies into the short term (for a total of € 3.40 million) and by the stop of the JTA development which led to a non-reimbursement to the Walloon region of € 1.07 million).

Current financial liabilities amounted to € 4.90 million representing a large increase of € 3.85 million mainly explained by the reclassification of the non-convertible bonds with the Insurance companies into the short term (for a total of € 3.40 million).

Convertible bonds facility with ABO

The Company announced on 31 May 2022 that it has signed the definitive subscription agreement for a maximum EUR 5 million convertible bonds (CBs) facility arranged by ABO Securities, through its affiliated entity Global Tech Opportunities 15. The proceeds of the financing will contribute to continuing to advance the clinical development of Bone Therapeutics' lead asset, its allogeneic bone cell therapy, ALLOB.

ABO Securities has committed to subscribe to up to EUR 5 million in CBs. The CBs will be issued and subscribed in ten tranches. A first tranche of 10 CBs with an aggregate principal amount of € 0.5 million has been subscribed by ABO in June 2022. The issue and subscription of the remaining nine tranches with a principal amount of € 500,000 each can be requested at Bone Therapeutics' sole discretion over an eighteen-month period beginning on the signing date of the subscription agreement, subject to customary conditions to be met. More precisely, Bone Therapeutics shall be entitled to require the investor to subscribe to a new tranche without the investor's prior written consent, following a period whose duration shall be of (i) five (5) trading days following the closing date of the first tranche and following the closing date of the second tranche and of (ii) thirty (30) trading days following the closing date of each tranche from the third tranche onwards, subject to customary conditions to be met.

The CBs, denominated € 50,000 each, will be in the form of unsecured, subordinated, registered bonds. The CBs will not bear any coupon and have a maturity date of five years after issuance. The CBs are convertible into ordinary shares of Bone Therapeutics. The conversion price will be equal to 95% of the lowest 1-day VWAP of the ordinary shares of Bone Therapeutics observed during a period of ten consecutive trading days expiring on the trading day immediately preceding the date of CB holder's request of conversion.

The convertible bond is a hybrid financial instrument and contains, from the issuer's perspective, a host liability, and an embedded derivative (conversion option). For the valuation of this hybrid financial instrument, the Company used an annual interest rate of 7% and a risk premium of 2% with a time to maturity of 5 years. Each tranche is valued once the Company receives the cash on its bank account. From the 1st Tranche received in June 2022 and after conversion of 1 CB, the liability component has been valorized at € 292,469. The difference has been recognized at the value of € 157,531 as embedded derivative.

On 30 June 2022, the Company received a first tranche of €0.50 million and €0.05 million was converted into shares.

Note 7 – Trade and other payables

Trade and other payables are detailed as follows:

(in thousands of euros)	**30/06/2022**	**31/12/2021**
Trade payables	1,590	4,502
Other payables	141	320
Total	**1,732**	**4,822**

Trade payables (composed of supplier's invoices and accruals for supplier's invoices to receive at reporting date) are non-interest bearing and are in general settled 30 days from the date of invoice.

The decrease of € 3.09 million is mainly related to trade payables which included important invoices at the end of 31 December 2021 related to the Contract Research Organizations ("CRO") for the ongoing clinical studies (JTA & ALLOB). Given the finalization of the study in the course of the first half 2022, the total outstanding trade payable invoices have decreased accordingly.

Note 8 – 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)	**30/06/2022**	**31/12/2021**
Deferred income on grants related to recoverable cash advances	(14)	339
Deferred income non-refundable grants RW	0	398
Deferred income on grants related to patents	75	67
Total	**61**	**804**

Note 9 – Other operating income

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

(in thousands of euros)	**30/06/2022**	**30/06/2021**
Grants income related to recoverable cash advances	71	294
Grants income related to exemption on withholding taxes	147	177
Grants income related to tax credit	147	205
Grants income related to patents	(4)	13
Other grants income	34	84
Total	**396**	**773**

Note 10 – Research and development expenses

The research and development expenses are described as follow:

(in thousands of euros)	**30/06/2022**	**30/06/2021**
Lab fees and other operating expenses	1,812	3,059
Employee benefits expenses	1,088	1,379
Depreciations, amortizations and impairment losses	82	51
Patents costs	134	279
Total	**3,115**	**4,768**

The research and development expenses for the first six months amount to € 3.12 million compared to € 4.77 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 department.

The decrease is mainly related to lower incurred costs from clinical operations with the "CRO" for completed Clinical trial for JTA in Phase III in 2021 and reduced costs for ALLOB in Phase IIB for the difficult fractures in combination with lower staffing costs which reduced from €1.38 million in 2021 to €1.09 million in 2022 following the reorientation of the company to primarily focus on ALLOB Phase IIB completion. Patent costs decreased from 0.28 million in 2021 to 0.13 million in 2022.

Note 11 – General and administrative expenses

The general and administrative expenses are described as follow:

(in thousands of euros)	30/06/2022	30/06/2021
Employee benefits expenses	419	552
Depreciation and amortization expense	32	13
Other expenses	792	1,161
Total	**1,242**	**1,726**

General and administrative expenses for the first six months amount to € 1.24 million compared to € 1.73 million over the same period last year. The decrease is mainly explained by the recognition of the settlement with the FSMA for an amount of € 0.50 million in 2021.

Note 12 – Finance result

The net financial profit amounted to € 0.75 million compared with a net financial loss of € 0.36 million in 2021. The net financial incomes were mainly impacted in 2022 by the recognition of the stop of the JTA development which led to a non-reimbursement to the Walloon region of € 1.07 million. The net financial expenses were mainly impacted by the interest expenses on the loans of EIB, and with the Insurance companies.

Note 13 – Earnings per share

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

	30/06/2022	30/06/2021
Profit/loss for the period attributable to the owners of the Company	(3,213)	(6,072)
Weighted average number of ordinary shares for basic loss per share (in number of shares)	21,320,667	16,478,168
Basic/diluted loss per share (in euros)	**(0.15)**	**(0.52)**

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**	**30/06/2022**	**31/12/2021**
Non-current receivables	financial assets at amortized cost	96	96
Trade and other receivables	financial assets at amortized cost	508	1,274
Financial assets	financial assets at amortized cost	0	1,200
Cash and cash equivalents	financial assets at amortized cost	3,963	9,510
Total financial assets		**4,567**	**12,079**
Non-current financial liabilities			
Finance lease liabilities	At amortised cost	458	509
Government loans (RCA)	At amortised cost	2,798	4,250
Loans from related parties	At amortised cost	0	25
Non-Convertible Bonds	At amortised cost	9,789	13,019
Convertible Bonds	At amortised cost	1,959	1,949
Other non-current financial liabilites	At fair value through profit and loss	8	112
Current financial liabilities			
Finance lease liabilities	At amortised cost	104	101
Government loans (RCA)	At amortised cost	898	864
Loans from related parties	At amortised cost	50	81
Non-Convertible Bonds	At amortised cost	3,398	0
Convertible Bonds	At fair value through profit and loss	158	0
Convertible Bonds	At amortised cost	292	0
Trade and other payables			
Trade payables	At amortised cost	1,590	4,502
Total financial liabilities		**21,501**	**25,412**

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 following table presents the financial assets and liabilities for which the fair value differs from the carrying amount. The other non-current financial liabilities include warrants which are measured at fair value in the consolidated statement of the financial position. The carrying amount of the remaining financial assets and liabilities approximate their fair value.

(in thousands of euros)		**30/06/22**	
	Carrying amount	**Fair value**	**Fair value level**
Non-current financial liabilities			
Government loans (RCA)	2,798	4,232	Level 3
Non-Convertible Bonds	9,789	15,278	Level 2
Other non-current financial liabilities	8	8	Level 3
Current financial liabilities			

Convertible Bonds	292	292	Level 3

(in thousands of euros)	31/12/21		
	Carrying amount	Fair value	Fair value level
Non-current financial liabilities			
Government loans (RCA)	4,250	5,380	Level 3
Non-Convertible Bonds	13,019	15,732	Level 2
Other non-current financial liabilities	112	112	Level 3

The government loans related to the recoverable cash advances are measured at amortized costs (fair value is disclosed above and is also a Level 3 measurement).

Non-Convertible Bonds

The fair value has been measured based on a discounted cash-flow methodology, using a market interest rate reflecting the current market conditions and the risk profile of the company.

Convertible Bonds and Related Warrants:

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

Non-current portion:

Reconciliation *(in thousands of euros)*	**30/06/2022**	**31/12/2021**
Opening balance	1,949	3,601
Cash paid	0	(182)
Conversion into Non-Convertible loan Patronale	0	(2,000)
Change in fair value	10	390
Transaction costs	0	140
Closing balance	**1,959**	**1,949**

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 2023 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 € 5.13 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	4,508	4,819	5,130	5,441	5,752
DCF *with discount rate used for turnover dependent reimbursement* reduced to 12,5%**	4,908	5,344	5,780	6,217	6,653

** 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 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 € 35.70 million was granted by the Walloon Region in recoverable cash advances ("avances récupérables"), patent subsidies and other operational subsidies (2021: €35.70 million). Next to the government grants, government agencies granted loans to the Group for a total amount of € 3.97 million.

2.5.7.2. 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)	**2022**	**2021**
Number of management members	5	6
Short-term benefits	597	651
Share-based payments	0	8
Total	**597**	**634**
Cumulative number of warrants granted (in units)	114,724	158,224
Shares owned (in units)	0	2,880

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

	Period ended 30 June	
(in thousands of euros)	**2022**	**2021**
Share-based payments	0	0

Management fees	0	75
Total	**0**	**75**
Number of warrants granted (in units)	72,830	29,330
Shares owned (in units)	49,918	47,038

2.5.8. Events and updates after 30 June 2022

The interim financial report of 30 June 2022 was authorized for issue by the Board of Directors of the Company on 7 September 2022. Accordingly, events after the reporting period are those events that occurred between 1 July 2022 and 7 September 2022.

Conversions of the convertible bonds from ABO into shares

Following the signature of the agreement with ABO, and between 1 July 2022 and 7 September 2022, the share capital was increase increased by €433,499.40 with the issuance of 1,884,780 new shares. The aggregate share premium for this transaction amounts to €7,407.40. Following the capital increase, the share capital of the Company amounted to € 5,400,090.58 and is represented by 23,380,485 shares.

The Company broadens and derisks therapeutic portfolio by acquiring majority participation in Medsenic

The Company, the cell therapy company addressing unmet medical needs in orthopedics and **Medsenic**, a privately held, clinical stage biopharmaceutical company incorporated in France and specialized in the development of optimized formulations of arsenic salts and their application in inflammatory conditions and other potential new indications, announced on 10 August 2022 the signature of a binding contribution agreement to combine the operations of both companies by means of a share for share exchange, subject to the approval of the shareholders' meeting.

Integrating both biopharmaceutical companies would significantly derisk and broaden Bone Therapeutic's therapeutic portfolio, targeting a broad array of inflammatory and orthopedic indications. Both companies currently are running several mid to advanced stage clinical trials ongoing in lupus, chronic graft-versus-host disease, tibial fractures and other indications. As a result, there would be a number of economic, financial and operational benefits and synergies in combining the clinical development programs within one organization.

The existing pipeline from both organizations would continue as planned. The Phase IIb trial of Bone Therapeutics' ALLOB, a randomized, double-blind, placebo-controlled study in patients with high-risk tibial fractures, is still ongoing and set to report interim results in the first half of 2023. The Medsenic Phase II clinical study with arsenic trioxide in the first-line treatment of cGvHD (chronic GvH) is still ongoing, and a phase IIa clinical trial for Lupus has established proof of concept of safety for the patient and efficacy on the course of the autoimmune disease. A Phase 2b clinical trial for severe Lupus is in the planning stage. A Phase III study of cGvHD is also currently anticipated to start in the first half of 2023. The new laboratory facilities in Mont-Saint-Guibert, will become the scientific centre of the combined entity.

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 2022, 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,

Innosté SA,
represented by Jean Stephenne

Finsys Management SRL,
represented by Jean-Luc Vandebroek

4. AUDITOR'S REPORT

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Report on the review of the consolidated interim financial information of BONE THERAPEUTICS SA for the six-month period ended 30 June 2022

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Bone Therapeutics SA ("the Company") as of 30 June 2022 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, as well as the explanatory notes 1 to 13. The Board of Directors is responsible for the preparation and presentation of this 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 in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Material uncertainty related to going concern

We draw attention to note 2.5.3 in the accompanying consolidated interim financial information, indicating that the Company is still in its development phase conduction clinical trials and pre-clinical development, which implies various risks and uncertainties.

The Company's ability to continue operations depends on its ability to raise additional capital and to refinance existing debt, in order to fund operations and assure the solvency of the Company until revenues reach a level of sustain positive cash flows. In this context, the Company continues to evaluate equity and other financing options, including discussions with existing and new investors as well as with strategic partners.

These events or conditions set forth in note 2.5.3 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in that respect.

La Hulpe, 6 September 2022

Rodrigo Abels (Signature) Digitally signed by Rodrigo Abels (Signature) DN: cn=Rodrigo Abels (Signature), c=BE

BDO Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Auditor
Represented by Rodrigo ABELS