Interim Financial Report

H1 2021

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 2021

1. REPORT OF THE BOARD OF DIRECTORS

At the end of the first half of 2021, Bone Therapeutics has developed a clear route forward for the company, with a full focus on expanding its allogeneic differentiated MSC based cell therapy platform, beyond its current orthopedic focus for ALLOB, into other therapeutic indications. This expansion has been built on the evidence of our clinical progress on orthopedics, and demonstrated a foundation to broaden our focus to wider indications. Now Bone Therapeutics has concluded the current stage of clinical progress of JTA, this allows all financial, managerial and scientific resources to be focused on delivering therapeutic benefit from its core MSC technology. These resources include the appointments of stem cell therapy industry veteran, Anthony Ting, PhD, as Chief Scientific Officer and Dr. Anne Leselbaum as Chief Medical Officer. The Company looks forward to the development of MSC based therapies to bring options to a wider group of patients.

For the first six months of 2021, total operating income slightly increased to € 0.77 million compared to € 0.73 million in the first six months of 2020. The operating loss for the period amounted to € 5.72 million compared to € 7.38 million in H1 2020. The Group ended the first six months of 2021 with € 6.01 million in cash and cash equivalents.

Operational and Corporate Highlights

- On 12 January 2021, Bone Therapeutics initiated the treatment of patients in the Phase IIb study of its allogeneic cell therapy product, ALLOB, in patients with difficult tibial fractures. Early recruitment rates were very promising. As across the industry, the rate of recruitment has temporarily slowed in recent months due to short term pandemic-related factors, such as reduced site activities due to staff availability, and number of available patients due to less accidents. Bone Therapeutics has taken and will continue to take actions to intensify the recruitment through increased of number of sites, training, information and best practices sharing between different sites. Even though the recruitment rate has been impacted, Bone Therapeutics continues to expect patient recruitment to be completed by the end of first half of 2022 and topline results by the end of 2022. Should the pandemic impact continue, Bone Therapeutics will have to re-evaluate these timelines and, in that eventuality, will communicate again to the markets.
- On 14 January 2021, Bone Therapeutics signed an initial agreement for a process development partnership with the mesenchymal stromal cell (MSC) specialist, Rigenerand. This first collaboration will focus on further developing and enhancing Bone Therapeutics' bone-forming cells with the potential to broaden therapeutic targets and explore new mechanisms of action with potential gene modifications for Bone Therapeutics' therapeutic portfolio.
- On 30 June 2021, Bone Therapeutics published the positive results of its Phase I/IIa clinical trial with ALLOB in patients with delayed union fractures. The results were published in Stem Cell Research & Therapy, the international peer-reviewed journal focusing on translational research in stem cell therapies. ALLOB was generally well-tolerated and that all patients met the primary endpoint.
- On 30 August 2021, Bone Therapeutics announced topline results from the Phase III knee osteoarthritis study with its enhanced viscosupplement JTA-004, its legacy non-MSC product. Despite JTA's favorable safety profile, the study did not meet the primary and key secondary endpoints. No statistically significant difference in pain reduction could be observed between the treatment, placebo and comparator groups, with all treatment arms showing similar efficacy. In collaboration with existing and potential partners, Bone Therapeutics will evaluate the options for the future of JTA-004 development.
- On 30 March 2021, Bone Therapeutics appointed the stem cell therapy industry veteran, Anthony Ting, PhD, as Chief Scientific Officer. Dr. Ting is now responsible for Bone Therapeutics' research activities. He was appointed to lead the expansion of Bone Therapeutics' pipeline into new therapeutic indications, leveraging internal know-how and external collaborations on novel, specialized cell therapy products with enhanced efficacy, using differentiated and modified MSCs.

- After 1H 2021, in July 2021, Bone Therapeutics appointed Dr. Anne Leselbaum as Chief Medical Officer. Dr. Leselbaum brings three decades of experience in strategic international clinical development, clinical operations and medical affairs. As CMO, she will take responsibility for the leadership of all clinical development and medical affairs strategies and activities across the entire Bone Therapeutics' pipeline and will oversee the regulatory interactions.

Financial Highlights for the period ended 30 June 2021

- After 1H 2021, in July 2021, Bone Therapeutics secured a loan agreement of up to €16 million with the European Investment Bank (EIB). The EIB loan financing will be disbursed in two tranches of €8 million each, subject to conditions precedent.
- Following the approval of the issuance of associated warrants by Bone Therapeutics' General Meetings at the end of August 2021, Bone Therapeutics received a payment from the EIB for the first tranche of € 8.0 million and the EIB was granted 800,000 warrants approved by the Extraordinary General Meeting.
- Bone Therapeutics also renegotiated 800 convertible bonds issued on 7 May 2020 (for an amount of €2 million) to Patronale Life into a loan subject to the same repayment terms as the agreement with the EIB, with the issuance of 200,000 additional warrants approved by the Extraordinary General Meeting.
- In July 2021, Bone Therapeutics agreed a final settlement with the Belgian Financial Services and Markets Authority (FSMA) regarding clinical studies communication issues in 2016 and 2017 for a settlement amount of €500,000.
- During the first six months of 2021, total operating income amounted to € 0.77 million, a slight increase compared to the same period in 2021 (€ 0.73 million).
- Operating loss for the period amounted to € 5.72 million, compared to € 7.38 million in H1 2020.
- The Company ended the first six months of 2021 with € 6.01 million in cash and cash equivalents. Cash used for the period amounted to € 8.64 million, compared to € 8.86 million over the same period of 2020.
- Disciplined cost and cash management will remain a key priority. The net cash burn for the full year 2021 is expected to be in the range of € 16-18 million, assuming normal operation as the effect of the ongoing COVID-19 epidemic cannot be excluded.
- Based on existing cash resources and the disbursement of the first tranche of EUR 8 million from EIB in September 2021, Bone Therapeutics anticipates having sufficient cash to carry out its business objectives into Q2 2022. To further strengthen its cash position in the near term, the company is currently evaluating and working on different financing options and plans to raise new funds with existing and new investors as well as with strategic partners. Further information about the going concern is contained in the going concern statement section of the IFRS reporting.

Income statement

During the first six months of 2021, total operating income amounted to € 0.77 million compared to € 0.73 million for the first half of 2020. Income resulted from the recognition of recoverable cash advances (€ 0.29 million), partial exemption of withholding tax payable on R&D salaries (€ 0.18 million), tax credit on investments (for € 0.21 million) and patent and other subsidies.

Research and development expenses decreased by 28% to € 4.77 million (€ 6.62 million in H1 2020). 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 an increase of 16% and amount to € 1.73 million versus € 1.49 million over the same period last year. The increase 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 € 5.72 million in the first half of 2021, compared to € 7.38 million in the same period in 2020.

The net financial loss amounted to € 0.35 million compared with € 0.67 million in 2020. The net financial expenses were mainly impacted in 2020 by the recognition of the discount given on the committed capital from the placement of the Convertible Bonds of April 2020 (impact of € 0.40 million) and by the interests on the non-diluted subordinated loans for € 0.28 million.

The net loss for the period amounted to € 6.07 million during the first six months ending 30 June 2021 compared to € 9.84 million in 2020.

Balance sheet

The Group's total assets amounted to € 14.33 million on 30 June 2021 compared with € 24.84 million at the end of December 2020 mainly explained by the decrease of the current assets. Current assets decreased by 53.9% to € 8.67 million at the end of June 2021 (€ 18.82 million in 2020). The decrease is mainly explained by the decrease of the cash and cash equivalents of € 8.63 million showing a cash position of € 6.01 million on 30 June 2021.

The decrease of the current assets is also impacted by the receipt of the upfront payment from Link Health for an amount of € 0.93 million and by the receipt of € 0.91 million from the Walloon Region for the ongoing recoverable cash advances contracts.

The non-current assets decreased by 5.9% to € 5.66 million (€ 6.02 million in 2020). This decrease only related to the reclassification in short term of € 0.51 million in relation with the tax credit to be obtained in early 2022.

The Group's equity decreased from € 3.33 million at the end of December 2020 to a negative amount of € 2.85 million on 30 June 2021, as a result of the incorporation of the loss for the period (amounting to € 6.07 million).

Liabilities amounted to € 17.18 million in 2021 compared with € 21.51 million at the end of December 2020 representing a decrease of € 4.33 million.

The non-current liabilities remained stable compared to last year and amounted to € 11.71 million. There are mainly composed of the subordinated bonds for an amount of € 3.66 million, by the non-convertible bonds for an amount of € 3.33 million and the debts to be repaid to the Walloon Region in relation of Recoverable cash advances for € 4.63 million.

Current liabilities decreased and amounted to € 5.47 million on 30 June 2021 (compared to € 9.79 million at the end of 2020). The Group reimbursed the bridge loans to the banks and to Sambrinvest for an amount of € 2.06 million and by the reimbursement of debts linked to the Walloon Region agencies for an amount of € 0.17 million from the non-current liabilities. The Company also observed a decrease in the trade and other payables for an amount of 2.52 million.

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 2021 and 30 June 2020.

Cash used for operating activities amounts to € 6.22 million for the first six months of 2021 compared to € 8.28 million for the first six months of 2020.

Total operating loss for the period amounts to € 5.22 million compared to a loss of € 9.10 million over the same period in 2020. The net negative impact of adjustments for non-cash items amounted to in total € 0.39 million compared to € 0.38 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 2021 for the grants and milestone payment amounted to € 2.09 million compared to € 1.24 million in 2020 (grants - part of which reimbursements is turnover-dependent).

There was a reduction of working capital in 2021 for an amount of € 2.69 million compared to € 0.04 million in 2020.

Cash flow from investing activities shows a net use of cash of € 0.05 million for the first six months of 2021 compared with € 0.09 million for the first six months of 2020.

Cash flow generated from financing activities amounts to a use of € 2.37 million for the first six months of 2021 compared with a cash in of € 9.78 million for the first six months of 2020.

Financial cash inflows during H1 2021 are as follows:

- recoverable cash advances provided to the Group by the Walloon Region (R&D project financing) for an amount of € 0.27 million in 2021 (€ 0.31 million in 2020) (part for which reimbursements is turnover-independent).

Financial cash outflows during H1 2021 are as follows:

- Reimbursement of bridge loans to the banks and to Sambrinvest for € 2.06 million.
- other reimbursements (lease contracts and recoverable cash advances reimbursement) and interest paid for an amount of € 0.31 million in 2020.

Outlook for the remainder of 2021

- For the ongoing Phase IIb ALLOB clinical study in difficult tibial fractures, Bone Therapeutics' clinical team, in partnership with the clinical research organization, has instituted corrective measures to mitigate the impact of the pandemic. Given the early stage of the study conduct and recruitment and further to the initial mitigation actions, Bone Therapeutics continues to expect patient recruitment to be completed by the end of first half of 2022 and topline by the end 2022. Should the pandemic continue, Bone Therapeutics may have to re-evaluate these timelines and, in that eventuality, will communicate again to the market.
- Bone Therapeutics will continue to expand its allogeneic differentiated MSC based cell therapy platform, beyond ALLOB, into other therapeutic indications. Bone Therapeutics is also intensifying its efforts to expand its preclinical and clinical pipeline with additional indications by enhancing and "professionalizing" the therapeutic capacity of its cell and gene therapy platform. This activity includes the development of a next generation of genetically engineered mesenchymal stromal cells (MSC) and the use of highly scalable and versatile cell sources such as induced pluripotent stem cells (iPSC).
- Bone Therapeutics will continue to hold discussions with potential partners to explore business opportunities while ALLOB is being evaluated in a double-blind, placebo-controlled, proof-of-concept Phase IIb study.
- Bone Therapeutics will continue its discussions with the US FDA (Food and Drug Administration) in preparation for the next steps in the clinical development of ALLOB in the US.
- LinkHealth and Pregene, Bone Therapeutics' partners in Asia continue to drive the development of ALLOB towards the submission of Investigational New Drug Application (IND) with the Chinese National Medical Products Administration (NMPA). A successful IND application could result in new milestone payments to Bone Therapeutics.

Risks and uncertainties

For a detailed description of the risks associated to the activities of the Group, we refer to the Annual Report 2020 available on the Company's website.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

2.1. Interim Condensed Consolidated Statement of Financial Position

Consolidated Assets IFRS per: *(in thousands of euros)*	**Note**	**30/06/2021**	**31/12/2020**
Non-current assets		**5,664**	**6,019**
Intangible assets		25	28
Property, plant and equipment		247	226
Investments in associates		12	12
Financial assets	**1**	1,296	1,296
Deferred tax assets		4,084	4,456
Current assets		**8,665**	**18,817**
Trade and other receivables	**2**	2,376	3,840
Other current assets		275	328
Cash and cash equivalents	**3**	6,014	14,648
TOTAL ASSETS		**14,329**	**24,835**

Consolidated Equity & Liabilities IFRS per: *(in thousands of euros)*	**Note**	**30/06/2021**	**31/12/2020**
Equity attributable to owners of the parent		**(2,849)**	**3,325**
Share capital		3,813	8,415
Share premium		67,558	67,594
Accumulated losses		(74,600)	(73,080)
Other reserves		380	396
Non-controlling interests		**0**	**0**
Total Equity	**4**	**(2,849)**	**3,325**
Non-current liabilities		**11,711**	**11,720**
Interest bearing borrowings	**5**	11,711	11,720
Other non-current liabilities		0	0
Current liabilities		**5,467**	**9,790**
Provision	**6**	500	0
Interest bearing borrowings	**5**	836	3,077
Trade and other payables		2,996	5,514
Other current liabilities	**7**	1,135	1,199
Total liabilities		**17,178**	**21,509**
TOTAL EQUITY AND LIABILITIES		**14,329**	**24,835**

2.2. Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of euros)	Note	For the six-months period ended	
		30/06/2021	30/06/2020
Revenues		0	0
Other operating income		773	732
Total revenues and operating income	**8**	**773**	**732**
Research and development expenses	**9**	(4,768)	(6,619)
General and administrative expenses	**10**	(1,726)	(1,494)
Operating profit/(loss)		**(5,721)**	**(7,381)**
Interest income		23	10
Financial expenses	**11**	(362)	(672)
Exchange gains/(losses)		(13)	(5)
Result Profit/(loss) before taxes		**(6,072)**	**(8,048)**
Income taxes		0	(11)
Result Profit/(loss) for the Period from continuing operations		**(6,072)**	**(8,059)**
Income/(loss) of the discontinued operations		0	(1,781)
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD		**(6,072)**	**(9,840)**
Basic and diluted loss per share (in euros) – continuing operations	**12**	**(0.52)**	**(0.63)**
Basic and diluted loss per share (in euros) – discontinued operations	**12**	**0**	**(0.25)**
Profit/(loss) for the period attributable to the owners of the Company		(6,072)	(9,830)
Profit/(loss) for the period attributable to the non-controlling interests		0	(10)
Total comprehensive income/(loss) for the period attributable to the owners of the Company		(6,072)	(9,830)
Total comprehensive income/(loss) for the period attributable to the non-controlling interests		0	(10)

2.3. 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	Non-controlling interests	TOTAL EQUITY
BALANCE AT 1 JANUARY 2020	**5,454**	**58,026**	**(61,432)**	**2,048**	**0**	**2,048**
Total comprehensive income of the period	0	0	(9,830)	**(9,830)**	(10)	(9,840)
Issue of share capital	506	2,269	0	**2,775**	0	2,775
Equity component for Convertible Bonds	0	0	199	**199**	0	199
Specific reserve for convertible bonds	0	0	219	**219**	0	219
Allocation to the legal reserve	0	0	3	**3**	0	3
Share-based payment	0	0	8	**8**	0	8
Movement non-controlling interests	0	0	(10)	**(10)**	10	0
Other	0	0	10	**10**	0	10
BALANCE AT 30 JUNE 2020	**5,959**	**60,296**	**(70,833)**	**(4,578)**	**0**	**(4,578)**
BALANCE AT 1 JANUARY 2021	**8,415**	**67,594**	**(72,684)**	**3,325**	**0**	**3,325**
Total comprehensive income of the period	0	0	(6,072)	**(6,072)**	0	(6,072)
Issue of share capital	0	0	0	**0**	0	0
Decrease of share capital	(4,602)	0	4,602	**0**	0	0
Transaction costs for equity issue	0	(36)	0	**(36)**	0	(36)
Specific reserve for convertible bonds	0	0	(60)	**(60)**	0	(60)
Share-based payment	0	0	(17)	**(17)**	0	(17)
Other	0	0	11	**11**	0	11
BALANCE AT 30 JUNE 2021	**3,813**	**67,558**	**(74,220)**	**(2,849)**	**0**	**(2,849)**

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	
	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(5,721)	(9,096)
Adjustments for:		
Depreciation, Amortisation and Impairments	64	351
Share-based compensation	(17)	8
Grants income related to recoverable cash advances	(294)	(315)
Grants income related to patents	(13)	(3)
Grants income related to tax credit	(205)	(452)
Other	78	29
Movements in working capital:		
(Increase)/Decrease in Trade and other receivables (excluding government grants)	(139)	(40)
Increase/(Decrease) in Trade and other Payables	(2,053)	(1)
Increase/(Decrease) in Other current liabilities (excluding government grants)	0	0
Cash used by operations	**(8,301)**	**(9,519)**
Cash received from licensing agreement	933	0
Cash received from grants related to recoverable cash advances	639	725
Cash received from grants related to patents	56	27
Cash received from other grants	0	117
Cash received from grants related to tax credit	459	394
Income taxes paid	0	(26)
Net cash used in operating activities	**(6,215)**	**(8,282)**
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	29	1
Purchases of property, plant and equipment	(75)	(88)
Purchases of intangible assets	(6)	0
Net cash used in investing activities	**(52)**	**(87)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	274	311
Repayment of government loans	(142)	0
Proceeds received from related parties	0	1,550
Reimbursements of loan from related parties	(629)	(51)
Reimbursements of lease liabilities	(17)	(63)
Proceeds from bank institutions	0	4,000
Reimbursements of bank loans	(1,500)	(63)
Interests paid	(354)	(187)
Payments to acquire non-controlling interest	0	(1,234)
Transaction costs	0	(200)
Proceeds from issue of equity instruments of the Company	0	1,450
Proceeds received from convertible loan and subordinated loan	0	4,263
Net cash generated from financing activities	**(2,367)**	**9,776**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(8,635)**	**1,407**
CASH AND CASH EQUIVALENTS at beginning of the period	**14,648**	**8,633**
CASH AND CASH EQUIVALENTS at end of the period	**6,014**	**10,040**

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 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 2021 include Bone Therapeutics SA and its affiliates. These were authorized for issue by the Board of Directors on 7 September 2021.

2.5.2. Summary of significant accounting policies

The Group's interim consolidated financial statements for the six-month period ended 30 June 2021 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 2020.

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. 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 consolidated balance sheet on 30 June 2021 shows a negative equity in the amount of € 2.85 million and ending cash balance of € 6.01 million.

The company is still in a development phase conducting clinical trials to achieve regulatory approval and pre-clinical development which implies various risks and uncertainties.

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 until revenues reach a level to sustain positive cash flows.

Based on cash flow forecasts for the next twelve months till June 2022, which include significant expenses and cash outflows in relation to -among others- the ongoing clinical trials and the continuation of research and development projects, the Company will continue to require additional financing in the near future, in Q4 2021 or Q1 2022.

This involves various risks and uncertainties, mainly from a timing point of view for both raising funds as well ALLOB top line results, including but not limited to the uncertainty of the clinical trial development process for ALLOB as well as the uncertainty related to the equity market.

Together with existing cash resources including the collection of the first tranche of EUR 8 million from EIB loan in September 2021, the cash runway of the Company is expected into Q2 2022.

The Company continues to evaluate equity and other financing options, including discussions with existing and new investors as well as with strategic partners. The total annual net cash burn (next 12 months from July 2021 to June 2022) for the Company being in a range of EUR 15 to EUR 17 million.

These conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern.

The board of directors and the leadership team remain confident about the strategic plan, which comprises additional financing measures including equity and/or other financing sources of which potential upfront payment for new ALLOB out-licensing agreement.

In view of the above, and notwithstanding a loss brought forward of EUR 74,6 million as of 30 June 2021, the board of directors has decided, after due consideration, that the application of the valuation rules in the assumption of a "going concern" is justified.

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 – Financial assets

The financial assets amounted to € 1.30 million on 30 June 2021 and are in line with 31 December 2020. It is 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 has been 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. In any case however each Bank Guarantee will expire unconditionally and automatically on the date which is five (5) years after Closing.

Note 2 – Trade and other receivables

The trade and other receivables are detailed as follows:

Trade and other receivables	Total	
(in thousands of euros)	**30/06/2021**	**31/12/2020**
Trade receivables		
Trade receivables	33	1,071
Write-downs on trade receivables	0	0
Total trade receivables	**33**	**1,071**
Other receivables		
Receivable related to taxes	363	276
Receivable related to tax credit	577	459
Receivable related to recoverable cash advances	1,096	1,831
Receivable related to patent grants	308	204
Total other receivables	**2,343**	**2,770**
Total trade and other receivables	**2,376**	**3,840**

Trade and other receivables amounted to € 2.38 million showing a decrease of € 1.46 million compared to the end of December 2020. The decrease results mainly by the reception of the upfront payment from Link Health for an amount of € 0.93 million and by the reduction of the receivables related to the recoverable cash advances (€ 0.91 million of payments received during the period). This decrease is offset by an increase in taxes, tax credit and patent grants.

Note 3 - Cash and cash equivalents

The cash position at the end of June 2021 amounted to € 6.01 million compared to € 14.65 million on 31 December 2020. The Company has used € 8.30 million in operation, € 0.05 million in investing, and € 2.37 million in financing activities. In the other hands, the Company received € 2.09 million in operations activities, such as upfront payment, tax credit payment and recoverable cash advances payments.

Note 4 – Equity

The Group's equity decreased from € 3.33 million at the end of December 2020 to a negative amount of € 2.35 million on 30 June 2021.

Share capital and share premium

In February 2021, the share capital was reduced by € 4.60 million by the incorporation of the accumulated losses.

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. 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).

Please find the variation in the outstanding warrants during the year 2021:

Plan	31/12/2020	Offered	Cancelled	Loss	30/06/2021
Plan A	69,331	0	0	5,333	63,998
Plan 2020/05	63,724	0	0	0	63,724
Plan 2020/12	99,832	0	2,000	0	97,832
Total	**232,887**	**0**	**2,000**	**5,333**	**225,554**

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
CFO	43,500
CBO	5,000
Consultant	5,000
Board members	29,330
Former CMO	5,000
Former CEO	28,000
Total	**225,554**

Note 5 – Financial liabilities

Financial liabilities are detailed as follows:

	Non-current		Current		Total	
(in thousands of euros)	**30/06/2021**	**31/12/2020**	**30/06/2021**	**31/12/2020**	**30/06/2021**	**31/12/2020**
Finance lease liabilities	40	50	22	32	63	82
Government loans	4,634	4,637	701	870	5,336	5,507
Loans from related parties	50	106	113	675	163	781
Bank debt	0	0	0	1,500	0	1,500
Convertible Bonds	3,661	3,601	0	0	3,661	3,601
Non-Convertible Bonds	3,325	3,325	0	0	3,325	3,325
Total financial liabilities	**11,711**	**11,720**	**836**	**3,077**	**12,547**	**14,797**

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 2020 in section 6.5.

Overall financial liabilities have decreased (-15%) and amount to 12.55 million.

Non-current financial liabilities amounted to € 11,71 million compared to € 11.72 million on 31 December 2020 and are mainly composed on Convertible Bonds and Non-Convertible Bonds (for a total of € 6.99 million).

Current financial liabilities amounted to € 0.84 million representing a large decrease of € 2.24 million mainly explained by the reimbursement of the bridge loans to ING, BNP and Sambrinvest.

Note 6 – Provision

The Company has entered into a settlement with the Belgian Financial Services and Markets Authority (FSMA). The settlement brings a final resolution to an investigation related to communication issues on past clinical studies dating to 2016 and 2017.

In 2016, Bone Therapeutics decided to direct its strategic focus to its next-generation, scalable, off-the-shelf, allogeneic cell therapy platform, ALLOB. This decision was taken to maximize value creation and to ensure the best use of available resources. The development of PREOB for the treatment of osteoporosis (OP), non-union fractures (NU) and hip osteonecrosis (ON) was discontinued in subsequent years. Following these developments, the FSMA started an inquiry in the framework of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (Market Abuse Regulation) in 2018. Bone Therapeutics has fully cooperated with this investigation.

In particular, at the time, Bone Therapeutics encountered difficulties in the clinical development of three programs, ALLOB-OP in preparation, PREOB-NU and PREOB-ON. These difficulties were identified in February and December 2016. The difficulties included a lack of external partners, recruitment delays and failures of acceleration programs. According to the FSMA, Bone Therapeutics, did not clearly communicate on this information until the press releases announcing the discontinuation of the clinical development of these three programs respectively in January 2017, December 2017 and November 2018.

Subsequent to these actions described above, the board and management of Bone Therapeutics have quasi-totally changed. To conclude this chapter definitively, the board and management has taken a number of initiatives to strengthen its market communication procedures. It has also concluded a settlement with the FSMA without an acknowledgment of guilt, and has agreed to a settlement amount of €500,000. This settlement amount has no lasting impact on Bone Therapeutics' ongoing activities and the development of its future programs.

This settlement will allow Bone Therapeutics' board of directors and management to fully focus in the future on the development of the modified Mesenchymal Stromal Cell (MSC) platform including ALLOB and the enhanced viscosupplement JTA-004.

The settlement was accepted by the FSMA's Executive Committee on 27 July 2021 and has been published on the FSMA's website.

Note 7 – 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)	**30/06/2021**	**31/12/2020**
Deferred income on grants related to recoverable cash advances	1,015	1,184
Deferred income on grants related to patents	120	15
Total	**1,135**	**1,199**

Note 8 – Other operating income

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

(in thousands of euros)	30/06/2021	30/06/2020
Grants income related to recoverable cash advances	294	81
Grants income related to exemption on withholding taxes	177	168
Grants income related to tax credit	205	455
Grants income related to patents	13	3
Other grants income	84	26
Total	**773**	**732**

Note 9 – Research and development expenses

The research and development expenses are described as follow:

(in thousands of euros)	30/06/2020	30/06/2019
Lab fees and other operating expenses	3,059	4,953
Employee benefits expenses	1,379	1,463
Depreciations, amortizations and impairment losses	51	50
Patents costs	279	152
Total	**4,768**	**6,619**

The research and development expenses for the first six months amount to € 4.77 million compared to € 6.62 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 JTA-004 Phase III clinical study, having achieved target patient recruitment in December 2020, has completed the six-month follow-up mid-July in all patients. The Company published topline results on 30 August 2021.

The Phase IIb ALLOB clinical study in high-risk tibial fractures is currently experiencing a delay in patient recruitment due to the COVID-19 pandemic and the associated containment measures. This delay is as a result of fewer accidents and reduced availability of health care facilities in the first half of 2021. The Company has instituted corrective measures to mitigate the impact of the pandemic on recruitment for the trial, in collaboration with its clinical research organization. At this point, the Company does not expect the pandemic delay in recruitment rate to have a material effect on the anticipated completion of recruitment in H1 2022. As a result, Bone Therapeutics still currently expects to deliver top line results in H2 2022 as planned.

Note 10 – General and administrative expenses

The general and administrative expenses are described as follow:

(in thousands of euros)	30/06/2020	30/06/2019
Employee benefits expenses	552	675
Depreciation and amortization expense	13	9
Other expenses	1,161	810
Total	**1,726**	**1,494**

General and administrative expenses for the first six months amount to € 1.73 million compared to € 1.49 million over the same period last year. The increase is mainly explained by the recognition of the settlement with the FSMA for an amount of € 0.50 million.

Note 11 – Finance result

The net financial loss amounted to € 0.36 million compared with € 0.67 million in 2020. The net financial expenses were mainly impacted in 2020 by the recognition of the share price discount included in the placement of the Convertible Bonds (impact of € 0.40 million) and by the interests on the non-diluted subordinated loans for € 0.28 million.

Note 12 – Earnings per share

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

	30/06/2021	30/06/2020
Profit/loss for the period attributable to the owners of the Company	(6,072)	(9,843)
Weighted average number of ordinary shares for basic loss per share (in number of shares)	16,478,168	11,149,862
Basic/diluted loss per share (in euros)	**(0.52)**	**(0.88)**

Due to the loss of the period, no dilutive instruments are considered for the diluted earnings per share 2021 and 2020 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)	30/06/2021	30/06/2020
Impact on weighted average number of ordinary shares outstanding		
Share-based payment plan - warrants	225,554	69,331
Convertible bonds	571,428	2,662,852

2.5.6. Discontinued operations

On 16 November 2020, the Company confirmed the completion of the acquisition of Bone Therapeutics' manufacturing subsidiary, Skeletal Cell Therapy Support SA (SCTS) by Catalent Gosselies SA. SCTS was the manufacturing subsidiary for Bone Therapeutics SA. Following completion of the transaction, SCTS' manufacturing infrastructure and production operating teams have now become part of Catalent's Cell & Gene Therapy division.

Income statement for discontinued operations

(in thousands of euros)	For the 6-month period ended 30 June	
	2021	**2020**
Revenues	0	0
Other operating income	0	307
Total revenues and operating income	**0**	**307**
Research and development expenses	0	(1,910)
General and administrative expenses	0	(113)
Operating profit/(loss)	**0**	**(1,715)**
Financial income	0	0
Interest income	0	10
Financial expenses	0	(67)
Exchange gains/(losses)	*0*	*0*
Share of profit/(loss) of associates	*0*	6
Result Profit/(loss) before taxes	**0**	**(1,766)**
Income taxes	0	(15)
Net Income (Loss) from discontinued operations	**0**	**(1,781)**
Net income(loss) from discontinued operations attributable to:		
- owners of the parent	0	(1,403)
- non-controlling interest	0	(1,410)
Net result	**0**	**(1,781)**

Cash-flow statement from discontinued operations

(in thousands of euros)	For the 6-month period ended 30 June	
	2021	**2020**
Cash flow from operating activities	0	(1,490)
Cash flow from investing activities	0	0
Cash flow from financing activities	0	(94)
Cash flow from discontinued operations (net increase/decrease)	**0**	**(1,584)**

2.5.7. 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**	**30/06/2021**	**31/12/2020**
Other non-current financial assets			
Non-current receivables	financial assets at amortized cost	1,296	1,296
Trade and other receivables	financial assets at amortized cost	1,404	2,035
Cash and cash equivalents	financial assets at amortized cost	6,014	14,648
Total financial assets		**8,713**	**17,979**
Non-current financial liabilities			
Finance lease liabilities	At amortised cost	40	50
Government loans (RCA)	At amortised cost	4,634	4,637
Loans from related parties	At amortised cost	50	106
Non-Convertible Bonds	At amortised cost	3,325	3,325
Convertible Bonds	At fair value through profit and loss	3,661	3,601
Current financial liabilities			
Finance lease liabilities	At amortised cost	22	32
Government loans (RCA)	At amortised cost	701	870
Loans from related parties	At amortised cost	113	675
Bank debt	At amortised cost	0	1,500
Trade and other payables			
Trade payables	At amortised cost	2,825	5,171
Total financial liabilities		**15,372**	**19,968**

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)	30/06/2021		
	Carrying amount	**Fair value**	**Fair value level**
Other non-current financial assets			
Non-current receivables	1,296	1,296	Level 2
Trade and other receivables	1,404	1,404	Level 2
Cash and cash equivalents	6,014	6,014	Level 2
Total financial assets	**8,713**	**8,713**	
Non-current financial liabilities			
Finance lease liabilities	40	40	Level 2
Government loans (RCA)	4,634	7,360	Level 3
Loans from related parties	50	50	Level 2
Non-Convertible Bonds	3,325	4,034	Level 2
Convertible Bonds	3,661	3,661	Level 3
Current financial liabilities			
Finance lease liabilities	22	22	Level 2
Government loans (RCA)	701	701	Level 2
Loans from related parties	113	113	Level 2
Trade and other payables			
Trade payables	2,825	2,825	Level 2
Total financial liabilities	**15,372**	**18,806**	

(in thousands of euros)	31/12/2020		
	Carrying amount	**Fair value**	**Fair value level**
Other non-current financial assets			
Non-current receivables	1,296	1,296	Level 2
Trade and other receivables	2,035	2,035	Level 2
Cash and cash equivalents	14,648	14,648	Level 2
Total financial assets	**17,979**	**17,979**	
Non-current financial liabilities			
Finance lease liabilities	50	50	Level 2
Government loans (RCA)	4,637	6,842	Level 3
Loans from related parties	106	106	Level 2
Non-Convertible Bonds	3,325	4,564	Level 2
Convertible Bonds	3,601	3,601	Level 3
Current financial liabilities			
Finance lease liabilities	32	32	Level 2
Government loans (RCA)	870	870	Level 2
Loans from related parties	675	675	Level 2
Bank debt	1,500	1,500	Level 2
Trade and other payables			
Trade payables	5,171	5,171	Level 2
Total financial liabilities	**19,968**	**23,411**	

The financial liabilities subsequently measured at fair value on Level 3 fair value measurement is 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).

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)*	**30/06/2021**	**31/12/2020**
Opening balance	3,601	0
Cash received	0	4,000
Change in fair value	60	(199)
Transaction costs	0	(200)
Closing balance	**3,661**	**3,601**

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 € 7.46 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	7,204	7,561	8,061	8,661	10,102
DCF *with discount rate used for turnover dependent reimbursement* reduced to 12,5%**	7,810	8,264	8,900	9,663	11,452

** 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*

The table below present only the impacts for JTA:

(in thousands of euros)	Impact of PoS*				
	-40%	-20%	0	+20%	+40%
DCF with discount rate of 17.10% used for turnover dependent reimbursement	1,693	1,775	1,890	2,028	3,008
DCF *with discount rate used for turnover dependent reimbursement* reduced to 12.5%**	1,812	1,915	2,058	2,230	3,427

** 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.*

The table below present only the impacts for ALLOB:

(in thousands of euros)	Im.pact of PoS*				
	-40%	-20%	0	+20%	+40%
DCF with discount rate of 17.10% used for turnover dependent reimbursement	5,511	5,786	6,171	6,633	7,094
DCF *with discount rate used for turnover dependent reimbursement* reduced to 12.5%**	5,998	6,349	6,842	7,433	8,025

** 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.*

2.5.8. 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.

2.5.8.1. 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 € 35.81 million was granted by the Walloon Region in recoverable cash advances ("avances récupérables"), patent subsidies and other operational subsidies (2020: €35.54 million). Next to the government grants, government agencies granted loans to the Group for a total amount of € 3.97 million (€ 3.97 million in 2020).

2.5.8.2. 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)	**2021**	**2020**
Number of management members	6	5
Short-term benefits	651	588
Share-based payments	8	8
Total	**634**	**596**
Cumulative number of warrants granted (in units)	158,224	24,000
Shares owned (in units)	2,880	2,880

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

	Period ended 30 June	
(in thousands of euros)	**2021**	**2020**
Share-based payments	0	0
Management fees	75	77
Total	**75**	**77**
Number of warrants granted (in units)	29,330	7,332
Shares owned (in units)	47,038	47,038

2.5.9. Events and updates after 30 June 2021

The interim financial report of 30 June 2021 was authorized for issue by the Board of Directors of the Company on 7 September 2021. Accordingly, events after the reporting period are those events that occurred between 1 July 2021 and 7 September 2021.

Warrants issued to EIB

The Company announced on 1 July 2021 that it has signed a loan agreement of up to €16 million with the European Investment Bank (EIB).

The EIB financing will support and prepare Bone Therapeutics' lead asset, the enhanced viscosupplement JTA-004 for future regulatory approval and commercialization. JTA-004, is being evaluated in a registrational phase III clinical trial for the treatment of osteoarthritic pain in the knee. This is the most prevalent knee condition affecting an estimated 250 million patients world-wide.

The EIB financing will also be used to accelerate the clinical development of ALLOB, Bone Therapeutics' scalable allogeneic cell therapy platform. ALLOB is currently being tested in a phase IIb study in patients with difficult-to-heal tibial fractures. Patient recruitment of this study is currently anticipated to be completed in H1 2022 and the planned top line results are expected in H2 2022.

The EIB loan financing will be disbursed in two tranches of €8 million each, subject to conditions precedent. The first tranche of €8 million will become available upon approval of the issuance of associated warrants by

Bone Therapeutics' General Meetings before the end of August 2021. The second €8 million tranche will be released when specific clinical and commercial milestones have been achieved.
The loan facility will be in the form of a senior loan, repayable to the EIB in a single payment five years following the disbursement of each of the two tranches. The loan carries a fixed interest of 2% per year paid annually and a 3% capitalized interest.

The loan financing is further supplemented by an agreement to issue warrants to the EIB: 800,000 warrants will be issued with the disbursement of the first tranche and 500,000 warrants with the disbursement of the second tranche. Each warrant will give the holder the right to subscribe to one ordinary share of Bone Therapeutics at the subscription price of €0.01 and with an exercise price which will be equal to the minimum of the 30 day volume-weighted average price and the last closing price of Bone Therapeutics' shares at the date of the pricing. The warrants have a maturity of 10 years and become exercisable from the repayment date of the relevant tranche, subject to certain customary exceptions. The warrant agreement further includes an anti-dilution provision which could apply in case of change in Bone Therapeutics' share capital, including capital increases if they exceed €15 million in aggregate starting from the disbursement of the first tranche.

The issuance of the 1,300,000 warrants for the EIB has been approved by the Extraordinary General Meeting of 23 August 2021.

The 1st Tranche of €8 million has been received on 6 September 2021. Associated to the 1st Tranche, the Company offered 800,000 warrants to the EIB.

JTA-004 topline results

On 30 August 2021, the Company announced topline results from the Phase III knee osteoarthritis study with its enhanced viscosupplement JTA-004, its legacy non-MSC product. Despite JTA's favorable safety profile, the study did not meet the primary and key secondary endpoints. No statistically significant difference in pain reduction could be observed between the treatment, placebo and comparator groups, with all treatment arms showing similar efficacy. In collaboration with existing and potential partners, Bone Therapeutics will evaluate the options for the future of JTA-004 development.

Renting in Louvain-La-Neuve

The Company has signed an office lease agreement with Watson & Crick Hill for the purpose of leasing new offices at Rue Granbonpré 11, 1435 Mont-Saint-Guibert (Louvain-la-Neuve). In a first phase, all administrative teams and part of the management will move during the summer. The R&D teams will move once the new laboratories are finalized, at the beginning of 2022.

The Company will lease 821 m² of office space and 318 m² of laboratory space. The lease is for a period of nine (9) consecutive years commencing on 1 July 2021 and ending on 30 June 2030.

In the first phase, the Company will have an annual rent of € 130,440 for offices and parking places. As from 1 July 2021, the Company will have to recognize a liability of € 1.00 million regarding IFRS16 (discounted with 5%).

The Company will also have to provide a bank guarantee which is fixed at 6 months of the annual base rent for the offices from the effective date of lease, i.e. 1 July 2021.

Reaction to the press release issued by Hybrigenics

The Company wishes to respond to a recent press release issued by Hybrigenics (Euronext Paris - ALHYG) following very preliminary contacts made at the initiative of Hybrigenics to examine the combination of certain activities within Bone Therapeutics.

Similar to other strategic opportunities that are presented to Bone Therapeutics from time to time, the opportunity for starting discussions with Hybrigenics will be carefully evaluated by the board of directors of Bone Therapeutics, taking into account the interests of its shareholders and other stakeholders. Further announcements will be made in due course, if and when circumstances so allow or require.

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 2021, 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,

mC4Tx SRL,
represented by Miguel Forte

Finsys Management SRL,
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 2021

Report on the review of the consolidated interim financial information of Bone Therapeutics SA for the six-month period ended 30 June 2021

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 at 30 June 2021, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statements of changes in shareholder's equity and the interim condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 9.

Report on the consolidated interim financial information

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

The consolidated condensed statement of financial position shows total assets of 14 329 (000) EUR and the consolidated condensed income statement shows a consolidated loss (group share) for the period then ended of 6 072 (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.

DS PVD DocuSign
Ondertekend door: Pieter-Jan Van Durme (Signature)
Ondertekentijd: 07-Sep-21 | 21:49 CEST
C: BE
Uitgever: Citizen CA

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.

Emphasis of matter

We draw attention to note 2.5.3 in the consolidated interim financial information, indicating that the Company is still in its development phase conducting 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 to sustain positive cash flows.

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 as 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 respect of this matter.

Signed at Zaventem.

The statutory auditor

Digitally signed by
Pieter-Jan Van Durme
DocuSign
Ondertekend door: Pieter-Jan Van Durme (Signature)
Ondertekentijd: 07-Sep-21 | 21:49 CEST
C: BE
Uitgever: Citizen CA
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Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Pieter-Jan Van Durme

Deloitte.

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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.