



Full year results 2017

25 April 2018



***New frontiers in orthopaedic
and bone diseases***

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ON THE CALL TODAY ARE:



***Thomas Lienard,
CEO***



***Jean-Luc Vandebroek,
CFO***



AGENDA

- Welcome and introduction
- Key highlights and financials of 2017
- Clinical highlights of 2017
- Outlook for 2018
- Q&A



Pipeline

- **Strong progress across pipeline:**
 - ALLOB® Phase I/IIA in delayed-union fractures
 - Patient recruitment completed (16 patients) for interim analysis
 - Strong interim results led to early conclusion of the study as recommended by DSMB
 - ALLOB® Phase IIA in lumbar spinal fusion
 - Positive interim results for the first 15 patients
 - Post period (pp), recruitment for the full set of 32 patients completed
 - PREOB® Phase III in osteonecrosis of the hip
 - Patient recruitment completed (44 patients) for interim analysis
- **Strengthening of Company's IP position:**

Notice received from European Patent Office expressing its intention to grant key patent covering Company's allogeneic cell therapy technology
- **Exclusive license agreement signed with Asahi Kasei:**

For the development and commercialisation of PREOB® in Japan with option to expand to other Asian countries

KEY HIGHLIGHTS 2017: FINANCIAL AND CORPORATE

Financial

- **Cash utilization** for FY2017: **€ 11.9M** (below guidance) vs. € 13.3M for FY2016
- Ended 2017 with a net **cash** position of **€ 8.41M**
- Successful private placement of **convertible bonds** in March 2018, receiving a total of **€ 19.45M** in **committed funds** (pp)

Corporate

- **Strengthening of the Leadership team:**
 - **Jean-Luc Vandebroek** appointed **CFO**
 - **Jean Stéphenne** appointed as new **Chairman** of the Board (pp), **Damian Marron** and **Dirk Dembski** appointed as Non-Executive Directors of the Board.

KEY FINANCIAL FIGURES

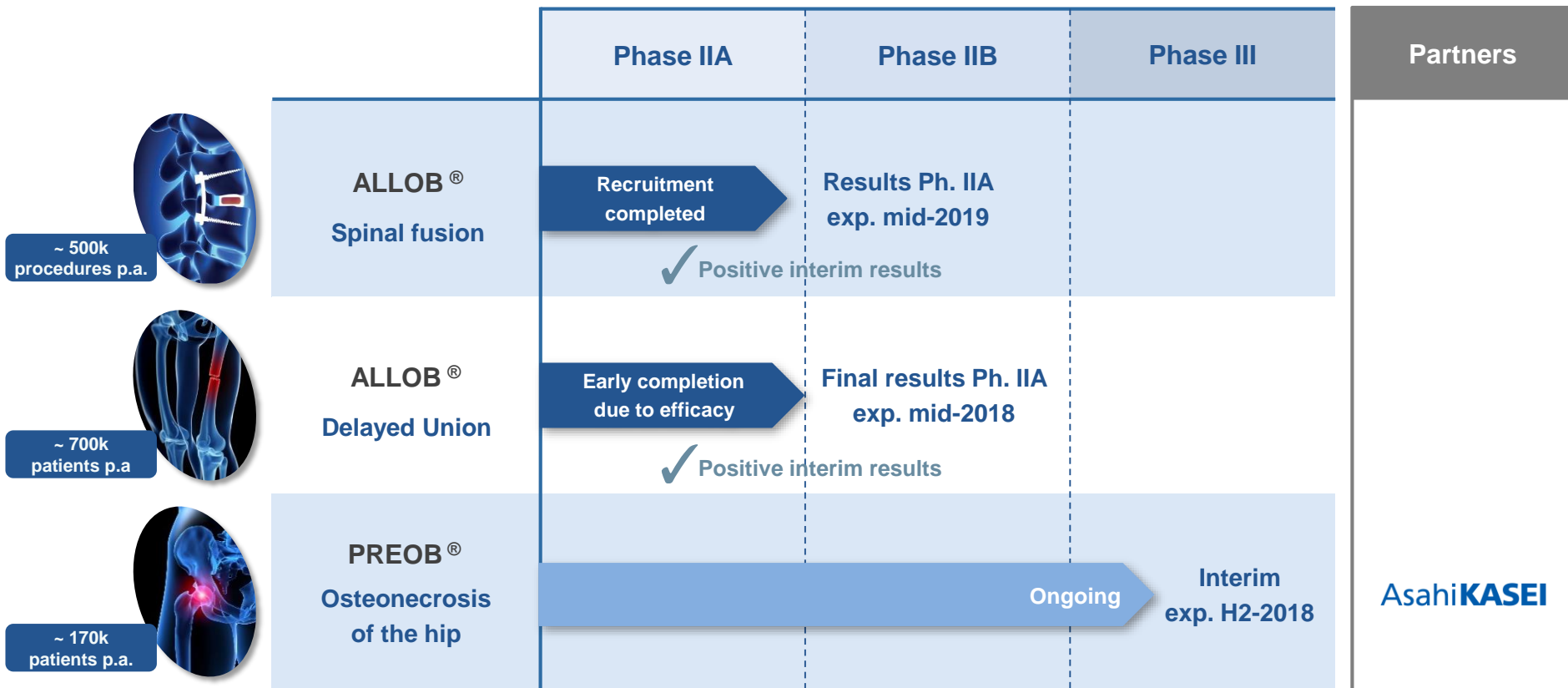
(€ million)	FY 2017	FY 2016
Operating income	4.21	4.01
Operating expenses	(16.51)	(16.81)
R&D expenses	(13.12)	(13.65)
G&A expenses	(3.39)	(3.16)
Operating result	(12.29)	(12.80)
Net financial result	(0.48)¹	(0.28)
Net result	(12.77)	(13.02)
Net cash flow	(11.89)	(13.31)
Operating activities	(11.02)	(11.37)
Investing activities	(0.42)	(0.58)
Financing activities	(0.46)	(1.36)
Net cash position (at end of period)	8.41	20.30

- **Cash burn of €11.9M for FY2017**
- Private placement of **convertible bonds** with a total commitment of **EUR 19.45 million**, giving runway into **Q3 2019**

OVERVIEW CLINICAL HIGHLIGHTS 2017



CLINICALLY ADVANCED PIPELINE



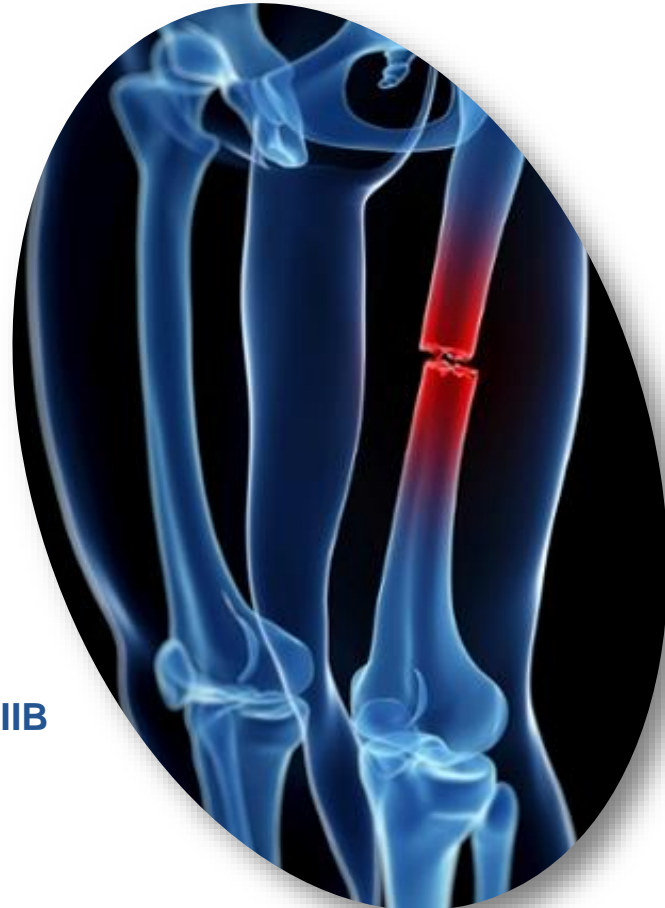
DELAYED UNION – PROMISING RESULTS FOR ALLOB® PHASE IIA

STATUS

- Phase I/IIA trial (non-controlled)
- All patients received one single injection of ALLOB® at bone defect site
- **Recruitment** 16 patients for **interim analysis completed** (9 March 2017)
- Based on **strong interim efficacy results** of the first 16 patients in September 2017, DSMB recommended **an early conclusion** of the study.

NEXT STEPS

- **Final results** Phase I/IIA expected in **mid-2018**
- **Preparations** for a multicentre, controlled **Phase IIB** study initiated



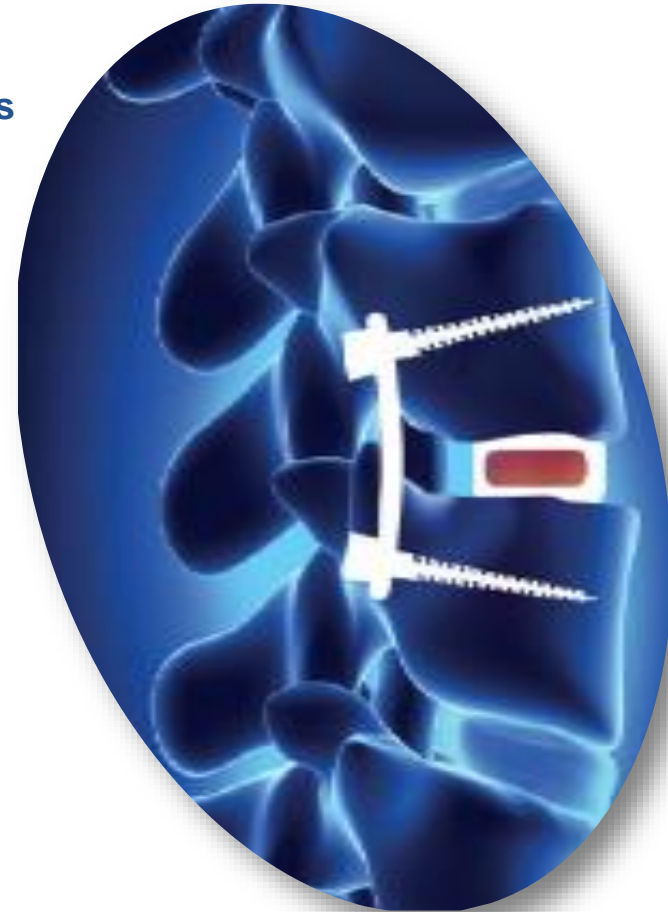
SPINAL FUSION - PROMISING RESULTS FOR ALLOB® PHASE IIA

STATUS

- Open-label Phase IIA study ongoing
- **Positive interim results** for the **first 15 patients** announced in September 2017, reporting evidence of successful fusion and substantial clinical improvements
- **Recruitment** of the full set of **32 patients completed** in February 2018

NEXT STEPS

- Efficacy and safety **results** from **32 patients** expected **mid-2019** after a 12-month follow-up



OSTEONECROSIS – BONE-FORMING CELL THERAPY PRODUCT VALIDATION

STATUS

- Most advanced clinical program (Phase III)
- Endpoint composite responder analysis:
Absence of progression to fractural stage & clinically significant pain improvement
- Currently recruiting patients: 118 patients in 1-to-1 vs placebo
- **Recruitment of 44 patients required for interim analysis completed** (May 2017)

NEXT STEPS

- **DSMB report** expected in **H2 2018** (1 year following completion 1st patient cohort)

On completion Phase III:

- *External validation of Bone Therapeutics' bone forming cell therapy products*
- *1st potential product to market*



BONE THERAPEUTICS AND ASAHI KASEI SIGNED EXCLUSIVE LICENSE AGREEMENT FOR PREOB® IN JAPAN



- One of **Japan's leading industrial companies**
 - Combined **revenue of €15 billion**
 - **> 33,000 employees**
 - A global leader in a diverse range of markets, including pharmaceuticals, medical devices and bioprocess consumables
- Asahi Kasei obtains exclusive license for the **development and commercialization of PREOB® in Japan**
 - Option to negotiate license to additional Asian countries



CORPORATE HIGHLIGHTS

RESHAPING THE LEADERSHIP TEAM

September
2017



Jean-Luc Vandebroek
Chief Financial Officer



- >20y of international finance experience at major public and privately-owned corporations
- Formerly CFO at Moteo Two Wheels/Bihr (Alcopa) and Fluxys, and Corporate Director Finance Europe & US and VP Finance BeLux at Ahold Delhaize

February
2018



Jean St  phenne
Chairman of the Board



- > 40y biotech and pharma experience. During his 40-year tenure at GSK Vaccines, he grew the company of 50 people into a fully integrated worldwide leader in vaccine development, with 12,000 employees
- Currently serves on board of various life sciences companies including TiGenix, Vaxxilon, OncoDNA, CureVac and Bepharbel. Previous board positions include Besix Group, BNP Paribas Fortis, GBL and IBA.

STRENGTHENING CASH POSITION VIA SUCCESSFUL CONVERTIBLE BOND PLACEMENT (PP)



- Secured € 19,45M of committed funds via private placement of convertible bonds
- Convertible bonds with 19 bond warrants offering flexibility to different types of investors
- Initial proceeds: € 6.58 million
- Additional proceeds of € 12.87 million over a maximum period of 19 months giving runway till end Q3 2019



OUTLOOK 2018

▪ Clinical results

- **Final results** from ALLOB® **Phase I/IIA delayed-union** study expected **mid-2018**
- **Conclusions** of the **interim analysis** after one-year follow-up period for the first 44 patients in the **Phase III PREOB®** study for **osteonecrosis of the hip**.
- **Start preparations** for a multicentre, controlled **Phase IIB** study with ALLOB® in difficult **fractures**

▪ Finance

- Good cash management remains a key priority
- Strong focus on net cash burn (expected to be in the range of EUR 15-16 million for 2018)
- Sufficient cash to carry out its strategic objectives until end Q3 2019

RECENT AND UPCOMING MAJOR MILESTONES



Clinical development

- ☒ Completion of recruitment for interim PREOB® osteonecrosis Ph. III
- ☒ Strong ALLOB® spinal fusion Ph. IIA interim results
- ☒ Strong ALLOB® delayed union Ph. IIA interim results + early stop

- ☒ H1: Completion patient recruitment ALLOB® spinal fusion Ph. IIA
- ☐ H1: Final results ALLOB® delayed union Ph. IIA
- ☐ H2: PREOB® osteonecrosis Ph. III interim conclusions
- ☐ H2: Initiation ALLOB® delayed union Ph. IIB



Product optimization & manufacturing

- ☒ Notice to grant from European Patent Office for allogeneic platform

- ☐ H2: Inauguration of new manufacturing facility



Corporate development

- ☒ Strengthening of the Board
- ☒ Licensing agreement for PREOB®
AsahiKASEI

- ☒ Jean Stéphenne appointed as chairman
- ☒ Successfully raised EUR 19.45 million of commitments in convertible bond placement
- ☐ Initiation tech transfer **AsahiKASEI**

Questions?

Thomas LIENARD

Chief Executive Officer

Jean-Luc VANDEBROEK

Chief Financial Officer

Phone: +32 (0)71 12 10 00

Fax: +32 0)71 12 10 01

E-mail: info@bonetherapeutics.com

Website: www.bonetherapeutics.com

