

November 7, 2014



# Boston Therapeutics Reports Third Quarter Results and Provides Corporate Update

MANCHESTER, NH -- (Marketwired) -- 11/07/14 -- Boston Therapeutics, Inc. (OTCQB: BTHE), a leading developer of compounds that enable people to manage their blood glucose using complex carbohydrate chemistry, today reported its financial results for the third quarter and nine months ended September 30, 2014 and provided a corporate update.

David Platt, Ph.D., Chief Executive Officer, Boston Therapeutics, said, "We have made tremendous progress in the development of our lead therapeutic candidate, BTI-320. We received results from clinical trials that gave us important information for guiding our pending Phase II and Phase III programs. We anticipate both the Phase II and Phase III studies will commence in 2015. The Phase III study will be led by Joslin Diabetes Center, the world's largest and most prestigious diabetes research and clinical care organization. In addition, we were honored to have notable life science industry veterans join both our board of directors and our medical advisory board. We also expanded our team in anticipation of our pivotal trials with the appointment of Dr. Meng Hee Tan as Consulting Medical Director.

In addition to furthering the clinical development program for BTI-320, we have also partnered with Benchworks to launch our over-the-counter dietary supplement, SUGARDOWN®. There are 86 million people in the United States that have elevated blood glucose levels, according to the Centers for Disease Control and Prevention (CDC). SUGARDOWN® is the first chewable tablet of its kind, designed for people who are committed to a balanced diet and exercise to help keep their blood sugar levels healthy. We look forward to working with Benchworks to increase market awareness and sales of SUGARDOWN® while also proceeding with our BTI-320 clinical program."

## ***Business and Clinical Highlights for the Third Quarter 2014 and Subsequent Developments:***

- Completed a U.S.-based Phase IIb study of BTI-320 in patients with Type 2 diabetes and reported positive topline results. The results of this study, along with two previous studies, provided Boston Therapeutics with information on different patient populations and doses that can be used to design a protocol for planned Phase II and Phase III trials.
- Entered into a clinical trial agreement with Joslin Diabetes Center to be the lead clinic in a Phase III study of BTI-320. The trial is scheduled to commence in 2015.
- Filed a patent application directed to novel therapeutic uses of BTI-320. The application captures novel methods of therapy in the area of diabetes that are based upon the molecular mechanism of action of BTI-320 in relation to  $\alpha$ -amylase, a key

enzyme responsible for the breakdown of starch in the human body.

- Appointed Drs. Jan Brinkman and Alan Hoberman to the company's board of directors, bringing business and research expertise derived from decades in the life sciences industry.
- Appointed Dr. Meng Hee Tan to Consulting Medical Director and appointed Drs. Jaime A Davidson and David Bell to Boston Therapeutics' Medical Advisory Board (MAB). The appointment of Drs. Tan, Davidson and Bell to the MAB bring Boston Therapeutics additional distinguished diabetes experts that can help guide the development of future scientific and medical endeavors.
- Partnered with Benchworks to launch SUGARDOWN® in North America. The main ingredient in SUGARDOWN® is made from naturally occurring plant-based mannans (galactomannans). The novel chewable tablet formulation works by blocking digestive enzymes starting in the mouth and promoting healthy digestion and optimal sugar absorption.

***Financial Results for the Third Quarter and Nine Months Ended September 30, 2014:***

- Revenue for the third quarter ended September 30, 2014 was \$121,493 compared to revenue of \$217,520 for the third quarter ended September 30, 2013. Revenue for the nine months ended September 30, 2014 was \$186,711 compared to revenue of \$242,974 for the nine months ended September 30, 2013. The decrease for the three and nine months are primarily due to decreased shipments of SUGARDOWN® to the company's one customer. Through its collaboration with Benchworks, Boston Therapeutics plans to expand market awareness and sales of SUGARDOWN®.
- Gross margin for the third quarter ended September 30, 2014 was \$39,432 compared to gross margin of \$99,005 for the third quarter ended September 30, 2013. For the nine months ended September 30, 2014 gross margin was \$28,106 as compared to gross margin of \$68,550 in the nine months ended September 30, 2013. The decrease in gross margin for the three and nine months ended September 30, 2014 is primarily due to the reduction in revenue combined with fixed fulfillment charges.
- Research and development expense for the three months and nine months ended September 30, 2014 was \$518,632 and \$1,200,321, respectively, compared to \$151,946 and \$200,428 for the three month and nine months ended September 30, 2013, respectively. The increase for the three and nine months is primarily the result of expenses associated with Phase IIb clinical trial activities for BTI-320 in patients with Type 2 diabetes conducted in the U.S. that concluded in the three months ended September 30, 2014 as well as an ongoing Phase IIb clinical trial in France.
- Sales and marketing expense for the third quarter ended September 30, 2014 was \$30,086 compared to \$102,840 for the third quarter ended September 30, 2013. For the nine months ended September 30, 2014 sales and marketing expense was \$287,642 compared to \$251,236 for the nine months ended September 30, 2013. The decrease for the three months ended September 30, 2014 is primarily related to non-

cash stock-based compensation recorded in the three months ended September 30, 2013 for options previously granted which are now fully vested. The increase for the nine months ended September 30, 2014 is primarily related to the hiring of employees to support Boston Therapeutics' sales and marketing initiatives and the engagement of a healthcare marketing company to market SUGARDOWN<sup>®</sup>. Boston Therapeutics concluded the healthcare marketing agreement during the second quarter ended June 30, 2014.

- General and administrative expense for the three and nine months ended September 30, 2014 was \$643,970 and \$2,457,636, respectively, compared to \$954,261 and \$1,904,008 for the three and nine months ended September 30, 2013, respectively. The \$554,000 increase for the nine months ended September 30, 2014 is due to an approximate increase of \$295,000 in accounting, financial and legal professional fees related to increased legal services, the indemnification of Dr. Platt's legal costs associated with a previously reported arbitration (which has subsequently been adjudicated in Dr. Platt's favor), as well as the engagement of a finance professional to manage its accounting and financial reporting matters. Payroll and related payroll benefits expense increased approximately \$214,000 due to salary increases, severance costs associated with the resignation of Boston Therapeutics' former President, the hiring of a new employee and the implementation of an employee medical benefit program. In addition, travel and entertainment increased approximately \$75,000 due to investor and industry conferences attended during the nine months ended September 30, 2014. Consulting and professional fees increased approximately \$44,000 primarily due to our business development, public relations and investor relations activities. These increases were offset by a reduction in non-cash, stock-based compensation of approximately \$122,000 primarily related to future vesting of options per the terms of a terminated employee's agreement during the nine months ended September 30, 2013.
- Net loss for the third quarter ended September 30, 2014 was \$1,159,926 or \$0.03 per share, compared with a net loss of \$1,116,863 or \$0.04 per share in the prior year's third quarter. As of September 30, 2014, there were 38.4 million weighted average shares outstanding, compared with 26.0 million weighted average shares outstanding as of September 30, 2013. Net loss for the nine months ended September 30, 2014 was \$3,937,444 or \$0.10 cents per share, compared with a net loss of \$2,303,532 or \$0.11 per share for the nine months ended September 30, 2013. For the nine months ended September 30, 2014 there were 38.1 million shares outstanding compared with 21.4 million for the nine months ended September 30, 2013.

Boston Therapeutics believes its cash resources will be sufficient to fund planned operations into December 2014. The company is seeking additional capital but there can be no assurance that the company will be able to raise necessary funding. Without such additional capital, the company may be required to curtail or cease operations.

#### **About BTI-320**

BTI-320 is a non-systemic complex carbohydrate-based compound designed to reduce post-meal elevation of blood glucose. BTI-320 is a proprietary polysaccharide to be taken before meals and works in the gastrointestinal tract to block the action of carbohydrate-hydrolyzing

enzymes that break down complex carbohydrates into simple sugars, reducing the availability of glucose for absorption into the bloodstream.

***About Boston Therapeutics, Inc.***

Boston Therapeutics, Inc., headquartered in Manchester, NH, (OTCQB: BTHE) is an innovator in designing compounds using complex carbohydrate chemistry. The company's product pipeline is focused on developing and commercializing therapeutic molecules that address diabetes and inflammatory diseases, including: BTI-320, a non-systemic therapeutic compound designed to reduce post-meal glucose elevation, and IPOXYN, an injectable anti-necrosis drug specifically designed to treat lower limb ischemia associated with diabetes. The company also produces and sells SUGARDOWN®, a non-systemic complex carbohydrate-based dietary food supplement designed to support healthy blood glucose. More information is available at [www.bostonti.com](http://www.bostonti.com).

***Cautionary Note Regarding Forward Looking Statements***

This press release contains, in addition to historical information, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or future financial performance, and use words such as "may," "estimate," "could," "expect" and others. They are based on our current expectations and are subject to factors and uncertainties which could cause actual results to differ materially from those described in the statements. Factors that could cause our actual performance to differ materially from those discussed in the forward-looking statements include, among others, that our plans, expectations and goals regarding the clinical trials are subject to factors beyond our control and provide no assurance of FDA approval of any of our future drug development plans. Our clinical trials may not produce positive results in a timely fashion, if at all, and any necessary changes during the course of the trial could prove time consuming and costly. We may have difficulty in enrolling candidates for testing, which would affect our estimates regarding timing, and we may not be able to achieve the desired results. Any significant delays or unanticipated costs in any subsequent drug trial could delay obtaining meaningful results from Phase II studies and/or preparing for Phase III studies with the current cash on hand.

Upon receipt of FDA approval, we may face competition with other drugs and treatments that are currently approved or those that are currently in development, which could have an adverse effect on our ability to achieve revenues from our approved products. Plans regarding development, approval and marketing of any of our compounds, including BTI-320, are subject to change at any time based on the changing needs of our company as determined by management and regulatory agencies. We have incurred operating losses since our inception, and our ability to successfully develop and market drugs may be affected by our ability to manage costs and finance our continuing operations. For a discussion of additional risk and other factors affecting our business, see our Annual Report on Form 10-K for the year ended December 31, 2013, and our subsequent filings with the SEC. You should not place undue reliance on forward-looking statements, and actual results may differ materially from the results anticipated in our forward-looking statements. Although subsequent events may cause our views to change, we disclaim any obligation to update forward-looking statements.

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Revenue	\$ 121,493	\$ 217,520	\$ 186,711	\$ 242,974
Cost of goods sold	82,061	118,515	158,605	174,424
Gross margin	39,432	99,005	28,106	68,550
Operating expenses:				
Research and development	518,632	151,946	1,200,321	200,428
Sales and marketing	30,086	102,840	287,642	251,236
General and administrative	643,970	954,261	2,457,636	1,904,008
Total operating expenses	1,192,688	1,209,047	3,945,599	2,355,672
Operating loss	(1,153,256)	(1,110,042)	(3,917,493)	(2,287,122)
Interest expense	(5,310)	(4,842)	(14,978)	(14,431)
Other expense	(1,259)	-	(4,151)	-
Foreign currency loss	(101)	(1,979)	(822)	(1,979)
Net loss	<u>\$ (1,159,926)</u>	<u>\$ (1,116,863)</u>	<u>\$ (3,937,444)</u>	<u>\$ (2,303,532)</u>
Net loss per share - basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.10)	\$ (0.11)
Weighted average shares outstanding basic and diluted	<u>38,435,195</u>	<u>26,025,815</u>	<u>38,094,498</u>	<u>21,411,649</u>

***Boston Therapeutics, Inc.***  
***Balance Sheet Data***

	<i>September 30,</i>	<i>December 31,</i>
	<i>2014</i>	<i>2013</i>
Cash and cash equivalents	\$ 569,350	\$ 3,387,428
Working capital	\$ 304,301	\$ 2,859,578
Total assets	\$ 1,703,753	\$ 4,535,032
Total stockholders' equity	\$ 743,274	\$ 3,345,270

**Contact:**

Boston Therapeutics, Inc.

Anthony Squeglia

Chief Financial Officer

Phone: 603-935-9799

Email: [anthony.squeglia@bostonti.com](mailto:anthony.squeglia@bostonti.com)

[www.bostonti.com](http://www.bostonti.com)

Source: Boston Therapeutics