Biotalys NV

Condensed Consolidated Interim Financial Statements
For the 6 months ended 30 June 2021

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STATEMENT OF THE BOARD OF DIRECTORS

On 16 September 2021, the Directors of Biotalys NV certify in the name and on behalf of Biotalys NV, that to the best of their knowledge,

- the condensed consolidated interim financial statements, established in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of Biotalys NV and of the entities included in the consolidation as a whole;
- the financial report presents a fair overview of the development and the performance of the business and the position of Biotalys NV and of the entities included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

This report is prepared in accordance with article 13 of the Belgian Royal Decree of November 14, 2007. Biotalys publishes its Interim Financial Report in English and Dutch. In the event of differences of interpretation between the English and the Dutch versions of the Report, the original English version will prevail.

INDEPENDENT AUDITORS' REPORT

Report on the review of the consolidated interim financial information of Biotalys NV 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 condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as the notes to the condensed consolidated financial statements.

Report on the consolidated interim financial information

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

The condensed consolidated statement of financial position shows total assets of 32 218 (000) EUR and the condensed consolidated statement of profit and loss and other comprehensive income shows a loss for the period then ended of 7 158 (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.

Conclusion

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

Signed at Zaventem.

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Pieter-Jan Van Durme

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in thousands of euros)	Note	30 June 2021	31 December 2020
Non-current assets		***11,329***	***10,757***
Intangible assets		745	792
Property, plant and equipment	5	5,236	4,617
Right-of-use assets		4,158	4,344
Other non-current assets		1,191	1,004
Current assets		***20,889***	***25,505***
Trade and other receivables		309	226
Other financial assets	4	3,600	2,100
Other current assets	6	1,515	76
Cash and cash equivalents		15,465	23,103
TOTAL ASSETS		**32,218**	**36,262**

EQUITY AND LIABILITIES (in thousands of euros)	Note	30 June 2021	31 December 2020
Equity attributable to owners of the parent		***18,807***	***25,648***
Share capital		62,822	62,822
Share premium		690	675
Accumulated losses		(41,276)	(34,117)
Other reserves		(3,430)	(3,732)
Total equity		**18,807**	**25,648**
Non-current liabilities		***6,568***	***4,468***
Non-current borrowings	7	6,418	4,332
Employee benefits obligations		64	50
Provisions		87	86
Current liabilities		***6,844***	***6,146***
Current borrowings	7	1,205	888
Other current financial liabilities	7	-	1,302
Trade and other liabilities		5,354	3,301
Other current liabilities		285	655
Total liabilities		**13,412**	**10,613**
TOTAL EQUITY AND LIABILITIES		**32,218**	**36,262**

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE

in € thousands	**Note**	**H1 2021**	**H1 2020**
Other operating income	8	831	567
Research and development expenses	9	(6,275)	(5,265)
General and administrative expenses	9	(2,241)	(1,249)
Marketing expenses	9	(677)	(303)
Other operating expenses	9	(1)	(7)
Operating loss (EBIT)		**(8,363)**	**(6,257)**
Financial income	10	1,322	996
Financial expenses		(110)	(65)
Loss before taxes		**(7,151)**	**(5,326)**
Income taxes		(7)	(0)
LOSS FOR THE PERIOD		**(7,158)**	**(5,326)**
Other comprehensive income (OCI)			
Items of OCI that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		1	2
TOTAL COMPREHENSIVE LOSS OF THE PERIOD		**(7,157)**	**(5,324)**
Basic and diluted loss per share (in €)	11	(9.54)	(7.10)
Loss for the period attributable to the owners of the Company		(7,158)	(5,326)
Total comprehensive loss for the period attributable to the owners of the Company		(7,157)	(5,324)

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE

	Attributable to equity holders of the Company						
			Other reserves				
(in thousands of euros)	Share capital	Share premium	Share-based payment reserve	Anti-dilution reserve	Currency translation reserve	Accumulated losses	Total Equity
Balance at 31 December 2019	**47,822**	**540**	**512**	**(4,439)**	**-**	**(23,362)**	**21,073**
Issuance of shares	8,000	-	-	-	-	-	8,000
Anti-dilution warrants	-	-	-	(375)	-	-	(375)
Share-based payments	-	136	184	-	-	-	320
Total comprehensive loss	-	-	-	-	2	(5,326)	(5,324)
Balance at 30 June 2020	**55,822**	**675**	**695**	**(4,813)**	**2**	**(28,688)**	**23,693**

	Attributable to equity holders of the Company						
			Other reserves				
(in thousands of euros)	Share capital	Share premium	Share-based payment reserve	Anti-dilution reserve	Currency translation reserve	Accumulated losses	Total Equity
Balance at 31 December 2020	**62,822**	**675**	**1,062**	**(4,813)**	**20**	**(34,117)**	**25,648**
Share-based payments	-	15	301	-	-	-	315
Total comprehensive loss	-	-	-	-	1	(7,158)	(7,157)
Balance at 30 June 2021	**62,822**	**690**	**1,362**	**(4,813)**	**21**	**(41,276)**	**18,807**

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE

in € thousands	Note	H1 2021	H1 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		(8,363)	(6,257)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation, amortization and impairments		747	470
Share-based payment expense		301	184
Changes in provisions		13	7
R&D tax credit		(186)	(151)
Loss on disposal of fixed assets		6	-
Other		1	2
Changes in working capital:			
Trade and other receivables		(83)	186
Other current assets		(292)	(14)
Trade and other payables		899	317
Other current liabilities		(371)	-
Cash used in operations		**(7,328)**	**(5,257)**
Taxes paid		(17)	-
Net cash used in operating activities		**(7,345)**	**(5,257)**
CASH FLOW FROM INVESTING ACTIVITIES			
Interests received		-	6
Purchases of property, plant and equipment	5	(975)	(829)
Purchases of intangible assets		(53)	-
Proceeds from disposal of PPE		3	-
Investments in other financial assets		(1,500)	(2,100)
Net cash used in investing activities		**(2,526)**	**(2,923)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings and other financial liabilities	7	2,780	-
Repayment of borrowings	7	(68)	-
Repayment of lease liabilities		(422)	(379)
Interests paid		(71)	(38)
Proceeds from issue of equity instruments of the Company (net of issue costs)		15	8,136
Net cash provided by financing activities		**2,234**	**7,719**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(7,637)**	**(461)**
CASH AND CASH EQUIVALENTS at beginning of period		23,103	23,358
CASH AND CASH EQUIVALENTS at end of period, calculated		15,465	22,897

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Biotalys NV (the “Company” or “Biotalys”) is a limited liability company governed by Belgian law. As of the date these condensed consolidated interim financial statements were authorized for issuance, the address of its registered office is Buchtenstraat 11, 9051 Gent, Belgium.

Biotalys and its subsidiary (together referred as the “Group”) is a development-stage, Agricultural Technology (AgTech) platform-based company focused on the discovery and development of novel biological products (protein-based biocontrols). The biocontrol products in the Group’s pipeline protect our food in a sustainable and safe manner and have the potential to address a broad range of food threats such as fungal diseases, insect pests and bacterial diseases with unique and novel modes of action. Biotalys filed with the Environmental Protection Agency (EPA) in the United States in December 2020, and with the European Food Safety Authority (EFSA) in March 2021, for the registration of Evoca™, its first protein based biofungicide. The Group does not yet have any commercialized products on the market.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 16 September 2021. This condensed consolidated interim financial information has been reviewed, not audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The Group’s condensed consolidated interim financial statements for the 6-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as endorsed by the European Union (“IAS 34”).

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020, which were prepared in accordance with IFRSs. The same accounting policies, presentation and methods of computation have been applied in these condensed financial statements as were applied in the preparation of the Group’s financial statements for the year ended 31 December 2020, except for the impact of the adoption of new Standards and Interpretations as described below.

These condensed consolidated interim financial statements are presented in euro, which is the Company’s functional currency. All amounts in this document are represented in thousands of euros (€ thousands), unless noted otherwise.

The consolidated financial statements are prepared on an accrual basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future (see also note 3.1 below).

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 of the consolidated financial statements for the year ended 31 December 2020.

Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Relevant IFRS accounting pronouncements adopted as from 2021 onwards

The following relevant new standards and amendments to existing standards have been published and are mandatory for the first time for the financial periods beginning on or after 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.
- Amendments to IFRS 16 – Covid 19-Related Rent Concessions (effective 1 June 2020): If certain conditions are met, the amendments would permit lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

The above-mentioned standards did not have an impact on the financial statements.

Relevant IFRS accounting pronouncements that have been issued but not yet applied by the Group

The following IFRS standards, interpretations and amendments that have been issued but that are not yet effective and have not been applied to the IFRS financial statements closed on 30 June 2021:

- Amendments to IFRS 16 – Covid 19-Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021, but not yet endorsed in EU): If certain conditions are met, the amendments would permit lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2023, but not yet endorsed in EU): The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

- Amendments to IAS 1 and Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023, but not yet endorsed in EU). The amendments provide more guidelines on which accounting policies to disclose in the financial statements.

- Amendments to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023, but not yet endorsed in EU). The amendments clarify the distinction between accounting policies and accounting estimates.

- Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023, but not yet endorsed in EU). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

- Amendments to IAS 16 – Proceeds before Intended Use (effective 1 January 2022, but not yet endorsed in EU): The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022, but not yet endorsed in EU): The amendments clarify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

- Annual Improvements 2018-2020 (effective 1 January 2022, but not yet endorsed in EU): The annual improvements package includes the following minor amendments: Subsidiary as a First-time Adopter (Amendment to IFRS 1); Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9); Lease Incentives (Amendment to Illustrative Example 13 of IFRS 16); Taxation in Fair Value Measurements (Amendment to IAS 41).

The Group does not expect that the above mentioned IFRS pronouncements will have a significant impact on the consolidated financial statements.

2.2. MEASUREMENT IN THE CONSOLIDATED FINANCIAL STATEMENTS

Other operating income and costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such revenues and costs at the end of the financial year.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

3.1. GOING CONCERN

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. The condensed consolidated results of the Group for the six months ended 30 June 2021 present a negative result, and the condensed consolidated statement of financial position includes a loss carried forward.

As further described in note 13, the Company successfully completed its Initial Public Offering (IPO) on Euronext Brussels on 5 July 2021 and raised total gross proceeds of €47,500 thousands. The over-allotment option in connection with the IPO was exercised and closed on 3 August 2021 and raised additional gross proceeds of €5,347 thousands.

Management has prepared detailed budgets and cash flow forecasts for the years 2021 and 2022 reflecting the strategy of the Group. These forecasts include significant expenses and cash outflows in relation to the development of the ongoing product candidates. While acknowledging the uncertainty inherent in these cash flow forecasts, Management believes that the cash position of the Group at 30 June 2021, along with the proceeds raised from its IPO and over-allotment option, is sufficient to cover the cash needs of the Company at least until a 12-month period following the approval of this report.

After due consideration of the above, the Board of Directors is of the opinion that it has an appropriate basis to conclude on the business continuity over the 12-month period following the approval of this report, and hence it is appropriate to prepare the financial statements on a going concern basis.

4. FINANCIAL INSTRUMENTS

The table below summarizes all financial instruments by category in accordance with IFRS 9:

in € thousands	**IFRS 9 Category**	**30 June 2021**	**31 December 2020**
Other financial assets	At amortized cost	3,600	2,100
Cash and cash equivalents	At amortized cost	15,465	23,103
Total financial assets		**19,066**	**25,203**
Non-current borrowings			
Bank borrowings	At amortized cost	3,521	1,137
Lease liabilities	At amortized cost	2,897	3,195
Current financial liabilities			
Bank borrowings	At amortized cost	411	83
Lease liabilities	At amortized cost	793	805
Other current financial liabilities			
Anti-dilution warrants	At fair value through P&L	-	1,302
Trade and other liabilities			
Trade payables	At amortized cost	2,994	2,484
Total financial liabilities		**10,647**	**9,006**

Currently, only the derivative instruments classified under “Other current financial liabilities” are carried at fair value in the consolidated statement of financial position.

The Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

The fair values of the derivative financial liabilities above are classified as level 3 fair value measurements and have been measured using a discounted cash flow methodology where different scenarios have been probability weighted.

The following table includes a reconciliation of the level 3 fair value measurements:

in € thousands	**Anti-dilution warrants**
As at 1 January 2020	**3,623**
Issuances	375
Fair value changes	(2,696)
As at 31 December 2020	**1,302**
Fair value changes	(1,302)
As at 30 June 2021	**-**

During the period, the only financial liability subsequently measured at fair value on Level 3 fair value measurement is the anti-dilution warrants (“AD Warrants”). The most significant inputs in measuring the fair value of the instruments are the discount rate, the probability of a down round and the probability of an IPO.

The AD Warrants have been measured using a probability weighted valuation model based on significant unobservable inputs, such as the probability that a down-round financing would occur, an IPO would occur based on facts and circumstances at issue date (ranging from 20% to 75%), volatility of the shares (ranging between 64.1% and 80.1%), and discount rate (15%).

Considering that on 30 June 2021 the Board approved the IPO, the AD Warrants were considered to have no value.

5. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment totaling €975 thousand related primarily to the improvements and installation of equipment and furniture in our new headquarters in Sint-Denijs-Westrem which the Company moved into in January 2021.

Certain assets that have been financed by the Bank Loan described in note 7 have been pledged as collateral. No other items of property, plant and equipment have been pledged in the context of financial liabilities.

6. OTHER CURRENT ASSETS

Of the total of €1,505 thousands at 30 June 2021 (31 December 2020: €75 thousands), €1,127 thousands relates to deferred issuance costs for the IPO that will be included in share premium upon the issuance of the ordinary shares in July 2021. Additionally, €198 thousand has been deferred for field trials where the related services have not yet been performed.

7. BORROWINGS AND OTHER FINANCIAL LIABILITIES

7.1. BORROWINGS

In € thousands	**30 June 2021**	**31 December 2020**
Bank borrowings	3,932	1,220
Lease liabilities	3,691	4,000
Total borrowings	**7,623**	**5,220**
of which as:		
Non-current borrowings	6,418	4,332
Current borrowings	1,205	888

Lease liabilities

The weighted average incremental borrowing rate used for the measurement of the lease liabilities is 2.00% at closing June 2021 (2020: 1.99%). The underlying leased assets act as pledge in the context of the lease liabilities. Certain restrictive covenants are contained in the lease liabilities and the Group was in compliance with such covenants (level of cash position in excess of €1,500 thousands) as of 30 June 2021.

Bank loan

On 20 May 2020, the Group entered into a bank loan for leasehold improvements of its new facilities in Belgium with a maximum committed amount of €4,000 (the "Bank Loan"). The remaining €2,780 of the committed funds was completely drawn during the first four months of 2021. In May 2021, the Bank Loan turned into an amortizing loan over a period of 9 years with a fixed interest rate of 1.95% per annum.

The Bank Loan is secured by a pledge of €2,100 thousands which is not available for use by the Group and is presented as "Other financial assets". The Bank Loan contains certain restrictive covenants including a clause that requires the Group to increase the amount of cash held as a pledge to an amount at least equal to the outstanding balance of the loan if the overall cash balance at the bank falls below €10,000 thousands. The Group was in compliance with such covenants as of 30 June 2021.

7.2. OTHER FINANCIAL LIABILITIES

The other financial liabilities consisted of anti-dilution warrants, which subscription rights granted to preference shareholders during several past financing rounds, giving the holder the right, but not an obligation, to purchase the Company's shares in certain limited circumstances at a specified price and date.

All of the outstanding Preferred AD Warrants have been granted to certain shareholders of the Company free of charge and entitle their holders to subscribe for new Preferred Shares of the same class, at an exercise price of €0.01 per Preferred AD Warrant, in certain limited circumstances. The number of new Preferred Shares to be issued pursuant to the exercise of the Preferred AD Warrants is dependent on the transaction triggering their exercisability. The Preferred AD Warrants automatically lapse five years after the issuance of the Preferred AD Warrants.

As the IPO had already been approved by the Board of Directors as of 30 June 2021, the liability was measured to have a value of zero. For more information regarding the IPO, we refer to note 13 on the events after the end of the reporting period.

8. OTHER OPERATING INCOME

For the six months ended In € thousands	2021	2020
Government grants	366	185
R&D tax incentives	276	218
R&D tax credits	188	161
Other income	1	2
Total other operating income	**831**	**567**

Other operating income mainly consists out of the R&D tax credits received and grants that were awarded to support R&D activities (VLAIO).

The R&D tax incentives correspond to certain rebates on payroll withholding taxes for scientific personnel and Belgian research and development tax credit with regard to incurred research and development expenses.

The R&D tax credit will be paid to the Group in cash after a five-year period, if not offset against the taxable basis over the respective period.

9. OPERATING EXPENSES BY NATURE

The table below illustrates certain items of expense recognized in the income statement using a classification based on their nature within the Group.

For the six months ended In € thousands	2021	2020
Employee benefit expense	4,086	2,886
R&D materials and external services	2,368	2,594
Depreciation expense of property, plant and equipment	348	97
Depreciation expense of right-of-use assets	298	344
Amortization expense of intangible assets	100	29
Other expenses	2,034	874
Total operating expenses	**9,234**	**6,824**
of which as:		
Research and development expense	6,275	5,265
Sales and marketing expenses	677	303
General and administrative expenses	2,281	1,249
Other operating expenses	1	7

Other expenses of €2,034 thousands relate to facility management, recruitment, legal and expert fees and other miscellaneous expenses. Approximately €530 thousand of the increase compared to the first half of 2020 relates to the non-capitalized expenses incurred in the context of the IPO that was completed on 5 July 2021 (see note 13).

Sales and marketing expenses relate to expenses incurred in the context of business development projects to promote the Group's activities to different stakeholders.

10. FINANCIAL INCOME

The financial income consists both in 2021 and 2020 mainly of the changes in fair value of the anti-dilution warrants as disclosed in note 4.

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, as retrospectively adjusted by the 2:1 reverse split completed in July 2021 (see note 13).

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of the Group, no effects of dilution affect the net profit attributable to ordinary equity holders. The table below reflects the income and share data used in the basic and diluted earnings per share computations:

For the six months ended **in € thousands**	**2021**	**2020**
Basic earnings		
Loss from continuing operations attributable to owners of the parent	(7,158)	(5,326)
Diluted earnings		
Dilution effect of share-based payments	-	-
Loss from continuing operations attributable to owners of the parent, after dilution effect	**(7,158)**	**(5,326)**

For the six months ended **Number of shares**	**2021**	**2020**
Weighted average number of ordinary shares outstanding during the period	1,500,000	1,500,000
Retrospective adjustment for the 2:1 reverse split completed in July 2021 (note 13)	(750,000)	(750,000)
Weighted average number of ordinary shares outstanding during the period for basic and diluted earnings per share	**750,000**	**750,000**

For the six months ended **in €**	**2021**	**2020**
Basic and diluted earnings per share	(9.54)	(7.10)

As the Group is reporting operating losses, the stock options and anti-dilution warrants have an anti-dilutive effect. As such, there is no difference between basic and diluted earnings per ordinary share. There are no other instruments that could potentially dilute earnings per share in the future.

12. COMMITMENTS AND CONTINGENCIES

Capital Expenditures

At 30 June 2021, the Group has committed to spend €50 thousand for capital expenditures for leasehold improvements and additional equipment, in addition to what has already been accrued. All amounts are expected to be paid within one year.

Contractual Agreements

The Group has concluded various agreements with Contract Manufacturing Organizations ("CMOs") to provide manufacturing services related to the production of Biotalys' developmental products, including costs to be incurred by the CMOs for modifications of their production facilities. Total outstanding non-cancelable purchase commitments under these agreements amount to €1,113 thousand as per the end of June 2021 (December 2020: € 440 thousand).

The Group has also entered into development agreements with various Contract Research Organizations ("CROs") and field trial operators. These arrangements are service agreements which only require payment dependent on the completion of the service and delivery of the final reports. Total outstanding non-cancelable purchase commitments under these agreements, excluding amounts accrued for services already performed, amount to €1,574 thousands as per the end of June 2021 (December 2020: €385 thousand).

The Group entered into a five year license agreement for software to support the discovery and development process. The outstanding non-cancelable purchase commitment under this agreement amounts to €560 thousand as per the end of June 2021 (December 2020: €0).

With the exception of the license agreement, the majority of these service agreements are expected to be paid within one year. The amounts are not risk-adjusted or discounted, and the timing of the payments is based on the Group's current best estimate of delivery of the related services.

The Group also has a non-exclusive license agreement with VTU Technology GmbH in relation to a number of AGROBODY™ bioactive-expressing Pichia pastoris strains. This license encompasses the Pichia pastoris strain that the Group uses to produce EVOCA™. The license fees comprise success fees and royalty fees, both of which are based on the titre at which the licensed strains produce AGROBODY™ bioactives.

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Company successfully completed its IPO on Euronext Brussels on 5 July 2021, issuing 6,333,333 new Ordinary Shares and raising gross proceeds of €47,500 thousands. Based on resolutions approved at the an extraordinary shareholders' meeting held on 18 June 2021, the completion of the IPO triggered the following events ("IPO events"):

- the conversion of all existing Preferred A Shares, Preferred B Shares and Preferred C Shares into Ordinary Shares (the "Share Consolidation");
- the reverse split of all so resulting Ordinary Shares into Ordinary Shares at a 2:1 ratio (the "Reverse Share Split");
- the conversion of the 294,514 existing profit certificates into Shares and the profit certificates to be issued upon the exercise of the existing ESOP Warrants into Shares at a 2:1 ratio upon the issue thereof (the "Profit Certificate Conversion");
- the cancellation of Preferred A AD Warrants, the Preferred B AD Warrants and the Preferred C AD Warrants;
- the cancellation of the ESOP III Warrants that have been issued but not yet granted resulting in no ESOP II Warrants or ESOP III Warrants being available for grant as from the closing of the IPO; and
- the issuance of the ESOP 2021 Warrants in a number equal to 10% of the Ordinary Shares that will be outstanding after the exercise of the Over-allotment Option minus the maximum number of Shares that may be issued pursuant to the outstanding ESOP 2017 Warrants and ESOP 2020 Warrants. Upon the exercise of one ESOP 2021 Warrant, the holder will receive one Ordinary Share.

During July 2021, 144,444 ESOP II Warrants were exercised. This resulted in an additional 72,222 new Ordinary Shares being issued on 3 August 2021 when applying the 2:1 ratio.

The over-allotment option in connection with the IPO was exercised and closed on 3 August 2021, resulting in an additional 712,942 new Ordinary Shares being issued which raised additional gross proceeds of €5,347 thousands. Upon the exercise of the Over-allotment Option, the total number of ESOP 2021 Warrants available for grant was calculated to be 1,759,241. No Warrants under the ESOP 2021 plan have been granted as of the date when these financial statements were approved.

Capitalized issuance costs for the new shares issued upon the IPO and the exercise of the Over-allotment Option totaled €3,306 thousands.

The following table provides an overview of the transactions of share capital that have taken place since 1 January 2021. The impact of the Share Consolidation after the Reverse Share Split, the Profit Certificate Conversion and the issuance of the new Ordinary Shares will be included in the earnings per share calculation on a prospective basis.

		Share Capital								
		Ordinary Shares	Preferred A Shares	Preferred B Shares	Preferred C Shares	Total Shares	Change in Value €	Total Value €	Share Premium Change (€)	Share Premium Total (€)
1-Jan-2021		**1,500,000**	**5,272,301**	**12,428,762**	**27,878,539**	**47,079,602**	**62,821,991**	**62,821,991**	**675,271**	**675,271**
22-Feb-2021	Profit Certificates issued upon exercise of ESOP II Warrants	-	-	-	-	47,079,602	-	62,821,991	14,865	690,136
30-Jun-2021		**1,500,000**	**5,272,301**	**12,428,762**	**27,878,539**	**47,079,602**	**62,821,991**	**62,821,991**	**690,136**	**690,136**
5-Jul-2021	Share Consolidation	45,579,602	(5,272,301)	(12,428,762)	(27,878,539)	47,079,602	-	62,821,991	-	690,136
5-Jul-2021	Reverse Share Split (1)	(23,539,804)	-	-	-	23,539,798	-	62,821,991	-	690,136
5-Jul-2021	Profit Certificate Conversion	147,256	-	-	-	23,687,054	263,615	63,085,606	(263,615)	426,521
5-Jul-2021	Issuance of new Ordinary Shares upon IPO	6,333,333	-	-	-	30,020,387	16,867,532	79,953,138	30,632,465	31,058,986
5-Jul-2021	Issuance costs for IPO	-	-	-	-	30,020,387	-	79,953,138	(3,145,355)	27,913,631
3-Aug-2021	Shares issued upon exercise of ESOP II Warrants	72,222	-	-	-	30,092,609	118,463	80,071,601	-	27,913,631
3-Aug-2021	Issuance of new Ordinary shares upon exercise of the Over-allotment Option	712,942	-	-	-	30,805,551	1,897,024	81,968,626	3,450,041	31,363,672
3-Aug-2021	Issuance costs for Over-allotment Option	-	-	-	-	30,805,551	-	81,968,626	(160,412)	31,203,260
3-Aug-2021		**30,805,551**	**-**	**-**	**-**	**30,805,551**	**81,968,626**	**81,968,626**	**31,203,260**	**31,203,260**

Note (1): The number of shares cancelled upon the 2:1 Reverse Share Split is higher than the number of Ordinary Shares remaining after the Reverse Share Split as the number of shares was rounded down on a shareholder by shareholder basis when the calculation resulted in a half a share.