



HALF-YEAR

REPORT

2023

Biotalys NV

Biotalys NV, Buchtenlaan 11, 9051 Ghent (RPR Gent 0508.931.185)

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1. RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

On 22 August 2023, the Board of Directors of Biotalys NV certified in the name and on behalf of Biotalys NV, that to the best of their knowledge,

- the condensed consolidated interim financial statements for the six months period ending 30 June 2023, 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 half-year 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 with respect to the remaining months of the accounting year and the main transactions with related parties and the impact thereof on the condensed consolidated interim financial statements.

The report is prepared in accordance with article 13 of the Belgian Royal Decree of November 14, 2007. Biotalys publishes its half-year 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.

For and on behalf of the Board of Directors of Biotalys NV

Simon E. Moroney

Catherine Moukheibir

Patrice Sellès

Chairman of the Board of Directors

Director, Chair of the Audit Committee

Director, CEO

2 BUSINESS REVIEW HY 1 2023

2.1 H1 2023 OPERATIONAL HIGHLIGHTS

In the first half of this year, Biotalys continued to seal partnerships, prepare for the launch of Evoca, and strengthen its patent portfolio.

- In April 2023, [Biotalys entered into a strategic partnership with Syngenta](#) to collaborate on the research, development and commercialization of a new bio-insecticide to counter the threat of pest resistance and advance sustainable agriculture.
- Evoca, Biotalys' first protein-based biocontrol, further demonstrated its efficacy in recent global field trials in preparation for its U.S. market introduction. [Announcing the results of over 160 field trials](#) in partnership with industry leaders Biobest and Beck Ag across various high-value crops in May 2023, Evoca outperformed leading chemical and biological solutions in several trials.
- Earlier this year, Biotalys [announced a major advance in manufacturing efficiency](#) for Evoca, strengthening the production and distribution path for the product. The scientific breakthrough, based on the development of multiple proprietary yeast strains, increased the production efficiency of Evoca's bioactive ingredient by 50 to 70%.
- Following the successful outcome of the [feasibility study with Novozymes at the end of last year](#), Biotalys and Novozymes have been further exploring manufacturing possibilities for a next generation of Evoca based on Novozymes' production hosts to create significant cost of goods and scaling advantages. The companies are also exploring collaborations beyond Evoca to address the need for effective and more sustainable protein-based biocontrols in new markets and indications.
- In March 2023, Biotalys [announced a succession plan for its Chief Financial Officer](#). The transition was successfully completed as planned with the promotion of Douglas Minder to CFO, effective 1 July 2023.
- Biotalys **continued to strengthen its patent portfolio** to protect its science and products. In H1 2023, two additional patents were granted to the company in India and Australia, both patents providing further IP protection relating to antibodies binding to fungal plant pests.
- Early in 2023, **Biotalys earned Top 100 status in Forward Fooding's FoodTech 500 list**, climbing to #65. Biotalys was also honored in its inaugural FoodTech 500 \$100 Million Club. A highly competitive event with thousands of nominations from 50+ countries, the FoodTech 500 ranks global entrepreneurial talent at the intersection of food, technology and sustainability.

2.2 REGULATORY UPDATE FOR EVOCA

- **The U.S. Environmental Protection Agency (EPA)** has recently changed its review process and no longer communicates dates for expected decisions to applicants. Biotalys continues to work with the EPA as it reviews the submitted regulatory dossier. Pending regulatory approval, Biotalys is preparing for the start of the market calibration with Evoca in 2024 and for the launch of the commercial version of the product in 2026.

- In **Europe**, the rapporteur Member State is The Netherlands where **the CTGB (College voor de Toelating Gewasbeschermingsmiddelen en Biociden)** is currently reviewing the regulatory dossier. Importantly, the authority has recently approved the sale of cucumbers treated with Evoca in greenhouse trials. While normally crops used in such trials have to be destroyed, as they are treated with products that are not yet authorized, the Dutch authority granted an exemption allowing sale of cucumbers treated with Evoca in greenhouse trials. This decision reinforces Biotalys' confidence that the product is safe to use.

2.3 PRIVATE PLACEMENT

- In June 2023, Biotalys successfully [closed a private placement for EUR 7 million](#). The company issued 1,135,257 new shares (approximately 3.67% of the company's shares outstanding prior to the transaction) at EUR 6.166 per share to deepen its relationship with existing shareholders, Agri Investment Fund BV (A.I.F.) and the Belgian Sovereign Wealth Fund ("Federale Participatie- en Investeringsmaatschappij NV" (SFPIM)).

2.4 NEW BOARD MEMBER (POST-PERIOD)

- Connected to the private placement, Biotalys nominated Agri Investment Fund BV (A.I.F.), represented by **Patrik Haesen**, to the Board of Directors, which was approved by the Special Shareholders Meeting of 21 August 2023. Patrik Haesen is currently Chief Executive Officer of A.I.F. and General Manager Investments at M.R.B.B., the holding company of the Farmers Union in Belgium. He has in-depth expertise in audit, finance and investment. He also is a director in Arvesta, Acerta and Iscal Sugar and in several other innovative AgTech companies. Mr. Haesen holds a Master's degree in commercial engineering (KU Leuven) and a European Master in public administration (KU Leuven and Corvinus University in Budapest), as well as a postgraduate degree in finance (EHSAL, Management School).

Evoca™: Pending Registration. This product is not currently registered for sale or use in the United States, the European Union, or elsewhere and is not being offered for sale.

2.5 SELECTED FINANCIAL INFORMATION

In € thousands	June 30, 2023	June 30, 2022
Other operating income	1,318	1,140
Research and development expenses	(8,661)	(7,574)
General and administration expenses	(2,771)	(2,596)
Marketing expenses	(741)	(718)
Other operating expenses	-	-
Operating loss	(10,855)	(9,748)
Loss of the period	(10,664)	(9,892)
Net cash used in operations	(8,516)	(9,559)
Net cash outflow of the period	(2,208)	(10,547)

Cash and cash equivalents	31,886	45,560
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- **Other operating income** for the first half of 2023 amounted to €1.3 million and relates to R&D tax incentives received and grants awarded to support R&D activities.
- **Research and development expenses** amounted to €8.7 million for the first half year, an increase of €1.1 million compared to the same period of 2022. These increases primarily relate to higher costs for external consultants and wages (+€0.7 million), increased depreciations and maintenance costs on lab equipment, and additional IT costs.
- **General and administrative expenses** amounted to €2.8 million for the first half of 2023, compared to €2.6 million in the same period of 2022. The increase was mainly driven by higher wage costs related to the index increases and to a lesser extent the expansion of the team.
- **Net cash used in operating activities** decreased by €1.0 million, to €8.5 million for the six months ended 30 June 2023. This decrease was primarily caused by changes in working capital driven by advances received from various project grants.

3 PRINCIPAL RISKS AND UNCERTAINTIES RELATED TO THE BUSINESS ACTIVITIES

The principle risks and uncertainties related to the Biotalys' business activities are outlined in Biotalys' annual report on the consolidated accounts for the accounting year 2022 on p. 141 and p.147-158 which is available on Biotalys' website (www.biotalys.com). In brief, the principal risks and uncertainties faced by Biotalys relate to strategic and commercial risks, operational risks, regulatory risks and financial risks. These include risks and uncertainties related to research & development of products, production and potential commercialization of product candidates, dependence on third parties, the organisation of Biotalys and its dependence on key employees, legal and regulatory risks, risks related to intellectual property and risks related to its financial position. The principal risks have not changed from the ones outlined in the annual report on the consolidated accounts for the accounting year 2022.

4 MAIN RELATED PARTY TRANSACTIONS

The Company did not enter into transactions with related parties during HY1 2023 which have a material impact on the results or the financial position of the Company during HY1 2023.

5 INDEPENDENT AUDITORS' REPORT

Report on the review of the consolidated interim financial information of Biotalys NV for the six-month period ended 30 June 2023

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 2023, the condensed consolidated statement of profit or 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 47 211 (000) EUR and the condensed consolidated statement of profit or loss and other comprehensive income shows a loss for the period of six months then ended of 10 667 (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

6 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.1 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in thousands of euros)	Note	30 June 2023	31 December 2022
<i>Non-current assets</i>		11,859	11,755
Intangible assets		562	596
Property, plant and equipment	7.8	5,245	5,335
Right-of-use assets	7.8	3,638	3,667
Deferred tax assets		164	125
Other non-current assets		2,250	2,031
<i>Current assets</i>		35,352	37,762
Receivables		507	820
Other financial assets		2,108	2,100
Other current assets	7.9	851	746
Cash and cash equivalents	7.10	31,886	34,096
TOTAL ASSETS		47,211	49,517
EQUITY AND LIABILITIES (in thousands of euros)			
	Note	30 June 2023	31 December 2022
<i>Equity attributable to owners of the parent</i>		35,187	38,114
Share capital	7.11	46,198	44,548
Share premium	7.11	15,542	10,164
Accumulated losses		(30,326)	(19,661)
Other reserves		3,772	3,064
Total equity		35,187	38,114
<i>Non-current liabilities</i>		6,414	5,443
Borrowings	7.12	5,196	5,338
Employee benefits obligations		18	16
Provisions		90	89
Other non-current liabilities	7.13	1,110	-
<i>Current liabilities</i>		5,610	5,960
Borrowings	7.12	1,167	1,163
Trade and other liabilities		3,109	4,204
Other current liabilities	7.13	1,334	592
Total liabilities		12,024	11,402

TOTAL EQUITY AND LIABILITIES	47,211	49,517
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The accompanying notes are an integral part of these condensed consolidated financial statements.

6.2 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 30 JUNE

in € thousands	Note	2023	2022
Other operating income	7.15	1,318	1,140
Research and development expenses	7.16	(8,661)	(7,574)
General and administrative expenses	7.16	(2,771)	(2,596)
Sales and marketing expenses	7.16	(741)	(718)
Operating loss (EBIT)		(10,855)	(9,748)
Financial income		422	141
Financial expenses		(191)	(269)
Loss before taxes		(10,624)	(9,877)
Income taxes		(40)	(15)
LOSS FOR THE PERIOD		(10,664)	(9,892)
Other comprehensive income (OCI)			
<i>Items of OCI that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(3)	9
TOTAL COMPREHENSIVE LOSS OF THE PERIOD		(10,667)	(9,883)
Basic and diluted loss per share (in €)	7.17	(0.34)	(0.32)
Loss for the period attributable to the owners of the Company		(10,664)	(9,892)
Total comprehensive loss for the period attributable to the owners of the Company		(10,667)	(9,883)

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

6.3 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE

<i>(in thousands of euros)</i>	Attributable to equity holders of the Company					Total Equity
	Share capital	Share premium	Other reserves		Accumulated losses	
			Share-based payment reserve	Currency translation reserve		
Balance at 31 December 2021	81,969	31,303	1,473	25	(55,855)	58,915
Share-based payments	-	-	847	-	-	847
Exercise of ESOP Warrants	125	91	(91)	-	-	125
Total comprehensive loss	-	-	-	9	(9,892)	(9,883)
Balance at 30 June 2022	82,094	31,394	2,229	34	(65,747)	50,004

<i>(in thousands of euros)</i>	Attributable to equity holders of the Company					Total Equity
	Share capital	Share premium	Other reserves		Accumulated losses	
			Share-based payment reserve	Currency translation reserve		
Balance at 31 December 2022	44,548	10,164	3,035	29	(19,662)	38,114
Share-based payments	-	-	723	-	-	723
Exercise of ESOP Warrants	16	12	(12)	-	-	16
Issuance of shares	1,634	5,366	-	-	-	7,000
Total comprehensive loss	-	-	-	(3)	(10,664)	(10,667)
Balance at 30 June 2023	46,198	15,542	3,746	26	(30,326)	35,187

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

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

in € thousands	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		(10,855)	(9,748)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation, amortization and impairments		888	771
Share-based payment expense		723	855
Changes in provisions		-	4
R&D tax credit		(355)	(203)
Other		(41)	-
Changes in working capital:			
Receivables		447	(52)
Other current assets		(106)	(397)
Trade and other payables		(953)	(831)
Other current and non-current liabilities		1,861	62
Cash used in operations		(8,392)	(9,539)
Taxes paid		(124)	(20)
Net cash used in operating activities		(8,516)	(9,559)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		251	-
Purchases of property, plant and equipment	7.8	(224)	(328)
Investments in other financial assets		(8)	-
Net cash provided by / (used in) investing activities		20	(328)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings	7.12	(211)	(207)
Repayment of lease liabilities	7.12	(438)	(416)
Interests paid		(79)	(164)
Proceeds from issue of equity instruments of the Company	7.11	7,016	126
Net cash provided by (used in) financing activities		6,289	(661)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,208)	(10,547)

CASH AND CASH EQUIVALENTS at beginning of period	34,096	56,107
Effect of foreign exchange rates	(2)	-
CASH AND CASH EQUIVALENTS at end of period, calculated	31,886	45,560

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

7 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 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 22 August 2023 and has been subject to a limited review by an independent auditor.

7.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group’s condensed consolidated interim financial statements for the 6-month period ended 30 June 2023 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 2022, 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 2022, except for the impact of the adoption of new Standards and Interpretations as described below and the additional policy for Research and Development Revenue described in note 2.3.

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 2022.

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 2023 onwards

The following relevant new amendment to existing standards has been published and is mandatory for the first time for the financial periods beginning on or after 1 January 2023:

- Amendments to IAS 1 and Practice Statement 2 – *Disclosure of Accounting Policies* (effective 1 January 2023). 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). 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). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective January 2023, but not yet endorsed in EU)

The above-mentioned standard did not have an impact on the condensed consolidated interim 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 2023:

- Amendments to IAS 1 – *Presentation of Financial Statements* (effective 1 January 2024, but not yet endorsed in EU):
 - *Classification of Liabilities as Current or Non-current*
 - *Classification of Liabilities as Current or Non-current - Deferral of Effective Date*
 - *Non-current Liabilities with Covenants*

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 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* (effective 1 January 2024, but not yet endorsed in EU): The amendments add disclosure

requirements that ask entities to provide qualitative and quantitative information about Supplier Finance Arrangements

- Amendments to IFRS 16 Leases – *Lease Liability in a Sale and Leaseback* (effective 1 January 2024, but not yet endorsed in EU). The amendments clarify how a seller-lessee subsequently measures certain sale and leaseback transactions.

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

7.3 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.

7.4 RESEARCH & DEVELOPMENT REVENUE

Revenue from research and development arrangements is recognized in the accounting period in which the services are rendered, using a basis, which reflects the nature and scope of the services rendered. Up-front payments for access to Biotalys' technology are recognized and deferred in the period during which the technology is being applied. Where agreements include milestones that are determined to be substantive and at risk at the inception of the agreement, revenue is recognized upon confirmation by the counterparty that the milestone has been achieved.

7.5 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 2022.

7.6 GOING CONCERN

The accompanying condensed 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 2023 present a negative result, and the condensed consolidated statement of financial position includes a loss carried forward.

Management has prepared detailed budgets and cash flow forecasts for the years 2023 and 2024. These forecasts reflect the strategy of the Group and include significant expenses and cash outflows in relation to the development of the ongoing product candidates and the platform. Management acknowledges that uncertainty remains in these cash flow forecasts (such as delays in development or regulatory approval) but believes that the cash position of the Group at 30 June 2023 (i.e. €32 million) is sufficient to cover the cash needs of the Company for at least the 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.

7.7 FINANCIAL INSTRUMENTS

All financial assets and liabilities presented in the consolidated statement of financial position are classified according to IFRS 9 – Financial Instruments as financial instruments at amortized cost. The Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

7.8 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the period, the Group acquired property, plant and equipment totaling €224 thousand related primarily to additional lab equipment and furniture in our headquarters in Sint-Denijs-Westrem. The Group also executed the purchase option on a few items of leased lab equipment, increasing the property, plant and equipment with an additional €411 thousand.

Certain assets that have been financed by the Bank Loan described in note 8 have been pledged as collateral. No other items of property, plant and equipment have been pledged in the context of financial liabilities.

During the first half year of 2023, the Group also entered into 2 lease agreements for lab equipment for an amount of €423 thousands.

7.9 OTHER CURRENT ASSETS

Of the total of €851 thousand at 30 June 2023 (€746 thousand at 31 December 2022), €223 thousand relates to deferred charges for field trials where the related services have not yet been performed.

7.10 CASH AND CASH EQUIVALENTS

The net cash position as presented in the consolidated statement of cash flows is as follows:

In € thousands	30 June 2023	31 December 2022
Cash at bank and in hand	23,986	26,195
Short-term bank deposits	7,900	7,901
Total cash and cash equivalents	31,886	34,096

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value.

7.11 SHARE CAPITAL

During June 2023, the Company raised €7,000 thousands through the issuance of 1,135,257 new shares to two existing shareholders in a private investment in a public equity (“PIPE”) transaction at an issue price of EUR 6.166 per share.

7.12 BORROWINGS

In € thousands	30 June 2023	31 December 2022
Bank borrowings	3,101	3,312
Lease liabilities	3,262	3,189

Total borrowings	6,363	6,501
of which as:		
Non-current borrowings	5,196	5,338
Current borrowings	1,167	1,163

Lease liabilities

The weighted average incremental borrowing rate used for the measurement of the lease liabilities is 2.13% at closing June 2023 (2022: 2.00%). 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 2023.

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 committed funds were completely drawn by May 2021, after which 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 Group has one bank loan which 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 2023.

7.13 OTHER CURRENT AND NON-CURRENT LIABILITIES

The Other current liabilities and Other non-current liabilities consist of revenue still to be recognized in future periods on various grants and projects, and for which the project research costs have not yet been incurred.

7.14 RESEARCH COLLABORATION

In the first six months of 2023, the Company entered into a collaborative arrangement with a third party to leverage Biotalys' technology platform for specific targets.

With regard to this collaboration, the Company concluded as follows:

- There is one single performance obligation under IFRS 15 which is the transfer of a license combined with performance of research activities. The Company concluded that the license is not distinct in the context of the contract.
- The transaction price is composed of a fixed part, that being an upfront fee of €1,250 thousands, and a variable part, being milestone payments. Milestone payments are only included in the transaction price to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur when the uncertainty associate with the variable consideration is subsequently resolved. No amount of the milestone payments have been included in the transaction price as of the date of the financial statements. Sales-based royalties are a part of the arrangement but are not yet included in revenue.
- The transaction price has been allocated to the single performance obligation and revenues will be recognized over the estimated service period based on a pattern that reflects the transfer of the license and progress to complete satisfaction of the research and development activities. This is because the Company considered that there is a transformational relationship between the license and the research and development activities to be delivered.

The Company has chosen an input model to measure the satisfaction of the single performance obligation that considers percentage of costs incurred for these programs that are completed each period (percentage of completion method). No amounts have been recognized as revenue as of 30 June 2023.

7.15 OTHER OPERATING INCOME

For the six months ended	2023	2022
In € thousands		
Grants	610	622
R&D tax incentives	685	510
Other income	23	8
Total other operating income	1,318	1,140

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

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.

7.16 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	2023	2022
In € thousands		
Employee benefit expense	5,678	5,145
R&D materials and external services	3,187	3,205
Depreciation expense of property, plant and equipment	527	494
Depreciation expense of right-of-use assets	327	242
Amortization expense of intangible assets	34	34
Facilities and IT related costs	612	576
Patents and IP	263	212
Other	1,545	980
Total operating expenses	12,173	10,888
of which as:		
Research and development expense	8,661	7,574
General and administrative expenses	2,771	2,596
Sales and marketing expenses	741	718

The Other expenses relate to facility management, recruitment, legal and expert fees and other miscellaneous expenses.

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

7.17 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.

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.

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	2023	2022
Basic earnings		
Loss from continuing operations attributable to owners of the parent	(10,664)	(9,892)
Diluted earnings		
Dilution effect of share-based payments	-	-
Loss from continuing operations attributable to owners of the parent, after dilution effect	(10,664)	(9,892)

For the six months ended Number of shares	2023	2022
Weighted average number of ordinary shares outstanding during the period	31,071,358	30,857,830
Weighted average number of ordinary shares outstanding during the period for basic and diluted earnings per share	31,071,358	30,857,830

For the six months ended in €	2023	2022
Basic and diluted earnings per share	(0.34)	(0.32)

As the Group is reporting operating losses, the stock options 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.

7.18 COMMITMENTS AND CONTINGENCIES

Capital Expenditures

At 30 June 2023, the Group has committed to spend €55 thousand for capital expenditures for additional equipment, in addition to what has already been accrued (December 2022: €379 thousands). 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 €167 thousand as per the end of June 2023 (December 2022: € 102 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 €964 thousands as per the end of June 2023 (December 2022: €409 thousand).

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.

7.19 EVENTS AFTER THE END OF THE REPORTING PERIOD

As of the date when these financial statements have been approved, there have been no events after the balance sheet date that should be reported.

8 ADDITIONAL INFORMATION

About Biotalys

Biotalys is an Agricultural Technology (AgTech) company developing protein-based biocontrol solutions for the protection of crops and food and aiming to provide alternatives to conventional chemical pesticides for a more sustainable and safer food supply. Based on its novel AGROBODY™ technology platform, Biotalys is developing a strong and diverse pipeline of effective product candidates with a favorable safety profile that aim to address key crop pests and diseases across the whole value chain, from soil to plate. Biotalys was founded in 2013 as a spin-off from the VIB (Flanders Institute for Biotechnology) and has been listed on Euronext Brussels since July 2021. The company is based in the biotech cluster in Ghent, Belgium. More information can be found on www.biotalys.com.

Forward looking statements

This report contains statements which are "forward-looking statements" or could be considered as such. These forward-looking statements can be identified by the use of forward-looking terminology, including the words 'aim', 'believe', 'estimate', 'anticipate', 'expect', 'intend', 'may', 'will', 'plan', 'continue', 'ongoing', 'possible', 'predict', 'plans', 'target', 'seek', 'would' or 'should', and contain statements made by the company regarding the intended results of its strategy. By their nature, forward-looking statements involve risks and uncertainties and readers are warned that none of these forward-looking statements offers any guarantee of future performance. Biotalys' actual results may differ materially from those predicted by the forward-looking statements. Biotalys makes no undertaking whatsoever to publish updates or adjustments to these forward-looking statements, unless required to do so by law.

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