biotalys
reinventing food protection

Annual report 2023

biotalys

We transform crop protection with unique protein-based biocontrol solutions, shaping the future of sustainable and safe food supply.

Introduction

Dear security holders,

This document contains the consolidated annual report (the "Consolidated Report") of Biotalys NV (the "Company") and its subsidiary, Biotalys Inc. (together referred to as the "Group" or "Biotalys") drafted in accordance with article 3:32 of the Belgian Code on Companies and Associations (the "BCCA") in respect of the accounting year ended 31 December 2023. This document also contains the statutory report of the Company in accordance with article 3:6 BCCA (see part "Financial Statements" – chapter "Statutory Report of Biotalys NV in respect of the accounting year 2023 in accordance with article 3:6 of the Belgian Code on Companies and Associations").

The Consolidated Report covers the entire document except for the chapter dedicated to the statutory report. Both reports have been approved by the board of directors of the Company and are dated 14 March 2024.

According to the European Single Electronic Format issuers on EU regulated markets are required to prepare their annual financial reports in an electronic reporting format with the intention to make reporting easier for issuers and to facilitate accessibility, analysis, and comparability of annual financial reports. This annual report was prepared both in XHTML format (using the Inline XBRL technology, which allows XBRL tagged data) as well as an easily downloadable or printable PDF format. In case of difference in interpretation, the formal XBRL version shall prevail.

The annual reports contain all required information as per the BCCA. The annual reports have been prepared in Dutch and a translation in English is also available. Only the Dutch version is binding, in case of a conflict between the Dutch and English version, the Dutch version will prevail. An electronic version of the annual reports is available at https://www.biotalys. com/investors/financial-information.

Forward-looking statements

The annual reports contain "forward-looking statements" within the meaning of the securities laws of certain jurisdictions, In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "may," "will," "plans," "continue," "ongoing," "potential," "predict," "project," "target," "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements appear in a number of places throughout the annual reports. Forward-looking statements include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, its results of operations, regulatory approval processes, prospects, growth, strategies and dividend policy and the industry in which it operates.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Investors should not place undue reliance on these forward-looking statements. Any forward-looking statements are made only as of the day of the annual reports and the Company does not intend, and does not assume any obligation, to update forward-looking statements set forth in the annual reports, unless required by law. Many factors may cause the results of operations, financial condition, liquidity and the development of the industries in which the Company competes to differ materially from those expressed or implied by the forward-looking statements contained in the annual reports. These risks described under part "Legal and Financial Information" – chapter "Description of the principal risks associated with the activities of the Company" are not exhaustive. New risks can emerge from time to time, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks on the business or the extent to which any risks, or combination of risks and other factors, may cause actual results, facts, regulatory outcomes or circumstances to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results, facts, regulatory outcomes or circumstances.

Table of contents

Reinventing crop protection

Our mission is to transform crop protection with unique protein-based biocontrol solutions, shaping the future of sustainable and safe food supply.

We develop products to offer farmers reliable and safe tools to prevent crop loss while reducing food waste, creating return on investment for all stakeholders.

Based on our groundbreaking technology platform, that has been validated in the life-sciences sector, we are developing a unique pipeline of effective and safe products with novel modes of action, addressing key crop pests and diseases.

Biotalys was founded in 2013 as a spin-off from the VIB (Flanders Institute for Biotechnology) and is listed on Euronext Brussels since July 2021.

The Company is based in the biotech cluster in Ghent (Belgium) and has a subsidiary in Research Triangle Park (North Carolina, United States).

SAFER FOOD, BETTER PLANET.

Key facts

Based in the Ghent biotech cluster

Company established in 2013 as a spin-off from the Flanders Institute for Biotechnology (VIB). HQ and laboratories in Ghent, Belgium, with a subsidiary in RTP, North Carolina, US

First product EVOCA™

Biotalys' first biofungicide candidate, submitted for registration to regulatory authorities and expected to first enter the US market followed by the EU.

AGROBODY Foundry™ 2.0

Proprietary technology platform built to develop unique protein-based biocontrol solutions for growers worldwide.

Strong patent portfolio

Strong IP position with over 35 granted patents and more than 130 patents pending related to the AGROBODY™ platform and pipeline.

Highly qualified team

65 highly skilled team members from 12 nationalities. Synergies created amongst the multiple disciplines and expertises required to generate effective biocontrols.

Significant market potential

Significant market potential through various product programs.

Versatile product pipeline

Diversified pipeline in biofungicides and bio-insecticides.

Broad scientific network

Collaborations with expert academic labs throughout the world.

Letter to the Shareholders from Chairman Simon Moroney

Dear shareholders,

The year 2023 marked significant progress as well as some changes for Biotalys. We recruited a new CEO to the company, refreshed the management team and defined a sharper focus for our R&D organization. The new CEO, together with his colleagues, conducted a review of the company's strategy, the conclusion of which was a re-affirmation of our long-term ambition to be a leader in the development of innovative, protein-based crop control products. The steps taken have placed the company in a better position to be successful in the long-term and have strengthened our conviction that Biotalys has an attractive future.

New leadership

A major milestone for the company was the appointment of our new CEO, Kevin Helash. His extensive experience in both large and small-scale enterprises in the industry equips him with a unique perspective and makes him the right person to lead Biotalys at this stage of the company's development. The leadership change has not only infused new energy into our team but has also allowed us to realign our corporate vision with the evolving demands of the industry.

Biotalys's core strength is its unique technology platform. To get the most out of this platform, we are now applying the technology in a more targeted fashion, generating AGROBODY biocontrols against carefully chosen disease and pest targets. This technological refinement is now being applied with an increased focus on anti-fungal products, the class to which our lead product EVOCA belongs. This evolution is a significant stride towards more deliberate and efficient product development.

Notwithstanding this increased focus, our technology undoubtedly has potential in other areas of pest control. In April, we entered a partnership with Syngenta Crop Protection focused on the discovery and development of new insecticides.

> "The strategic review of the company re-affirmed our long-term ambition to be a leader in the development of innovative, protein-based crop control products."
>
> — Simon Moroney, Chairman

This deal, with a leading name in the agricultural industry, stands as a testament to the potential of our technology. It not only serves as a significant milestone in our company's growth but also illustrates the industry's belief in our innovative solutions.

I also want to highlight the progress the Company has made towards the approval of EVOCA in the United States and Europe. While the regulatory process in the US has been more protracted than anticipated, we remain confident we will get approval. Our interactions with regulatory bodies have been constructive, with a shared goal of ensuring that our new technology meets the highest standards of efficacy and safety.

Renewed investor confidence

The past year posed significant challenges for the entire agtech industry, as geopolitical and

macroeconomic challenges continued to reverberate across the agricultural sector. Climate change remains a key issue for growers, with drought and weather adversity threatening crop yields. Additionally, inflationary pressures and a more risk-averse investment climate impacted funding for smaller, pre-revenue companies like ours.

Despite these challenges, Biotalys has demonstrated remarkable resilience. Our leadership changes and increased R&D focus have been positively received by the investor community. We're delighted to witness a renewed sense of confidence from our investors, a clear endorsement of our refined vision, sharpened R&D strategy and revitalized leadership.

Goals for 2024 and beyond

Looking ahead to 2024, our primary focus remains on securing the US registration of EVOCA. While we maintain a cautious stance on predicting timelines, our collaborative efforts with the regulator give us confidence in achieving this milestone. We will also drive our portfolio of product candidates forward while continuing to explore potential collaborations. A key focus will also be on financial planning, with a view to maximizing the company's ability to create long-term value for its stakeholders.

We firmly believe that Biotalys has a wonderful opportunity to position itself as a leader in the development of our industry. The agricultural industry, much like the pharmaceutical sector in the past, is on the cusp of a significant shift towards products of biological origin. Despite the challenges that all industries face when technological disruption arrives, we are convinced that this transition is inevitable and that we are ideally positioned to reap the benefits of the change.

As we look back on the past year at Biotalys, let's take a moment to recognize the hurdles we overcame and the significant progress we've achieved. Despite a landscape marked by uncertainty and change, our commitment to innovation in the agtech sector remains solid.

On behalf of the entire team at Biotalys, I extend my deepest gratitude for your continued support. Together, we are not only shaping a successful company but also contributing to a healthier, more sustainable world. We look forward to sharing our progress and successes with you in the coming year and beyond.

Simon Moroney
Chairman of the Board of Directors

Highlights of 2023

JAN

10th anniversary

Biotalys celebrates its 10th anniversary. The Company was founded in 2013 as a spin-off from the VIB (Flanders Institute for Biotechnology) and has grown to become a public company, listed on Euronext Brussels in 2021.

Significant progress in manufacturing capabilities for EVOCA

Biotalys achieves 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%.

APR

Strategic partnership with Syngenta Crop Protection

Biotalys enters into a strategic partnership with Syngenta Crop Protection, to collaborate on the research, development, and commercialization of a new bio-insecticide to counter the threat of pest resistance and advance sustainable agriculture.

Top 100 status in FoodTech 500

Biotalys earns Top 100 status in Forward Fooding's FoodTech 500 list, climbing to position 65. A highly competitive event with thousands of nominations from more than 50 countries, the FoodTech 500 ranks global entrepreneurial talent at the intersection of food, technology and sustainability.

MAY

Excellent results for EVOCA against Botrytis in grapes

EVOCA, Biotalys' first protein-based biocontrol, further demonstrates its efficacy in global field trials in preparation for its US 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.

JUN

Private placement of new shares for EUR 7 million

Biotalys successfully closes a private placement for EUR 7 million. The Company issues 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 ("AIF") and the Belgian Sovereign Wealth Fund Federale Participatie- en Investeringsmaatschappij NV ("SFPIM").

Successful outcome in reducing production costs

Biotalys successfully finalizes a joint project with Bio Base Europe Pilot Plant to further reduce the production costs of protein-based biocontrols. The project team was able to further increase the yield in the downstream processing, allowing a higher quantity of product from the fermentation broth. The project was financially supported by the Flemish Agency VLAIO, under its grant-type pilot project bio-based applications.

JUL

New CFO Douglas Minder

Douglas Minder is promoted to Chief Financial Officer (CFO). He takes over responsibility from Wim Ottevaere. Douglas Minder joined Biotalys in January 2021 and was appointed Deputy CFO after the company's IPO. With over 30 years of financial experience, he is an expert in US GAAP and IFRS standards and reporting requirements for both the US and European markets. He has built successful cross-departmental relationships to develop continuous improvement solutions throughout an organization.

AUG

New Board member Patrik Haesen

Patrik Haesen is appointed Director. He currently is Chief Executive Officer of Agri Investment Fund (AIF). He has in-depth expertise in audit, finance and investment. He has board experience in among others Arvesta, Acerta and Iscal Sugar and in several other innovative AgTech companies.

Highlights of 2023

OCT

New CEO Kevin Helash

Biotalys appoints Kevin Helash as Chief Executive Officer to lead the company in its next growth phase. His experience will be instrumental in leading the acceleration of Biotalys' development. He is a results-driven corporate executive who brings more than 30 years of international experience in agriculture and biological products to Biotalys. His experience spans commercializing numerous breakthrough technologies in the agricultural industry on a global scale, including in positions as CEO of EnviroKure, Marrone Bio Innovations - previously listed on Nasdaq - and Agrinos.

NOV

Shift to AGROBODY™ 2.0 technology

A strategic review of the Company leads to a shift to the second-generation AGROBODY technology to develop protein-based biocontrols for crop protection. This move to AGROBODY 2.0 entails organizational changes to concentrate resources on core R&D capabilities while focusing on obtaining registration for Biotalys' first product candidate EVOCA. In view of the new approach, Biotalys has evaluated its pipeline and decided to focus on biofungicides and bio-insecticides.

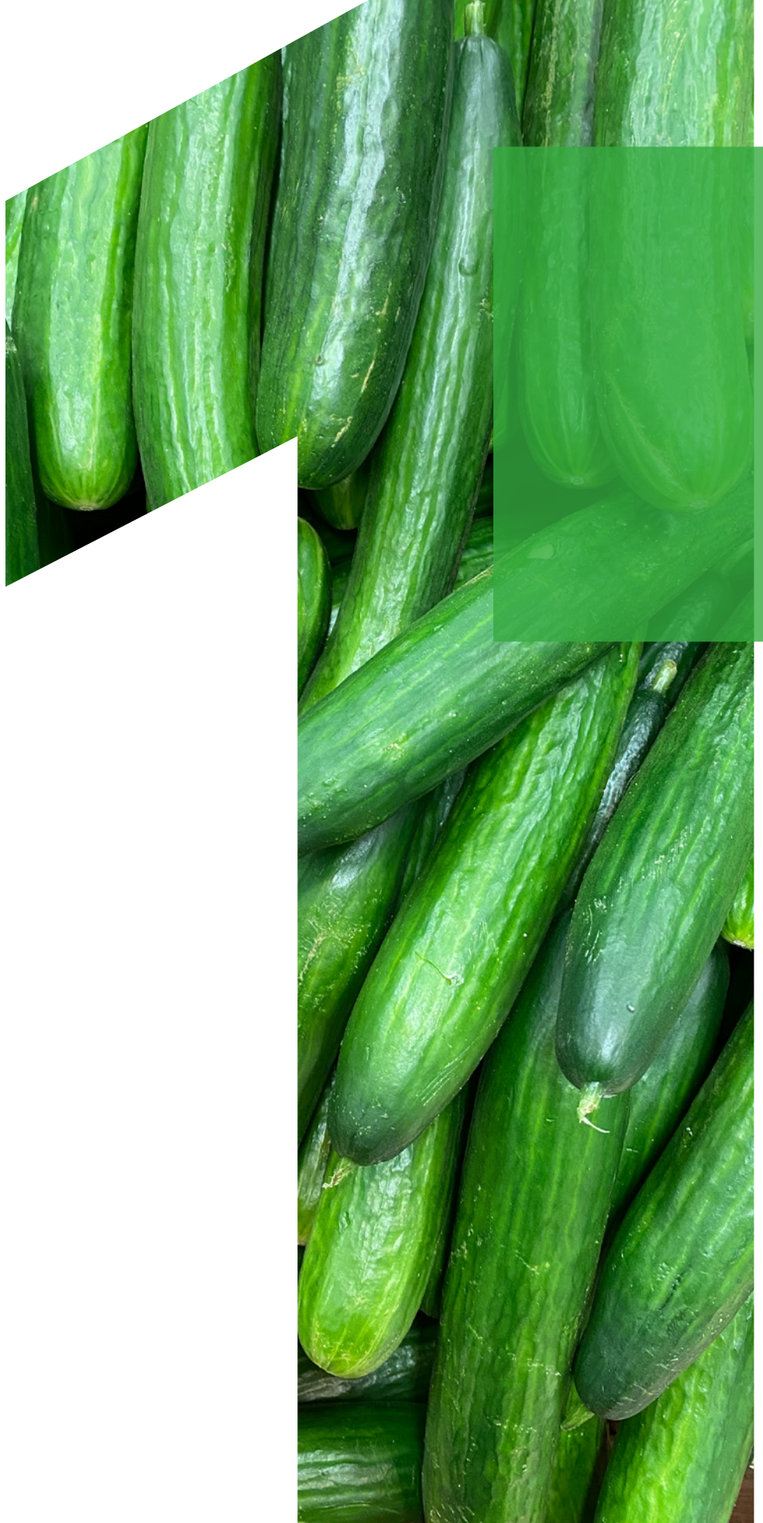
Biotalys forest planting day

Several members of Biotalys' team and their families plant the trees that will grow into the Biotalys forest in a couple of years. The land was provided by conservation organization Natuurpunt and is situated on a wonderful location in Aalter, near Ghent. The Biotalys forest is part of our commitment to contribute to nature and biodiversity.

DEC

Independent field trials in the US confirm EVOCA's potential

Biotalys announces excellent results from independent field trials conducted in 2022 and 2023 by the University of California Davis and the University of Florida. The field trials confirm that EVOCA can perform as a true replacer for existing crop protection products to combat fungal diseases in grapevines and strawberries. The outcome of the academic studies in California is particularly relevant as California is the largest US grape market.



Company Highlights and Activities

01

Shaping the future of sustainable and safe food supply

Global food supply strained

Population growth and climate change are putting societies around the world under pressure. In the past year, geopolitical conflicts and natural disasters further significantly endangered global food supplies.

Food insecurity on the rise

Today, 345 million people in 79 countries struggle to put food on the table, up from 135 million in 53 countries before COVID-19. Put simply: in just two years the number of people facing acute food insecurity has doubled. Geopolitical conflicts, the pandemic, and climate shocks have formed a perfect storm causing high food, fuel and fertilizer prices, preventing even more people from feeding themselves decently[1].

The UN goal of eliminating all hunger from the world by 2030 thus seems more remote than ever. With only six years left, action is imperative. More sustainable agriculture and biological alternatives for food and crop protection are critically needed.

Climate change is on top of the world's agenda

Climate change is a worldwide priority for policymakers, industry stakeholders, and society. At COP28, held in Dubai in December 2023, countries reaffirmed their ambition to limit global temperature rise to 1.5 degrees Celsius above pre-industrial levels. They also reiterated their commitment to cut greenhouse gas emissions to global net zero by mid-century[2].

During COP28, a full day was set aside for the first-ever focus on Food and Agriculture. Countries agreed that we need to quickly change how we grow and get our food to address the challenges posed by climate change. At the conference, the UN Food and Agriculture Organization (FAO) shared a global plan to eradicate hunger without surpassing the 1.5-degree limit for global warming. The goal of the plan is to transform agrifood systems, including farming or raising food, transportation, and disposal methods. The FAO has identified ten priority areas within the plan, including crops, soil and water management, and addressing issues related to food loss and waste[3].

Global food loss and waste

Our planet faces many threats to longevity. The growing population is expected to need over 50% more food by 2050, which would require more farmland amounting to nearly twice the size of India and cause a 275% above-target contribution to agriculture's greenhouse gas emissions[4]. Yet in the midst of this population explosion, an estimated 30% of all food produced still goes to waste along the food value chain.

The food loss is so dramatic that official agencies are throwing all available resources into halting it. In its Sustainable Development Goals[5], the United Nations targets cutting per capita global food waste in half at the retail and consumer levels and reducing food losses in production and supply chains, including post-harvest, by 2030. This ambitious timetable underscores the global urgency of the food waste issue.

However, about half of the food losses happens during production (in the field) and the first steps of handling and storing (post-harvest), before the food is processed or reaches consumers[6]. For fresh produce such as fruits and vegetables, the proportion is even higher. A broad range of pesticides is being employed in the production, storage and handling of fresh produce to protect it against spoilage (fungal diseases) and insects. But to what end?

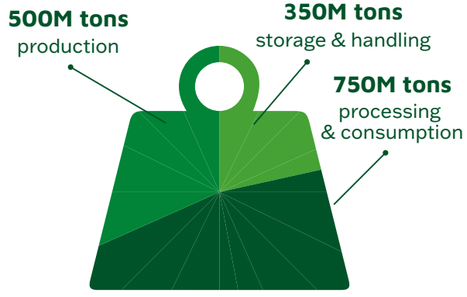
The answer is not more chemicals. At Biotalys, we believe it is vital to identify and develop novel and safe food protection technologies that can be applied in innovative and differentiated ways to boost the global food system's efficiency and sustainability.

Consumers demand safe, healthier, more nutritious food

Consumers are also gaining market power. They are increasingly questioning the use of conventional chemical crop protection products, their potential effect on human health and biodiversity, and their accumulation in the ecosystem.

50%

Our global population is expected to need over 50% more food by 2050



1.6 billion tons

of all food produced globally goes to waste

source: The Boston Consulting Group, "Tackling the 1.6b ton food loss and waste crisis", 2018

This concern has spurred them to demand access to healthy and safe food that is free from pesticide residues and produced with minimal impact on the environment. It has also led many large, global food retailers to impose these standards on their supply chains. While these actions hold out the promise of safer alternatives, they also put additional pressure on growers to deliver high-quality/low-pesticide food. Luckily, technological advances and innovators like Biotalys are working to offer new tools and solutions to answer these intensifying consumer demands and mitigate the pressure on growers globally.

Regulatory evolutions

Over the past two decades, many developed countries have acted to lower the risks and hazards caused by conventional chemical pesticides, leading to a sharp rise in their development and registration costs.

The regulatory landscape's evolution is particularly significant in the EU, which has banned or severely limited the use of some highly toxic or endocrine-disrupting pesticides and applied strict regulatory standards to pesticide residues.

In the United States, the 1996 Food Quality Protection Act mandated the Environmental Protection Agency (EPA) to retrospectively review all insecticides applying more stringent safety criteria. The EPA's specific fast-track regulations created for biocontrol products promote the development of sustainable alternatives to existing chemical pesticides.

Opportunities in crop protection

The biological crop protection market is growing

Over the last decade, consumers' demand for healthy and safe food, stricter regulations, and growers' need for flexibility have driven growth in the biological food and crop protection market to over 11% annually, significantly outpacing conventional chemical crop protection[7].

We expect growers to increasingly incorporate biocontrol products into their farming practices, especially in their Integrated Pest Management (IPM) programs that rotate a variety of crop protection products with different modes of action. This allows optimized diversity of applications and greater flexibility of operations, while substantially lowering the chemical input load. It also yields higher-quality products with less chemical residue, thus better meeting the demands of consumers, retailers, and regulators and giving growers sustainable value from their products.

If technological advances spur the development of new biological crop protection products displaying performance and consistency equal to conventional chemical ones, market growth in the biological sector could accelerate even faster.

Compared to conventional chemical crop protection products, the key advantages of biocontrols for the industry, growers and consumers are that they

- limit chemical load and chemical residues, thus lowering agriculture's environmental impact and raising product quality;
- increase flexibility for growers to expand IPM programs, providing new tools for resistance management and safe and flexible working conditions for field workers;
- help safeguard conventional products by avoiding rapid resistance buildup and allowing longer life cycle management for the chemical industry; and
- shrink agriculture inputs' carbon footprint through straightforward production of biocontrols compared to the multi-step synthesis of conventional chemical crop protection products.

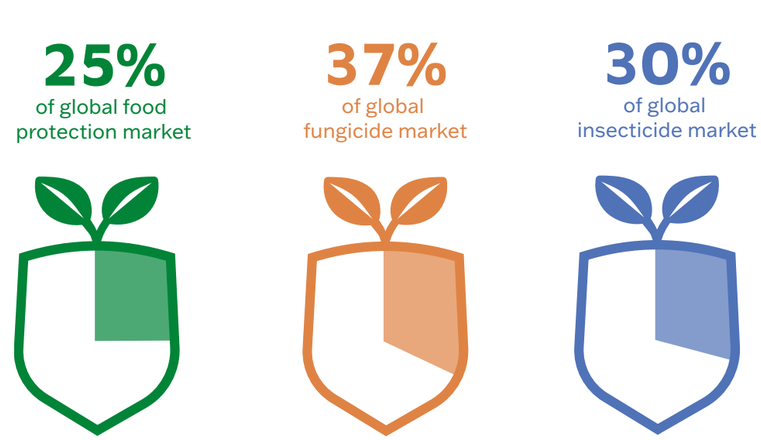
Fruits and vegetables: a main target market

Fruits and vegetables ("F&V"), one of our main target crops, account for 25% of the total crop protection market and represent 37% of the global market for fungicides and 30% for insecticides[8].

Given the high value of the crops they protect, products in this segment are priced higher than row crops. The combined high value and high relevance of F&V make this a critical focus area for innovative companies in crop protection.

F&V will also drive the evolution of sustainable practices in the short to medium term given the industry's close connection to the consumer (compared to commodities like corn or soy, which are largely consumed by animals).

The share of fruit & vegetables in the global food protection market



source: Mordor Intelligence - F&V crop protection market (2020) - https://www.mordorintelligence.com/industry-reports/global-crop-protection-chemicals-pesticides-market-industry

Our goal: to offer growers unique and differentiating solutions that work

Using our proprietary technology, the AGROBODY Foundry™ platform, we aim to develop products that help reduce agriculture's environmental footprint, optimize the use of natural resources, and give consumers healthy and safe choices.

We are confident that our product candidates will continue to demonstrate a biological-like clean safety profile, due to their intrinsic rapid biodegradability, while providing conventional chemical-like performance and consistency when used as per label recommendation in an IPM program. This addresses a key shortcoming of most biological food protection products that are typically less consistent and effective than conventional chemical ones[9].

We also believe our proprietary technology platform can identify novel modes of action at competitive costs in an industry where conventional chemical innovation has slowed substantially over the last decade and where biological products do not usually offer a clear and single mode of action.

Finally, we expect to produce our product candidates at scale through fermentation with chemical-like quality control and reach manufacturing efficiency to compete in most food protection markets in the long term.

In 2023, Biotalys shifted to a next generation of the AGROBODY Foundry™ platform, marking a significant upgrade in its R&D process. The Company transitioned from the broader "shotgun method" to a more focused strategy in discovering new biocontrols. This shift in approach fundamentally alters our ability to pinpoint new product candidates with greater precision and speed, significantly reducing the time it takes to introduce them to the market.

This approach has already lead to the successful introduction of novel biologicals in the pharma sector. Biotalys is applying this approach to develop a whole new offer of unique biobased crop protection solutions for growers, differentiating from other products, both existing and future. The Company hereby addresses farmers' need for new modes of actions to combat resistance issues, with a much softer environmental footprint both in terms of impact of the product and of production. Our technology platform is set up to be an engine that delivers a disruptive suite of protein-based biofungicides and bio-insecticides, to be introduced in various core markets with support of key production and distribution partners, generating profitable returns on investment for all stakeholders.

AGROBODY™ 2.0: a more targeted discovery approach

In 2023, Biotalys shifted to a next generation of the AGROBODY technology platform, marking a significant upgrade in its R&D process. The Company transitioned from the broader "shotgun method" to a more focused strategy in discovering new biocontrols. This shift in approach fundamentally alters our ability to pinpoint new product candidates with greater precision and speed, with the potential to significantly reduce the time it takes to introduce them to the market.

Advantages of the targeted approach

1

INCREASED POTENCY

- Lower application rates in the field
- Improved cost of goods
- Broader market penetration
- Improved profitability

2

DEFINED MODE OF ACTION

The molecular interaction target is known:

- Ability to combine modes of action
- Accelerate the entire development process
- Enhanced regulatory dossier

3

IMPROVED PRODUCIBILITY

- Increased ability to select leads with better physico-chemical properties
- Increase the likelihood of better producible bioactives → improved cost of goods

A clear strategy to create sustainable value

The protein-based biocontrol solutions that Biotalys develops have all the potential to set a new bar for safe, effective protection tools. We are fully committed to accelerating the focus and development of our product candidates, including the regulatory approvals and global commercialization, to give growers what they need. To achieve our goals, we have chosen a razor-sharp focus on three key milestones.

EVOCA™ registration

The expected registration of the first generation of EVOCA will be a key milestone for the Company. This is not only because it will be our first approved product from our platform, but also because it is expected to be the first critical step in obtaining follow-on registration for next-generation product (EVOCA NG), which will be our first commercial, margin-generating product.

Commercial agreements

We are looking to enter into partnership agreements for the commercial production and distribution of our pipeline biofungicides EVOCA NG and BioFun-6.

Value creation designed through pipeline advancement, strategic key partnerships & commercial growth

AGROBODY Foundry 2.0

LEVERAGE PLATFORM TO SECURE FURTHER STRATEGIC CROP PROTECTION R&D COLLABORATIONS

We intend to selectively partner with major agricultural and food industry players. This will deploy and validate our AGROBODY Foundry platform beyond our internal programs and leverage its unique features in industry-wide efforts to develop more sustainable products for crop protection. We intend to establish such partnerships where the market potential and conditions create value beyond what we could generate with our fully-owned programs.

UPGRADE PLATFORM CAPABILITIES TOWARDS EXPONENTIAL POTENCY AND COST TARGETS

We intend to upgrade the capabilities of the platform to increase the potency and efficacy of our bioactive agents which should result in lowering the cost of goods per hectare; and by working on multiple modes of actions in parallel. This should result in a broader market penetration of our biocontrol products.

EXPAND PLATFORM POTENTIAL IN ADJACENT FOOD PROTECTION MARKETS

We want to penetrate markets beyond crop protection that are less commoditized, such as post-harvest protection. Diversifying our market reach will allow us to create long-term financial resilience and fully leverage the differentiating value of our product candidates along the food value chain.

A laser-like focus with the 2.0 platform

In October 2023, Kevin Helash took office as Biotalys' new CEO. Looking back on his first months, which included a strategic review of the company, Helash considers the transition to the 2.0 platform as a major milestone for the Company. "This evolution marks a pivotal step in our technology's development and not only aims at enhancing the potency of our products but also at reducing production costs and broadening market access," he says.

An opportunity to contribute to change

As to why Kevin Helash has chosen to lead Biotalys, he doesn't have to think long. "Agriculture has been in my blood since I was a kid. My family's roots in farming and my journey towards sustainable agriculture made Biotalys the perfect fit," he says.

Although working for a long time in the conventional crop protection sector, Helash decided over a decade ago that he wanted to focus his career on sustainable agriculture: "My decision was shaped by my experiences in the agricultural sector in Canada, where I observed a growing demand for more sustainable, less invasive crop management solutions. Farmers were increasingly resistant to traditional chemical solutions and were eager for technologies with a softer environmental footprint. This sector is burgeoning, and I wanted to be part of its growth," Helash says. "Biotalys, with its innovative approach to developing products that are not only effective but also sustainable, represented the perfect opportunity for me to contribute to this change," he adds on joining Biotalys.

According to Helash, Biotalys stands out with its innovative AGROBODY platform. "From the day I got here, I was in love with the technology. And that hasn't changed," he says. "It's not merely an improvement on existing technologies but a novel approach to biocontrols, offering a sustainable alternative to traditional crop protection methods. While there are others in the field working on similar technologies, it's clear to me that Biotalys stands significantly ahead of our competition in terms of market readiness. We're committed to keeping this lead, as this technology is the backbone of our company," he adds.

> "We are looking to become the true leader in protein-based biofungicides."
>
> — Kevin Helash, CEO

Evolution and preparation for future growth

Looking back at 2023, Helash considers the transition to the 2.0 platform as a major milestone. "This evolution marks a pivotal step in our technology's development. It represents a move from a broad-spectrum approach to targeting specific pathogens with high precision. This strategy not only aims at enhancing the potency of our products but also at reducing production costs and broadening market access," he explains.

"Additionally, we made good headway with regulatory bodies, and bolstered our platform through partnerships, with Syngenta Crop Protection for instance," Helash says. "Syngenta brings immense research, development, and market access capabilities

to the table. It's a feather in our cap to have garnered their attention and willingness to work with us. We will leverage their expertise to help develop our platform faster on the insecticide program."

Focus on biofungicides

While Biotalys will continue to advance its insecticide portfolio in partnership with Syngenta, the real focus in 2024 will be on biofungicides. "The advantage of our technology is that you can go after many targets. The disadvantage is likewise that you can go after many targets. That's why we chose to have a laser-like focus on our biofungicides and address all our resources into key programs. We aim to build upon the success of our first product from the AGROBODY platform EVOCA to continue our mission of creating highly efficacious crop protection products with industry-leading ROIs," explains Helash. "We are looking to become the true leader in protein-based biofungicides quickly and then to expand our portfolio with products that showcase multiple new modes of action."

As CEO, Helash also sees several important priorities in 2024. "My focus is on driving the successful deployment of our 2.0 platform, securing regulatory approval for EVOCA, and forging strategic partnerships. Engaging with investors and stakeholders is also a key priority, ensuring they understand and support our vision for sustainable agriculture," summarizes Helash.

Cultivate passion and purpose

"Beyond that, I will be working on fostering a culture that makes Biotalys an employer of choice in the agtech sector," Helash continues. "Our philosophy centers around creating a workplace where everyone feels they're part of something meaningful. We achieve this by setting clear, achievable goals in close collaboration with our leadership and board, ensuring every team member knows their role is crucial. I believe that when people feel valued and see that their work contributes to a significant cause like sustainable agriculture, it not only creates a positive work environment but also ignites a passion that transcends the traditional workday. Biotalys shouldn't just be a place to work, but a place where you're excited to contribute to change, feel appreciated, and genuinely enjoy what you do every day. Personally, I never feel like I'm going to work. I'm excited to get up every morning and see what I can do differently to move the bar. And that's the culture I want for everybody else in this company."

Sustainably feed the world

In conclusion, Helash likes to reiterate Biotalys' ultimate mission. "We aim to address the global issue of hunger and to provide nutritious, affordable food to a growing population in a sustainable manner. We acknowledge the achievements of past agricultural practices but also recognize the critical need for improvement, especially in reducing waste and minimizing the adverse environmental impacts of our activities on water, soil, and beneficial insects," he stresses.

"Our mission is huge," he adds. "Of course, being profitable is part of the game. After all, we must survive if we want to achieve our goals. But what drives us, and our investors, is the dream of making a real difference. We're here to be part of something that changes the world for the better."

> "Biotalys shouldn't just be a place to work, but a place where you're excited to contribute to change."
>
> — Kevin Helash, CEO

02

AGROBODY 2.0 and product pipeline

Our strengths

Protein-based biocontrols that offer safer and cleaner alternatives to chemical pesticides.

Distinct advantages over existing biologicals, combining chemical-like performance in an IPM framework with the environmentally clean safety profile of biologicals leaving no chemical residues and protecting biodiversity.

Antibody-based technology, already applied in human therapeutics and animal health, now developed for sustainable agriculture.

From idea to market faster and at lower development cost than chemicals.

First product registration dossier submitted to EU and US authorities.

Addressing the growing challenges faced by farmers as well as the changing needs of retail, consumers and regulatory authorities.

Diversified pipeline with a significant market potential, focusing on major diseases and pests in high-value crops.

Exploring selective strategic collaborations and partnerships to leverage the technology platform and product candidates.

Clear and flexible commercialization strategy, working with distributors to bring our products to the growers.

Strong IP position, with over 35 granted patents and more than 130 patents pending related to the AGROBODY™ platform and pipeline.

Experienced leadership and science team with a strong track record in AgTech & biotech.

Protein-based biocontrols

At Biotalys, we develop novel alternative solutions to protect crops against plant diseases and pests while keeping the environment, farmers and consumers safe. The products we are developing are based on biodegradable proteins and leave no chemical residues in the soil or on the crops we eat.

Next generation products for crop protection

Proteins are the most common and diverse group of biological substances and are central compounds necessary for life. They are made from amino acids: building blocks required by all living organisms, from plants to microbes to mammals.

Due to their small size and specific structure and properties, our AGROBODY™ proteins are ideal for developing the next generation of innovative biocontrol products. They have multiple advantages, making them a highly effective alternative to conventional chemical products. At the same time, they safeguard the health of both our food and our environment.

Advantages of our protein-based biocontrols

SPECIFIC TO THE TARGET DISEASES OR PESTS

The mode of action and spectrum of activity can be tuned during the R&D process to target the specific disease or pest while avoiding undesired impacts on beneficial organisms and the ecosystem.

PRODUCED BY FERMENTATION

Our AGROBODY proteins are produced in simple micro-organisms such as yeast followed by simple filtration steps, thus limiting energy use and waste from their production. In addition, we can identify the content and purity of the product candidate at any point in time.

DESIGNED FOR APPLICATION LIKE A CONVENTIONAL CHEMICAL FOOD PROTECTION PRODUCT

Growers or industry professionals will be able to use our biocontrols as an alternative without the need to change farm equipment or adapt distribution channels for specific temperature conditions, unlike certain microbial biocontrol products that require a more controlled environment.

DESIGNED TO BE EASILY INTRODUCED IN GROWERS' IPM PROGRAMS

Our product candidates are developed as alternatives to existing conventional chemical crop protection products or to improve resistance management.

DEVELOPED TO BE AS EFFECTIVE AND CONSISTENT AS CONVENTIONAL CHEMICAL CROP PROTECTION PRODUCTS

Our protein-based biocontrols are developed to be as effective as conventional products when used in an IPM program, but as harmless as microbial crop protection products.

SAFE FOR GROWERS AND CONSUMERS

The safety of our biocontrols is expected to allow rapid re-entry in the field and short pre-harvest intervals (to be further defined by the US/EU regulatory approval).

NATURALLY BIODEGRADABLE IN THE ENVIRONMENT

The stability of our AGROBODY proteins is finetuned during our R&D process to assure their maximum efficacy before they naturally degrade into their amino acid building blocks (potentially a source of nutrients for plants and microorganisms) while remaining stable in their formulated state.

Our technology: AGROBODY 2.0

Our unique groundbreaking, proprietary technology platform has been developed to generate innovative protein-based crop protection products that are highly effective and that safeguard the health of both our food and our environment.

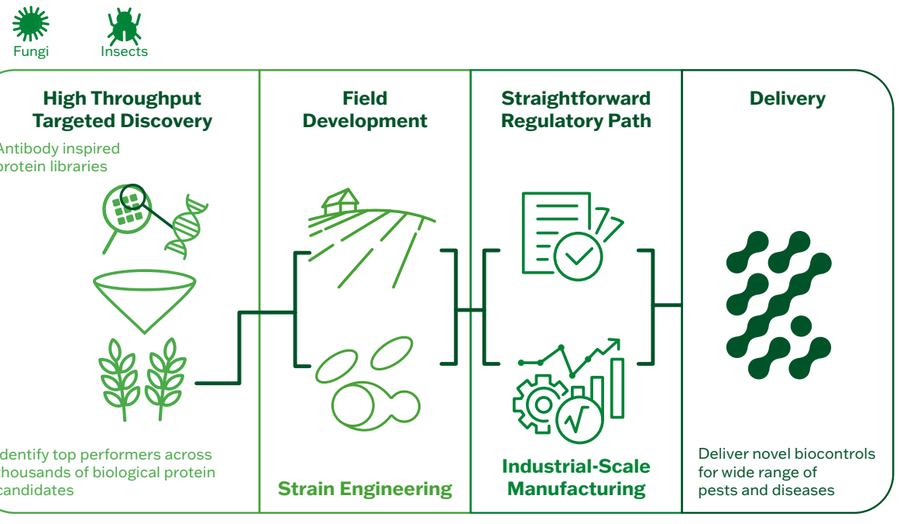
The AGROBODY Foundry platform

The AGROBODY Foundry platform is unique and scalable, allowing the development of protein-based biocontrols to target multiple indications. It builds on a well-validated R&D framework that has already shown its effectiveness in drug development.

The platform is optimized, enabling the development of biofungicides and bio-insecticides with novel modes of action. These unique mechanisms lower the likelihood of a target organism developing resistance compared to widely used conventional chemical crop protection products.

Our AGROBODY biocontrols are manufactured through a proprietary industrial-scale bioprocess that is optimized for high production yields.

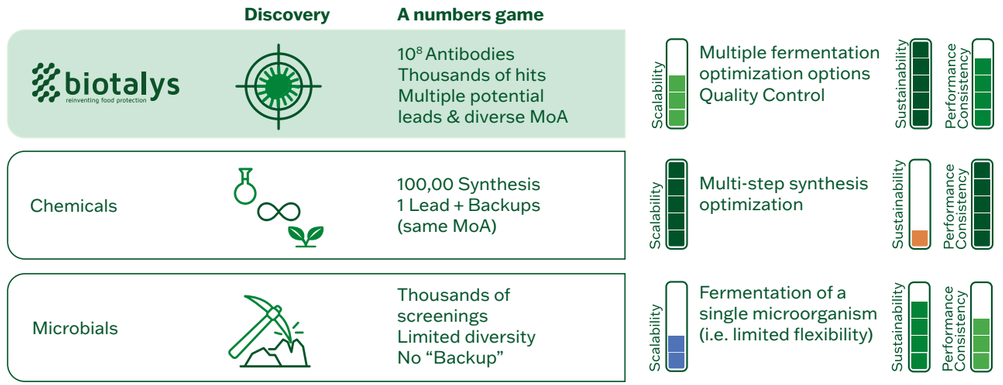
Current key crop pest and disease targets:



Accelerated development timeline

Conventional chemical and microbial R&D platforms often require intensive scouting and screening in the research phases across large numbers of possible new leads to find candidates that are effective against specific insects or fungi. Our AGROBODY Foundry platform, in contrast, offers the advantage of generating AGROBODY proteins tuned directly towards the selected target insect or fungus. AGROBODY proteins are designed to act against a given target through the immunization of llamas, offering the potential of one-step provision of a broad range of active proteins with different modes of action.

Unlike many microbials, AGROBODY biocontrols are comparatively easy to manufacture: they are encoded by a single gene and are efficiently produced in microbial production hosts such as bacteria and yeast. Compared to the multi-step chemical synthesis for conventional chemical pesticides, the production of protein-based biocontrols through fermentation is a more carbon-efficient approach to obtaining crop protection solutions.



Note(s): 1. Phillips McDougall Ag Industry Overview (April 2020); 2. Based on Biotalys analysis on targeted markets; 3. Based on current Biotalys stage gate plan, may vary per program; 4. An analysis of the biopesticide market now and where it is going, Outlooks on Pest Management (October 2015) and Biotalys internal estimates; 5. Approximative time and costs

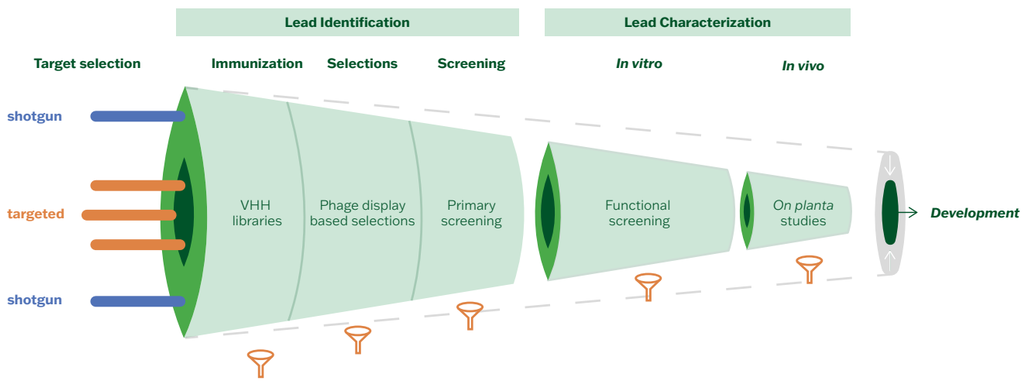
AGROBODY 2.0: a more targeted discovery approach

In 2023, Biotalys shifted to a next generation of the AGROBODY technology platform, marking a significant upgrade in its R&D process. We transitioned from the broader "shotgun method" to a more focused strategy in discovering new biocontrols. This shift in approach fundamentally alters our ability to pinpoint new product candidates with greater precision and speed, with the potential to significantly reduce the time it takes to introduce them to the market.

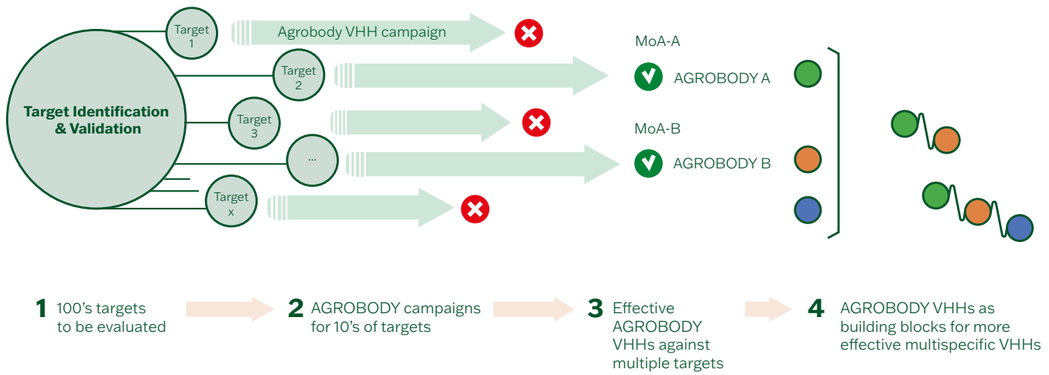
This AGROBODY 2.0 technology is expected to deliver on several fronts. Firstly, by increasing the potency and efficacy of our bioactive agents. Secondly, by developing various modes of action, which not only increase efficacy but also reduce the likelihood of resistance development in diseases or harmful insects. And lastly, by decreasing the cost per hectare, paving the way for a wider and faster market penetration of our products.

The focus on target identification is expected to result in multiple AGROBODY bioactives per pathogen with distinct modes of action. These bioactives can be combined in a multispecific AGROBODY with enhanced potency. This will create the opportunity to building expertise leading to a significant competitive advantage.

Seperate the wheat from the chaff early in the AGROBODY™ discovery process: less but high performing molecules to flow into development



Opportunity to combine MoAs in a "multispecific" AGROBODY VHHs



Our R&D process

Our AGROBODY technology platform is built to create a new generation of protein-based biocontrols that effectively and selectively target pests and pathogens with novel modes of action.

Targeted discovery

Our teams start the discovery phase, by selecting and analyzing the target of interest. Based on that assessment, science plans are outlined. A new project can be started internally or in collaboration with a relevant industry partner.

In the next stage, the Lead Generation phase, the teams prepare tools and reagents from the selected target to start immunization as identified in the project plan. This is followed by the generation of AGROBODY libraries and the selection and screening of a panel of AGROBODY proteins. The most promising hits are further characterized in the Lead Characterization phase at which we look at in vitro functionality.

The last phase is testing the top performers, in on planta bioactivity experiments. In parallel the AGROBODY lead candidates are assessed upon early development parameters and productivity at the research level to meet the requirements for viable commercial manufacturing.

Development

During the second phase of our R&D process, the biocontrol product candidates are developed into market-tuned products. The activity of the AGROBODY candidates is validated in field trials which are set up in different environments and on a variety of crops. The results of these field trials, which typically span multiple years, are crucial for the submission of registration dossiers in target countries.

Parallel product development work includes internal and external engagements to strengthen our IP position, preparing the regulatory filing (with regulators and third parties), planning the distribution/supply chain, and ensuring the timing of market introduction.

Strain engineering

Our teams apply a multi-expression system approach to develop the most robust and efficient micro-organisms for the expression of our current and future product candidates. We are optimizing our Pichia pastoris expression platform, as well as considering alternative expression platforms for fermenting large quantities of AGROBODY proteins. The strain engineering strategy and implementation are built on in-house expertise, validated, and augmented by external resources for feasibility testing.

Manufacturing, fermentation and formulation

Our product candidates are manufactured by microbial fermentation and formulation at an industrial scale, by leading contract development and manufacturing organizations which we are partnering with.

Microbial fermentation is an industry standard, well-controlled and validated process. It is one of the most eco-friendly and sustainable technologies.

Further downstream, the fermentation media are processed by micro- and ultrafiltration into a technical intermediate. The active ingredient is then formulated into a crop protection product that fits growers' practices and needs for convenience on the field. It forms the last step of a biocontrol's production process before packaging and shipping to the customer.

Automation

Our technology platform is highly automated to shorten the time required to identify potential candidates compared to manual methods and boost the platform's reliability and efficiency. It also increases our capacity and allows us to run multiple projects in parallel.

To bring our process activities to the next level, we have invested in the implementation of three state-of-the-art, customized robotic systems. These systems are used throughout the research cycle of the Company, from the early stage in the discovery of the AGROBODY protein towards the optimization of the AGROBODY protein production process. The implementation of these robotic systems not only increases the quality of generated data but allows us to significantly increase the complexity and number of activities (so-called "High-Throughput") by providing a superior alternative for many labor-intensive and error-prone manual processes.

Field trials

All product development and product positioning trials are outsourced to third-party contract research organizations (CROs) accredited and authorized to conduct trials with products under development. They apply standard farming practices recognized by the industry and the regulators.

Field trials are conducted to drive product development and confirm efficacy in relevant commercial settings, with the ultimate goal of providing growers with a return on investment in yield and/or commercial value of their final products without compromising the environment and the overall biodiversity.

In later development stages, trials are equally set up to meet regulatory data requirements. This includes crop advisors, university extension specialists, crop reference institutes, and candidate commercial partners.

Scientific Advisory Committee

Biotalys has installed a Scientific Advisory Committee to provide strategic scientific and technology advice and guidance to the Company. Closely aligned with Biotalys' CSO Carlo Boutton the SAC advises the Company on the following matters:

- improving the efficiency and efficacy of the research and development programs;
- defining next-generation product and technology development programs, including providing ideas and concepts for new product and technology areas;
- analyzing critically the key results of the lead programs;
- providing access to a specialized network of experts to drive innovation rate; and
- providing strategic direction on regulatory matters.

See further in our annual report on the members of this Committee.

Product pipeline

Biotalys' product candidates are a new generation of protein-based biocontrols designed to effectively and selectively target pests and pathogens with new modes of action. These can address critical market segments in the crop protection market where existing products are scarce or threatened by an evolving regulatory landscape and increasing resistance. With the AGROBODY 2.0 approach, the Company has evaluated its pipeline in 2023 and decided to focus on biofungicides while also exploring opportunities in bioinsecticides.

Biofungicides

Our development program is mainly focusing on fungicides, especially on providing innovative solutions for the high-value fruits and vegetables market. This is one of the most valuable segments, representing more than $6 billion in value of the global fungicide market worth some $16 billion. It is also the most affected by food loss and waste and involves serious consumer and regulatory concerns about the presence of chemical residues.

Our first programs are designed to offer novel biocontrol tools to address Botrytis bunch rot and powdery mildew, devastating fungal diseases that affect high-value crops like grapes, strawberries, tomatoes, and cucurbits. EVOCA™ is our first biofungicide candidate aimed at targeting Botrytis and powdery mildew in fruits and vegetables and has been submitted for regulatory approval in the US and the EU. The expected registration will be a key milestone for the company as it validates the technology from a regulatory point of view while also representing the first critical step in obtaining follow-on registration for the next-generation of EVOCA.

EVOCA NG contains the same bioactive ingredient as EVOCA but has an optimized production process and formulation. This is expected to be our first commercial, margin-generating product opening the path for further profitable products developed on our technology platform.

BioFun-6, aiming at targeting Botrytis, powdery mildew, and anthracnose in fruits and vegetables, is expected to expand the market size of EVOCA by covering a broader range of crops. The Company expects to initiate first field trials with this product candidate in the course of 2024.

Our BioFun-4 program aims at targeting Oomycetes in fruits and vegetables. The Company entered into a research collaboration with the University of Aberdeen. Biotalys is sponsoring a three-year PhD project in the Oomycete Laboratory of Prof. Pieter van West, Chair in Mycology, a leader in the field of Oomycetes, to deepen its expertise in Oomycetes on the molecular level. This fits well with Biotalys' highly targeted strategy, as core of its AGROBODY™ 2.0 technology platform.

Innovative pipeline focusing on biofungicides and bioinsecticides

Program	Target	Market	Discovery	Early development	Late development	Registration
EVOCA™ 1st generation	Botrytis, powdery mildew	High-value fruits & vegetables				
EVOCA™ Next generation	Botrytis, powdery mildew	High-value fruits & vegetables				
BIOFUN-6	Botrytis, powdery mildew	High-value fruits & vegetables				
BIOFUN-7 Bill & Melinda Gates foundation	Cercospora spp. (leafspot disease)	Cowpeas and other legumes				
BIOFUN-4	Oomycetes (water mold)	High-value fruits & vegetables				
BIOFUN-2 syngenta	Key insect pests	Non-disclosed				

EVOCA™ is pending registration. This product is not currently registered for sale or use in the United States, the EU or elsewhere, and is not being offered for sale.

The BioFun-7 program in our pipeline is researching a novel biofungicide to control Cercospora canescens, the causative agent of leaf spot disease. This is a devastating disease for cowpea and other legumes and can slash small-holder growers' output by up to 40%. Our Company received a grant of $5.98 million (€5.14 million) in total from the Bill & Melinda Gates Foundation to sponsor this research. The goal is to achieve a proof-of-concept of effective protection of the cowpea crop from leaf spot by an AGROBODY bioactive with potential cross-efficacy against other leaf spot diseases for broader commercial application across different crops. The BioFun-7 program is supported by new academic collaborations with Dr. Filipa Monteiro and Prof. Dora Batista at the Instituto Superior de Agronomia (ISA) from the University of Lisbon, Portugal, and the lab of Prof. Ioannis Stergiopoulos at the University of California-Davis.

Bio-insecticides

Our R&D team is also continuing its work on the discovery of novel insecticides. In 2023, Biotalys entered into a strategic partnership with Syngenta Crop Protection, to collaborate on the research and development of a new bio-insecticide aimed at targeting key pests. This program is labeled BioIns-2 in our pipeline and builds on the knowledge gathered in a first insecticide program – BioIns-1.

Partnership with Syngenta Crop Protection

In 2023, Biotalys entered into a strategic partnership with Syngenta Crop Protection to research, develop, and commercialize new biocontrol solutions to manage key pests in various crops. The new solution will be based on Biotalys' AGROBODY technology and is expected to offer a new mode of action to broaden farmers' access to novel technologies that counter the threat of pest resistance and advance sustainable agriculture.

Under the terms of this partnership, Syngenta will collaborate on a research program with Biotalys, to leverage its AGROBODY technology platform for Syngenta's specific insect targets.

This partnership allows Biotalys to accelerate the development and global commercialization of innovative crop protection solutions and cement its biocontrol innovation leadership by leveraging the expansive network and capabilities of a global agriculture business. Collaborating with Syngenta is a major milestone in Biotalys' continued mission to provide growers around the globe with safe, efficient, and more sustainable agricultural solutions.

Syngenta Crop Protection is a leader in agricultural innovation, bringing breakthrough technologies and solutions that enable farmers to grow productively and sustainably. Syngenta offers a leading portfolio of crop protection solutions for plant and soil health, as well as digital solutions that transform the decision-making capabilities of farmers. Its 17,900 employees serve to advance agriculture in more than 90 countries around the world. Syngenta Crop Protection is headquartered in Basel, Switzerland, and is part of the Syngenta Group.

EVOCA, our first biofungicide

New tool to fight Botrytis bunch rot and powdery mildew

The first protein-based biocontrol developed on our platform, EVOCA, is a biofungicide designed to give fruit and vegetable growers a new rotation partner in integrated pest management (IPM) programs. It helps control diseases such as Botrytis (bunch rot) and powdery mildew, thereby reducing dependency on chemical pesticides that leave residues in harvested produce. In addition, the product offers a distinctive new tool to manage pathogen resistance development.

Resistance management against Botrytis and powdery mildew is growing more complex as certain chemical classes are banned and resistant strains emerge, especially in the case of Botrytis on strawberries and grapes[10]. Under wet conditions at flowering, up to 80% of the crop can be infested by Botrytis spores, causing huge losses and quality issues for the growers.

EVOCA is developed to be a biofungicide with contact activity for preventive control of these fungal diseases. It offers growers a new mode of action for resistance management and can replace traditional chemical pesticides in their IPM programs.

Our comprehensive trial program and independent field trials confirm that EVOCA consistently performs as well as established chemical products when used in IPM programs. It is comparable to conventional controls in convenience, storability, and reliability.

The product enhances safety for workers, consumers, and the environment. Applying EVOCA instead of conventional chemical fungicides in IPMs can also reduce chemical residue in the harvested fruit, while yield and fruit quality are maintained.

Category	Biocontrol Fungicide
Diseases	Botrytis cinerea and Powdery mildew
Crops	Grapes, Strawberry, Tomato, Cucurbit (greenhouse)
Mode of Action	New mode of action for use in IPM programs to replace traditional chemistries
Activity	Contact activity for preventive control
Formulation	Water Soluble Granules
Submitted dose rate (EU)	5 kg/ha (750 g A.S./ha)
Regulatory dossiers submitted for registration: US (EPA) and EU (Ctgb)	

New FRAC code for EVOCA

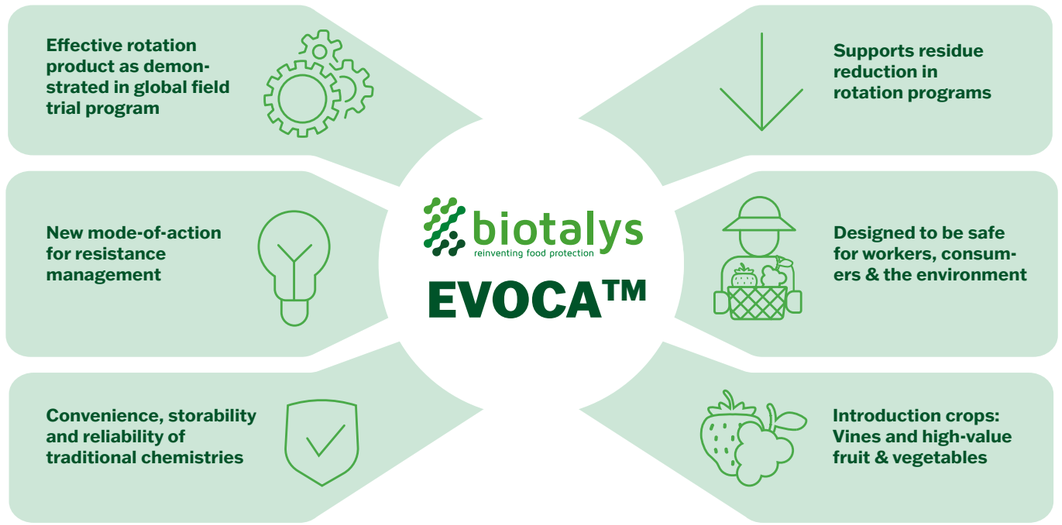
The Fungicide Resistance Action Committee (FRAC) already granted an entirely new class for the active ingredient of EVOCA. Defined as a polypeptide in the FRAC Code List (under F10), the bioactive in EVOCA earned a new classification after providing in-depth scientific evidence supporting its features as a novel mode of action. This new mode of action targets the membrane integrity of the fungal pathogen, differentiating the bioactive from existing chemicals, microbials, and plant extracts while offering a unique new tool to manage pathogen resistance development.

This classification, granted by a highly reputed international panel of renowned technical experts, demonstrates to growers that EVOCA will be a new tool that complements existing biological and conventional crop protection solutions to fight the fungal diseases of Botrytis and powdery mildew.

Comprehensive field trial program

EVOCA has been tested since 2017 in over 700 field trials in ten countries over multiple seasons under different environmental conditions. It has been tested on grape, tomato, strawberry, and cucurbit crops against Botrytis and powdery mildew, to compare its performance to conventional chemical and biological crop protection products. For this ongoing global testing program we partnered with renowned specialized independent contract research organizations (CROs).

The results from these trials confirm that EVOCA is an excellent new tool for growers and an ideal partner in IPM programs. Besides the product's performance, regulators are also evaluating the safety of EVOCA for humans and the environment. EVOCA has raised no toxicological red flags in the different toxicological studies submitted by Biotalys, and confirmation of its safety profile will be part of the approval to be provided by regulators in the US and the EU.



Field trial program since 2017

+ 700 field trials

Crops:
- Grapes
- Tomato
- Strawberries
- Cucurbits

Diseases:
- Botrytis
- Powdery mildew

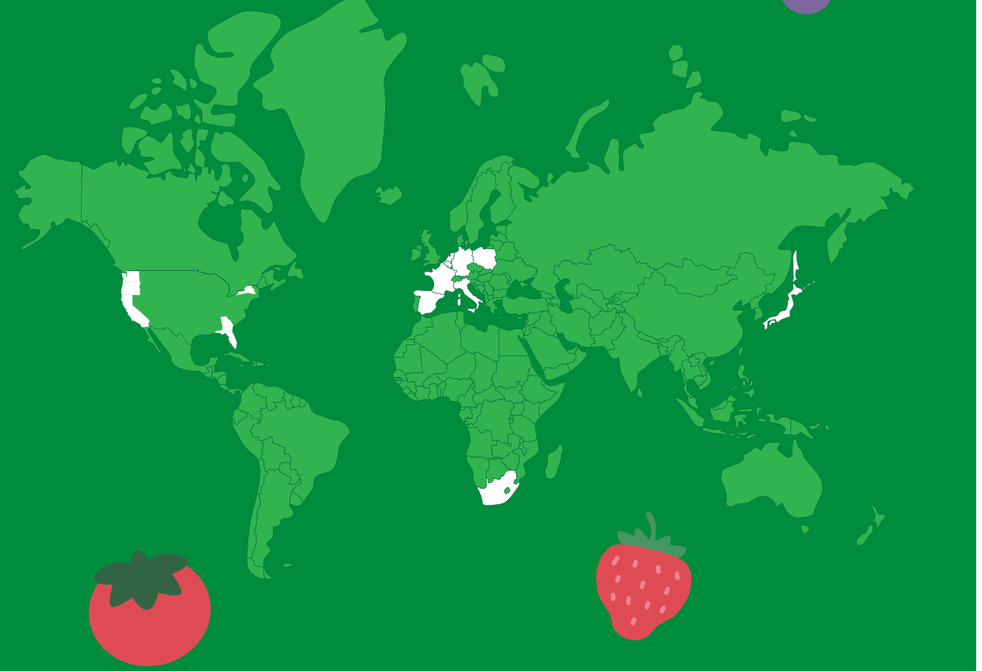
Countries:

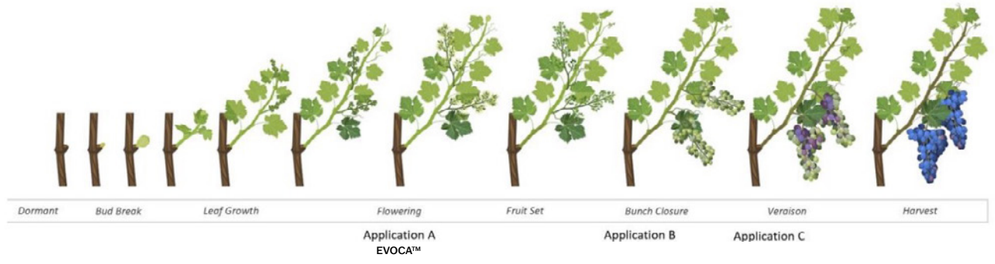
US
California, Florida, Georgia, New York, Oregon, Washington

EU
Belgium, France, Germany, Italy, the Netherlands, Poland, Spain

South Africa

Japan





Biotalys now considers its EVOCA field testing complete given the in-depth dossier of supporting independent data comparing its performance with conventional chemical and biological fungicide products.

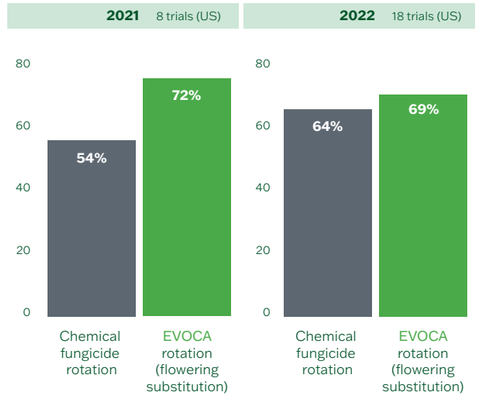
PROMISING RESULTS IN GLOBAL FIELD TRIALS IN GRAPES

In 2023, Biotalys announced promising results from its own field trial program the year before. The Company conducted more than 160 in-depth field trials in partnership with industry leaders like Biobest and Beck Ag across a wider variety of crops to support its product positioning in both the EU and the US

As in previous years, the field trials showed excellent results for the use of EVOCA against Botrytis in grapes. Both the original EVOCA and an updated formulation consistently met or exceeded a leading chemical fungicide and biological solution against Botrytis, further demonstrating the product's efficacy and reliability in overcoming fungal diseases that can decimate yields if left unchecked.

In grapes, EVOCA stood out as a true replacer for standard chemical applications during the critical flowering phase in integrated pest management (IPM) programs, protecting against Botrytis across expansive trials throughout the US and EU. Vinification trials also continued to show no impact on wine quality and taste with EVOCA.

Percent control of harvest bunch severity, relative to untreated controls



Biotalys also tested EVOCA in other high-value fruits and vegetables. Key takeaways by crop type include:

- Cucumbers: Across trials in Europe, EVOCA demonstrated protection against powdery mildew, comparable to the existing chemical solution and another proven biological solution. While many existing chemical solutions are facing disease resistance, EVOCA offers growers a new mode of action and provides a clear benefit as it does not leave chemical residues on the crop.

- Strawberries: EVOCA performed similarly to other biologicals against Botrytis fruit rot allowing for use of the product in IPM rotations in warm, spring climates.

- Tomatoes: Despite high disease pressure during trials, adding EVOCA to the traditional chemical protection program demonstrated comparable efficacy against powdery mildew to a chemicals-only program. Growers will therefore be able to reduce the chemical residue on tomatoes by adding EVOCA to their rotation program.

SUCCESSFUL FIELD TRIALS BY HIGHLY REPUTED PUBLIC INSTITUTES IN THE US

An extensive program of independent efficacy field trials conducted by highly reputed public institutes in the US showed that EVOCA continues to prove its value as novel biocontrol tool to protect crops against key fungal diseases. EVOCA performed as a true replacer for existing crop protection products to combat fungal diseases in grapevines and strawberries. The results confirm the previous findings by independent academics.

The trials were conducted in 2022 and 2023 by the University of California Davis and the University of Florida and are industry gold-standard studies that provide growers and crop advisors with detailed information on the performance of crop protection products. In these grape and strawberry trials, EVOCA was tested among many other treatments and a non-treated control plot, enabling the comprehensive comparison of its performance with conventional chemical and biological fungicide products.

The trials have demonstrated EVOCA's efficacy as a true replacer for chemical products, emerging as a top-performing biological option to combat Botrytis in

grapes, especially during the critical flowering or bloom application window. Additionally, EVOCA proved to offer consistent protection against Botrytis across a variety of application programs for grapevines. It was also part of the best-performing biofungicide rotation scheme specifically targeting Botrytis in grapes. Moreover, in strawberry trials, rotation programs that included EVOCA provided protection against powdery mildew, equivalent to that of chemical-only rotations.

The outcome of the academic studies in California is particularly relevant as California is the largest US grape market.

Filing and registration process

In December 2020 we submitted EVOCA to the Environmental Protection Agency (EPA) in the US for approval. As part of the ongoing dialogue and exchange of information with the authority, from time to time the EPA requests additional information, which is not uncommon considering the novelty of the product candidate. The company is committed to responding to all requests for information in a timely and appropriate manner.

In April 2021, the Company also submitted a regulatory dossier for EVOCA to the the Californian Department of Pesticide Regulation (CDPR) as California performs its own in-depth review. The company now understands that the CDPR has finalized its review, opening a path to a swift approval at state level if the US Environmental Protection Agency (EPA) approves the product at federal level.

In the EU, the registration dossier for the active substance of EVOCA was submitted for approval in March 2021. Biotalys received confirmation from the competent authority – the Dutch Board for the Authorisation of Plant Protection Products and Biocides (Ctgb) – that it had concluded the first review of all sections of the full data package. As a result, the Ctgb has requested additional information, which the Company has provided in time. If accepted, the authority will be able to finalize this first phase of the EU review and pass its assessment report to both EFSA and the European Member States for the next phase of the review at EU level.

The expected registration of the first generation of EVOCA will be a key milestone for the Company. Not only will it be our first approved product from our platform, but it is also expected to be the first critical step in obtaining follow-on registration for EVOCA NG, which will be our first commercial, margin-generating product.

EVOCA NG

In 2022, our scientists have developed multiple proprietary yeast strains increasing the production efficiency of the bioactive ingredient of EVOCA by 50 to 70% in only one year. In previous years, our strain-engineering team already achieved a more than 500% production increase using our expression toolbox, an unprecedented achievement for the active protein of EVOCA in Pichia pastoris.

In the past years, our scientists achieved a significant advance in our production capabilities for EVOCA, allowing to drastically reduce production costs and opening up the path for a next generation of the product – EVOCA NG – to become a commercial product with competitive efficacy and cost to growers.

in 2023, Biotalys also partnered with Novozymes, a world leader in biotech solutions, to scale and produce EVOCA NG by using production hosts additional to those currently used by our own science team, hereby offering significant cost of goods and scaling advantages. This collaboration envisages creating commercial potential for EVOCA NG as a novel biofungicide for various geographies, crops, and diseases.

03

Sustainability

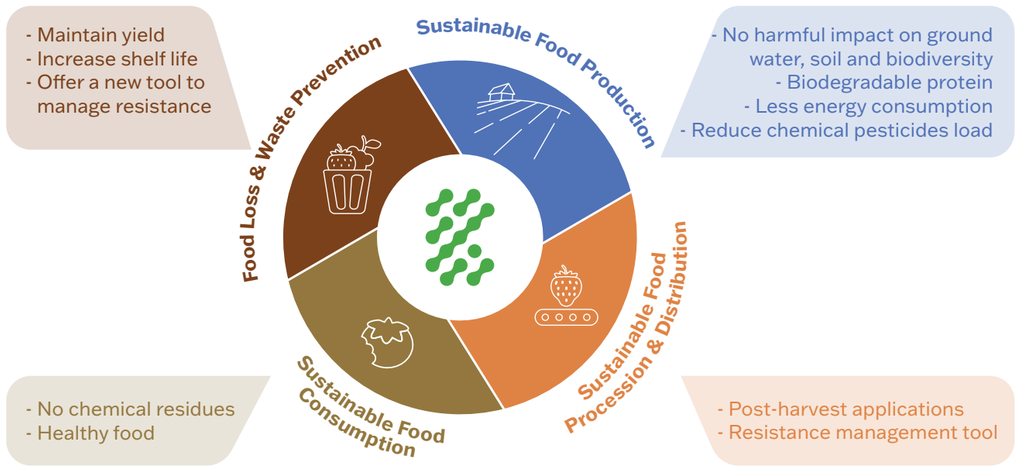
Protecting food, protecting our future

Food loss accounts for 8%[11] of global greenhouse gas emissions, while consumers want safer, healthier, and more nutritious food with far fewer chemical residues. Transformative technologies must help the agricultural industry satisfy future food demand. Our unique AGROBODY Foundry™ technology is designed to meet these needs.

Biotalys' activities fit well into the sustainability agenda of governments worldwide. Regulatory developments in Europe, the United States, and other jurisdictions, are aimed at restricting the use of chemical pesticides while promoting environmentally friendly solutions.

Our biocontrols are protein-based and by nature biodegradable. They are developed to avoid a harmful impact on groundwater, soil and biodiversity, and are designed to be applied as a conventional pesticide.

We seek to offer growers a new tool to manage resistance, maintain yield, and increase their crops' shelf life, without needing to change farm equipment or adapt distribution channels for specific temperature conditions. Our AGROBODY™ biocontrols can be easily introduced in farmers' IPM programs, and leave no chemical residues on crops and thus on the food we consume every day.



Eco-friendly production by fermentation, supported by reliable partners

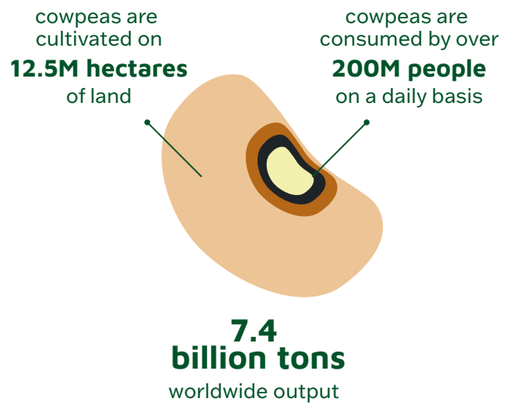
Our AGROBODY biocontrols are manufactured in an environmentally friendly way. They are efficiently produced by fermentation in microbial production hosts such as bacteria and yeast, followed by filtration steps. Fermentation is a biological process, partially based on natural ingredients such as sugars, salts, and vitamins.

Our manufacturing processes are continuously optimized to further limit the eco-footprint and waste. To support our production, we work with partners renowned for validated achievements concerning sustainability and continuous investments to achieve ambitious ESG goals.

Multi-year grant by the Bill & Melinda Gates Foundation

The BioFun-7 program in our pipeline is researching a novel biofungicide to control Cercospora canescens, the causative agent of leaf spot disease. This devastating disease of cowpea and other legumes can slash smallholder growers' output by up to 40%. Our Company's research on this program is sponsored by the Bill & Melinda Gates Foundation who provided a a 4-year grant of $5.98 million (€5.14 million) in total as of 2022.

Cowpeas – often called "black-eyed peas"[12] after one of their subspecies – are a subsistence crop, often intercropped with sorghum, maize, and pearl millet. They provide millions of farmers in Africa and developing countries, many of them women, an affordable source of proteins. Estimates are that cowpeas are cultivated on around 12.5 million hectares of land, have a worldwide output of 7.4 million tons, and are consumed by over 200 million people daily[13].



Source: www.iita.org/cropsnewcowpea/#1620977076242-b594b658-46f3

This project seeks to give the most vulnerable growers innovative, affordable tools to protect their crop yield and quality while maintaining soil health and biodiversity. This will enhance the lives and health of millions of smallholder farmers, generating an important economical and societal benefit.

The goal is to achieve, by the end of 2025, a proof-of-concept of an AGROBODY bioactive that can effectively protect the cowpea crop from leaf spot and that has potential cross-efficacy against other *Cercospora* diseases (such as *C. beticola*) for broader commercial application across different crops.

Sustainable Use Regulation

In November 2023, the European Parliament did not reach an agreement on the proposal for a Sustainable Use Regulation (SUR). This draft legislation was positioned by the European Commission as a key component of its Green Deal, with the objective of reducing the use and risk of chemical pesticides in Europe by half by 2030. Additionally, the draft regulation aimed to facilitate a more smooth approval process for biocontrols in Europe.

Together with the sector of biocontrols, Biotalys continues to plead for a sound regulatory framework that promotes novel, safe, and sustainable solutions such as Biotalys' AGROBODY solutions, in Europe and elsewhere. We believe this is in the benefit not only of innovation but ultimately of growers that need new tools to protect their crops and for the environment.

Our ESG strategy

Focus on 4 key areas linked to the UN Sustainable Development Goals

At Biotalys, sustainability is at the heart of our commitment to a safer and healthier food supply and a better planet. To further develop and implement our ESG strategy, the Company defined four key areas to focus on now and in the future: Food waste and Loss, Environmental Product Impact, Human Capital, and Innovation Management.

We linked our four ESG priorities to the UN Sustainable Development Goals (SDGs). These SDGs were adopted by all UN Member States in 2015 as a universal call to action to end poverty, protect the planet, and improve the lives and prospects of all people globally[14].

In 2023, we deepened our ESG strategy by defining specific metrics for each of the four themes. Now that the framework is fully developed and approved, we can begin to measure Biotalys' performance within each of these objectives and see where the Company can make progress.

Environmental, social, and governance (ESG) criteria are a set of standards for a company's behavior used by investors to screen potential investments and by other organisms to rate performance on these criteria.

- **E.** Environmental criteria consider how a company safeguards the environment, including policies addressing climate change.
- **S.** Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates.
- **G.** Governance deals with a company's leadership, remuneration, audits, internal controls, and shareholder rights.

FOOD WASTE AND LOSS

Each year, an estimated one-third of all food produced ends up spoiling due to poor harvesting and transportation and harvesting practices or rotting in the bins of consumers and retailers. The United Nations wants, by 2030, to reduce food losses along production and supply chains, including post-harvest losses, and to halve global food waste per capita at retail and consumer levels[15]. The Biotalys AGROBODY Foundry platform is designed to enhance the global food supply chain's efficiency and sustainability by identifying and developing innovative, safe crop protection products both for pre- and post-harvest applications.

A third of the world's food is wasted, yet 821 million people are undernourished. Greater agricultural productivity and sustainable food production are crucial to easing the threat of hunger. By 2030, the UN therefore aims to: ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and output; help maintain ecosystems; strengthen adaptability to climate change, extreme weather, drought, flooding, and other disasters; and progressively improve land and soil quality[16]. In addition, the production of sufficient and healthy food contributes to the good health and well-being of both consumers and growers[17]. The UN Food and Agriculture Organization also urges countries to help smallholder farmers increase food output.

Each of our pipeline products contributes to protecting crops and food, thereby aiming to reduce food waste and hunger while ensuring healthy lives. The BioFun-7 program, for example, aims to develop protein-based biofungicides that can control leaf spot disease, a devastating disease of cowpea and other legumes that can cut smallholder growers' output by up to 40%. This program is supported by a multi-year grant from the Bill & Melinda Gates Foundation.

Key metrics

Biotalys demonstrates a focused commitment to addressing Food Waste and Loss by employing specific metrics. The Company measures its impact through the introduction of novel Modes of Action (MoA) to protect crops. Additionally, Biotalys evaluates its contributions by tracking the number of expansions of the application window of its products. For example, our first candidate product EVOCA™ is positioned as an application on grapes during flowering, but it could also be considered to develop an application of the product later in the season.

ENVIRONMENTAL PRODUCT IMPACT

The UN is also advocating for the environmentally sound management of chemicals and all wastes throughout their life cycle, consistent with agreed international frameworks, and a significant reduction of their release into the air, water, and soil to minimize their harmful impacts on human health and the environment. The protein-based biocontrols we are developing are produced via a biological process and are built to be a safe and healthy alternative to conventional chemical crop protection products. This should also help to reduce chemical residues in our soils and on our food.

Another UN priority is an urgent and significant action to stem the degradation of natural habitats, halt the loss of biodiversity, and, by 2030, protect and prevent the extinction of threatened species[18]. Our company can contribute to these goals as our AGROBODY biocontrols are based on proteins. These are biodegradable by nature and are fine-tuned in our R&D process for maximum efficacy before they naturally degrade into their amino acid building blocks. These are a potential source of nutrients for plants and microorganisms while remaining stable in their original formulated state. Our products hereby can help protect the ecosystem.

Key metrics

Biotalys underscores its commitment to Environmental Product Impact through rigorous measurement of key factors. The Company assesses its impact on the environment by tracking the volumes of production of substances of concern and substances of very high concern, with a preference for keeping these volumes at zero. Biotalys prioritizes transparency and accountability in its operations by measuring and starting to report on Scope 1, 2, and 3 emissions, setting mitigation targets for emissions, and regularly evaluating performance against these targets. Additionally, the Company measures its positive environmental contribution by quantifying the amount of chemical products replaced.

HUMAN CAPITAL

By 2030, the UN wants to substantially increase the number of people who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship[19]. At Biotalys, we want to attract and retain talent. We believe it is important to invest in our people. We want our people to thrive and receive training and support as needed. We also make efforts to protect the work-life balance of our employees.

Human capital is also about diversity, equity, and inclusion. One of the UN goals is to end all forms of discrimination against women and girls and to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making[20]. Biotalys is building a diverse team in all senses of the word at all levels, including at the decision-making level.

Key metrics

Biotalys demonstrates a strong commitment to Human Capital by implementing KPIs in various dimensions. Attrition rates are monitored to assess workforce retention. Additionally, Biotalys measures employee engagement through a comprehensive general well-being and engagement survey. In terms of learning and development, the Company tracks the number of training hours or days per employee, reflecting its dedication to continuous skill enhancement. Moreover, Biotalys assesses diversity within its workforce in terms of gender, age, degree, and nationalities across different function levels.

INNOVATION MANAGEMENT

Innovation is at the core of what we do as a company. By bringing innovative biological solutions to the growers, we contribute to the UN goal of making industries more innovative and sustainable, thereby increasing the adoption of clean and environmentally sound technologies in agriculture[21].

Innovation requires appropriate management and structure to ensure maximum value return for the resources being used. We have therefore set up a Science Advisory Committee, for instance, which brings together various key industry experts who can advise our teams. We are also regularly reviewing our working methods to make improvements where necessary.

Key metrics

Biotalys assesses its Innovation Management through key metrics. The Company actively tracks submitted patents and Invention Disclosure Forms, demonstrating its commitment to fostering novel ideas and intellectual property development. Transparency in innovation management is ensured by defining the roles of internal bodies in driving innovative initiatives. The Company also focuses on building and managing a robust network of key opinion leaders, with established reporting mechanisms to evaluate the effectiveness of these connections. Biotalys' impact on the scientific community is measured by the number of published articles and presentations at conferences. Additionally, success in obtaining grants from sources like the Flemish Agency for Innovation & Entrepreneurship VLAIO, the Bill & Melinda Gates Foundation, and EU funding is quantified.

Food Loss

E

- Number of novel MoA
- Number of expansions of application window

Environmental Product Impact

E

- Volumes of production of substances of concern and substances of very high concern.
- Carbon footprint
  - Reporting of Scope 1, 2 and 3 emissions
  - Mitigation targets for emissions
  - Performance against these targets
- Amount of chemical products we replace

Human Capital

S

HUMAN CAPITAL

- Attrition
- Engagement percentage (via general well-being/engagement survey)

LEARNING

- Training hours/days per employee

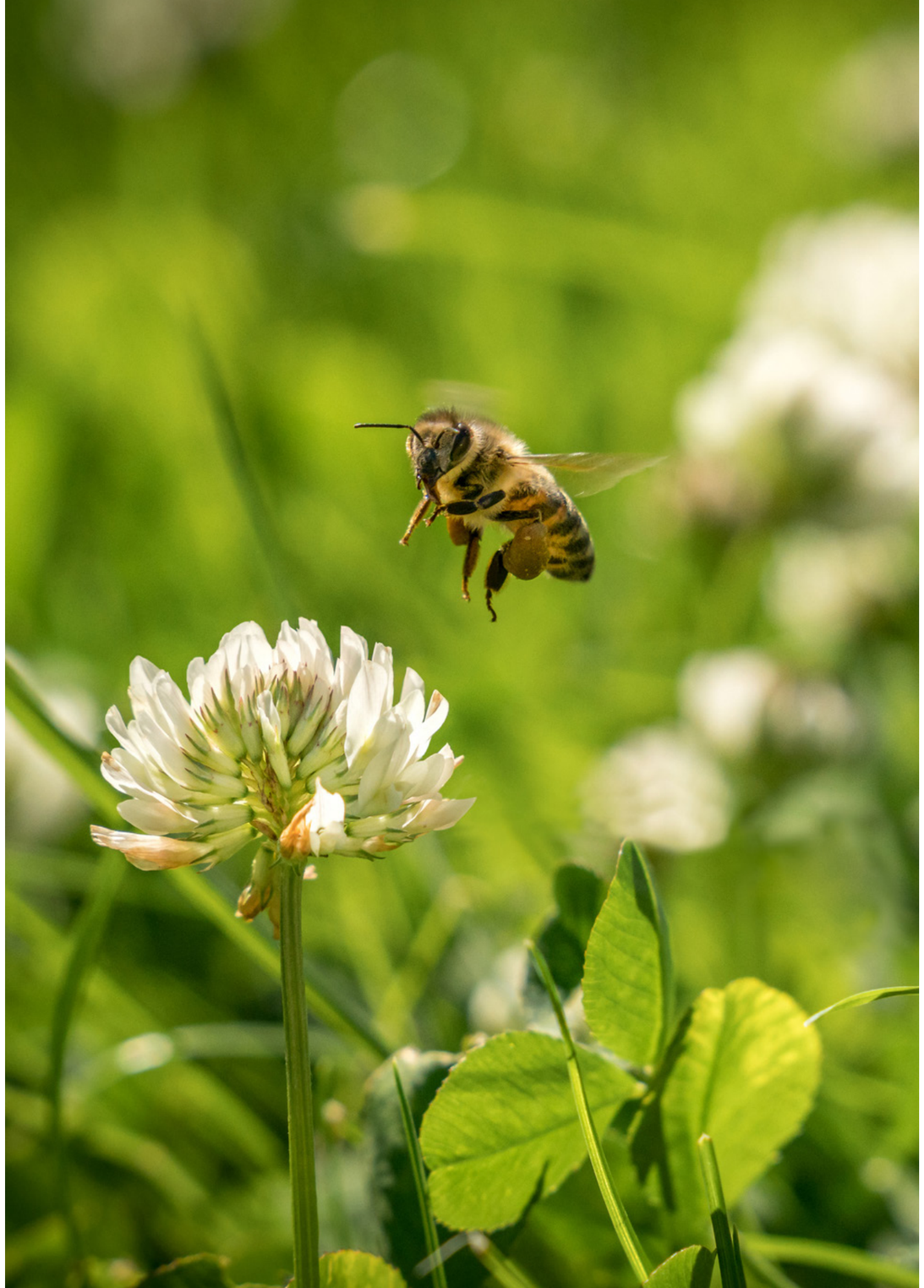
DIVERSITY

- Numbers on gender, age, degree, nationalities (and this across the different function levels)

Innovation Management

G

- Number of submitted Patents and Invention Disclosure Forms
- Description of the role of the administrative, supervisory and management bodies related to innovation management
- Reporting on the building and managing of the network of key opinion leaders
- Number of scientific articles and presentations at scientific conferences
- Number of grants obtained from innovation offices (VLAIO, Bill & Melinda Gates Foundation, EU-funding, etc…)



Sustainability working groups

While Biotalys has developed a corporate ESG strategy, initiatives, and ideas of how we can work more sustainably also came bottom-up from within the organization. Following an internal sustainability brainstorm, five working groups were established: Sustainability in the Lab, Green Environment, Green Mobility, Re-use/Re-cycle, and Well-being. The five working groups meet on a regular basis to discuss and implement various ideas into concrete actions. By the end of 2023, each working group had accomplished at least one sustainability initiative.

- In our laboratory, there's a dedicated effort to minimize consumables. The Sustainability in the Lab working group developed a comprehensive plan, evaluating routine tasks traditionally performed with disposable plastic items. By shifting to reusable glassware where feasible, we've significantly reduced waste coming out of our lab. We are also working on the high-energy use of cooling. We're actively addressing the common practice of buying new freezers when space runs out by optimizing existing ones. Adjusting freezer temperatures from -80 to -70 degrees Celsius further contributes to reducing our lab's environmental footprint.

- The Re-use/Re-cycle working group focuses on optimizing our use of resources, concerning for example dry ice, which incurs significant energy costs in its production. Instead of discarding dry ice after use, which was our previous practice, we've implemented a system to reuse it. This not only reduces waste but also contributes to energy conservation. Additionally, the group has advocated for a shift from disposable to rechargeable batteries for computer mice and keyboards across our facilities.

- One of the highlights of 2023 was the Biotalys forest planting day, an initiative of the Green Environment working group. Several members of Biotalys' team and their families planted about 900 trees that will grow into the Biotalys forest in a couple of years. The land was provided by conservation organization Natuurpunt and is situated in a wonderful location in Aalter, near Ghent (Belgium).

- The Green Mobility working group traditionally encouraged Biotalys' employees to travel to work by bicycle during the month of October. For each ride cycled, Biotalys sponsored an amount to Bike for Life. With the money that was collected Bike for Life supports the "a bike for everyone" initiative, so people who can't afford a bicycle receive one or can use a shared bike. Bike for Life also supports companies in their bicycle-friendly personnel policy, checks the quality of cycling routes, and helps governments make the right investments. Additionally, our Green Mobility working group has developed a sustainable travel policy, urging employees to opt for eco-friendly transportation and favoring train travel for destinations within a 6-hour reach.

- Finally, our Well-being working group proposed the idea of shortening meetings from 60 to 50 minutes, allowing our employees to build in breaks between different meetings.

900 trees
planted in the Biotalys forest

freezer temperatures adjusted from **-80 to -70 °C**

484 bike rides
in one month for Bike for Life

5,000 lab consumables
replaced with **glassware**

04

People

Our people: skilled & passionate

Our industry experts, renowned scientists, and passionate professionals strive each day toward a shared goal: to deliver transformative solutions for sustainable crop protection.

A diverse team

The science and lab teams are the beating heart of our Company and are driving the progress in our development programs. It's a diverse group of talented scientists with broad experience and an analytical mindset that contributes to shaping our business strategies. They have enabled the Company to reach various major milestones this past year, under the guidance of the leadership team supported by the various staff functions.

Headquarters with state-of-the-art sustainable laboratories

Since 2021, our team has been working in modern headquarters in Ghent with state-of-the-art laboratories. The premises have 1,800 square meters of laboratory and technical space plus 800 square meters of office space. This is home to our R&D operations and most management and staff functions. The office conforms to our environmental values, allowing us to deliver operational and energy efficiencies through modern sustainable applications and technologies.

67 team members

39 average age

12 nationalities

♂ 57%
♀ 43%
men/ women

HQ and laboratories in Ghent, Belgium

CEO and data scientist in North Carolina, US

Company culture and values

The sustainability of our planet is our highest priority to secure the well-being of our families and future generations. We strive to provide safe and sustainable alternatives to protect our food and ensure productivity and quality while preserving our environment, our soils, and our health. Through excellence in execution, we forge our growth and deliver value for our Company, our employees, our shareholders, and our customers.

Our dynamic and entrepreneurial Company culture is reflected in our values: Teamwork, Accountability, Well-being, Innovation with Impact, and Passion.

TEAMWORK

We seek strong collective outcomes by leveraging our diversity and expertise. We work together to understand and integrate different points of view to achieve superior results. We respect each other and create an atmosphere of trust and urgency. We ensure each person feels safe to express their opinion. We learn from each other, challenge and support colleagues, and deal respectfully with any difference.

ACCOUNTABILITY

We take action to reach the goals and objectives set ahead of time, asking for help when needed and escalating any difficulties. We show commitment to the agreed vision, strategy, and goals and embrace decisions made. We frequently monitor the progress of the achievement of our objectives and what we've learned along the way.

WELL-BEING

We participate in creating a supportive work environment that fosters trust and healthy interpersonal boundaries. We act with authenticity and consistency, looking out for each other. We provide opportunities for connection and actively contribute to building an inclusive workplace.

INNOVATION WITH IMPACT

We cultivate curiosity and explore new ideas before deciding the course of action. We question, challenge, and manage ambiguity and certainty. We balance out-of-the-box thinking with scientific rigor, focusing on impact for our customers and for Biotalys' value. We value ideas for their potential, leaving our ego and bias aside.

PASSION

We are connected by the vision and mission of our Company. We stay connected to ourselves and to what drives us and inspires us. With our knowledge and enthusiasm, we inspire others to act. We embody the Company values on a daily basis and work towards realizing the Company vision. We stand for Biotalys' mission in our external contact and are the ambassadors of our values.

Continuous improvement of our HR program for employees

We implement new trainings, policies, and practices to create the best working environment for our employees.

In 2023, we offered our staff a soft skills training program in collaboration with an external training partner. Employees were offered a diverse set of trainings to further develop their talents and set of skills, such as assertiveness, impact in meetings, time & life management, effective communication, and presentation skills.

Colleagues are involved in translating the overall company goals into specific team contributions and present these to the whole team at the monthly town hall meeting.

We implemented a Diversity, Equity & Inclusion policy resulting from the work of an internal working group. To guarantee a healthy work-life balance for our people, we developed a 'disconnection' policy in compliance with applicable legislations.

Team activities

At Biotalys we work hard to achieve our goals, but we also make time for the occasional bit of fun. Last year, our colleagues were able to participate in some great activities together.

R&D EXCURSION TO THE BELGIAN SEASIDE

Early 2023, our R&D Team Leads had a productive off-site meeting at the seaside. Accompanied by the refreshing Belgian weather, the team gathered around the R&D strategy and targets for the coming year, and the continued strengthening of our technology platform to deliver a strong pipeline of innovative and safe biocontrols.

FAMILY DAY

During our very first family day in May, more than 200 family members of our staff visited Biotalys' head office and labs in Ghent. It was a fantastic event where our colleagues showed their work with pride to their partners, children, parents, and siblings.

10TH ANNIVERSARY PARTY

In June, we organized our birthday party, celebrating the 10th anniversary of the Company. It was a great evening among colleagues, with delicious food and some serious singing and dancing. Especially for the occasion, we created a party playlist on Spotify with input from all colleagues.

MELON PEAR GROWING CONTEST

For the fourth year in a row, we organized a plant growth challenge. Each employee received a bag of melon pear seeds and some fertile soil to grow these. Awards were given to those with the biggest plant, the most melon pears harvested, and the most unique pear.

BIOTALYS FOREST PLANTING DAY

While Biotalys has developed a corporate ESG strategy, initiatives and ideas of how we can do things more sustainably also came bottom-up from within the organization. During a brainstorming session, the idea of planting a Biotalys forest was born and in November 2023, the time had finally come. Several members of Biotalys' team and their families planted about 900 trees that will grow into the Biotalys forest in a couple of years. The land was provided by conservation organization Natuurpunt and is situated in a wonderful location in Aalter, near Ghent. Despite the heavy rain, it was a successful and fulfilling day.

LUNCH AT WORK

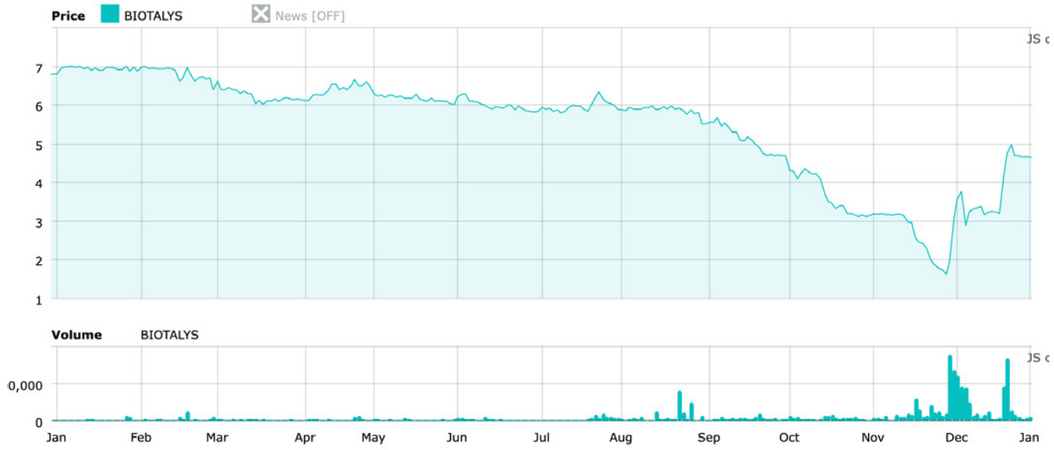
We also enjoy sharing lunch together. Every month, there is a dedicated Lunch at Work event where colleagues can bring homemade dishes to the office to share during lunch hour. Other activities this year included a New Year's party with bowling and karaoke, a Science Summer BBQ, a Secret Santa event, and regular After Work Drinks.

Investor and shareholder information

The shares in 2023

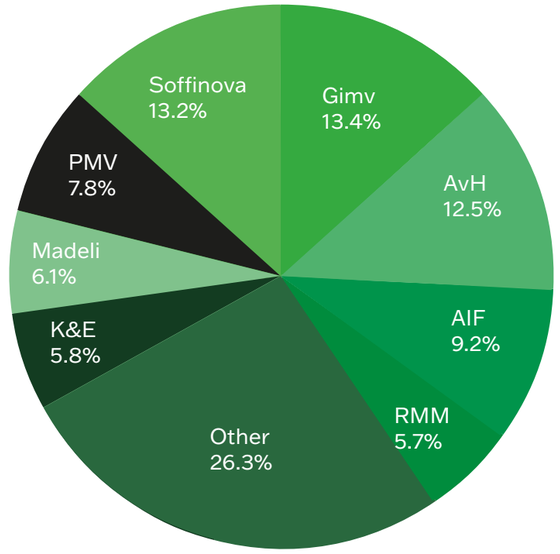
The shares of Biotalys NV are traded since 2 July 2021 on the regulated Euronext Brussels market under the symbol ‘BTLS’.

On 31 December 2023, the share capital of the Company was brought to €46,198,455.95 represented by 32,094,711 ordinary shares.



Major shareholders

Biotalys’ shareholding consists of institutional and retail investors, both international and local. At the date of this annual report and based on the received transparency declarations, the shareholder structure was as follows:



Notes:

Gimv: Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV

Sofinnova: Sofinnova Partners S.A.S.

PMV: ParticipatieMaatschappij Vlaanderen NV (PMV NV). PMV NV holds 100% of the shares in Biotech Fonds Vlaanderen NV which on its turn holds 8,09 % of the shares in Biotalys. This participation however is managed by Gimv NV.

AIF: Agri Investment Fund BV

AvH: Ackermans & van Haaren NV

Madeli: Madeli Participaties BV

K&E: K&E BV

Analyst coverage

In 2023, there were three analysts actively covering Biotalys:

- KBC Securities – Guy Sips
- Berenberg – Sebastian Bray
- Kepler Cheuvreux – Christian Faitz

2023 investor and stakeholder events

Biotalys implemented an ambitious program to engage with actual and potential investors on the Company's mission and activities. During the year 2023, Biotalys reached out to investors at the following events:

February

FINANCIAL RESULTS WEBCAST & CONFERENCE CALL

Biotalys' management hosted a webcast and conference call following the publication of its consolidated results for the full year 2022.

March

INVESTOR ROADSHOW

Biotalys' management participated in a digital investor roadshow with investment funds and institutional investors based in the DACH-region organized by IR consultancy MC Services.

WORLD AGRITECH SUMMIT

Biotalys' management attended the World AgriTech Summit 2023 in San Francisco (U.S.).

FLEMISH RETAIL INVESTOR HAPPENING

Biotalys' management gave a presentation at the investor happening organized by the Flemish Investor Association (VFB) in Ghent (Belgium). The Company was also present with a booth.

April

GLOBAL AGINVESTING CONFERENCE

Biotalys attended the Global AgInvesting Conference in New York (U.S.). Biotalys' CEO participated in a panel debate and spoke with institutional investors.

ANNUAL SHAREHOLDERS MEETING (AGM)

Biotalys' Annual General Shareholders Meeting (AGM) took place at the Company's seat.

REINHARDSBRUNN SYMPOSIUM 2023

Biotalys' CSO Carlo Boutton spoke at the 20th International Reinhardsbrunn Symposium held in Friedrichroda (Germany).

May

BIOTALYS SHAREHOLDERS CLUB

Biotalys organized its first Shareholders Club of the year for interested shareholders and potential investors at the Company's headquarters in Ghent (Belgium).

FOODTECH CONGRESS

Biotalys' management presented the Company at the FoodTech Congress in Warsaw (Poland).

June

KEPLER CHEUVREUX ESG CONFERENCE

Biotalys' management met with institutional ESG and impact investors at the digital Kepler Cheuvreux ESG Conference.

KNOWLEDGE FOR GROWTH

Biotalys' management participated at the Knowledge for Growth conference organized by flanders.bio in Antwerp (Belgium). The Company also participated at the joint AgTech booth.

BIOPESTICIDES EUROPE 2023 SUMMIT

Biotalys' management presented the Company at the Biopesticides Europe Summit, taking place in Brussels (Belgium).

WORLD INTELLIGENT FARMING SUMMIT

Biotalys' management presented the Company at the 4th World Intelligent Farming Summit in Berlin (Germany).

August

CANACCORD GENUITY GROWTH CONFERENCE

Biotalys' CEO spoke and met with institutional investors at the Growth Conference in Boston (U.S.) organized by Canaccord Genuity.

PUBLICATION OF HY 2023 RESULTS AND BUSINESS UPDATE

Biotalys published its half-year results for 2023 and provided a business update. The Company's management also held a webcast and conference call.

September

FOOD & CHEMICALS CONFERENCE

Biotalys participated at the Food & Chemicals Conference in London (UK), organized by Berenberg.

WORLD AGRITECH CONFERENCE

Biotalys' management attended the World AgriTech Innovation Summit, taking place in London (UK).

October

INVESTOR CONFERENCE

Biotalys' management spoke with institutional investors at the Investor Conference in Paris (France).

November

AGTECH ANSWERS CONFERENCE

Biotalys' management met with investors at the 3rd AgTech Answers Conference, organized by Roth MKM in New York (U.S.).

VFB BIOTECH EVENT

Biotalys' management spoke with retail investors at the Biotech Event organized by the Flemish Retail Investor Association (VFB) in Ghent (Belgium).

DUTCH RETAIL INVESTOR ASSOCIATION CONFERENCE

Biotalys' management presented the Company to Dutch retail investors at their annual conference in Rotterdam (The Netherlands).

CANACCORD AGRIFOODTECH CONFERENCE

Biotalys' management spoke with institutional investors at the digital Canaccord AgrifoodTech conference.

December

BIOTALYS SHAREHOLDERS CLUB

Biotalys organized its second Shareholders Club of the year for interested shareholders and potential investors at the Company's headquarters in Ghent (Belgium).

KBC SECURITIES LOCAL CHAMPIONS MIDCAP EVENT

Biotalys' management met with investors at the Local Champions Midcap Event in Brussels (Belgium), organized by KBC Securities.

Corporate Governance

1. Reference code

The Company applies the Belgian Code on Corporate Governance 2020 as its reference code. The Code can be consulted on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be). The Committee published a third version of the Code on May 9, 2019, which replaces that of March 12, 2009, and became effective as of January 1, 2020.

The Company's governance deviates on some points from the principles set out in the Belgian Code on Corporate Governance . A discussion and explanation ("comply or explain") can be found below (Chapter 8 - Deviations from the Belgian Code on Corporate Governance). More information on the Company's Governance can also be found in the Corporate Governance Charter on www.biotalys.com/investors/corporate-governance.

2. Board of Directors

2.1. Role

The Company is headed by a board ('Board') acting as a collegiate body. The Board's role is to pursue sustainable value creation by the Company, by setting the Company's strategy, putting in place effective, responsible and ethical leadership and monitoring the Company's performance. The Board decides on the Company's medium and long-term strategy based on proposals from the Executive Committee ('ExCom') and determines the risk appetite of the Company in order to achieve its strategic objectives. The Board closely monitors the Company's performance and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. The Board supports the ExCom in the execution of its tasks and should be prepared to challenge the ExCom in a constructive manner when appropriate.

The Company has opted for a "one-tier" governance structure. As a result, the Board is the ultimate decision-making body and is authorised to carry out all actions that are necessary or useful to achieve the Company's object, except for the powers reserved to the shareholders at the shareholders meeting by law, or as specified in the articles of association of the Company ('Articles of Association'). At least once, every five years, the Board should review whether the chosen governance structure is still appropriate, and if not, it should propose a new governance structure to the shareholders' meeting. The Board currently intends to review the governance structure during the accounting year 2025 in order to propose (if applicable) a new governance structure to the shareholders meeting to be held in 2026.

2.2. Composition

On 31 December 2023, the Board is composed as follows (which composition did not change till the date of this annual report).

Name	Age	Function	Start of initial term	Start of current term	End of term (*)
Simon E. Moroney (Chairman)	64	Independent Director Chair	2021	2021	2025
Johan Cardoen	65	Independent Director	2013	2021	2025
Markus Heldt	65	Independent Director	2021	2021	2025
Catherine Moukheibir	63	Independent Director	2021	2021	2025
Pieter Bevernage	55	Non-executive Director	2019	2021	2025
Patrick Van Beneden	61	Non-executive Director	2013	2021	2025
Michiel M. van Lookeren Campagne	64	Independent Director	2022	2022	2026
Agri Investment Fund BV permanently represented by Patrik Haesen (**)	46	Non-executive Director	2023	2023	2027
Kevin Helash (***)	59	Executive Director Chief Executive Officer	2024	2024	2025

(*) The term of the mandates of each Director will expire immediately after the annual general shareholders' meeting held in the calendar year indicated.

(**) With effect from 21 August 2023.

(***) With effect from 24 October 2023. The nomination of Mr. Helash as member of the Board has been decided by the Board in accordance with article 13 of the Articles of Association following the vacancy in the Board that was created as a result of the resignation by Mr. Patrice Sellès as member of the Board and Chief Executive Officer on 4 October 2023. The nomination of Mr. Helash as member of the Board is proposed for confirmation at the special shareholders meeting of 29 March 2024.

Mr. Simon Moroney, Mr. Johan Cardoen, Mr. Markus Heldt, Mr. Michiel M. van Lookeren Campagne and Mrs. Catherine Moukheibir meet the criteria as Independent Director of the Belgian Code on Corporate Governance.

Simon E. Moroney, Independent Director and Chair

Simon E. Moroney has over 30 years of industry leadership and research experience. From 1992 to 2019, he was co-founder and CEO of MorphoSys AG, a leading biotechnology company focused on the treatment of cancer and auto-immune diseases, and currently is vice-chair of the board of Novartis AG as a Non-executive Director. Simon E. Moroney has been recognized and awarded with the German Cross of the Order of Merit for his work and contribution to the biotechnology industry. He holds a D. Phil in Chemistry from the University of Oxford, United Kingdom, and has held positions in the Department of Pharmacology at the University of Cambridge, as Assistant Professor in the Chemistry Department, University of British Columbia and as Associate and Lecturer in the Chemistry Department of the ETH Zurich.

Kevin Helash, Executive Director and Chief Executive Officer

Kevin Helash was appointed CEO of Biotalys in October 2023. He is a results-driven corporate executive who brings more than 30 years of international experience in agriculture and biological products to the company. His experience spans commercializing numerous breakthrough technologies in the agricultural industry on a global scale, including in positions as CEO of EnviroKure, Marrone Bio Innovations - previously listed on Nasdaq - and Agrinos.

He built his career at Agrium (now Nutrien) where he became vice president and corporate officer. Kevin Helash grew up on a farm in Canada and his family was active in farming until a couple of years ago.

Johan Cardoen, Independent Director

Johan Cardoen is an independent life sciences entrepreneur and advisor. He was from June 2012 until May 1, 2020, managing director of VIB, a life science research organization based in Belgium. In that role, Johan was responsible for VIB's Innovation and Business Team and represented VIB on the board of several biotech companies. Johan Cardoen was also until July 1, 2020 chairman of the LP Board of V-Bio Ventures, a dedicated life sciences investment fund, which is focused on early-stage investments in life sciences and he held various independent board positions in biotech companies such as argenx SE from 2008-2011, Applied-Maths (now bioMérieux) from 2010-2016 and GST from 2019-2020 (Global Stem Cell Technologies, now Boehringer Ingelheim), in addition he was Chairman of flanders.bio, the umbrella organization for life sciences and biotechnology sector in Flanders from 2007 until May 2012.

Today he is also independent chairman of Meiogenix (an Institut Curie spin-off, FR) and independent board member at Complix (BE), Protealis (BE), PBL Technology (UK) and Aphea.bio (BE). Until May 31, 2012, he was CEO of CropDesign N.V., today part of BASF (Ghent, Belgium). He developed and implemented a dual track strategy (IPO/trade sale) which led to an acquisition of CropDesign by BASF in June 2006. From 1988 until 1999 he worked for Plant Genetic Systems (PGS) as Technology Acquisition Manager and Business Development Manager. Prior to joining CropDesign (July 1999), Johan was Global Head Technology Acquisition of AgrEvo Hoechst Schering/Aventis (now Bayer CropScience) and was responsible for all biotechnology-related technology acquisitions. Totay he is also an advisor to V-Bio Ventures and Astanor Ventures.

Johan Cardoen received his Ph.D. in biology from KU Leuven, Belgium (1987) and a business degree from KU Leuven (1990).

Markus Heldt, Independent Director

Markus Heldt has over 40 years of experience in the agricultural industry. He has worked for BASF SE between 2000 and 2019, where he served as Group Vice President of the Agricultural Products and Fine Chemicals division in São Paulo, Latin America, and as Group Vice President for Crop Protection in North America in the Research Triangle Park, North Carolina. Between 2009 and 2019, Markus Heldt was President of BASF SE's Agricultural Solutions division, leading the acquisition of certain businesses and assets from Bayer AG in 2018. Prior to joining BASF SE, Markus Heldt held positions at Cyanamid Agrar GmbH & Co KG, Shell International Ltd and Celamerck GmbH & Co KG. He commenced his career as commercial apprentice and management trainee at Boehringer Ingelheim GmbH.

Catherine Moukheibir, Independent Director

Catherine Moukheibir has a long leadership career in the biopharmaceutical industry, as well as a deep background in international finance. She most recently served as chief executive officer of MedDay Pharmaceuticals SA. She was also the chair of the board of directors of MedDay Pharmaceuticals SA from 2016 to 2021. Prior to that, Catherine Moukheibir served as the senior advisor for finance and a member of the executive board of directors at Innate Pharma SA from 2011 to 2016, and as the chief financial officer for Movetis NV from 2008 to 2010. Catherine Moukheibir previously served as the director of capital markets for Zeltia Group S.A. from 2001 to 2007. She currently serves on the board of directors of OxfordBiomedica plc, Moonlake Pharmaceuticals, Noema Pharma AG, CMR Surgical Ltd, Asceneuron SA and Ironwood Pharmaceuticals, Inc. She also held past directorships on the boards of directors of Ablynx NV, Cerenis Therapeutics SA, Creabilis S.A., GenKyoTex S.A., Kymab Group Limited, Orphazyme A/S and Zealand Pharma A/S. Catherine Moukheibir has an M.A. in economics and an M.B.A. from Yale University.

Michiel M. van Lookeren Campagne, Independent Director

Michiel M. van Lookeren Campagne has more than three decades of experience driving scientific advances for the agricultural industry in leadership positions around the globe. Most recently, he served as the Director Agriculture & Food for CSIRO, Australia's national science agency. At Syngenta, he was Head of Seeds Research, based in the Research Triangle Park, North Carolina. At Bayer CropScience, he headed the research for its BioScience business out of Ghent. Prior to that, he held scientific research roles at Wageningen University & Research Centre (WUR). Michiel M. van Lookeren Campagne earned his PhD in Developmental Biology from Leiden University in the Netherlands. Prior to his career in agriculture, he served as an Assistant Professor and Associate Research Scientist at the College of Physicians and Surgeons of Columbia University, New York.

Pieter Bevernage, Non-executive Director

Pieter Bevernage is member of the executive committee and general counsel of Ackermans & van Haaren NV with extensive experience in the management of listed companies, corporate governance, M&A, remuneration policy and compliance. Prior to joining Ackermans & van Haaren in 1995, he practiced M&A, corporate and financial law at the law firm Loeff Claeys Verbeke (now Allen & Overy). Pieter Bevernage is also a member of the board of directors of AvH Growth Capital NV, Biolectric Group NV and Green Offshore NV. Pieter Bevernage holds a Master's degree in Law from the KU Leuven, Belgium and a LLM (Master of Laws) from the University of Chicago Law School, USA.

Patrick Van Beneden, Non-executive Director

Patrick Van Beneden has over 35 years of experience in venture capital investments in the life sciences and AgTech sector. Since 1985 he worked for Gimv in different roles, recently as consultant. He has also been a member of the board of directors of Innogenetics NV (acquired by Solvay SA), Crucell NV (acquired by Johnson & Johnson), Hypnion (acquired by Eli Lilly and Company LLY), CropDesign NV (acquired by BASF SE), Astex Technology Limited (now subsidiary of Otsuka Pharmaceutical Co. Ltd), Ablynx NV (acquired by Sanofi SA), Onward Inc. and JenaValve Technology Inc. He is also a director at Novadip Biosciences SA, Ona Therapeutics SL and Minoryx Therapeutics SL. Patrick Van Beneden has a Master's degree in financial sciences from Vlekho, Belgium.

Agri Investment Fund BV, permanently represented by Patrik Haesen, Non-executive Director

About Agri Investment Fund ("A.I.F".)

Since its foundation in 1890, Boerenbond (Farmers' Union) has grown into a professional organisation that defends the interests of farmers and horticulturists

and provides them with guidance. Throughout the history of Boerenbond, several companies were founded with the aim of providing services and products to agriculture and horticulture. Today, these companies are grouped under the holding company "Maatschappij voor Roerend Bezit van de Boerenbond" (M.R.B.B.) (cfr also www.boerenbond.be). Agri Investment Fund (A.I.F.) was founded in 2007 within M.R.B.B. with the specific mission to invest in companies that can offer added value to agriculture and horticulture in Flanders and German-speaking Belgium and focuses on Ag-Tech and Agro-Food companies that contribute to a stronger and more sustainable agriculture and horticulture (cfr. also www.aifund.be).

About Patrik Haesen
Patrik Haesen is currently Chief Executive Officer of A.I.F.. He started his career as an external auditor at PwC and joined M.R.B.B. in 2004. After setting up and further expanding the internal audit department within M.R.B.B., he assumed responsibility for strengthening and professionalising the financial investment portfolio and monitoring investments. In 2021, he assumed responsibility of A.I.F.. Patrik has extensive board experience in both start-ups and mature companies, such as Acerta, Animab, Aphea. Bio, Arvesta, Iscal Sugar, Protealis and ViroVet. Patrik holds a master in Commercial Engineering (KU Leuven) and holds a European Master in Public Administration (KU Leuven and Corvinus University in Budapest) and a postgraduate degree in Finance (EHSAL, Management School).

By January 2027, at least one third of the members of the Board should be from a different gender than the other members. The current Board does not yet meet that requirement. See Chapter 9 - Diversity. This requirement could be amended and accelerated depending on (i) the manner in which the Belgian State will implement the "Women on Boards" – directive of the European Union (Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures) and (ii) whether or not the Company will be a small and medium sized company at the time of the implementation of the Directive. This directive needs to be implemented by the Member States at the latest on 28 December 2024.

In brief the Directive requires that Member States shall ensure that listed companies are subject to either of the following objectives, to be reached by 30 June 2026: (a) members of the underrepresented sex hold at least 40 % of Non-executive Director positions; (b) members of the underrepresented sex hold at least 33 % of all director positions, including both executive and Non-executive Directors. The Directive does not apply to small and medium sized companies.

2.3. Activity Report of the Board

During 2023, fourteen meetings of the Board were held of which one by written resolution. The table below sets out the attendance to the meetings of the Board for each director.

Name	Attendance
Simon E. Moroney	14 out of 14 meetings
Patrice Sellès (*)	10 out of 11 meetings
Johan Cardoen	13 out of 14 meetings
Markus Heldt	13 out of 14 meetings
Catherine Moukheibir	11 out of 14 meetings
Pieter Bevernage	13 out of 14 meetings
Patrick Van Beneden	14 out of 14 meetings
Michiel M. van Lookeren Campagne	13 out of 14 meetings
Kevin Helash (**)	2 out of 2 meetings
A.I.F. BV, permanently represented by Patrik Haesen (***)	8 out of 8 meetings

(*) Patrice Sellès attended all but one of the meetings of the Board up to the end of his mandate on October 4, 2023.

(**) Kevin Helash attended all meetings of the Board following his nomination as a director on 24 October 2023.

(***) A.I.F. BV, permanently represented by Patrik Haesen attended all meetings of the Board following its nomination on 21 August 2023.

In 2023, the Board met in relation to the preparation of the annual and special general meetings in April and August. Furthermore, the Board met around the private placement of new shares in June, the change of the Chief Executive Officer in October, the restructuring of the ExCom in November, the proposed nomination of A.I.F. BV permanently represented by Patrik Haesen as director of the Company, the budget for the current financial year, monitored the Company's results and the development of the activities on the basis of reports prepared by the ExCom and discussed the recommendations of the advisory committees. The Board also paid ample attention to the strategy for the coming years, the financial runway of the Company, the progress made in the various pipeline programs, the AGROBODY Foundry™ platform, the progress of the regulatory submissions regarding EVOCA™, human relation matters and business development matters. Members of the ExCom, heads of departments as well as third party advisors regularly attend meetings of the Board on invitation of the Board for specific topics. Furthermore, on a regular basis, topics are discussed during Board meetings without the presence of the Executive Director.

3. Committees of the Board of Directors

The Board has established two board committees which are responsible for assisting the Board and making recommendations in specific fields: (a) the audit committee (in accordance with article 7:99 of the BCCA and provisions 4.10 and following of the Belgian Code on Corporate Governance) and (b) the nomination and remuneration committee (in accordance with article 7:100 of the BCCA and provisions 4.17 and following and 4.19 and following of the Belgian Code on Corporate Governance). The terms of reference of these board committees are primarily set out in the Corporate Governance Charter.

3.1. Audit Committee

The audit committee consists of at least three directors. Pursuant to article 7:99 of the BCCA, all members of the audit committee must be Non-executive Directors, and at least one member must be independent within the meaning of provision above of the Belgian Code on Corporate Governance. The chairperson of the audit committee is to be appointed by the members of the audit committee.

The following directors are the members of the audit committee: Catherine Moukheibir (chairperson), Markus Heldt, Pieter Bevernage and (starting on 22 August 2023) A.I.F. BV permanently represented by Patrik Haesen. With respect to the independence and the expertise in accounting of one member of the audit committee, reference is made to the biographies of the members of the audit committee and in particular to the biography of Catherine Moukheibir (see section 2.2 Composition). Mrs. Catherine Moukheibir as well as Mr. Markus Heldt, meet the criteria of an Independent Director.

The members of the audit committee must have sufficient financial expertise to fulfil their role effectively and the members need to have collective expertise in the activities of the Company, and at least one member of the audit committee must have the necessary competence in accounting and auditing. According to the Board, the members of the audit committee satisfy this requirement, as evidenced by the different senior management and director mandates that they have held in the past and currently hold.

Pursuant to article 7:99 of the BCCA, the role of the audit committee is at least to:

- inform the Board of the result of the audit of the financial statements and the manner in which the audit has contributed to the integrity of the financial reporting and the role that the audit committee has played in that process;

- monitor the financial reporting process, and to make recommendations or proposals to ensure the integrity of the process;

- monitor the effectiveness of the internal control and risk management systems, and the Company's internal audit process and its effectiveness;

- monitor the audit of the financial statements, including the follow-up questions and recommendations by the statutory auditor;

- assess and monitor the independence of the statutory auditor, in particular with respect to the appropriateness of the provision of additional services to the Company. More specifically, the audit committee analyzes, together with the statutory auditor, the threats for the statutory auditor's independence and the security measures taken to limit these threats, when the total amount of fees exceeds the criteria specified in article 4 §3 of Regulation (EU) No 537/2014; and

- make recommendations to the Board on the selection, appointment and remuneration of the statutory auditor of the Company in accordance with article 16 §2 of Regulation (EU) No 537/2014.

The audit committee shall meet sufficiently regularly to execute its duties effectively, with a minimum of four meetings a year or at the request of at least two of its members.

Name	Attendance
Catherine Moukheibir	5 out of 5 meetings
Markus Heldt	5 out of 5 meetings
Pieter Bevernage	5 out of 5 meetings
A.I.F. BV permanently represented by Patrik Haesen (*)	3 out of 3 meetings

(*) A.I.F. BV permanently represented by Patrik Haesen attended all meetings of the Audit Committee following its nomination on 21 August 2023.

Furthermore, the external auditor has attended the audit committee on three occasions. The CFO in principle attends the meetings of the audit committee it being understood that certain topics are discussed without the presence of the CFO.

3.2. Nomination and remuneration committee

The nomination and remuneration committee consists of at least three directors. Pursuant to article 7:100 of the BCCA and the Belgian Code on Corporate Governance, (i) all members of the nomination and remuneration committee are Non-executive Directors, (ii) the nomination and remuneration committee consists of a majority of Independent Directors and (iii) the nomination and remuneration committee is chaired by the chairperson of the Board or another Non-executive Director appointed by the committee.

The following directors are the members of the nomination and remuneration committee: Simon E. Moroney (chairperson), Johan Cardoen, Patrick Van Beneden and Michiel M. van Lookeren Campagne.

Pursuant to article 7:100 of the BCCA, the nomination and remuneration committee must have the necessary expertise in terms of remuneration policy, which is evidenced by the experience and previous roles of its current members. Also, the chief executive officer participates in the meetings of the nomination and remuneration committee in an advisory capacity each time the remuneration of another member of the ExCom is being discussed. The Head of Human Resources attends the meetings of the nomination and remuneration committee as secretary.

Furthermore, the role of the nomination and remuneration committee is at least to make recommendations to the Board with regard to the remuneration and appointment of directors and members of the ExCom and, in particular, to:

Pursuant to its function as remuneration committee:

- make proposals to the Board on the remuneration policy of directors, the persons in charge of the management, and the persons in charge of the daily management, as well as, where applicable, the resulting proposals that the Board must submit to the general shareholders' meeting;

- make proposals to the Board on the individual remuneration of the directors, the other persons in charge of the management, and the persons in charge of day-to-day management, including variable remuneration and long-term performance premiums, whether or not tied to shares, in the form of stock options or other financial instruments, and of severance payments, and where applicable, the resulting proposals that the Board must submit to the general shareholders' meeting;

- prepare the remuneration report; and

- explain the remuneration report at the annual general shareholders' meeting.

Pursuant to its function as nomination committee:

- make recommendations to the Board with regard to the appointment of directors and members of the executive management;
- make recommendations to the Board in relation to the assignment of responsibilities to the executives;
- prepare plans for the orderly succession of board members;
- lead the re-appointment process of board members;
- ensure that sufficient and regular attention is paid to the succession of executives;
- ensure that appropriate talent development programs and programs to promote diversity in leadership are in place.

The nomination and remuneration committee shall meet sufficiently regularly to execute its duties effectively, with a minimum of four meetings a year or at the request of at least two of its members.

Name	Attendance
Simon E. Moroney	4 out of 4 meetings
Johan Cardoen	4 out of 4 meetings
Patrick Van Beneden	4 out of 4 meetings
Michiel M. van Lookeren Campagne	4 out of 4 meetings

4. Executive Management

4.1. Role and composition of the Executive Committee

The members of the ExCom are nominated and dismissed by the Board. Only the CEO is entrusted with the day-to-day management of the Company with the other members of the Excom in support. The ExCom is essentially tasked with discussing the general management of the Company, and prepares the decisions to be taken by the Board.

Name	Function	Start of term	End of Term
Kevin Helash	Chief Executive Officer	2023	N/A
Carlo Boutton	Chief Scientific Officer	2022	N/A
Douglas Minder	Chief Financial Officer	2023	N/A
Patrice Sellès	Chief Executive Officer	2019	4 October 2023
Wim Ottevaere	Chief Financial Officer	2020	30 June 2023
Luc Maertens	Chief Operating Officer	2019	28 November 2023
Patrick McDonnell	Chief Business Officer	2021	28 November 2023

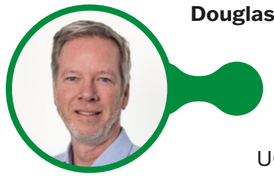
Kevin Helash, Chief Executive Officer

Kevin Helash was appointed CEO of Biotalys in October 2023. He is a results-driven corporate executive who brings more than 30 years of international experience in agriculture and biological products to the company. His experience spans commercializing numerous breakthrough technologies in the agricultural industry on a global scale, including in positions as CEO of EnviroKure, Marrone Bio Innovations - previously listed on Nasdaq - and Agrinos.

He built his career at Agrium (now Nutrien) where he became vice president and corporate officer. Kevin Helash grew up on a farm in Canada and his family was active in farming until a couple of years ago.

Carlo Boutton, Chief Scientific Officer

Carlo Boutton has a career of more than 20 years in the pharma and biotech industry and joined Biotalys in May 2022. From 2007 to 2022, he was at Ablynx where he was instrumental in building the Nanobody® platform from concept to patient validation. Upon the acquisition of Ablynx by Sanofi in 2018, he remained loyal to the Nanobody platform, partly at Sanofi's request, and was promoted at Sanofi to global head of innovation for biologics-based medicines. In this position, he led research teams in France, Germany, Belgium and the USA. Carlo began his professional career at Algonomics, a small biotech focused on bioinformatics and computational biology. Then, from 2003 to 2007, he was an active scientist at Tibotec, a subsidiary of Johnson & Johnson, where he supported several HIV and HCV research projects through structure-based drug design. Carlo holds a PhD in physical chemistry from the Catholic University of Leuven. He also earned several certificates in innovation management at the Cranfield School of Management and Applied Computer Science at VIVES college.



Douglas Minder, Chief Financial Officer

Douglas Minder joined Biotalys in January 2021 and was appointed Deputy CFO after the company's IPO to prepare for the role of CFO and start leading the finance team. He has over 30 years of financial experience, which includes more than nine years at Belgium-based multinational biopharmaceutical company UCB. His most recent position there was Finance Business Partner, where he worked across many groups to help them align strategic objectives with the company's long-range financial plans. He also worked for 20 years as an auditor and consultant at Deloitte, both in Belgium and in the U.S., where he served various Fortune 500 companies across multiple industries, including biopharma, technology, chemicals and manufacturing. He is an expert in U.S. GAAP and IFRS standards and reporting requirements for both the U.S. and European markets and has built successful crossdepartmental relationships to develop continuous improvement solutions throughout an organization.

4.2. Activity report

The ExCom meets on a weekly basis and discusses items related to human resources, strategy, regulatory process, R&D developments, business development and finance.

5. Scientific Advisory Committee

The Board has installed a Scientific Advisory Committee (previously Scientific Advisory Board) to provide strategic scientific and technology advice and guidance to the Company on the following matters, with a view to position the Company optimally to develop and execute its global business strategy and achieve its growth objectives:

- improving the efficiency and efficacy of the research and development programs;
- defining next-generation product and technology development programs, including providing ideas and concepts for new product and technology areas;
- analysing critically the key results of the lead programs;
- providing access to specialized networks of experts to drive innovation rate; and
- providing strategic direction on regulatory matters.

The Scientific Advisory Committee is not an official Board committee and meets at least twice a year. It provides feedback to the Board on the discussions with the Group, including recommendation to the Board related to scientific and technological progress. In addition, individual feedback from members of the Scientific Advisory Committee is obtained in an ad-hoc manner to address specific matters. There will be at least one meeting per year between the Board of Directors and the chair of the Scientific Advisory Committee.

The members of the Scientific Advisory Committee may, but do not have to be, members of the Board. The following persons are members of the Scientific Advisory Committee: Adrian Percy (acting through Nomad Technology Consulting LLC), Jacqui Campbell, Daniel Joo, Franz-Joseph Placke, Claude Bensoussan (acting through BioAdvice SARL), Hans-Jürgen Rosslenbroich and Joannis Stergiopoulos.

The following paragraphs contain brief biographies of each of the members of the SAC, or in the case of legal entities, their permanent representatives:

Adrian Percy, Chairman of the SAC

Adrian Percy has more than 25 years of experience in the agricultural industry. He currently serves as the Executive Director of the North Carolina Plant Sciences Initiative, a research and innovation effort that is poised to solve some of the world's grandest agricultural issues. Previously he was the CTO of UPL Ltd and the head of research and development for the Crop Science division of Bayer as part of their executive committee. Adrian is a toxicologist by training and received his PhD in biochemistry from the University of Birmingham.

Jacqui Campbell, Member of the SAC

Jacqui Campbell is a senior executive and has over 28 years of experience in the global agriculture industry. During her tenure with Syngenta she has held leadership positions across R&D, production and supply chain and has deep experience in scaling technology from an idea in the lab to both commercial production and product in the field. She is currently responsible in Syngenta for assessing novel technologies and business opportunities across the Agtech landscape and is an executive member of the Syngenta Corporate Venture Fund Committee.

Daniel Joo, Member of the SAC

Daniel Joo is currently Vice President of Biology at Oerth Bio. He brings 20+ years of expertise in both wet lab and dry lab sciences that are critical to innovation in emerging technology. Utilizing both approaches as the Director of Informatics, he led genomics and bioinformatics efforts at AgraQuest, a biopesticide Company, which was acquired by Bayer in 2012. Within Bayer, he held various strategic positions in Traits and Biologics, focused on the identification and improvement of novel traits or microbes for controlling weeds, pests and diseases. Prior to joining Oerth, Daniel was the Head of Microbiome Discovery at BASF. He also has 10 years of experience working for start-up biotech companies in human therapeutics. Daniel received both his B.A in Biology and B.A.S. in Computer Science at the University of Pennsylvania. He received his Ph.D. in Molecular and Cell Biology from the University of California at Berkeley and conducted his postdoctoral fellowship at UCSF.

Franz-Josef Placke, Member of the SAC

Franz-Josef Placke works as a self-employed Technology Advisor for Life Sciences and he is currently also Chair of the Advisory Board for Rottendorf Pharma. FranzJosef is retired from Bayer AG where he held senior management positions with global responsibility in R&D as well as in production for more than 15 years. He was responsible for product development, product safety and regulatory affairs in Bayer CropScience and for product supply and product quality in Bayer Animal Health and the Pharma division. He is passionate about sustainable agriculture and believes in new technologies to improve and secure agricultural productivity and farmer's income while minimizing the environmental impact. Equally important is for him the societal acceptance of technologies and the trust in science. Franz-Josef received his PhD in natural science from University of Würzburg (Institute for Pharmacy). He is a pharmacist by training and studied at University of Marburg.

Dr. Claude Bensoussan, Member of the SAC

As industrial biotechnology expert, Dr. Bensoussan currently serves as CEO of BioAdvice, which provides consulting services for leaders in the bioprocess and biotechnology communities. With a PhD. in molecular pharmaco-chemistry, he brings decades of operational experience across the pharmaceutical and chemical industries to his role on the SAC, where he will provide counsel on industrial-scale protein manufacturing. Dr. Bensoussan has driven the development and industrialization of numerous bioprocesses spanning the pharmaceutical, agrochemical, cosmetics, and nutraceuticals arenas. A highly acclaimed author, he is an active advisor to the biotechnology community.

Dr. Hans-Jürgen Rosslenbroich, Member of the SAC

Previously serving as the Head of Disease Management in Agronomic Development for Bayer Crop Science, Dr. Rosslenbroich has a long history of disease management product development, both biologicals and chemicals. He brings exceptional expertise in plant pathogens and disease-crop biology to his role on the SAC to drive the development and positioning of fungicides for disease control and safeguarding plant health. In the recent past, Dr. Rosslenbroich has been providing advice to Biotalys on EVOCA™ – Biotalys' first biofungicide – including its mode of action, field trial data analysis and plant compatibility questions.

Dr. Ioannis Stergiopoulos, Member of the SAC

As Associate Professor at the University of California, Davis (UC Davis), focused on genetics, genomics, and evolution of plant-microbe interactions, Dr. Stergiopoulos has dedicated his career to understanding microbial virulence and multidrug resistance mechanisms in fungal plant pathogens, and to translating this knowledge into effective intervention strategies for disease control. In his role on the Biotalys SAC, he will bring a unique perspective on the molecular mechanisms governing fungal pathogenesis on plants and resistance to antifungal agents. In his research, Dr. Stergiopoulos follows a systems biology-based approach that integrates comparative and functional genomics, with molecular evolutionary analyses, and practical field work. Prior to joining UC Davis, Dr. Stergiopoulos was appointed as a post-doctoral fellow at Vanderbilt University (Department of Biological Sciences) and at Wageningen University (Department of Plant Pathology), where he had earned his PhD.

6. Conflicts of interest

Directors are required to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting interest on any matter to be decided upon by the Board will be required to bring it to the attention of his or her fellow directors. If the conflict is a direct or indirect conflict of a financial nature falling within the meaning of Article 7:96 of the BCCA, the relevant director shall also bring it to the attention of the statutory auditor and take no part in any deliberations or voting related thereto. If the conflict does not fall within the scope of Article 7:96 of the BCCA, the Board shall, under the lead of the Chairperson, decide which procedure needs to be followed to protect the interests of the Company and the shareholders, as the case may be. Finally, the Board should act in such a manner that a conflict of interest, or the appearance of such a conflict, is avoided. In the possible case of a conflict of interest, the Board should, under the lead of its Chairperson, decide which procedure it will follow to protect the interests of the Company and all its shareholders. In 2023 and in the period from 1 January 2024 up to 13 March 2024, certain directors declared a conflict of interest. The following declarations were made in that respect:

The minutes of the meeting of the Board dated 26 January 2023 contain the following:

« Prior to the deliberation and vote by the Board, Patrice Sellès declared a conflict of interest within the meaning of article 7:96 of the Companies and Associations Code (WVV) with regard to item 5 of the agenda (Performance of the Company/ExCom and proposals for remuneration) as he is one of the beneficiaries of the remuneration submitted for decision »

(…)

“The Board notes the conflict of interest within the meaning of article 7:96 WVV that Patrice Sellès has with respect to the present decision to grant a bonus for 2022 . This conflict of interest is triggered by the mere fact that Patrice Sellès is himself the beneficiary of the bonus. With regard to the stated conflict of interest of Mr. Patrice Sellès under article 7:96 WVV, the Board is of the opinion that granting the performance bonus 2022 to Mr. Patrice Sellès is justified and in line with the remuneration policy of the Company. The financial impact for the Company amounts to a cash-out of 65,000 EUR as bonus for 2022 (gross).”

The written resolution of the Board dated 28 September 2023 contains the following:

The Board notes the conflict of interest on the part of Mr. Patrice Sellès within the meaning of article 7:96 of the CCA in respect of agenda item 2 - “Approval of the “termination agreement” between the Company and Patrice Sellès” as Mr. Patrice Sellès is a party to this agreement and a beneficiary of the termination indemnity and the other benefits contained therein. The financial consequences for the Company of the termination agreement are on the one hand a payment equal to six months’ base salary, amounting to EUR 140.000 gross and on the other hand a special allowance of up to EUR 10.000 that was granted to Mr. Patrice Sellès as compensation for tax advice which Mr. Patrice Sellès wished to obtain concerning the termination of the cooperation and his mixed Belgian-French tax status. The Board considers it in the interest of the Company to appoint a new CEO at the head of the Biotalys group who can guide the Company in the next phase of its development. The provisions in the “termination agreement” are to a large extent an application of the provisions in the employment contract with Mr Patrice Sellès. The additional allowance for tax advice can be justified by Mr Sellès’ mixed tax status. Furthermore, Mr Sellès has agreed to assist the new CEO free of charge during 30 days.

The Board also takes note of the conflict of interest on the part of Michiel van Lookeren Campagne within the meaning of Section 7:96 of the CCA in respect of agenda item 3 - “Approval of the consultancy agreement between the Company and Michiel van Lookeren Campagne” as Mr Michiel van Lookeren Campagne is a party to this agreement and a beneficiary of the remuneration therein. The financial implications for the Company depend on the scope of services to be provided by Mr Michiel van Lookeren Campagne to the Company and are based on a daily fee of EUR 1.500/day (at 8 hours per day - excluding VAT). Mr Michiel van Lookeren Campagne will provide advice to the new CEO to ensure a smooth transition and his time commitment will therefore depend on the extent to which the new CEO wishes to use these services. The agreement is entered into for a period of six months. Assuming an effective time commitment of 1 day for 22 weeks, this would amount to a cost for the Company of EUR 33.000 (excluding VAT and possibly adding travel and accommodation costs). The Board considers it in the Company’s interest to enter into this agreement to enable a smooth transition to the CEO. The Board has satisfied itself, after discussion with Mr Michiel van Lookeren Campagne that this remuneration is not significant for Mr Michiel van Lookeren Campagne nor can the agreement be considered as a significant business relationship for Mr Michiel van Lookeren Campagne. Michiel van Lookeren Campagne’s experience in the industry, in particular with regard to managing industrial R&D, can contribute to the smooth transition to the new CEO by providing these services that go beyond the normal advisory services provided by a director to the Company. The remuneration package offered by the Company is in the opinion of the Board in line with the market given Mr Michiel van Lookeren Campagne’s experience and the degree of specialisation required.

7. Related party transactions

Any proposed related party transaction or arrangement falling within the scope of Article 7:97 of the BCCA shall be submitted to a committee of three Independent Directors in accordance with such article and shall only be entered into after review by the committee. Even when transactions or arrangements do not fall within the scope of Article 7:97 of the BCCA, each director should, in particular, be attentive to conflicts of interests that may arise between the Company, its directors, its significant or controlling shareholder(s) and other shareholders.

In 2023, no related party transaction or arrangement within the scope of Article 7:97 of the BCCA were entered into and consequently no announcements were made pursuant to article 7:97§4/1 of the BCCA of related party transactions.

No material limitations were imposed or prolonged by a shareholder that would fall within the scope of article 7:97 § 6 of the BCCA.

8. Deviations from the Belgian Code on Corporate Governance

The Company will apply the ten corporate governance principles contained in the Belgian Code on Corporate Governance and will comply with the corporate governance provisions set forth in the Belgian Code on Corporate Governance, except in relation to the following:

- In deviation of provision 3.19 of the Belgian Code on Corporate Governance, no Company secretary has been appointed on the date of the report. This deviation is explained by the size of the Company. The Company currently relies on the assistance of an external legal advisor to assist in its corporate governance matters. The Board will continuously assess the need for the appointment of an in-house Company secretary in the future in order to align its corporate governance with the provisions of the Belgian Code on Corporate Governance.

- In deviation of provision 4.14 of the Belgian Code on Corporate Governance, no independent internal audit function has been established. This deviation is explained by the size of the Company. The audit committee will regularly assess the need for the creation of an independent internal audit function and, where appropriate, will call upon external persons to conduct specific internal audit assignments and will inform the Board of their outcome.

- In deviation of provision 7.6 of the Belgian Code on Corporate Governance, the non-executive non-independent members of the Board do not receive part of their remuneration in the form of shares. This deviation is explained by the fact that the interests of these non-executive members of the Board are currently considered to be sufficiently oriented to the creation of long-term value for the Company. In respect of the Independent Directors, a number of share-units are issued to these directors in order to comply with provision 7.6 of the Belgian Code on Corporate Governance (see Remuneration Policy - section 9.1.3.1 - Independent Directors). It should be noted that the share-units are not entirely equivalent to a share (no voting rights, no preferential subscription rights or other membership rights), however, in the opinion of the Company, the share-units meet the objectives provided for in provision 7.6 of the Belgian Code on Corporate Governance.

- Pursuant to article 7:91 of the BCCA and provisions 7.6 and 7.11 of the Belgian Code on Corporate Governance, shares or options on Shares should not vest and be exercisable within three years as of the grant thereof. The Board has been

explicitly authorized in the Articles of Association to deviate from this rule. This authorization is explained by the fact that this allows for more flexibility when structuring share-based awards. For example, it is customary for share incentive plans to provide for a vesting in several instalments over a well-defined period of time, instead of vesting after three years only. This is the case for the share-units granted to the Independent Directors which vest on a yearly basis and is also the case for stock options granted under the Company's long term incentive plans. This is more in line with prevailing practice, while such share incentive plans and other remuneration and other practices provide for sufficient orientation of the beneficiaries to the creation of long-term value for the Company.

- In deviation of provision 7.9 of the Belgian Code on Corporate Governance, no minimum threshold of shares to be held by the members of the ExCom has yet been set. This deviation is explained by the fact that the interests of the members of the ExCom are currently considered to be sufficiently oriented to the creation of long-term value for the Company, also considering the fact that all of them hold ESOP warrants. Therefore, setting a minimum threshold of shares to be held by them is not deemed necessary. However, the Company intends to continuously review this in the future in order to align its corporate governance with the provisions of the Belgian Code on Corporate Governance.

- In accordance with provision 7.12 of the 2020 Code, the Board should include provisions that would enable the Company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specify the circumstances in which it would be appropriate to do so, insofar as enforceable by law. The Company believes that this provision of the 2020 Code is not appropriate and adapted to take into account the realities of companies in the AgTech industry, including, notably, for management teams located in the United States. The share option plans set up by the Company do however contain bad leaver provisions that can result in the share options, whether vested or not, automatically and immediately becoming null and void. Notwithstanding the Company's position that share options are not to be qualified as variable remuneration, the Board is of the opinion that such bad leaver provisions sufficiently protect the Company's interests and that it is therefore currently not necessary to provide for additional contractual provisions that give the Company a contractual right to reclaim any (variable) remuneration from the members of the executive management. For that reason, there are no contractual provisions in place between the Company and the members of the executive management that give the Company a contractual right to reclaim from said executives any variable remuneration that would be awarded. This deviation is also explained by the fact that the Company considers there to be sufficient checks and balances for the calculation and payment of the variable remuneration.

9. Diversity

The Company is convinced of the positive influence of a diversity-based personnel policy, and is itself actively striving for a complementary composition of its Board, ExCom and staff (in terms of professional background and skills, as well as gender). The attraction, education and counselling of talented staff members with complementary knowledge and experience is a priority. At the level of the Board, this is reflected in the Corporate Governance Charter (section 4.3.1) stating that the composition of the Board should take into account sufficient diversity of skills, background, age and gender. The three first selection criteria ensure the complementarity in terms of professional skills, knowledge and experience, while the fourth criterion sets a goal to consider candidates of different gender.

By January 2027, at least one third of the members of the Board should be from a different gender than the other members. This requirement could be amended and accelerated depending on (i) the manner in which the Belgian State will implement the "Women on Boards" – directive of the European Union (Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures) and (ii) whether or not the Company will be a small and medium sized company at the time of the implementation of the Directive. This directive needs to be implemented by the Member States at the latest on 28 December 2024.

In brief the Directive requires that Member States shall ensure that listed companies are subject to either of the following objectives, to be reached by 30 June 2026: (a) members of the underrepresented sex hold at least 40 % of Non-executive Director positions; (b) members of the underrepresented sex hold at least 33 % of all director positions, including both executive and Non-executive Directors. The Directive does not apply to small and medium sized companies.

The current Board has one female director (11.1%) and eight male directors (88.9%), with a diversity of education and professional experience.

The Board is continuously looking to increase diversity at the level of the Board of Directors and the ExCom including through the use of executive search firms and through its own network. It is also a task of the Board to ensure that the members of the ExCom have diverse professional backgrounds with complementary skills. It is the aim of the Board that the long-term vision of the Company is supported by executives who actively promote the values of the Company and, in this sense, contribute to value creation. This translates, among other aspects, into a preference for providing talented staff members with career development options within the Company. All members of the ExCom have

been appointed based on their personal merits. The Company is building teams from qualified candidates regardless of their gender, race, religion or sexual orientation. A diverse team of different types of people, from different backgrounds and experiences helps us to be more innovative, creative and achieve better results. Our recruitment process is free from biases and is merit-based determining which candidates have the abilities, knowledge, and skills considered the most suitable for the job. We ensure our talent pool is diverse by sourcing candidates from a variety of places, by offering internships and connecting with different schools and universities and by encouraging our employees to refer their connections.

10. Remuneration Report

10.1. Introduction

This remuneration report was prepared in accordance with Article 3:6, §3 of the BCCA ("Remuneration Report"). In accordance with Article 7:89/1 of the BCCA, the remuneration committee has prepared the remuneration policy, which has been approved by the general meeting of April 15, 2022. The remuneration policy, which is included in its entirety in the annual report over the accounting year 2021 (see section 9.1 - Remuneration Policy of such consolidated annual report), will apply to the financial years 2022 through 2025. The Remuneration Report gives an overview of the remuneration as applied in the financial year 2023. This remuneration report should be read together with the remuneration policy.

On March 14, 2024, the nomination- and remuneration committee discussed the draft remuneration report, which constitutes a specific part of the Corporate Governance statement in the annual report, and ensured that the draft report contains all the information required by law.

10.2. Board of Directors

10.2.1. OVERVIEW

During the financial year 2023 the remuneration of the current Independent Directors consisted of a fixed remuneration in cash and an equity linked remuneration in the form of share-units. Since this remuneration is not linked to the Company's or the director's performance, this remuneration needs to be considered as fixed remuneration. Non-independent Non-executive Directors did not receive a remuneration. Also the Executive Director, did not receive a remuneration on the basis of his directorship. The table below sets out the remuneration of the directors in 2023.

Name	Remuneration					
	Chairperson	Director	Chairperson Audit Committee	Chairperson Nomination and Remuneration Committee	Share units	Total (*)
Simon E. Moroney	75,000			10,000	7,246	92,246
Johan Cardoen		55,000			6,039	61,039
Markus Heldt		55,000			6,039	61,039
Catherine Moukheibir		55,000	10,000		6,039	71,039
Michiel M. van Lookeren Campagne		55,000			6,039	61,039
Pieter Bevernage	Not remunerated					
Patrick Van Beneden	Not remunerated					
A.I.F. BV; permanently represented by Patrik Haesen	Not remunerated					
Patrice Sellès (**)	Not remunerated as a director					
Kevin Helash (***)	Not remunerated as a director					

(*) The share-units are valued as the difference between the grant date market price and the subscription price of €1. The value is expensed in three tranches over the three year vesting period. The expense in 2023 is reflected in the table above.

(**) Until the end of his mandate on 4 October 2023.

(***) As from the start of his mandate on 24 October 2023.

Each Non-executive Director is entitled to reimbursement of costs incurred in connection with the performance of his or her duties as a director subject to appropriate substantiation thereof.

10.2.2. KEY FEATURES OF THE SHARE-UNITS

Share units are contractual undertakings to the Company as a result of which the directors concerned have an obligation to subscribe to new shares at a price of €1 per share (irrespective of the value of the shares at the time) (each share unit entails the obligation to subscribe to one new share of the Company).

The number of share units granted for 2023 is, 1,682 for the Chairman of the Board and 1,401 for the other Independent Directors.

From 2023, the number of share units granted is calculated in the following manner:

- For the Chairman of the Board: 10,500 divided by the average closing price of the Biotalys share on Euronext Brussels during the month of March of the relevant year;
- For other Independent Directors: 8,750 divided by the average closing price of Biotalys shares on Euronext Brussels during the month of March of the year in question;

Fractions of shares will not be granted.

The new shares will be issued applying the authorised capital of the Company. If no authorised capital should be available, the Company retains the right to deliver existing shares (if it is in a position to acquire its own shares in accordance with company law) or to provide cash compensation (in particular, an amount equal to the closing price of the shares to be delivered as a result of the share units at the time the shares are to be delivered minus the subscription price of the shares (in particular €1 per share)).

The basic characteristics of share units are as follows:

- Share units are not shares or subscription rights (in particular, they have no voting rights, preference rights or other membership rights).
- They are not transferable.
- Share units vest over a period of three years and provided the director is still a director (1/3 each year after grant) except in the event of death, permanent disability[1] to perform the function or an exit[2] of the Company in which case all outstanding share units vest immediately.
- Share units that do not vest lapse.
- Vesting is not subject to performance criteria and the remuneration in share units is therefore fixed remuneration. The share units also create an obligation for the director to subscribe to shares and it is not an option that still leaves a discretion to the director to exercise or not.
- The underlying shares will only become transferable at the earliest, the later of (i) three years following the grant of share units to which they relate and (ii) one year following the termination of the mandate of the director as director of the Company provided that the underlying shares are transferable earlier in case of an exit. Furthermore, a transfer to the heirs of the director as a result of death of the director is allowed.

10.3. Executive Committee

10.3.1. OVERVIEW

The remuneration of the members of the ExCom consists of (i) a fixed remuneration, (ii) variable remuneration in the form of a cash bonus determined depending on the overall Company's performance and individual performance, (iii) subscription rights to new shares ("ESOP Warrants") under the long term incentive plans of the Company ("ESOP Plans"), (iv) group/hospital insurances and other benefits.

1 "Permanent disability means : (i) the director is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or the director is determined to be totally disabled by the competent social security administration.

2 "Exit" means (i) a merger of the Company whereby the Company is not the surviving entity, (ii) a (partial) demerger of the Company whereby the Company ceases to exist (ii) a sale of all or substantially all of the assets of the Company, (iii) a public take-over bid on the Company resulting in a change of control over the Company or (iv) a liquidation ("vereffening").

The remuneration of the members of the ExCom is in line with the Company's remuneration policy. By creating a balanced mix between fixed and variable remuneration, as well as between short-term and long-term remuneration, the Company strives to create a focus not only on short-term operational performance but also on the long-term objective of creating sustainable value The goals and objectives of the members of the ExCom determined to evaluate their variable remuneration have been established in order to support the Company's long-term performance as they focus on the key metrics to achieve such long-term performance. The table below shows the remuneration received by the CEO (individually) (up to 4 October 2023 for Mr. Patrice Sellès and as from 4 October 2023 for Mr. Kevin Helash) and the other members of the ExCom (in aggregate) in respect of their mandates in 2023. It is reminded that only the CEO is entrusted with the day-to-day management of the Company.

	Chief Executive Officer (€)		Other members of the Executive Committee (€)
	Patrice Sellès (****)	Kevin Helash (*****)	
Fixed Remuneration	204,790	92,055	1,227,089
Other benefits			25,341
ESOP Warrants (*)	34,800	34,630	379,132
One-year variable remuneration (******)	65,000		118,996
Pension plan	16,300		55,443
Severance (**)	140,000		196,523
Total Remuneration	460,891	126,685	2,002,524
Proportion of fixed remuneration in total remuneration (***)	86%	100%	94%

(*) The ESOP Warrants that vested in 2023 were valued based on the Black & Scholes value as of the grant date.

(**) Concerns the severance paid in 2023 to Patrice Sellès, Patrick McDonnell and Luc Maertens. Patrice Sellès left the Company on 4 October 2023. Luc Maertens and Patrick McDonnell left the Group on 29 November 2023.

(***) Taking into account the ESOP Warrants vested in 2023 as fixed remuneration (as none are linked to performance criteria).

(****) Until 4 October 2023.

(*****) From 4 October 2023.

(******) One-year variable remuneration paid in 2023 as bonus over 2022.

10.3.2. ESOP PLANS

Overview
In accordance with the remuneration policy ESOP Warrants (subscription rights to new shares) may be granted on a yearly basis to the members of the ExCom and vesting thereof may be dependent on performance criteria. The table below provides an overview of the total number of ESOP Warrants for each member of the ExCom for the year ending 31 December 2023.

Name	Main Conditions of the Plan						Number of ESOP Warrants Granted and Vesting Status				
	1. Plan	2. Award Date	3. End of Vesting Period	4. Exercise Period		5. Exercise Price of the Option	6. Cumulative Share Options Granted	7. Vested prior to 2023	8. Vested during 2023	9. Cancelled during 2023	10. Unvested at year end
Patrice Sellès	ESOP 2020 (**)	09/03/2020	31/03/2024	01/01/2024	15/10/2027	€ 1.2854	750,000	515,625	234,375		-
	ESOP 2021	25/04/2022	30/04/2026	01/01/2026	15/04/2031	€ 6.9600	20,923	-	10,025		10,898
	ESOP 2021	27/04/2023	30/04/2027	01/01/2027	15/04/2031	€ 6.3316	38,822			38,822	-
	Subtotal						**809,745**	**515,625**	**244,400**	**38,822**	**10,898**
Kevin Helash	ESOP 2021	19/10/2023	31/10/2027	01/01/2027	15/04/2031	€ 3.3300	208,974				208,974
	ESOP 2021	19/10/2023	31/10/2027	01/01/2027	15/04/2031	€ 3.3300	59,181				59,181
	Subtotal						**268,155**	**-**	**-**	**-**	**268,155**
Luc Maertens	ESOP 2017 (**)	29/06/2017	30/06/2021	01/01/2021	15/04/2027	€ 0.8201	420,000	420,000			-
	ESOP 2017 (**)	21/06/2018	30/06/2022	01/01/2022	15/04/2027	€ 0.8201	100,000	100,000			-
	ESOP 2021	25/04/2022	30/04/2026	01/01/2026	15/01/2026	€ 6.9600	8,137	-	3,051	5,086	-
	ESOP 2021	27/04/2023	30/04/2027	01/01/2027	15/01/2027	€ 6.3316	11,757		3,919	7,838	-
	Subtotal						**539,894**	**520,000**	**6,970**	**12,924**	**-**
Wim Ottevaere (*)	ESOP 2020 (**)	23/07/2020	30/06/2022	01/01/2024	15/10/2027	€ 1.2854	300,000	300,000			-
	ESOP 2021	13/10/2021	31/10/2025	01/01/2025	15/04/2031	€ 6.6200	15,000	4,375			10,625
	ESOP 2021	25/04/2022	30/04/2026	01/01/2026	15/04/2031	€ 6.9600	17,436	-			17,436
	ESOP 2021	27/04/2023	30/04/2027	01/01/2027	15/04/2031	€ 6.3316	21,707				21,707
	Subtotal						**354,143**	**304,375**	**-**	**-**	**28,061**

(*) Acting through Wiot BV

Name	Main Conditions of the Plan						Number of ESOP Warrants Granted and Vesting Status				
	1. Plan	2. Award Date	3. End of Vesting Period	4. Exercise Period		5. Exercise Price of the Option	6. Cumulative Share Options Granted	7. Vested prior to 2023	8. Vested during 2023	9. Cancelled during 2023	10. Unvested at year end
Patrick McDonnell	ESOP 2021	13/10/2021	31/10/2025	01/01/2025	15/04/2031	€ 6.6200	125,000	36,458	26,042	62,500	-
	ESOP 2021	25/04/2022	30/04/2026	01/01/2026	15/01/2026	€ 6.9600	10,461	-	3,922	6,539	-
	ESOP 2021	27/04/2023	30/04/2027	01/01/2027	15/01/2027	€ 6.3316	13,835	-	4,611	9,224	-
	Subtotal						**149,296**	**36,458**	**34,575**	**78,263**	**-**
Carlo Boutton	ESOP 2021	03/05/2022	31/05/2022	01/01/2026	15/04/2031	€ 7.2300	125,000	-	49,479	-	75,521
	ESOP 2021	27/04/2023	30/04/2027	01/01/2027	15/04/2031	€ 6.3316	11,846	-	-	-	11,846
	Subtotal						**136,846**	**-**	**49,479**	**-**	**87,367**
Douglas Minder	ESOP 2020 (**)	17/11/2020	31/01/2025	01/01/2024	15/10/2027	€ 1.2854	50,000	23,958	12,500	-	13,542
	ESOP 2021	25/04/2022	30/04/2026	01/01/2026	15/04/2031	€ 7.1800	3,000	-	1,250	-	1,750
	ESOP 2021	06/07/2022	31/07/2026	01/01/2026	15/04/2031	€ 7.1300	62,500	-	22,135	-	40,365
	ESOP 2021	27/04/2023	30/04/2027	01/01/2027	15/04/2031	€ 6.3316	3,000	-	-	-	3,000
	ESOP 2021	06/07/2023	31/07/2027	01/01/2027	15/04/2031	€ 5.9200	62,500	-	-	-	62,500
	Subtotal						**181,000**	**23,958**	**35,885**	**-**	**121,157**
	Total						**2,439,079**	**1,400,416**	**371,309**	**130,009**	**515,638**

(**) ESOP Warrants held/granted/vested under the ESOP 2017 and ESOP 2020 Plans each convert into profit certificates that are converted into shares of the Company at a 2:1 ratio upon exercise.

During 2023 no ESOP Warrants were exercised by members of the ExCom.

Key features of the ESOP Warrants

The key features of the various ESOP Warrant plans are largely the same, and can be summarized as follows:

Grant:

- ESOP 2017: Warrants could be granted to an employee, consultant or director of the Company.

- ESOP 2020/ESOP 2021: Warrants could be granted to an employee, consultant or director of the Company or an affiliated Company (including, as the case may be, persons acting as representatives of a Company with which the Company (or an affiliated Company) has entered into a consultancy agreement or which assumes a directorship in the Company (or an affiliated Company).

Form of ESOP Warrants:

The ESOP Warrants are subscription rights ("inschrijvingsrechten") in registered form. In respect of ESOP 2017/2020 it concerns subscription rights to profit certificates that are converted upon issue into shares at a ratio of two profit certificates for one share.

Transfer of ESOP Warrants:

Unless under certain specific conditions (including transfer by the participant-legal entity to its manager), the ESOP Warrants are not transferable inter vivos once they have been granted.

Number of shares to be issued upon exercise of ESOP Warrants:

- ESOP 2017/ESOP 2020: Each ESOP Warrant can be exercised for one new profit certificate which convert into new shares of the Company at a 2:1 ratio.

- ESOP 2021: Each Warrant can be exercised for one new share of the Company. Consideration: Each Warrant is granted for free, i.e. no consideration is due upon the grant of the Warrants.

Expiration:

- The ESOP 2017 Warrants expire and cannot be exercised after ten years after the issue of the ESOP 2017 Warrants.

- The ESOP 2020 Warrants expire and cannot be exercised after 31 December 2027.

- The ESOP 2021 Warrants expire and cannot be exercised after 15 April 2031 or such shorter term as the Board may determine at the time of grant.

Vesting:

ESOP Warrants shall vest over a period of four years, whereby (i) 25% of the ESOP Warrants granted to and accepted by a participant shall be deemed definitively vested after one year of the date of the offer, (ii) the balance as from the end of the first month following the first anniversary of the offer, vest in equal monthly instalments.

ESOP 2020/ESOP 2021: The basic vesting scheme of the Warrants can be modified by the Board in a fully discretionary manner and it may also decide, at its sole discretion, to accelerate or otherwise modify a previously determined vesting schedule.

The ESOP Warrant plans provide for an accelerated vesting of all outstanding ESOP Warrants in case of

(i) any sale, merger, demerger, consolidation, tender offer or similar acquisition of shares, or other transaction or series of related transactions as a result of which a third party (together, if applicable, with persons acting in concert with any such third party) acquires Control over the Company which it does not have prior to such transaction or series of related transactions, or

(ii) a sale or other disposition of all or substantially all of the Company's assets, whether in one transaction or a series of related transactions, or

(iii) a dissolution and liquidation of the Company.

Exercise:

On the condition that the ESOP Warrants are vested, the ESOP Warrants can be exercised during the first fifteen days of each quarter and this at the earliest as from the beginning of the fourth calendar year following the calendar year in which the offer of the ESOP Warrants has taken place until the last quarter within the term of the ESOP Warrants, unless the Board decides otherwise in certain circumstances.

Termination:

As further set forth in the ESOP Warrant plans, in case of a termination of the relationship between the participant and the Company, the exercise period and/or vesting period of the Warrants and the validity of vested Warrants may vary depending on the circumstances under which the relationship between the participant and the Company is terminated (e.g. due to serious cause, breach of contract or bankruptcy or serious default, death, retirement, invalidity).

Terms and conditions:

The terms and conditions can be amended or supplemented per participant and are governed by the laws of Belgium.

10.4. Severance payment

During 2023 the following severance payments have been made to members of the ExCom:

- Patrice Sellès (CEO till 4 October 2023): a severance payment has been made of €140,000 (gross) corresponding to 6 months of base salary. Furthermore, the Board agreed to a special allowance of up to EUR 10,000 that was granted to Mr. Patrice Sellès as compensation for tax advice which Mr. Patrice Sellès wished to obtain concerning the termination of the cooperation and his mixed Belgian-French tax status. In respect of the ESOP Warrants it was decided that these would continue vesting, subject to certain conditions regarding confidentiality and non-compete, till six months following the termination of the employment of Mr. Patrice Sellès i.e. till 4 April 2024.

- Luc Maertens (COO till 29 November 2023): a severance payment has been made of €154,129 (gross) corresponding to 26 weeks of base salary. Furthermore, the Board agreed that in respect of 11,757 ESOP Warrants granted during 2023, one third thereof would immediately vest. The remainder thereof and other unvested ESOP Warrants were cancelled.

- Patrick McDonnell (CBO till 29 November 2023): a severance payment has been made of €42,394 (gross) corresponding to 60 days of base salary. Furthermore, the Board agreed that in respect of 13,835 ESOP Warrants granted during 2023, one third thereof would immediately vest. The remainder thereof and other unvested ESOP Warrants were cancelled.

10.5. Use of right to reclaim

The Company does not have any right to reclaim variable remuneration.

10.6. Derogations from the remuneration policy

During 2023 there were no deviations from the remuneration policy.

10.7. Evolution of the remuneration and the performance of the Company

As the Company only became a listed Company in 2021, the Company was not under an obligation to provide a Remuneration Report for the period prior to 2021. The Company does not have readily available the information related to financial years prior to 2021 to allow a comparison with previous financial years. Therefore, this remuneration report includes the information related to 2021, 2022 and 2023 only.

	2023	% vs prior year	2022	% vs prior year	2021
Evolution of the remuneration:					
Directors and members of the Executive Committee	€2,739,978	17%	€2,345,478	14%	€2,054,478
Employees (average)	118,129	8%	109,253	1%	108,259
Performance of the Company (in `000 EUR):					
Net loss for the period	(20,510)	-10%	(22,731)	-38%	(16,929)
Total Equity	25,569	-33%	38,114	-36%	58,915
Market capitalization at 31 December	149,882	-29%	210,456	-4%	219,336

No remuneration was in place for the non-executive Independent Directors prior to the Company's Initial Public Offering of 2021. The remuneration is partially dependent on the fluctuation of the exchange rate of USD/EUR.

10.8. Yearly performance of the Company

With respect to 2023, the Company used a number of performance criteria that determined the variable cash bonus of the members of the ExCom. The maximum variable cash bonus is limited to a percentage of the base salary.

These performance criteria were broken down into four main areas: Financing, Operations (Increase of proof points & Validation), Business Development and Human Capital. More detailed performance objectives included: strengthen the balance sheet of the Company through a capital increase, achieve approval of EVOCA™ and registration in a number of US states to launch the market calibration, advance product portfolio and introduction of new discovery programs, reduce production costs for EVOCA™ to get access to a margin generating manufacturing process by 2026, conclude an R&D collaboration agreement with a major player in the bio-insecticides field, increase the attractiveness of the Company as place to work and finalise ESG strategy ready for implementation with accepted results measurement and reporting.

Each of the four main areas of performance criteria were weighted as follows: Financing (40%), Operations (25%), Business Development (25%), Human Capital (10%) and the (partial or over) achievement of the performance criteria was decided upon by the Board on proposal of the nomination and remuneration committee.

10.9. Yearly average remuneration of the employees of the Company

Average remuneration of employees on a full-time equivalent basis in 2023 is € 118,129.

10.10. Ratio highest and lowest remuneration

Highest remuneration to members of the ExCom	€424,442
Lowest remuneration (in full time equivalent) of the employees	€36,192
Ratio highest remuneration/lowest remuneration	11.73

11. Internal and External Audit Function

11.1. Internal audit function

As of the date of this report, there is not yet a dedicated internal audit function given the size of the Company. The audit committee will regularly assess the need for the creation of an independent internal audit function and, where appropriate, will call upon external persons to conduct specific internal audit assignments and will inform the Board of their outcome.

11.2. External audit function

The Company's statutory auditor is Deloitte Bedrijfsrevisoren BV, represented by Mr. The Company's statutory auditor is Deloitte Bedrijfsrevisoren BV, represented by Mr. Pieter-Jan Van Durme . The statutory auditor conducts the external audit of both the consolidated and statutory figures of Biotalys NV, and reports to the Board. The statutory auditor was appointed at the ordinary general meeting of 15 April 2022 for a three-year term, which expires at the ordinary general meeting of 2025. The Company expensed fees to the auditor of € 70,000 (excluding VAT) in 2023 for the audit fee for statutory and consolidated financials. Furthermore, € 13,720 was paid to the auditors for audit related matters.

12. Description of the major features of the internal control and risk management system

Reference is made to the part “Legal and Financial Information” - chapter 6.

13. Legal information

13.1. Capital structure

On 31 December 2023, the corporate capital of the Company amounted to €46,198,455.95 EUR, represented by 32,094,711 shares. Furthermore, 3,198,815 warrants were outstanding as of 31 December 2023 which are convertible into 2,120,990 shares after considering the 2:1 ratio applicable for the warrants issued before the reverse share split (in the framework of the IPO).

At the date of this annual report, the corporate capital of the Company amounts to €46,340,517.84 represented by 32,157,210 shares. Furthermore, 3,066,863 warrants were outstanding as of the date of this annual report which are convertible into 2,054,872 shares after considering the 2:1 ratio applicable for the warrants issued before the reverse share split.

In addition, as at 31 December 2023, a total of 13,786 share units are outstanding which may result in a total of 13,786 new shares in accordance with the terms of the share units. This number has not changed as at the date of this annual report.

For 2024, additional share units will be entered into by the Independent Directors. The number of these will only be known after the end of March 2024 as it depends on the price evolution of the Biotalys share on Euronext Brussels.

The Company has convened an extra-ordinary general meeting on 23 April 2024 and proposed the shareholders to approve the absorption of existing losses in an amount of € 41,585,512.06 (being the total amount of carry-forward losses as per the non-consolidated statutory accounts of the Company for the period ended 31 December 2023) through a capital reduction.

Furthermore, at the same extra-ordinary meeting it will be proposed to renew the authorised capital of the Company to align it with the corporate capital following the implementation of the capital decrease referred to above.

In respect of the composition of the shareholder base on 31 December 2023 reference is made to Chapter “Investor and Shareholder Information - Major Shareholders”.

The Company has not received any notification under article 74§7 of the law dated 1 April 2007 on public takeover bids.

13.2. Restrictions on transfer of financial instruments

There are no legal or statutory transfer restrictions that apply to the financial instruments of the Company, other than those applicable to ESOP Warrants (see chapter 10.3.2.2 – Key features of the ESOP Warrants) and share-units (see chapter 10.2.2 – Key features of share-units). The Company has no knowledge of the existence of any shareholders' agreements between the shareholders restricting the transfer of financial instruments.

Subject to a number of exceptions, the warrants under each of the ESOP Plans are not transferable (inter vivos). Share-units are not transferable (inter vivos).

13.3. Holders of financial instruments with particular voting rights and description of such rights

The Company has not issued any financial instruments with particular voting rights. Each share entitles the holder thereof to one vote subject to restrictions under Belgian law.

13.4. Description of the mechanism to control voting rights under applicable ESOP Plans

The ESOP Plan governing the ESOP 2020 Warrants provide that upon exercise of a warrant, the resulting beneficiary part or (upon conversion) share shall be certified and transferred to a Dutch "Stichting Administratiekantoor" if so requested by the Board. So far, the Board has not used this possibility.

13.5. Legal or statutory limitations regarding the exercise of the voting rights attached to shares

Each shareholder of the Company is entitled to one vote per share. Voting rights can be mainly suspended in relation to shares:

- which are not fully paid up, notwithstanding the request thereto of the Board of Directors of the Company;

- to which more than one person is entitled or on which more than one person has rights in rem ("zakelijke rechten") on, except in the event a single representative is appointed for the exercise of the voting right vis-à-vis the Company;

- which entitle their holder to voting rights above the threshold of 5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, in the event that the relevant shareholder has not notified the Company and the FSMA at least 20 calendar days prior to the date of the general shareholders' meeting in accordance with the applicable rules on disclosure of major shareholdings; and

- of which the voting right was suspended by a competent court or the FSMA.

13.6. Shareholders agreement

On the date of this annual report the Company has no knowledge of the existence of any shareholders' agreements between the shareholders.

13.7. Rules relating to the nomination and replacement of directors and regarding the changes to the articles of association of the Company

Changes to the articles of association

In general, there is no attendance quorum requirement for a general shareholders' meeting and decisions are generally passed with a simple majority of the votes of the shares present or represented. However, capital increases (other than those decided by the Board pursuant to the authorized capital), decisions with respect to the Company's dissolution, mergers, demergers and certain other reorganizations of the Company, amendments to the articles of association (other than an amendment of the object), and certain other matters referred to in the BCCA do not only require the presence or representation of at least 50% of the share capital of the Company but also a majority of at least 75% of the votes cast (whereby abstentions are not included in the numerator nor in the denominator). An amendment of the Company's object requires the approval of at least 80% of the votes cast at a general shareholders' meeting (whereby abstentions are not included in the numerator nor in the denominator), which can only validly pass such resolution if at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second general shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented. The special majority requirements, however, remain applicable.

Rules regarding the nomination and replacement of directors
The appointment and renewal of all directors (i) is based on a recommendation of the nomination and remuneration committee, taking into account the rules regarding the composition of the Board that are set out in the BCCA and the Articles of Association, and (ii) is subject to approval by the shareholders' meeting deciding with a simple majority and with no presence requirement it being understood that the Board may temporarily fill a vacancy and nominate a director which needs to be confirmed at the next general meeting. The Board has in place nomination procedures and objective selection criteria for executive and non-executive Board members. The directors may be natural persons or legal entities but need not be shareholders. Whenever a legal entity is appointed as a director, it must appoint an individual as its permanent representative, who will carry out the office of director in the name and on behalf of that legal entity. In their capacity as board members, board members may not be subject to an employment agreement with the Company. Each director individually should have skills, knowledge and experience that are complementary to the need of the Company, and should bring to the Board an inquisitive and objective perspective that enables him or her, if needed, to challenge management. When dealing with a new appointment, the Chairperson of the Board and the chairperson of the nomination and remuneration committee must ensure that, before considering the candidate, the Board has received sufficient information such as the candidate's curriculum vitae, an assessment of the candidate based on the candidate's initial review, a list of the positions the candidate currently holds, and, if applicable, the necessary information for assessing the candidate's independence. The nomination and remuneration committee leads the nomination process and recommends suitable candidates to the Board. The Board is responsible for proposing members for nomination to the shareholders' meeting. Any proposal for the appointment of a director to the shareholders' meeting shall be accompanied by a recommendation from the Board, based on the advice of the nomination and remuneration committee. It shall be accompanied by the relevant information on the candidate's professional qualifications together with a list of the positions the candidate already holds.

13.8. Authority of the Board regarding the issue of shares or the buy-in of own shares

Issue of financial instruments under the authorised capital
On 25 April 2023, the Company's general shareholders' meeting authorized, the Board to increase the share capital of the Company within the framework of the authorized capital with a maximum of €44,564,320.02. On the date of this report, the Board has used that authority once i.e. in the framework of the private placement of 1,135,257 new shares that closed on 12 June 2023 and resulted in a capital increase of €1,634,135.91. The Company's general shareholders' meeting decided that the Board, when exercising its powers under the authorized capital, will be authorized to restrict or cancel the statutory preferential subscription rights of the shareholders (within the meaning of article 7:188 and following of the BCCA). This authorization includes the restriction or suppression of preferential subscription rights for the benefit of one or more specific persons (whether or not employees of the Company or its subsidiaries). The authorization is valid for a term of five years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (Belgisch Staatsblad) which occurred on27 April 2023. In principle, from the date of the FSMA's notification to the Company of a public takeover bid on the financial instruments of the Company, the authorization of the Board to increase the share capital in cash or in kind, while limiting or cancelling the preferential subscription right, is suspended. However, on 25 April 2023, the Company's general shareholders' meeting expressly authorized the Board to increase the Company's capital after the FSMA's notification. This authorization is valid for a term of three years as from 25 April 2023.

At the occasion of the extra-ordinary shareholders meeting scheduled for 23 April 2024, if the proposed capital decrease referred to above in item 12.1 – Capital structure is approved, the Board proposes to renew the authorised capital of the Company to align it with the corporate capital following the implementation of such capital decrease.

If this proposal to renew the authorised capital would be rejected, the earlier authorisation as described above will remain valid. If in such case the capital decrease referred to in item 12.1 – Capital structure would have been approved, this earlier authorisation will be limited in accordance with article 7:198 BCCA and will be limited to the amount of the corporate capital following the implementation of the capital decrease - minus the earlier use of thereof for an amount of €1,634,135.91.

Information regarding the private placement of new shares dated 12 June 2023 within the authorised capital (article 7:203 BCCA)
On the date of this report, the Board has used its authority under the authorised capital once i.e. in the framework of the private placement of 1,135,257 new shares that closed on 12 June 2023 and resulted in a capital increase of €1,634,135.91.

In the framework of this private placement a special report of the Board was issued in accordance with article 7:198 iuncto articles 7:179, 7:191 and 7:193 of the BCCA. In this report the Board further explains the reasons for the private placement, the issue price of the new shares issued under the private placement and the reasons for the cancellation of the preferential subscription rights of existing shareholders. As required by the BCCA, the auditor also issued a report in connection with the private placement. Both reports (in Dutch only) can be found on the website of the Company.

- Details of the private placement

The private placement was done by way of a cash contribution under the authorised capital by issuing 1,135,257 new shares with, in the interest of the Company, cancellation the statutory preferential subscription right of the existing shareholders of the Company in favour of certain persons other than the Company's staff. The issue price of the new shares was €6.166 per new share representing a total issue price of €6,999,994.66 of which an amount of €1,634,135.93 was allocated to the capital of the Company (taking into account a fractional value of EUR 1.4394 (rounded) per share and €5,365,858.73 was booked as unavailable share premium. These new shares were issued in favour of Agri Investment Fund BV, with registered office at Diestsevest 32 box 5b, 3000 Leuven, with company number 0893.885.781, RPR Leuven, existing holder of 2,158,708 shares of the Company (A.I.F.) and Federale Participatie- en Investeringsmaatschappij NV with registered office address at Avenue Louise 32, 1050 Brussels, with company number 0253.445.063, RPR Brussels, existing holder of 666,666 shares of the Company. As a result of the private placement A.I.F. held 2,969,606 and SFPIM held 991,025 shares in the Company on 12 June 2023.

- Issue price

The issue price of €6.166 per share was the result of negotiations between the Company and the investors with reference to relevant stock market prices of the existing shares of the Company on Euronext Brussels. The issue price amounted to EUR 6.166 which corresponds to the average of the closing prices of the Company's share on Euronext Brussels in the period from 8 May 2023 to 2 June 2023 and was approximately 1% higher than the closing price of the shares of the Company on Euronext Brussels on 6 June 2023, namely the day before the announcement of the private placement.

- Cancellation of the preferential subscription right of existing shareholders

The preferential subscription right of existing shareholders was cancelled in the framework of the private placement in the interest of the Company. In this respect the special board report stated the following (free translation of the original Dutch version):

"The Board believes that the Capital Increase is in the best interests of the Company because, if completed, the transaction will further improve the equity position and the working capital of the Company. In general, the proposed Capital Increase will allow the Company to strengthen its capital structure, enabling a greater proportion of its financing needs can be met with equity.

Also, the proposed Capital Increase will allow the Company to acquire additional funds in a rapid and (cost) efficient manner that will facilitate the further development and growth of the Company's business.

In particular, the Company currently intends to use the net proceeds:

- To further develop and advance the Company's pipeline, including including research and development, to increase the number of programmes within crop protection and the food value chain, possibly also through partnerships;

- To fund the ongoing development of the platform and capture of intellectual property to maintain the competitiveness and efficiency of Biotalys' AGROBODY Foundry™ platform;

- To support the market calibration of its first candidate product EVOCA™ and prepare for its future commercial launch with field trials, scaling up of production and regulatory approvals;

- To support the recruitment of key talent.

In addition, the participation by the Beneficiaries in the proposed Capital Increase demonstrates that they support the Company's business and strategy and allows Biotalys to strengthen its relationship with these investors, which may enable the Company to further strengthen its image to investors further, which may be in the interest of the further development of the Company's business and possible future capital market transactions. The Beneficiaries, being as aforesaid A.I.F. and SFPIM, are in fact investors with a good reputation in the capital markets and with a history of long-term and supportive shareholding in Belgian companies. A.I.F. is additionally the private equity and venture capital fund of the Belgian Farmers' Union that focuses on Ag-Tech and Agro-Food companies that contribute to stronger and more sustainable agriculture and horticulture. A.I.F.'s participation in the proposed Capital Increase is in line with its ambition to support companies to bring their innovations to the agricultural market. To further strengthen the link with A.I.F., the Board will also propose to the shareholders of the Company to propose A.I.F., permanently represented by A.I.F.'s CEO Patrik Haesen, to join the Board of Directors.

The Board of Directors has decided to cancel the preferential right of the existing shareholders of the Company in favour of the Beneficiaries. The cancellation of the preferential right in favour of the Beneficiaries allows the Company, through an accelerated process, without high transaction risk, to raise a significant amount of funds to further increase its equity and working capital, thereby, among other things, freeing up space for the Company to fund its operations. These activities require further investment and financing and, if successful, the Company would use the net proceeds of the proposed Capital Increase for these activities.

Secondly, through the participation by the Beneficiaries, the Capital Increase may improve the stability of the Company's shareholder structure. This is in the interest of both the Company and the existing shareholders of the Company.

Thirdly, proceeding at this stage to raise funds through a public issue with or without preferential rights, would be difficult to achieve. A public issue is not only very costly for the Company, it also requires significantly longer preparation, and market conditions and the ability to raise capital may change during that period. Reverting to a public fund raising not only requires more time but is also accompanied by uncertainty as to whether such a longer and more costly route would ultimately result in a capital raise on acceptable terms. The capital increase in favour of the Beneficiaries, on the other hand, enables the Company to raise new funds in a rapid and cost-efficient manner.

Fourth, it is also noted that due to macroeconomic factors, such as rising interest rates, the geopolitical situation in Eastern Europe and declining investor confidence in general, capital markets have been extremely volatile. The stock price of many listed financial instruments have fallen significantly and a number of previously available funding sources are no longer available or only on less attractive terms. Consequently, the Capital Increase allows the Company to raise new funds in a rapid and efficient manner and it is in the Company's interest to do so in these circumstances.

For all these reasons, the Board is of the opinion that the proposed Capital Increase is in the interest of the Company, even with the cancellation of the preferential subscription right in favour of the Beneficiaries and notwithstanding the resulting shareholder dilution, as this may enable the Company to quickly and cost-effectively raise the new funds needed to further implement its strategy.

- Impact of the capital increase on the rights of existing shareholders

In this respect the special board report stated the following (free translation of the original Dutch version):

"Each share of the Company currently represents an equal proportion of the capital of the Company and is entitled to one vote. The issue of new shares under of the Capital Increase will result in a dilution of the existing shareholders of the Company and of the relative voting rights attached to each share in the Company, as the existing shareholders will not have the right to participate in the Capital Increase (other than the Beneficiaries who are already an existing shareholder).

The dilution in respect of voting rights applies mutatis mutandis to the participation of each share in the profits and liquidation proceeds and other rights attached to the shares of the Company, such as the statutory preferential subscription right in the event of a capital increase in cash through the issue of new shares or in the case of the issue of new subscription rights or convertible bonds.

More specifically, prior to the Capital Increase, each share of the Company shares equally in the profits and liquidation proceeds of the Company and each shareholder has a statutory preferential subscription right in the event of a capital increase in cash or in case of the issue of new subscription rights or convertible bonds.

In the issue of the new shares pursuant to the Capital Increase, the new shares to be issued will have the same rights and benefits as, and be of equal rank in all respects with, the existing and outstanding shares of the Company at the time of their issue and delivery, and will be entitled to distributions for which the relevant record date or maturity date falls on or after the date of issue and delivery of the shares.

As a result (and to the extent that the new shares are issued and subscribed for), the participation by existing shareholders in the profits and liquidation proceeds of the Company and the statutory preferential subscription right in the event of a capital increase in cash, be diluted accordingly.

The evolution of the Company's capital and number of voting shares resulting from the proposed Capital Increase is simulated below.

The table below shows the evolution of the number of shares outstanding, assuming 1,135,257 new shares to be issued under the Capital Increase.

For the purpose of calculating the dilution effect, the table below excludes the subscription by the Beneficiaries as existing shareholders for the new shares (maximum dilution).

Evolution of the number of outstanding shares
Issue price EUR 6.166 per new share

Number of outstanding shares before the Capital Increase	
(A) Outstanding shares	30,959,454
Capital Increase	
(B) New number of shares to be issued in connection with the Capital Increase	1,135,257
Number of shares outstanding after the Capital Increase	
(C) Total number of shares outstanding after the Capital Increase	32,097,711
(D) Dilution in the framework of the Capital Increase	3.54%

Buy-in of own shares

The general meeting has not granted an authority to the Board with respect to the buy-in of own shares. The Company has the possibility provided for in article 7:215§1 BCCA to buy-in own shares in order to offer these shares to its staff. However, as the Company currently has no distributable reserves it is not in a position to buy-in own shares.

13.9. Important agreements that enter into force, change or terminate upon a change of control over the Company following the public take-over bid

The Company is of the opinion that no agreements have been concluded that fall within the scope of article 7:151 BCCA, with the exception of the change of control provisions in the ESOP Plans and the agreements covering the share-units. These change of control provisions have been approved by the ordinary general meeting in 2022.

13.10. Agreements containing specific remuneration for directors or employees in case of dismissal or termination without cause pursuant to a change of control over the Company

13.10.1. ESOP WARRANT PLANS – SHARE-UNITS

The ESOP Warrant plans and the terms governing the share- units provide for an accelerated vesting of all outstanding ESOP Warrants in case of a change of control over the Company.

13.10.2. EMPLOYMENT AGREEMENT WITH KEVIN HELASH (CEO)

In the agreement between Biotalys Inc. and Kevin Helash it is provided that upon a termination of such contract without cause in the 12-month period following a change of control over the Company, Kevin Helash will be entitled to (i) a severance payment equal to six months of base salary, (ii) continued coverage under the United States "Continuation of Health Coverage Act (COBRA)" during such six month period (unless covered earlier under a new employment), (iii) a cash payment equal to the applicable target bonus for that year and (iv) immediate vesting of unvested ESOP Warrants.

13.10.3. EMPLOYMENT AGREEMENT WITH OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

In the employment agreement with the other members of the Executive Committee it is provided that upon termination of such contract without cause in the 12-month period following a change of control, the member of the Executive Committee will be entitled to (i) a notice period equal to the higher of (x) the legal notice period or (y) six months, or a severance payment equal to the base salary for such period, (ii) continued entitlement to fringe benefits during such notice, (iii) a cash payment equal to the applicable bonus for that year and (iv) immediate vesting of all unvested ESOP Warrants.

13.11. Information regarding important events that occurred after end of the accounting year 2023

The Company has convened a special shareholders meeting on 29 March 2024 with the following agenda items:

- Decision to continue the operations of the Company in the framework of article 7:228 BCCA.

- At its meeting held on 21 February 2024, the Board determined that, based on statutory (non-consolidated) accounts made in Belgian GAAP a loss of € 20,014,723.17 was incurred at the end of the accounting year 2023. Taking into account the losses of the accounting year 2022, this brings the total carried forward losses at the end of 2023 to € 41,585,512.06. Consequently, the Board also determined that due to these losses incurred, the Company's net assets amounted to € 22,751,230.29 as of 31 December 2023, compared to a capital of € 46,198,455.95. The net assets are therefore less than half of the capital (49.25%). In accordance with article 7:228 BCCA the Board therefor convened a special shareholders meeting on 29 March 2024 to decide on the continuation of the activities of the Company.

- Confirmation of the nomination of Kevin Helash as director of the Company.

The convening notice and related documentation including the special board report required by article 7:228, with respect to this general shareholders meeting is available on the website of the Company.

13.12. Information regarding circumstances that could have a material impact on the development of the Company

Except for the risks and uncertainties described in the part "Legal and Financial Information" in the chapter "Description of the Principal Risks and Uncertainties associated with the activities of the Company" and the uncertainties that could arise from the geopolitical situation (including conflicts in Ukraine, Gaza, Red Sea/Yemen) (including the economic sanctions), the Company is not aware of any circumstances that have occurred that may adversely affect the Company's development.

Legal and Financial Information

1. Business review

1.1. Consolidated statements of profit and loss

- **Other operating income** amounted to €2.6 million and relates to R&D tax incentives received and grants awarded to support R&D activities. Income from the grant from the Bill & Melinda Gates Foundation increased by €0.3 million. R&D tax incentives remained at €0.7 million, while income from government grants decreased by €0.6 million compared to 2022 as several of these funded projects are coming to an end.

- **Research and development expenses** amounted to €16.6 million for 2023, a decrease of €2.2 million compared to 2022, mainly caused by a reduction of external spending for the production of EVOCA and for other collaborations, combined with a reduced number of field trials for product testing.

- **General and administrative expenses** amounted to €5.7 million for 2023, compared to €5.1 million in 2022. This increase is partly driven by one-time costs in relation to the implemented changes in the organisation.

- **Marketing expenses** decreased from €1.6 million in 2022 to €1.2 million in 2023, as a result of lower costs for the stock option program following the changes in the Marketing & Sales organisation in the second half of the year.

- **Financial income** amounted to €0.9 million in 2023, compared to €0.3 million in 2022, primarily due to the increased interests received on bank deposits, which were negative in 2022.

- **Financial expenses** amounted to €0.5 million and are related to interest expenses for the leases and bank loans and foreign exchange losses.

- **Income taxes expenses** show the impact of the reversal of a deferred tax asset related to the R&D expenses in our U.S. subsidiary.

- **Loss of the period** was €20.6 million in 2023, compared to €22.8 million in 2022.

- **Basic and diluted loss per share** for 2023 amounted to €0.65 compared to €0.74 in 2022. The average number of shares outstanding in 2023 increased versus 2022, as a result of the capital increase in June.

- **Cash and cash equivalents** at year-end amounted to €21.6 million in 2023 (compared to €34.1 million in 2022), slightly higher than expected as a result of a combination of savings in external R&D expenses and organisational changes implemented by management.

2. Description of the principal risks and uncertainties associated with the activities of the Company

The principal risks and uncertainties associated with the Company's business include (without being limited to) the risks and uncertainties described below. The risks and uncertainties described herein apply to the Group as a whole.

2.1. Risks relating to Biotalys' product discovery and development activities

Biotalys has never brought a product to the market. All most all of Biotalys' product candidates are still in early stages of discovery. Only one product candidate is in the registration phase, but it is not expected to become a profitable product for Biotalys. Biotalys' technology platform AGROBODY Foundry™ and the modes of action of its product candidates are novel, have not been tested on a commercial scale, may not result in a marketable product in the near future, if ever or may not be well understood, may be difficult to apply or may not be accepted by customers.

There is a high risk that Biotalys' product candidates may not result in a marketable product, commercial success or profitability in the near future, if ever. This is driven by a number of factors, including:

- A high degree of difficulty to identify during the discovery phase suitable product characteristics that will eventually withstand use in an open agricultural environment. In particular, field trials may demonstrate that identified product candidates are not safe and/or do not reach sufficient efficacy. In such case regulatory approval of the product candidate will not be obtained.

- The market for biological agricultural products is still underdeveloped. Biotalys' innovative food protection product candidates may not be well understood, may be difficult to apply and may not be accepted by customers. Also, the agricultural industry is consolidated from crop protection product producers to distributors to retailers which further increases the entry level for new innovative products.

- The uncertainty that product candidates can be produced on a larger scale at competitive prices compared to conventional chemical pesticide products that are typically less expensive and more effective than biologicals.

This risk may also be exacerbated by Biotalys' limited operating history and financial situation.

One of the main elements of Biotalys' strategy is to use and expand its AGROBODY Foundry™ platform to further build its pipeline of product candidates. However, obtaining approved or marketable products or commercial success on the basis of product candidates identified with Biotalys' AGROBODY Foundry™ platform is subject to many risks and may be more difficult or require more time than expected or turn out to be impossible.

One of the main elements of Biotalys' strategy is to use and expand its AGROBODY Foundry™ platform to further build its pipeline of AGROBODY™ biocontrol product candidates, which to date consists of six product candidates. However, Biotalys is still at a very early stage of discovery and development, and its AGROBODY Foundry™ platform has not yet, and may never lead to approved or marketable products or commercial success.

In particular, product candidates that are identified with Biotalys' AGROBODY Foundry™ platform may:

- be difficult or impossible to produce on a large industrial scale and in a costefficient manner;
- not show the stability, production efficiency and shelf-life shown in the early development phase when produced on large industrial scale or stored in a commercial environment and used on the field;
- not achieve acceptable performance levels in the field, or may achieve varying performance levels as a result of environmental and geographic conditions;
- not be compatible with the application or technology process of growers or retailers;
- be found unsafe and be harmful to consumers, growers, crops, farm workers, animals, beneficial insects or the environment;
- be displaced by new technologies;
- not be acceptable to regulators;
- be difficult or impossible to formulate for use on the field; or
- be difficult to competitively price relative to alternative food protection products.

Although Biotalys is using its AGROBODY Foundry™ platform to build a pipeline of product candidates, due to its limited resources and uncertain access to further capital, it must prioritize development of certain product candidates over other potential candidates. These decisions may prove to have been wrong and/or could cause Biotalys to have missed valuable opportunities.

2.2. Risks related to manufacturing and potential commercialization of Biotalys' product candidates

The current costs of manufacturing Biotalys' product candidates are high. Despite recent progress in cost efficiency, Biotalys has also not yet been able to cost-effectively manufacture any products on large scale for use in commercial environments. Biotalys may not be able to manufacture its product candidates in an economically viable manner and/or its product candidates may not be competitive in the target markets.

Despite the progress that has been made regarding, cost-efficient production, Biotalys has not yet demonstrated its ability to cost-effectively produce high-quality, high-volume quantities of its product candidates, whether in collaboration with its partners or on its own. Difficulties that may be encountered in scaling up production include problems involving continued access to licensed- in or development of proprietary strains, production yields (a combination of expression level (titer), recovery of the protein from the fermentation broth and the spray drying quality), quality control and assurance, shortage of qualified personnel, production (including energy and raw materials) costs and process controls, as well as in finding formulation options and appropriate registered preservatives for use and storage in commercial environments. Biotalys cannot assure that existing or future production techniques will enable it to meet its large-scale production goals cost-effectively.

Biotalys' product candidates are novel biocontrol product candidates, and if distributors or growers are unable to handle or to work effectively with its product candidates, Biotalys' various commercial relationships, reputation and results of operations will be materially adversely affected.

The application or handling of Biotalys' product candidates by growers and by distributors will require them to follow detailed protocols regarding the management, harvest, transportation, application and storage of its product candidates. These recommended protocols may require a change in current planting, rotation or agronomic practices, which may be difficult to implement or may discourage the use of Biotalys' product candidates by growers. Biotalys' general or specific protocols may not apply in all circumstances (e.g. may depend on weather, disease pressure), may be improperly implemented by lack of time, may not be sufficient, or may be incorrect for example by mixing with another product that would impact the efficiency of Biotalys' product, leading to reduced yields, crop failures or other production problems or losses. If growers purchase Biotalys' product candidates on the basis of yield expectations that are not realized, Biotalys may experience damage to its commercial relationships, reputation and results of operations with respect to its product candidates, notwithstanding the cause for such failures.

2.3. Risks relating to Biotalys' dependence on third parties

Biotalys has no own production facilities to manufacture its product candidates if and when regulatory approval would be obtained and expects to rely in the near term third-parties.

Biotalys currently does not own any production facilities and expects to continue to use CMOs and other partners under collaboration agreements to manufacture its product candidates if and when regulatory approval has been obtained.

Biotalys' reliance on a third party to manufacture its product candidates presents significant risks to it, including the following:

- pushed out or cancelled delivery due to tariff restrictions or infectious disease quarantines;
- reduced control over delivery schedules, yields and product reliability;
- price increases by the CMO or partner;
- inability to access the required fermenter volumes and capacity to produce at scale for agriculture applications;
- manufacturing deviations from internal and regulatory specifications, including contaminations;
- the failure of a key manufacturer to perform its obligations to Biotalys for technical, market or other reasons;
- challenges presented by introducing Biotalys' fermentation processes to new manufacturers or deploying them in new facilities, including contaminations;
- difficulties in establishing additional manufacturers if Biotalys is presented with the need to transfer its manufacturing process technologies to them;
- misappropriation of Biotalys' intellectual property; and
- if a CMO or a partner makes improvements in the manufacturing process for its product candidates, Biotalys may not own, or may have to share, the intellectual property rights to those improvements.

Biotalys relies on third parties to conduct, monitor, support and oversee field trials, and any performance issues by them may impact its ability to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all.

Biotalys relies on third parties, such as growers, consultants, contractors, and universities, to conduct, monitor, support and oversee its field trials. With respect to any partnership Biotalys may enter into, because field trials are conducted in multiple geographies and with multiple partners, it is difficult for Biotalys to monitor the daily activity of the work being conducted by such third parties that it engages. If these CROs fail to meet expected deadlines, fail to transfer to Biotalys any regulatory or other information in a timely manner, fail to adhere to protocols, or fail to act in accordance with regulatory requirements or Biotalys' agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, then field trials, discovery and development and commercial production of Biotalys' product candidates may be extended or delayed with additional costs incurred, and/or its data may be rejected by regulators and regulatory approval may be refused.

One of the main elements of Biotalys' strategy is to use selective strategic collaborations and partnerships to leverage its technology platform and product candidates, create additional and enhanced value, for which Biotalys also relies on third parties. Biotalys may not be able to identify partners, and any partnerships that Biotalys may enter into in the future may not be successful, which could adversely affect its ability to develop, distribute and commercialize its product candidates.

Biotalys is continuously seeking to engage with partners in the industry to develop scientific knowledge and expertise to further expand its AGROBODY Foundry™ platform in new crops and new applications. To the extent that Biotalys pursues such arrangements, it will face significant competition in seeking appropriate partners. Moreover, such arrangements are complex and time-consuming to negotiate, document, implement and maintain. Biotalys may not be successful in establishing or implementing such arrangements. The terms of any collaborations, partnerships or other arrangements that Biotalys may establish may not be favourable to it. The success of any future collaborations or partnerships is uncertain and will depend heavily on the efforts and activities of Biotalys' partners.

Biotalys has no sales and marketing capabilities and will rely on third-party distributors who will be its principal customers. If Biotalys is unable to establish successful relations with these third parties, or they do not focus adequate resources on selling Biotalys' product candidates or are unsuccessful in selling them to end users, sales of Biotalys' product candidates will be adversely affected.

Biotalys has never sold any products in the past and expects to rely on independent distributors of agriculture input to distribute, and assist it with the marketing and sale of, the product candidates it is developing. These distributors will be Biotalys' principal customers, and its ability to generate revenue will depend in large part on Biotalys' success in establishing and maintaining these sales and distribution channels. Other, that the agreement entered into with Biobest Group NV for the distribution of EVOCA™ in the United States, Biotalys has not yet entered into any commercialization or distribution agreement for any of its other product candidates and there can be no assurance that it can do so on favourable terms, if at all. In addition, there can be no assurance that Biotalys' distributors will be successful in selling its product candidates to end users, or will focus adequate resources on selling them, and they may not continue to purchase or market Biotalys' product candidates for a number of reasons, which could have a material adverse effect on Biotalys' ability to distribute and sell its product candidates.

2.4. Risks relating to Biotalys' organization

Biotalys' future growth and ability to compete depends on its key personnel and recruiting additional qualified personnel. Biotalys may be unable to attract and retain management and other personnel it needs to succeed.

Biotalys' success depends upon the continued contributions of its key management, scientific and technical personnel, many of whom have been instrumental for Biotalys and have substantial experience with its product candidates and related technologies, which Biotalys considers as one of its main strengths. These key management individuals include the members of Biotalys' Board and ExCom and its senior scientific personnel. Biotalys may not be able to retain such persons. The loss of key managers and senior scientists could delay, or otherwise negatively impact, Biotalys' discovery and development activities. In addition, Biotalys' ability to compete in the highly competitive agricultural and food protection industries depends upon its ability to attract and retain highly qualified management, scientific and technical personnel.

2.5. Risks relating to the markets and countries in which Biotalys operates

- Biotalys' product candidates are novel biocontrol products and may be slowly adopted by customers or not at all. Biological crop protection products are not well understood and investment in customer education will be required. Effectively marketing and selling Biotalys' product candidates may be difficult or may even never materialize.

- Concerns and claims regarding the safe use of products with biotechnology traits and crop protection products in general, their potential impact on health and the environment, and the perceived impacts of biotechnology on health and the environment can affect regulatory requirements and customer purchase decisions, which could have a material adverse effect on the viability of certain of Biotalys' product candidates, its reputation and the cost to comply with regulations.

- The crop protection industry is highly competitive with an important market share taken up by major multinational agrichemical companies, and Biotalys may struggle to obtain and maintain a favourable market position.

- Biotalys' business could be adversely affected by the introduction of alternative crop protection measures such as new technologies, pest resistant seeds or genetically modified ("GM") crops or by increased weed and insect resistance.

- Changes in the conditions in the agricultural industry globally, including commodity, energy and raw materials price fluctuations, weather patterns, field conditions and water scarcity, changes in policies of and subsidies from governments and international organizations, and sustainability concerns, may adversely affect Biotalys' prospects and future product sales.

Biotalys' business is subject to risks arising from epidemic diseases.

A public health epidemic, including the recent COVID-19 pandemic, poses the risk that Biotalys or its employees, suppliers, manufacturers, distributors and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. A pandemic outbreak may also impact the timelines for approval of product-candidates which may have a material adverse effect on Biotalys' ability to obtain regulatory approval for, or commercialize its product candidates. Biotalys may also be unable to conduct or finalize important field trial programs within the expected deadlines or at the expected costs, which may have a material adverse effect on Biotalys' ability to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all. A continued spread of pandemics and the measures taken by the governments of countries affected, such as imposing restrictions on business operations, could adversely impact Biotalys' financial condition and may result in longer development timelines and costs. A pandemic outbreak and mitigation measures may also have an adverse impact on global economic conditions, which could have an adverse effect on Biotalys' business and financial condition, including by limiting its ability to obtain financing or by limiting Biotalys' target customers' or partners' investment potential.

2.6. Legal and regulatory risks

Biotalys has not yet obtained regulatory approval for any of its product candidates and currently has filed one registration application for its BioFun-1 (tradename: EVOCA™) product candidate in the United States and in the European Union. Biotalys is subject to strict norms governing registration of crop protection products. Crop protection products must receive regulatory approval before they can be sold, and Biotalys may not be able to obtain such approvals in a timely manner or at all. In all markets Biotalys intends to operate in, including the United States and the European Union, crop protection products must be registered after being tested for safety, efficacy and environmental impact. In most of Biotalys' target markets, crop protection products must also be re-registered after a period of time to show that they meet all current regulatory standards, which may have become more stringent since the initial registration of the product, impacting the product life cycle. Compliance with registration requirements, which vary from country to country and some of which are becoming stricter over time, involves significant investments of time and resources, and Biotalys may not be able to obtain such approvals. The final classification of Biotalys' product candidates depends on the outcome of the regulatory review process by the regulatory authorities and will have to be assessed on a product by product basis. This also includes the non-GMO classification of Biotalys' product candidates. The genetically modified micro-organism (GMM) used in the manufacturing process is not present in the AGROBODY™ proteins and biocontrols, which allows for the classification as biochemical pesticide in the US and review as PPP under the Regulation (EC) No 1107/2009 in EU. However, each regulator may impose or change its own requirements and/or delay or refuse to grant registration. Regulatory standards, timelines and trial procedures are continuously changing, which changes may be influenced by lobbying groups and responding to these changes and meeting existing and new requirements may be costly and burdensome for Biotalys. Regulatory authorities may also withdraw their approval of the product or impose restrictions on its distribution in the form of a modified risk evaluation and mitigation strategy at any time. In addition, the changing regulatory standards may affect its ability to sell the product candidates in the market and may lead to additional data requirements and/or studies which could not be compatible with AGROBODY™ biocontrols resulting in delays or inability to demonstrate the safety profile. If Biotalys is unable to obtain or maintain all of the necessary approvals for registering or re-registering its product candidates, it would not be able to sell product candidates in the relevant markets. Biotalys also relies on third party service providers to conduct field trial procedures as well as GLP laboratory service providers to conduct environmental and toxicological studies necessary for the regulatory dossier. Inability to conduct such trials or studies on schedule or in accordance with the regulatory requirements, may lead to delays in the registration and eventual sale of its product candidates.

Biotalys uses animals in its research and development activities. Policy reform and the public perception regarding the use of animals for scientific purposes could delay or even prevent the development and commercialization of any potential product candidates.

Biotalys creates AGROBODY™ proteins through the analysis of a small amount of blood taken from immunized llamas. The EU Directive 2010/63/EU on the protection of animals used for scientific purposes does not allow the use of animal-based methods when other methods not entailing the use of animals exist that would allow obtaining the results sought (Articles 4 "Principle of replacement, reduction and refinement" and 13 "Choice of method"). In 2020, the EU Reference Laboratory for alternatives to animal testing ("EURL ECVAM") issued Recommendations on Non-Animal-Derived Antibodies, in which it recommends, on the basis of its review of the scientific validity of non-animal-derived antibodies, that animals should no longer be used for the development and production of antibodies for research, regulatory, diagnostic and therapeutic applications and that EU Member States should no longer authorize the development and production of antibodies through animal immunization, where robust, legitimate scientific justification is lacking. The EURL ECVAM recommendation suggests that non-animal derived antibodies are equivalent to animal-derived antibodies for the vast majority of applications and encourages manufacturers and suppliers to replace animal-derived antibodies available in their catalogues with non-animal-derived antibodies. While the EURL

ECVAM recommendations are not legally-binding, and its principles are to be enacted in legislation by EU Member States to be binding and Biotalys is not aware of any current legislative initiatives in this respect, and will continue to be debated at member state levels and with competent authorities, policy reforms, in the EU, as well as potentially in other major targeted countries, could delay or even prevent the development and commercialization of any potential product candidates. Such developments could also influence public perceptions, the viability of certain of Biotalys' product candidates, its reputation and the cost to comply with regulations.

Biotalys may be exposed to product liability and remediation claims and its insurance coverage may become unavailable or be inadequate.

Even if Biotalys is able to comply with all regulations and obtain all necessary registrations, it cannot provide assurance that Biotalys' product candidates will not cause injury to crops, the environment or people under all circumstances. Biotalys may be held liable for, or incur costs to settle, liability and remediation claims if any product candidates it develops, or any product candidates that use or incorporate any of its technologies, cause injury or are found unsuitable during product testing, manufacturing, marketing, sale or use. Although Biotalys carries insurance and continuously updates its insurance policies to cover all liabilities related to research and development activities at levels customary for companies in its industry such coverage may become unavailable or be or become inadequate to cover all liabilities it may incur.

2.7. Risks relating to intellectual property

Biotalys' success will depend significantly on its ability to protect its intellectual property and proprietary and licensed in rights, and any inability to fully protect and exploit Biotalys' intellectual property and confidential know-how may adversely affect its financial performance and prospects.

Much of Biotalys' value is in its intellectual property and Biotalys' success will depend significantly on its ability to protect its proprietary rights and to protect and continue to use its licensed in rights, including in particular the intellectual property and confidential know-how. Biotalys relies on a combination of patent(s) (applications), trademarks and confidential know-how, and uses non-disclosure, confidentiality and other contractual agreements to protect its technology. Biotalys generally seeks patent protection where possible for those aspects of its technology and products that it believes provide significant competitive advantages. However, Biotalys may be unable to adequately protect the intellectual property rights and confidential know-how or may become subject to a claim of entitlement, infringement or misappropriation that Biotalys are unable to settle on commercially acceptable terms. Biotalys cannot be certain that patents will be issued with respect to its pending or future patent applications. In addition, Biotalys does not know whether any issued patents will be upheld as valid or proven enforceable against alleged infringers or whether they will prevent the development of competitive patents or provide meaningful protection against competitors or against competitive technologies.

Biotalys' product candidates may infringe on the intellectual property rights of others, which may cause it to incur unexpected costs or prevent it from selling its product candidates.

Many of Biotalys' competitors have a substantial amount of intellectual property that it must continually monitor to avoid infringement. Although it is Biotalys' policy and intention not to infringe valid patents, whether present or future and other intellectual property rights belonging to others, including through freedom to operate assessments, Biotalys may be required to exercise certain judgements in making such assessments and its processes and product candidates may, or may be alleged to, infringe current or future issued or granted patents. If patents belonging to others already exist that cover its product candidates, processes, or technologies, or are subsequently issued, it is possible that Biotalys could be liable for infringement of such patents and be required to take remedial or curative actions to continue its manufacturing and sales activities with respect to product candidates that are found to be infringing. Intellectual property litigation is often expensive and time-consuming, regardless of the merits of any claim, and Biotalys' involvement in such litigation could divert its technical and management personnel attention away from operating their normal responsibilities.

As a result of Biotalys' dependence on third parties, it also depends on the confidentiality obligations of third parties under the relevant agreements, which might not provide adequate protection for its confidential information.

Biotalys also relies upon unpatented confidential and proprietary information, including technical information and confidential know-how to develop and maintain its competitive position. Much of Biotalys' unpatented confidential and proprietary information is shared with third parties on which Biotalys relies for the development and/or manufacturing of its product candidates or for the conduct of its field trials and/or with which Biotalys may enter into strategic collaborations or partnerships or is developed by or shared with its personnel. While Biotalys generally enters into non-disclosure or confidentiality agreements with its personnel and third parties to protect its intellectual property and confidential know-how, such agreements might be breached, or might not provide meaningful protection for Biotalys' confidential know-how and proprietary information or adequate remedies might not be available in the event of an unauthorized use or disclosure of such information. The magnitude of the adverse effect of a breach of or insufficient protection by such confidentiality agreements depends on the sensitivity of the information provided to the relevant third party, which could include third parties being able to copy elements of Biotalys' technology or Biotalys' ability to apply for patent protection on a certain technology being compromised.

2.8. Risks relating to Biotalys' financial situation

Biotalys has a limited operating history and has not yet generated any revenues. Biotalys has incurred operating losses, negative operating cash flows and an accumulated deficit since inception and may not be able to achieve or subsequently maintain profitability. Biotalys is executing its strategy in accordance with its business model, the viability of which has not been demonstrated. It is expected that Biotalys will require substantial additional equity funding in the foreseeable future to be able to continue its operations. It is uncertain whether Biotalys will be able to obtain such funding as this will depend inter alia on the regulatory progress that is made regarding its product-candidates, the progress in the development of new product candidates, the ability to conclude partnerships and the ability to reduce costs in the production process of its product candidates. Furthermore, Biotalys ability to raise additional funding will depend on the prevailing conditions on financial markets.

3. Information regarding branches of the Company

On 31 December 2023, the Company has a branch in France located at 1 Route du Pérollier 69570 Dardilly. The branch represents the Company in France but does not have any trading or production activities.

The Company intends to close this branch in the course of 2024.

4. Justification of the applied valuation rules under the assumption of going concern

Reference is made to note 3 under the Notes to the Consolidated Financial Statements in the Financial Statements section.

5. Use of financial instruments

Reference is made to note 4 under the Notes to the Consolidated Financial Statements in the Financial Statements section.

6. Description of the major features of the internal control- and risk management system

6.1. General

The Company is exposed to various risks within the context of its normal business activities, which could have a material adverse impact on its business, prospects, results of operations and financial condition.

The purpose of the risk management and internal control system is to enable the Company to:

- comply with all applicable laws and regulations;
- ensure correct and timely financial reporting;
- achieve the objectives of the Biotalys group; and
- achieve operational excellence.

6.2. Risk management

The Board has overall responsibility for the review of the risk management framework and the level of risk which is acceptable in order to achieve the strategic objectives. The Company has a specific program in place to identify, assess and monitor the key risks that are threatening its strategic and operational objectives.

During 2022, the ExCom members, together with several members of the management team, performed a detailed bottom-up review to identify and assess the risks associated with the key business and external factors.

Each of these risk areas is owned by a member ExCom or management team and the overall analysis was reviewed with the Audit Committee.

The Company strives to manage and reduce such risks to an acceptable level. All employees are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility.

6.3. Control activities

Control measures are in place to minimize the effect of risks on the Company's ability to achieve its objectives. In order to properly manage identified risks, the Company has established the following measures:

- Access and security systems at the premises and assess rights to IT and information management systems;
- Development of electronic approval system in the existing ERP system;
- Implementation of extra controls and accounting for statutory and IFRS requirements in the existing ERP system;

- Development of a monthly financial reporting tool which allow a close monitoring of the financial information and KPI's;
- Periodic review of access to bank accounts and delegation of authority for approval and signature;
- Introduction of a treasury policy to manage the Company's cash and cash equivalents and to establish guidelines on investments;
- Updated enterprise risk management matrix.

6.4. Monitoring of control mechanisms

Monitoring helps to ensure that internal control systems operate effectively. The Audit Committee, on behalf of the Board, monitors the risk management framework and system of internal controls. Managing the risks considered to be of the greatest significance to delivery of the Company's strategy is a core task of the Board of Directors, the Audit Committee, the ExCom and all other employees with managerial responsibilities.

6.5. Financial reporting risk management and internal control

On an annual basis, a risk analysis is conducted to identify financial reporting risk factors and action plans are defined for all key risks. Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities. Additionally, the controlling team reviews the reported amounts by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

Financial statements

Statement of the Board of Directors

On 14 March 2024, the Directors of Biotalys NV certified in the name and on behalf of Biotalys NV, that to the best of their knowledge,

- the consolidated financial statements, established in accordance with International Financial Reporting Standards (“IFRS”) 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 annual report on the consolidated financial statements includes 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.

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

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

Simon E. Moroney
Chairman of the Board of Directors

Catherine Moukheibir
Director, Chair of the Audit Committee

Kevin Helash
Director, CEO

Independent Auditor's Report

Statutory auditor's report to the shareholders' meeting of Biotalys NV for the year ended 31 December 2023 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Biotalys NV (the "company" and, together with its subsidiary, the "Group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 15 April 2022, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the consolidated financial statements for the year ending 31 December 2024. We have performed the statutory audit of the consolidated financial statements of Biotalys NV for 3 consecutive periods. We are the statutory auditor of Biotalys NV for 11 consecutive years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 36 582 (000) EUR and the consolidated statement of profit or loss and other comprehensive income shows a loss for the year then ended of 20 510 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as of 31 December 2023 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
The 2023 consolidated statement of profit or loss and other comprehensive income shows a loss for the year ended 31 December 2023 of 20 510 (000) EUR, and the consolidated statement of financial position includes a loss carried forward of 40 200 (000) EUR. The consolidated statement of cash flows shows a net cash used in operating activities of 18 283 (000) EUR. The Directors of the company are required to make a rigorous assessment of whether the Group will remain a going concern for a period of at least twelve months from the date of approval of the financial statements and assess whether there are any material uncertainties in relation to the going concern basis of preparation.	We performed extensive inquiries of management and the board on the Group's assessment of going concern assumption for the purpose of preparation of the consolidated financial statements for the year ended 31 December 2023. These inquiries entailed probing questions in order to: a) challenge the assumptions used in the forecasted cash runway, b) understand updates on regulatory approvals of products, and c) assess the likelihood of success in initiatives around future financing pursued by the Group. We have read relevant meeting minutes to assess completeness of the information and have further corroborated the results of our inquiries through ensuring consistency with publicly available information such as press coverage, analysts' reports, amongst others.

Key audit matter	How our audit addressed the key audit matter
Management has prepared detailed budgets and cash flow forecasts for the years 2024 and 2025. These forecasts reflect the strategy of the Group and include significant expenses and cash outflows in relation to the ongoing research and development activities. While mitigating actions are not forecasted to be required to support the going concern basis, management and the directors have demonstrated the ability to make organizational changes and cost saving measures to concentrate resources on core research and development capabilities in the event of unforeseen cash constraints. 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 year-end 2023 (i.e., 21 570 (000) EUR) is sufficient to cover the cash needs of the Company for at least the 12-month period following the approval of the 2023 annual report. Significant judgments and estimates from management are required in order to predict future cash flows and the Group's potential to meet all its commitments over the 12-month period following the approval of the current consolidated accounts. Therefore, management's assessment of going concern assumption to apply in the preparation of the current consolidated financial statements are subject to significant judgments and estimates.	We compared the forecasted cash outflows incorporated in the going concern model with the board approved budget to ensure consistency. We tested the mathematical integrity of the calculations in the going concern model. In addition, we audited the cash and cash equivalents position as of the financial year end utilized in the going concern model. We evaluated the reasonableness of the Company's forecasted operating expenses, including the relevant cost saving measures included therein, by obtaining an understanding of the Company's operations and strategy, inquiring about the Company's research and development activities and comparing the forecasted operating expenses to historical operating expenses. We assessed management's ability to forecast operating expenses by comparing prior year forecasts to actual cash outflows. In addition, we assessed management's ability to timely implement cost saving measures through retrospective review of similar measures being implemented in the past. We inspected the current contractual covenants embedded in the Company's financing (bank borrowings and lease arrangements as disclosed by the Company in footnote 15 of the consolidated financial statements), procurement and grant arrangements to assess reasonability of management's assessment of the outcome of any breach and its impact on the cash runway and therefore on the going concern assumption.
The company's disclosure in relation to going concern is in note 3 Critical accounting estimates and judgments, to the consolidated financial statements.	We assessed the adequacy and understandability of the consolidated financial statements' disclosure related to the going concern assessment. We further tested the design and implementation of relevant internal control around management's disclosure process on going concern matters.

Responsibilities of the board of directors for the preparation of the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the Group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Single European Electronic Format (ESEF)

In accordance with the draft standard on the audit of the compliance of the financial statements with the Single European Electronic Format ("ESEF"), we have also performed the audit of the compliance of

the ESEF format and of the tagging with the technical regulatory standards as defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 (“Delegated Regulation”).

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (“digital consolidated financial statements”) included in the annual financial report.

Our responsibility is to obtain sufficient and appropriate evidence to conclude that the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements as stipulated by the Delegated Regulation.

Based on our work, in our opinion, the format and the tagging of information in the official Dutch version of the digital consolidated financial statements included in the annual financial report of Biotalys NV as of 31 December 2023 are, in all material respects, prepared in accordance with the ESEF requirements as stipulated by the Delegated Regulation.

Other statements
This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Zaventem

The statutory auditor
Deloitte Bedrijfsrevisoren/Réviseurs d’Entreprises BV/SRL
Represented by Pieter-Jan Van Durme

Consolidated Statement of Financial Position

ASSETS in € thousands	Note	31 December 2023	31 December 2022
Non-current assets		**11,671**	**11,755**
Intangible assets	**7**	642	596
Property, plant and equipment	**8**	4,863	5,335
Right-of-use assets	**9**	3,571	3,667
Deferred tax assets	**19**	18	125
Other non-current assets	**10**	2,577	2,031
Current assets		**24,910**	**37,762**
Receivables	**11**	750	820
Other financial assets	**12**	2,100	2,100
Other current assets		490	746
Cash and cash equivalents	**12**	21,570	34,096
TOTAL ASSETS		**36,582**	**49,517**

EQUITY AND LIABILITIES in € thousands	Note	31 December 2023	31 December 2022
Equity attributable to owners of the parent		**25,569**	**38,114**
Share capital	**13**	46,198	44,548
Share premium	**13**	15,488	10,164
Accumulated losses		(40,200)	(19,661)
Other reserves		4,082	3,064
Total equity		**25,569**	**38,114**
Non-current liabilities		**5,467**	**5,443**
Borrowings	**15**	4,841	5,338
Employee benefits obligations	**16**	23	16
Provisions		91	89
Other non-current liabilities	**18**	512	-
Current liabilities		**5,546**	**5,960**
Borrowings	**15**	1,232	1,163
Trade and other liabilities	**17**	2,591	4,204
Other current liabilities	**18**	1,723	592
Total liabilities		**11,013**	**11,402**
TOTAL EQUITY AND LIABILITIES		**36,582**	**49,517**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the years ended 31 December

in € thousands	Note	2023	2022
Other operating income	21	2,611	2,949
Research and development expenses	22	(16,608)	(18,813)
General and administrative expenses	22	(5,708)	(5,081)
Sales and marketing expenses	22	(1,186)	(1,586)
Operating loss		**(20,891)**	**(22,531)**
Financial income	24	939	320
Financial expenses	24	(502)	(557)
Loss before taxes		**(20,454)**	**(22,769)**
Income taxes	25	(56)	38
LOSS FOR THE PERIOD		**(20,510)**	**(22,731)**

in € thousands	Note	2023	2022
Other comprehensive income (OCI)			
Items of OCI that will not be reclassified subsequently to profit or loss			
Remeasurement gains (losses) on defined benefit plans	16	(29)	(43)
Items of OCI that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(7)	4
TOTAL COMPREHENSIVE LOSS OF THE PERIOD		**(20,545)**	**(22,770)**
Basic and diluted loss per share (in €)	26	(0.65)	(0.74)
Profit/(loss) for the period attributable to the owners of the Company		(20,510)	(22,731)
Total comprehensive income for the period attributable to the owners of the Company		(20,545)	(22,770)

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

Consolidated Statement of Changes in Equity

For the years ended 31 December

	Attributable to equity holders of the Company					
			Other reserves			
in € thousands	Share capital	Share premium	Share-based payment reserve	Currency translation reserve	Accumulated losses	Total Equity
Balance at 1 January 2022	**81,969**	**31,303**	**1,473**	**25**	**(55,855)**	**58,915**
Loss for the period	-	-	-	-	(22,731)	(22,731)
Other comprehensive income	-	-	-	4	(43)	(39)
Total comprehensive loss	**-**	**-**	**-**	**4**	**(22,774)**	**(22,770)**
Issuance of shares (note 13)	236	-	-	-	-	236
Share-based payments (note 14)	-	171	1,562	-	-	1,733
Reduction of capital by absorption of losses (note 13)	(37,657)	(21,310)	-	-	58,967	-
Balance at 31 December 2022	**44,548**	**10,164**	**3,035**	**29**	**(19,662)**	**38,114**
Loss for the period	-	-	-	-	(20,510)	(20,510)
Other comprehensive income	-	-	-	(7)	(29)	(36)
Total comprehensive loss	**-**	**-**	**-**	**(7)**	**(20,539)**	**(20,545)**
Issuance of shares (note 13)	16	-	-	-	-	16
Share-based payments (note 14)	-	12	1,025	-	-	1,037
Issuance of shares (PIPE)	1,634	5,312	-	-	-	6,946
Balance at 31 December 2023	**46,198**	**15,488**	**4,060**	**22**	**(40,200)**	**25,569**

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

Consolidated Statement of Cash Flows

For the year ended 31 December

in € thousands	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		(20,891)	(22,531)
Adjustments for:			
Depreciation, amortization and impairments		1,786	1,575
Equity-settled share-based payment expense		1,037	1,733
Provisions		(27)	(55)
R&D tax credit		(568)	(768)
Other		115	0
Operating cash flows before movements in working capital		**(18,547)**	**(20,045)**
Changes in working capital:			
Receivables		89	(247)
Other current assets		257	(467)
Trade and other payables		(1,592)	997
Other current liabilities		1,664	(304)
Cash used in operations		**(18,129)**	**(20,067)**
Taxes paid		(154)	(24)
Net cash used in operating activities		**(18,283)**	**(20,091)**

in € thousands	Note	2023	2022
CASH FLOW FROM INVESTING ACTIVITIES			
Interests received		658	23
Purchases of property, plant and equipment		(341)	(707)
Purchases of Intangible assets		(114)	-
Proceeds from disposal of PPE		29	0
Net cash provided by / (used in) investing activities		**233**	**(684)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings and other financial liabilities	**15**	(1,274)	(1,233)
Interests paid		(159)	(245)
Proceeds from issue of equity instruments of the Company (net of issue costs)	**13**	6,962	236
Net cash provided by / (used in) financing activities		**5,530**	**(1,242)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(12,521)**	**(22,017)**
CASH AND CASH EQUIVALENTS at beginning of year		34,096	56,107
Effect of foreign exchange rate changes		(5)	6
CASH AND CASH EQUIVALENTS at end of year		21,570	34,096

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

Notes to the Consolidated Financial Statements

1. General information

Biotalys NV (the “Company” or “Biotalys”) is a limited liability company governed by Belgian law. The address of its registered office is Buchtenstraat 11, 9051 Gent, Belgium. Since the successful IPO on 5 July 2021, the shares of Biotalys NV are listed on the regulated market of Euronext Brussels.

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 consolidated financial statements were authorized for issue by the Board of Directors on 14 March 2024.

2. Summary of significant accounting policies

2.1. BASIS OF PREPARATION

These consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with IFRS (“International Financial Reporting Standards”) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and effective as of 31 December 2023. No new standards, amendments to standards or interpretations were early adopted.

These consolidated 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 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.

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 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 2023:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately– disclosures are required for annual periods beginning on or after 1 January 2023)

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 31 December 2023:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for annual periods beginning on or after 1 January 2025, but not yet endorsed in the EU)

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

2.2. CONSOLIDATION

Subsidiaries are all entities over which the Group has control. Control is established when the Group has the power over the subsidiary, is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred.

2.3. FOREIGN CURRENCIES

Items included in the financial statements of each of the Group's entities are presented using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as financial income or financial expense.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into euros at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve.

The principal exchange rate that has been used is the US dollar. The following table presents the exchange rates used for the USD/EUR.

1 EUR =	Closing rate	Average rate
31 December 2023	1.1050	1.0811
31 December 2022	1.0666	1.0539

2.4. INTANGIBLE ASSETS

Internally-generated intangible assets, research and development expenditures
All internal research costs are expensed as incurred. Due to long development periods and significant uncertainties related to the development of new products (such as the risks related to the outcome of field trials as well as the likelihood of regulatory approval), internal development costs generally do not qualify for capitalization as intangible assets. In general, development projects would meet the conditions for recognition as intangible assets when the Group can demonstrate the economic viability of the project and the technical feasibility by obtaining regulatory approval. As of 31 December 2023, no internal development expenditures have met the recognition criteria.

Separately acquired intangible assets
Intangible assets are shown at historical cost and those that are acquired in a business combination or via a contribution in kind are recognized at fair value at the acquisition date. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets are amortized over their useful lives on a straight-line basis as from the moment they are available for use (i.e., in case of a license related to a compound or product, when the product (containing the compound) is launched for sale). Estimated useful life is based on the lower of the contract life or the economic useful life which range from 5 years for computer software to 20 years for the Agrobody research platform. Intangible assets are considered to have a finite economic useful life and no intangible assets with an indefinite life have been identified.

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PPE") are carried at acquisition cost less accumulated depreciation and accumulated impairment losses except for PPE under construction which are carried at cost less accumulated impairment losses. Acquisition cost includes any directly attributable cost of bringing the asset to working condition for its intended use. Borrowing costs that are directly attributable to the acquisition, construction and/or production of a qualifying asset are capitalized as part of the cost of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed as they are incurred.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, less residual value, if any. The applicable useful lives are:

- Leasehold improvements — shorter of the useful lives and related lease term
- Lab equipment — 5-20 years
- Furniture and equipment — 5-10 years
- IT equipment — 3 years

The useful life of the PPE is reviewed at least at each financial year end. Each time a significant upgrade is performed, the useful life of the asset is reviewed to determine if the upgrade extends the useful life of the machine. The cost of the upgrade is added to the carrying amount of the machine and the new carrying amount is depreciated prospectively over the remaining estimated useful life of the machine.

2.6. LEASES

At inception of the contract, it is assessed whether the contract is or contains a lease. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (less any lease incentives),
- variable lease payments that are based on an index or rate,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Group's incremental borrowing rate, i.e., the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of the costs related to the dismantling and removal of the underlying asset.

If it is reasonably certain that the Group will exercise a purchase option, the asset shall be depreciated on a straight-line basis over its useful life. In all other circumstances the asset is depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

For short-term leases (lease term of 12 months or less) or leases of low-value items (mainly IT equipment and small office furniture) to which the Group applies the recognition exemptions available in IFRS 16, lease payments are recognized on a straight-line basis as an expense over the lease term.

2.7. IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets not yet available for use are not subject to amortization, but are tested annually for impairment, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Other assets which are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. To determine the value in use, the forecasted future cash flows generated by the asset or the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8. GRANTS

The Group recognizes grants at their fair value only when there is reasonable assurance that the Group will comply with the conditions attached to the grant and the grant will be received. As such, a receivable is recognized in the statement of financial position.

Cash payments received for grants
Grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs which the grants are intended to compensate. As a result, grants relating to costs that are recognized as intangible assets or property, plant and equipment (grants related to assets or investment grants) are deducted from the carrying amount of the related assets and recognized in the profit or loss statement consistently with the amortization or depreciation expense of the related assets.

Grants received to partially finance certain research and development projects are released as income when the subsidized costs are incurred. The portion of grants not yet released as income is presented as deferred income in the statement of financial position, within other current liabilities. In the statement of comprehensive income, grants are presented as other operating income.

Grants that become receivable as compensation for expenses or losses already incurred are recognized in profit or loss of the period in which they become receivable.

R&D tax credit
The R&D tax credit is considered as a grant related to assets if additional relevant requirements are to be met that are directly related to the asset. The tax credit is taken in profit and loss in line with the costs it is intended to compensate. If the tax credit is received to compensate research and development expenses that are not capitalized, the R&D tax credit is recognized in P&L at the same moment as the research and development expenses as other operating income.

The part of the R&D tax credit that cannot be offset against current taxes payable is accounted for as a receivable or other non-current assets, depending on the expected term.

2.9. INCOME TAXES

Income tax expense represents the sum of the current income tax and deferred tax. Tax expense is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In that case the taxes are charged directly to equity.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are calculated at the level of each fiscal entity in the Group. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.10. FINANCIAL ASSETS

Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition. Currently, the Group holds only financial assets at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortized cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash which is not available for use by the Group, is presented in the consolidated statement of financial statements as other financial assets.

2.12. SHARE CAPITAL

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13. FINANCIAL LIABILITIES

Financial liabilities (including borrowings and trade and other payables) are classified at amortized cost.

Financial liabilities are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

When a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

2.14. EMPLOYEE BENEFITS

The Group makes the accounting policy choice that employee benefit expense includes consultant fees. Therefore, employee benefits are all forms of consideration given in exchange for services provided by employees including directors and other management personnel.

Short-term employee benefits
Short-term employee benefits are recorded as an expense in the income statement in the period in which the services have been rendered. Any unpaid compensation is included in trade and other liabilities in the statement of financial position.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the group cannot longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Post-employment benefits
With respect to defined contribution plans, the contributions payable are recognized when employees have rendered the related services.

According to legal requirements applicable in Belgium, defined contribution pension plans are subject to minimum guaranteed rates of return. As such, these plans meet the conditions for classification as defined benefit plan in accordance with IAS 19 and they are accounted for as such.

The obligations under defined-benefit plans are calculated by the projected unit credit method, which determines the present value of entitlements earned by employees at year-end under all types of plan, taking into consideration estimated future salary increases. All valuations measure liabilities at the applicable balance sheet date and the market value of retirement plan assets are also reported at this date regardless of whether a full or a “roll-forward” valuation is performed.

Such post-employment benefit obligations are measured using the following methods and main assumptions:

- retirement age, determined on the basis of the applicable rules for the plan;
- forecast number of pensioners, determined based on employee turnover rates and applicable mortality tables;
- a discount rate that depends on the duration of the obligations, determined at the year-end date by reference to the market yield on high-quality corporate bonds or the rate on government bonds whose duration is coherent with the Group’s commitments to employees.

The amount of the provision corresponds to the present value of the defined benefit obligation less the fair value of the plan assets that cover those obligations.

Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date, using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, if any, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

Share units
Share units are issued to independent directors as part of their remuneration. The share unit agreements oblige the independent directors to subscribe to new shares at a price of €1 per share, irrespective of the value of the shares. The share units are valued as the difference between the grant date market price and the exercise price of €1. The share units are expensed in three tranches over the three year vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.15. REVENUE

Revenue from research and development arrangements is recognized for the amount of compensation to which the Group expects to be entitled in exchange for the transfer of goods or services to a customer. 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.

3. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. While actual results may differ from these estimates, there are no major sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 2023 consolidated results of the Group present a negative result, and the consolidated statement of financial position includes a loss carried forward. Investments are being made in research and development, which entails the necessary costs, while there are currently no commercial revenues. This is in line with the business plan of the Company and typical for an Ag-tech company such as the Company which is in the research- and development phase.

Management has prepared detailed budgets and cash flow forecasts for the years 2024 and 2025, taking into account available financial resources. The Board of Directors believes that the measures that can safeguard the continuity of the Group are related to continuing the Group's operations combined with and obtaining additional financing through equity, grants, partnerships or other sources of financing. The Board of Directors implemented a number of measures during 2023 to extend the financial runway of the Group. The Group has full control over its spendings as there are few or no other significant long-term financial commitments besides labor agreements and lease obligations. While mitigating actions are not forecasted to be required to support the going concern basis, Management and the Board of Directors can timely and adequately reduce budgeted expenditures should this be necessary in the context of the Company's going concern or should it be necessary to have more time to obtain additional financing. 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 €21.6 million at year end 2023 is sufficient to cover the cash needs of the Company for at least the 12-month period following the approval of this report. The Company expects the financial runway to extend to April 2025 without considering any mitigation actions or additional financing through equity, newly awarded grants, partnerships or other sources of financing.

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.

Revenue – collaborative arrangement

In 2023, the Group entered into a collaborative arrangement with a third party to leverage Biotalys' technology platform for specific targets. With regard to this collaboration, the Company made the following significant judgements:

- The collaborative arrangement is defined as a vendor-customer relationship in scope of IFRS 15 in which Biotalys is the vendor and the third party the customer.
- In determining the distinct performance obligations, the Group made certain judgements on the relevance of the criteria such as significant integration activities or interdependency of the performance obligation with other performance obligations. There is a single performance obligation identified 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.

4. Financial risk management

4.1. OVERVIEW OF 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.

4.2. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

4.2.1. FOREIGN EXCHANGE RISK

The Group is currently exposed to foreign currency risk, mainly relating to positions held in USD.

The exposure to exchange differences of the monetary assets and monetary liabilities of the Group at the end of the reporting period are as follows:

in € thousands	31 December 2023	31 December 2022
Assets	968	888
Liabilities	441	518

At 31 December 2023, if the EUR had strengthened/weakened 5% against the USD with all other variables held constant, the impact on the consolidated statement of comprehensive income would have been +/- €26 thousand (2022: +/- €19 thousand). In 2023 and 2022, no hedge accounting has been applied.

4.2.2. INTEREST RATE RISK

The Group is currently not exposed to significant interest rate risk as the interest-bearing financial liabilities bear a fixed interest rate, which are not subject to revision.

4.2.3. CREDIT RISK

Credit risk is the risk that one party to an agreement will cause a financial loss to another party by failing to discharge its obligation. Credit risk covers trade receivables, cash and cash equivalents and short-term deposits.

The Group believes that the credit risk is limited as it currently has limited receivables considering that it does not yet generate revenue. Furthermore, the Group is not exposed to any material credit risk with regard to any individual counterparty. As such, no impairment is recognized for these receivables. Cash and cash equivalent and short-term deposits are invested with highly reputable banks and financial institutions.

The maximum credit risk to which the Group is theoretically exposed as at the balance sheet date is the carrying amount of the financial assets.

Based on the ongoing credit evaluation performed, no financial assets were subject to impairment.

4.2.4. LIQUIDITY RISK

The Group's main sources of cash inflows are currently obtained through capital increases and external financing through leases and bank loans, some of which contain restrictive covenants based on the level of cash (note 15). The Group does not have any credit line agreements. As the 2023 consolidated results of the Group present a negative result, and the consolidated statement of financial position includes a loss carried forward, liquidity is a risk as the Group needs additional funds to further develop its assets and grow its operations. Management believes that the cash position of the Group at year end 2023 (i.e. €21.6 million) is sufficient to cover the cash needs of the Company for at least the 12-month period following the approval of this report.

The following tables detail the Group's remaining contractual maturity of its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

31 December 2023 in € thousands	Within one year	>1 and <5 years	>5 and <10 years	>10 years	Total
Bank borrowings	486	1,942	647	-	3,075
Lease liabilities	895	2,487	-	-	3,382
Total	**1,381**	**4,429**	**647**	**-**	**6,457**

31 December 2022 in € thousands	Within one year	>1 and <5 years	>5 and <10 years	>10 years	Total
Bank borrowings	486	1,942	1,133	-	3,561
Lease liabilities	846	2,132	390	-	3,368
Total	**1,332**	**4,074**	**1,523**	**-**	**6,928**

4.2.5. FAIR VALUE

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 carrying amount of cash and cash equivalents, trade receivables, financial assets and other current assets approximate their value due to their short-term character. The carrying value of current liabilities approximates their fair value due to the short-term character of these instruments.

The fair value of non-current borrowings is evaluated based on their interest rates and maturity dates. These instruments have fixed interest rates and their fair value measurements are subject to changes in interest rates. The fair value of the borrowings was measured by defining the expected future cash flows, and by discounting these on current, risk-adjusted interest rates. The fair value measurement is classified as level 3.

	Carrying value		Fair value	
in € thousands	2023	2022	2023	2022
Non-current borrowings (bank borrowings)	2,456	2,888	2,237	2,586

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique:

- Level 1: market prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: information not based on observable market figures

5. Operating segments

According to IFRS 8, reportable operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the Chief Operating Decision Maker(s).

The Group's activities are managed and operated in one segment. There is no other significant class of business, either individual or in aggregate. As such, the Chief Operating Decision Maker, being the Chief Executive Officer, reviews the operating results and operating plans and makes resource allocation decisions on a company wide basis.

Currently, no revenue is generated. With the exception of the lease of the building for the US location, all non-current assets recorded in the consolidated statement of financial position are located in Belgium, country of domicile of the Company.

6. List of consolidated companies as at 31 December 2023

Company name	Company number	Location	% financial interest
Biotalys NV	BE 508.931.185	Buchtenstraat 11, 9051 Gent, Belgium	Parent
Biotalys Inc.		480 Honeycutt Road, Suite 215 Raleigh, NC 27615, United States	100.00%

The voting rights equal the percentage of financial interest held.

7. Intangible assets

in € thousands	Platform technology	Software	Total
Year ended 31 December 2023			
Cost	1,138	128	1,266
Accumulated amortization	(569)	(100)	(669)
Opening carrying amount	**569**	**27**	**596**
Additions	-	114	114
Amortization expense	(57)	(11)	(68)
Closing carrying amount	**512**	**130**	**642**
Cost	1,138	242	1,380
Accumulated amortization	(626)	(112)	(737)

in € thousands	Platform technology	Software	Total
Year ended 31 December 2022			
Cost	1,138	128	1,266
Accumulated amortization	(512)	(89)	(601)
Opening carrying amount	**626**	**39**	**665**
Additions	-	-	-
Amortization expense	(57)	(12)	(69)
Closing carrying amount	**569**	**27**	**596**
Cost	1,138	128	1,266
Accumulated amortization	(569)	(100)	(669)

The platform technology was contributed to the Company as part of its foundation in 2013. It represents the core of the research platform that the Company is using for candidate identification and selection process and is being amortized over its expected useful life of 20 years since its contribution in 2013.

No intangible assets have been pledged in the context of financial liabilities.

8. Property, plant and equipment

in € thousands	Leasehold improvements	Lab equipment	Other	Total
Year ended 31 December 2023				
Cost	3,394	3,626	787	7,808
Accumulated depreciation	(793)	(1,304)	(375)	(2,473)
Opening carrying amount	**2,601**	**2,322**	**412**	**5,335**
Additions	31	179	98	309
Transfers	-	309	-	309
Disposals	-	(7)	(22)	(29)
Depreciation expense	(437)	(468)	(156)	(1,061)
Closing carrying amount	**2,195**	**2,335**	**333**	**4,863**
Cost	3,425	4,346	834	8,606
Accumulated depreciation	(1,230)	(2,012)	(502)	(3,743)

in € thousands	Leasehold improvements	Lab equipment	Other	Total
Year ended 31 December 2022				
Cost	3,307	2,897	698	6,902
Accumulated depreciation	(367)	(869)	(260)	(1,496)
Opening carrying amount	**2,940**	**2,029**	**438**	**5,407**
Additions	87	500	111	698
Transfers	-	229	-	229
Disposals	-	-	(0)	(0)
Depreciation expense	(426)	(436)	(136)	(998)
Closing carrying amount	**2,601**	**2,322**	**412**	**5,335**
Cost	3,394	3,626	787	7,808
Accumulated depreciation	(793)	(1,304)	(375)	(2,473)

Certain assets that have been financed by the Bank Loan described in note 15.1 have been pledged as collateral. No other items of property, plant and equipment have been pledged in the context of financial liabilities.

9. Right-of-use assets

in € thousands	Buildings	Lab equipment	Vehicles	Total
Year ended 31 December 2023				
Cost	3,574	1,731	527	5,832
Accumulated depreciation	(1,435)	(524)	(205)	(2,164)
Opening carrying amount	**2,139**	**1,206**	**322**	**3,667**
Additions	36	650	181	867
Transfers	-	(309)	-	(309)
Depreciation expense	(365)	(182)	(108)	(655)
Closing carrying amount	**1,811**	**1,365**	**395**	**3,571**
Cost or valuation	3,611	1,811	708	6,130
Accumulated depreciation	(1,800)	(446)	(313)	(2,559)

in € thousands	Buildings	Lab equipment	Vehicles	Total
Year ended 31 December 2022				
Cost	3,063	1,959	517	5,539
Accumulated depreciation	(1,099)	(426)	(129)	(1,654)
Opening carrying amount	**1,963**	**1,534**	**388**	**3,885**
Additions	313	-	208	521
Transfers	200	(229)	(200)	(229)
Depreciation expense	(337)	(99)	(73)	(509)
Closing carrying amount	**2,139**	**1,206**	**322**	**3,667**
Cost or valuation	3,574	1,731	527	5,832
Accumulated depreciation	(1,435)	(524)	(205)	(2,164)

The Group leases buildings for its headquarters in Belgium and the US, lab equipment and some company cars. The contracts do not include any purchase options, except for the lab equipment. The purchase option relating to the lab equipment is included in the measurement as the Group considers it reasonably certain to exercise it. The lease term considered for the buildings ranges between 3 and 9 years, for the company cars and lab equipment the lease term ranges between 4 and 5 years.

The amounts recognized in profit or loss can be summarized as follows:

in € thousands	2023	2022
Depreciation expense of right-of-use assets	(397)	(509)
Interest expense on lease liabilities	(97)	(71)
Total amount recognized in profit or loss	**(494)**	**(581)**
of which as:		
Research and development expense	(259)	(402)
Sales and marketing expenses	(24)	(40)
General and administrative expenses	(114)	(68)
Financial expenses	(97)	(71)

The Group has lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased assets and align with the Group's business needs.

The undiscounted potential future rental payments relating to periods following the exercise date of termination options that are not included in the lease term amount to €3,308 thousands.

There are no significant leases of which the lease term is not exceeding 12 months or relating to assets with a low value.

10. Other non-current assets

in € thousands	31 December 2023	31 December 2022
R&D tax credit receivable (note 21)	2,576	2,028
Other	19	128
Other non-current assets	**2,595**	**2,156**

11. Receivables

in € thousands	31 December 2023	31 December 2022
VAT receivable	228	248
Grants receivable	121	410
R&D tax credit receivable	137	117
Other amounts receivable	264	45
Receivables - Current	**750**	**820**

An impairment analysis of receivables is done on an individual level, and there are no individual significant impairments.

Grants receivable relates to projects where the costs have been incurred and submitted to VLAIO, a Flemish governmental agency, for payment under the approved grant. These grants require the Group to maintain a presence in the Flemish region for a number of years and invest in the project according to pre-agreed budgets.

12. Other financial assets and cash and cash equivalents

12.1. OTHER FINANCIAL ASSETS

At the end of 2023, an amount of €2,100 thousands (2022: €2,100 thousands) was held as a pledge for the bank loan and was not available for use by the Group. If the overall cash balance at the bank, including the pledged amount, falls below €10,000 thousands, the Group is required to increase the amount of cash held as a pledge to an amount at least equal to the outstanding balance of the loan. On 31 December 2023, the balance of loan outstanding at that bank was €2,888 thousands. The pledged cash is recognized under other financial assets in the consolidated statement of financial position.

12.2. CASH AND CASH EQUIVALENTS

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

in € thousands	31 December 2023	31 December 2022
Cash at bank and in hand	7,670	26,195
Short-term bank deposits	13,900	7,901
Total cash and cash equivalents	**21,570**	**34,096**

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

13. Share capital

13.1. CAPITAL MANAGEMENT

Capital comprises equity attributable to shareholders, borrowings and cash and cash equivalents. The Company manages its capital to maintain a strong capital base in order to maintain investor and creditor confidence and to sustain the future development of its business. The Group's management reviews the capital structure of the Group on a regular basis with the objective to maintain sufficient liquidity to meet its working capital requirements, fund capital investment and purchases and to safeguard its ability to continue operating as a going concern.

13.2. CAPITAL AND SHARE PREMIUM

As of 31 December 2023, the share capital of the Company amounts to €46,198 thousands (2022: €44,548 thousands) represented by 32,094,711 (2022: 30,949,454) fully paid-up ordinary shares, and the share premium amounts to €15,488 thousands (2022: €10,164 thousands).

The following table provides an overview of the transactions of share capital and share premium for the years ended 31 December 2023 and 2022:

in €, except number of shares		Number of shares	Share capital	Share premium	Total
1 January 2022		**30,805,551**	**81,968,626**	**31,302,726**	**113,271,351**
21 January 2022	Shares issued upon exercise of ESOP II Warrants	46,404	76,115	55,039	131,154
22 April 2022	Shares issued upon exercise of ESOP II Warrants	30,208	49,549	36,064	85,613
19 July 2022	Shares issued upon exercise of ESOP II Warrants	57,500	94,315	68,571	162,886
19 October 2022	Shares issued upon exercise of ESOP II Warrants	9,791	16,060	11,724	27,784
27 December 2022	Reduction of capital by absorption of losses	-	(37,656,748)	(21,310,078)	(58,966,826)
31 December 2022		**30,949,454**	**44,547,917**	**10,164,045**	**54,711,963**
18 January 2023	Shares issued upon exercise of ESOP II Warrants	10,000	16,403	12,249	28,651
12 June 2023	Issuance of new Ordinary Shares	1,135,257	1,634,136	5,311,877	6,946,013
31 December 2023		**32,094,711**	**46,198,456**	**15,488,171**	**61,686,626**

In December 2022, share capital and share premium decreased as a result of the absorption of accounting losses for a total amount of €58,967 thousand, with a counterpart in the financial statements line item 'accumulated losses'. The absorption of the accumulated losses into share capital and share premium is a non-cash accounting transaction.

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.

14. Share-based payments

Per 31 December 2023, the Group has outstanding ESOP warrants pursuant to three outstanding incentive plans, namely

i. the 2017 ESOP II plan (the "ESOP II Warrants") with an expiry date of 10 May 2027,
ii. the 2020 ESOP III Plan (the "ESOP III Warrants") with an expiry date of 31 December 2027, and
iii. the 2021 ESOP IV Plan (the "ESOP IV Warrants") with an expiry date of 4 July 2031, (together, the "ESOP Warrants").

Both the ESOP II Warrants and the ESOP III Warrants were originally subscription rights to profit certificates. Upon the completion of the IPO in July 2021, the then existing profit certificates and warrants to profit certificates were automatically converted into respectively Ordinary Shares and subscription rights to Ordinary Shares on a 2:1 basis; and (ii) profit certificates issued as a result of the exercise of warrants to profit certificates following the IPO will automatically be converted into Ordinary Shares on a 2:1 basis each time they are issued. Upon the exercise of one ESOP IV Warrant, the holder will receive one Ordinary Share.

In accordance with the terms of the plans, as approved by shareholders, employees may be granted options to purchase ordinary shares at an exercise price as mentioned below per ordinary share. No amounts are paid or payable by the recipient on receipt of the option. ESOP Warrants are subject to services conditions and vest over a period of four years:

- 25% of the accepted ESOP Warrants vest one year after the date of the offer,
- the balance vest in equal monthly instalments from the end of the first month following the first anniversary of the offer.

The options carry neither rights to dividends nor voting rights. ESOP Warrants can be exercised during the first fifteen days of each quarter and this at the earliest as from the beginning of the fourth calendar year following the calendar year in which the offer of the ESOP Warrants has taken place until the last quarter within the term of the ESOP Warrants.

The following reconciles the options outstanding for the year ending 31 December 2023 and 2022:

	Weighted average exercise price (€)	Number of options	Number of options exercisable
Closing balance at 1 January 2022	**1.59**	**2,730,544**	**523,333**
Granted	7.08	459,852	-
Forfeited	0.82	(421)	-
Exercised	0.82	(287,808)	-
Closing balance at 31 December 2022	**2.54**	**2,902,167**	**699,399**
Granted	4.57	518,389	-
Forfeited	5.40	(189,569)	-
Exercised	0.82	(20,000)	-
Closing balance at 31 December 2023	**2.71**	**3,210,987**	**679,399**

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2023 was €6.90. The weighted average remaining contractual life for the share options outstanding as at 31 December was 5.79 years in 2023 and 6.34 years in 2022.

The following table provides the input to the Black & Scholes model for the warrants granted under the ESOP IV plan in 2023 and 2022:

	2023	2022
Weighted average share price (€)	4.57	6.88
Weighted average exercise price (€)	4.66	6.88
Expected volatility of the shares (%)	56.71%	63.63%
Expected dividends yield (%)	0.00%	0.00%
Risk free interest rate (%)	3.11%	1.48%
Expected life (in years)	5.79	6.34
Weighted average fair value of the options granted	**2.42**	**4.21**

Share units

The remuneration of the current independent directors consisted of a fixed remuneration in cash and an equity linked remuneration in the form of share units. The share units are not shares and generally vest in equal annual instalments over a three-year period as long as the director is still in office. The share unit agreements oblige the independent directors to subscribe to new shares at a price of €1 per share. The number of share units granted in 2023 is 7,290 (2022: 6,500) and each share unit entails the obligation to subscribe to one new share of the Company.

The share-units issued in 2023 were valued at the difference between the grant date market price and the exercise price of €1, or €5.31 per share unit (2022: €6.18). The value is expensed in three tranches over the three year vesting period and €31 thousand was expensed in 2023 (2022: €16 thousand).

The underlying new shares will only be effectively issued after a period of three years from the grant of the share units but they will only become negotiable at the earliest after the lapse of (i) three years after the grant of the share units or (ii) one year after the termination of the mandate of the director concerned whichever is the latest.

15. Borrowings and other financial liabilities

15.1. BORROWINGS

in € thousands	31 December 2023	31 December 2022
Lease liabilities	3,185	3,189
Bank borrowings	2,888	3,312
Total borrowings	**6,073**	**6,501**
of which as:		
Non-current borrowings	4,841	5,338
Current borrowings	1,232	1,163

Lease liabilities

The weighted average incremental borrowing rate used for the measurement of the lease liabilities is 2.23% at closing 2023 (2022: 2.06%). The underlying leased assets act as pledge in the context of the lease liabilities. For more details on the leases, we refer to note 9 on right-of-use assets. 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 31 December 2023.

Bank loan

On 20 May 2020, the Group entered into a bank loan for a maximum committed amount of €4,000 thousands for leasehold improvements of its new facilities in Belgium (the "Bank Loan"). In May 2021, the Bank Loan was completely drawn down a subsequently turned into an amortizing loan over a period of 9 years with a fixed interest rate of 1.95% per annum. Certain restrictive covenants are contained in the Bank Loan and the Group was in compliance with such covenants (level of cash position in excess of €10,000 thousands) as of 31 December 2023 (note 12.1). The Bank Loan is secured by a pledge of the related financed assets and certain restrictions on cash (currently presented as other financial assets).

15.2. LIQUIDITY AND CASH FLOW RECONCILIATION

The maturity table of the bank borrowings and the lease liabilities is presented in note 4 on the liquidity risk.

The following tables reconcile the movements of the financial liabilities to the cash flows arising from financing activities:

31 December 2023 in € thousands	Opening carrying amount	Cash flows	Non-cash movements: New leases	Non-cash movements: Reclasses	Closing carrying amount
Non-current borrowings					
Bank borrowings	2,888	-	-	(432)	2,456
Lease liabilities	2,449	-	671	(734)	2,385
Current borrowings					
Bank borrowings	424	(424)	-	432	432
Lease liabilities	740	(850)	176	734	800
Total liabilities from financing activities	**6,501**	**(1,274)**	**847**	**-**	**6,074**
Presented in the statement of cash flows (financing activities) as follows:					
Repayments of borrowings		(1,274)			

31 December 2022 in € thousands	Opening carrying amount	Cash flows	Non-cash movements: New leases	Non-cash movements: Reclasses	Closing carrying amount
Non-current borrowings					
Bank borrowings	3,312	-	-	(424)	2,888
Lease liabilities	2,725	-	422	(697)	2,449
Current borrowings					-
Bank borrowings	416	(416)	-	424	424
Lease liabilities	770	(817)	89	697	740
Total liabilities from financing activities	**7,223**	**(1,233)**	**511**	**-**	**6,501**
Presented in the statement of cash flows (financing activities) as follows:					
Repayments of borrowings		(1,233)			

16. Post-employment employee benefit liabilities

The plans offered by the Group are summarized below.

Belgian Defined Contribution Plan
For the Belgian defined contribution plan, the Group is required by law to guarantee a minimum return on employee and employer contributions. As a consequence, this plan is considered to be a defined benefit plan which is valued using the projected unit credit method under IAS 19.

The amount recognized as a non-current liability in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

in € thousands	31 December 2023	31 December 2022
Defined benefit obligation	724	509
Plan assets	(701)	(493)
Net non-current employee benefit obligation	**23**	**16**

The total service cost of €302 thousand (2022: €213 thousand) is included as employee benefit expenses and the net interest expense of €5 thousand (2022: €2 thousand) as financial expenses in the consolidated income statement. The net effects of remeasurement on the net defined benefit liability of €-29 thousand (2022: €-43 thousand) is included in the statement of comprehensive income as part of other comprehensive income.

401(k) Plan
Biotalys Inc. sponsors a 401(k) defined contribution plan (the "401(k) Plan"), which covers all employees who meet certain eligibility requirements as defined in the 401(k) Plan and allows participants to defer a portion of their annual compensation on a pre-tax basis. Contributions to the 401(k) Plan may be made at the discretion of management. For the year ended 31 December 2023, the Group contributed €33 thousand (2022: €33 thousand) to the 401(k) Plan.

17. Trade and other liabilities

in € thousands	31 December 2023	31 December 2022
Trade payables	1,252	2,730
Employee benefit liabilities	1,331	1,392
Other	7	81
Trade and other liabilities - Current	**2,591**	**4,204**

The fair value of trade payables approximates their carrying amount.

Employee benefit liabilities also include the management fees to key management (note 27).

Liquidity and currency risk are detailed in note 4 above.

18. Other current and non-current liabilities

Certain grants totaling €2,235 thousand as of 31 December 2023 (31 December 2022: €592 thousand) have been deferred as several organisations (among which the Bill and Melinda Gates Foundation, VLAIO (a Flemish governmental agency), and a collaboration partner) advanced funds for new projects before the related costs have been incurred. The grants are amortized to other operating income as the related project expenses are incurred, and the liability position is split into a current an non-current portion according to planned project costs.

19. Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

	31 December 2023		31 December 2022	
in € thousands	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Intangible assets	4,656	-	6,852	-
Property, plant and equipment	-	(79)	-	(213)
Leases	-	(22)	-	(207)
Employee benefit liabilities	18	(2)	6	-
Tax losses	22,155	-	14,895	-
Total deferred tax assets & liabilities	**26,829**	**(102)**	**21,753**	**(420)**
Net deferred tax assets not recognized	(26,709)	-	(21,209)	-
Offsetting	(102)	102	(420)	420
Total deferred tax assets & liabilities	**18**	**-**	**125**	**-**

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profits are available within a foreseeable future against which the Group can use the benefits of therefrom:

in € thousands	**31 December 2023**	**31 December 2022**
Deductible temporary differences	18,304	25,845
Tax losses	88,619	59,581
Total	**106,923**	**85,427**

The tax losses carried forward are available indefinitely.

20. Research collaboration

In 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). As of 31 December 2023, €28 thousands have been recognized as revenue.

21. Other operating income

in € thousands	**2023**	**2022**
R&D tax incentives	1,512	1,547
Grant income	1,023	1,383
Other income	76	20
Total other operating income	**2,611**	**2,949**

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.

22. 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.

in € thousands	2023	2022
Employee benefit expense	11,710	10,861
R&D materials and external services	5,688	9,052
External consultant services	506	434
Depreciation expense of property, plant and equipment	1,321	998
Depreciation expense of right-of-use assets	397	509
Amortization expense of intangible assets	68	69
Facilities and IT related costs	1,186	1,248
Patents and IP	410	539
Other	2,217	1,770
Total operating expenses	**23,502**	**25,480**
of which as:		
Research and development expense	16,608	18,813
General and administrative expenses	5,708	5,081
Sales and marketing expenses	1,186	1,586

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.

23. Employee benefit expenses

in € thousands	2023	2022
Wages and salaries	7,237	5,881
Management and consultant fees	1,175	1,418
Social security costs	1,520	1,190
Equity-settled share-based payment expenses	1,037	1,733
Defined benefit costs	319	245
Defined contribution costs	33	33
Other employee benefit expenses	388	361
Total employee benefit expense	**11,710**	**10,861**

The total employee benefit expense has been allocated along functional lines within the income statement and includes both employees and contractors.

Organizational changes were made during 2023 which resulted in a reduction in headcount, including changes to the Executive Committee. The Group communicated the plan of termination to the affected employees before 31 December 2023. As there was no requirement for the employees to continue working, the Group recognized an expense for termination benefits amounting to €563 thousand during 2023.

Headcount in full-time equivalents	2023	2022
Average number of total employees	77	74
Number of employees at year-end	65	75

24. Financial result

The various items comprising the net finance cost are as follows:

in € thousands	2023	2022
Interest Income	655	23
Exchange differences	284	296
Total financial income	**939**	**320**
Interest expense on lease liabilities	97	71
Interest expense on bank borowings	62	70
Other interest expense	2	106
Interest expense	**160**	**247**
Bank fees	21	15
Exchange differences	312	293
Other	8	2
Total financial expenses	**502**	**557**

25. Income tax expense

25.1. AMOUNTS RECOGNIZED TO PROFIT AND LOSS

The income tax (charged)/credited to the income statement during the year is as follows:

in € thousands	2023	2022
Current tax (expense)/income	48	(89)
Deferred tax (expense)/income	(104)	126
Total income taxes	**(56)**	**38**

25.2. RECONCILIATION OF EFFECTIVE TAX

The income tax expense can be reconciled as follows:

in € thousands	2023	2022
Loss before income tax	(20,454)	(22,769)
Income tax expense calculated at domestic tax rates	5,113	5,692
Disallowed expenses	(359)	(473)
Tax-exempt income	236	414
Effect of unused tax losses not recognized as deferred tax assets	(4,939)	(5,730)
Adjustments in respect of prior year	81	244
Other	(190)	(110)
Total income taxes	**(56)**	**38**

26. Earnings per share

Basic earnings per share are calculated by dividing net earnings 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 earnings 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.

The following table reflects the income and share data used in the basic and diluted earnings per share computations:

in € thousands	2023	2022
Basic earnings		
Loss from continuing operations attributable to owners of the parent	(20,510)	(22,731)
Diluted earnings		
Dilution effect of share-based payments	-	-
Loss from continuing operations attributable to owners of the parent, after dilution effect	**(20,510)**	**(22,731)**

Number of shares	2023	2022
Weighted average number of ordinary shares outstanding during the period	31,587,240	30,898,175

in €	2023	2022
Basic earnings per share	(0.65)	(0.74)
Diluted earnings per share	(0.65)	(0.74)

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.

27. Commitments and contingencies

Capital Expenditures
At 31 December 2023, there was no outstanding committed spending for lab equipment which are expected to be paid within one year (2022: €379 thousands), but €70 thousands for lab equipment via new lease agreements reimbursable over a period of 5 years.

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 €50 thousands as per the end of 2023 (2022: €102 thousands).

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 €630 thousands as per the end of 2023 (2022: €409 thousands).

All amounts under 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.

28. Related party transactions

28.1. TRANSACTIONS WITH RELATED PARTIES

Currently, there are no transactions with related parties.

28.2. KEY MANAGEMENT REMUNERATION

Key management compensation as disclosed below comprises compensation recognized in the income statement for members of the Board of Directors and the Executive Committee, for the portion of the year where they exercised their mandate.

in € thousands	2023	2022
Short-term benefits	1,852	1,553
Post-employment benefits	72	57
Share-based payments	449	735
Termination benefits	368	-
Total	**2,740**	**2,345**

Furthermore, as of 31 December 2023, key management holds 2,369,487 options and 13,786 share units in the context of the share-based payment plans further explained in in note 14 (2022: 1,952,374 options and 6,500 share units). These options grant the right to convert into 1,529,278 Ordinary Shares after the impact of the 2:1 reverse share split for the applicable ESOP plans (2022: 1,137,165 Ordinary Shares).

There have been no loans granted by the Company or its subsidiary to any Director or officer of the Group, nor any guarantees given with respect hereto.

29. Events after the end of the reporting period

During January 2024, 40,000 ESOP II and 84,998 ESOP III Warrants were exercised. This resulted in an additional 62,499 new Ordinary Shares being issued on 19 January 2024, when applying the 2:1 ratio.

As of the date when these financial statements have been approved, there have been no other events after the balance sheet date.

30. Audit fees

The Company's statutory auditor is Deloitte Bedrijfsrevisoren BV, with statutory seat at Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem, Belgium, represented by Pieter-Jan Van Durme, auditor. The Company's statutory auditor has been reappointed effective as from 15 April 2022 for the statutory term of three years by the Company's extraordinary general shareholders' meeting held on 15 April 2022.

The Company expensed fees to the auditor of € 84 thousand in 2023 and €65 thousand in 2022. The fees are broken down as follows:

- Audit fee for statutory and consolidated financials: € 70 thousand in 2023 and €65 thousand in 2022.
- Legal mission: € 9 thousand in 2023.
- Agreed upon procedure (Reporting VLAIO): € 5 thousand in 2023.

"Statutory Report of Biotalys NV in respect of the accounting year ended on 31 December 2023 in accordance with article 3:6 of the Belgian Code on Companies and Associations (the "Statutory Report")

1. Business Overview

Operation

The Company did not generate revenue during the financial year 2023, as the focus remained on further developing the AGROBODY™ technology platform and the product development of AGROBODY™ bio-controls (further explained in section IV Research and development).

Other operating income amounted to €1,926 thousands (€2,181 thousands in 2022), which comprised the exemption from the payment of payroll tax for scientific research amounting to €827 thousands (€779 thousands in 2022), as well as VLAIO subsidies of €203 thousands (€887 thousands in 2022) and a grant from the Bill and Melinda Gates Foundation of €820 thousands (€496 thousands in 2022).

The operating costs amounted to €36,263 thousands (€39,121 thousands in 2022). These costs include staff costs of €8,393 thousands (€6,685 thousands in 2022) as well as costs for external scientific research and various services. The amortization in 2023 amounted to €14,867 thousands (€16,403 thousands in 2022), including €13,368 thousands for internal R&D.

As a result, the Company closed the financial year with an operating loss of €-20,969 thousands (€-21,953 thousands in 2022).

Financial result

The financial result amounts to €509 thousands (€-123 thousands in 2022) and contains mainly interest received from bank deposits (€653 thousands), offset by €-20 thousands costs for foreign exchange differences, and interests paid in the scope of the leasing and loan obligations entered into (€-108 thousands).

As a result, the loss resulting from normal business operations in 2023 amounted to €-20,461 thousands (€-22,076 thousands in 2022).

Net Result
An amount of €451 thousands (€405 thousands in 2022) tax credit has been posted, which leads to a total loss for the period of €-20,015 thousands (€-21,571 thousands in 2022).

Appropriation of the net result
The Company ended the financial year 2023 with a loss to be appropriated for an amount of €-20,015 thousands. We therefore propose to the General Meeting to carry this loss forward.

Valuation rules
The loss to be carried forward per 31/12/2023 amounts to €-20,015 thousands.

As the Company incurred a net loss during (at least) two consecutive financial years, the Board of Directors applies article 3:6,6° of the Belgian Code of Companies and Associations.

Article 7:228 of the Belgian Code of Companies and Associations is also applicable and the relevant procedures referred to in article 7:228 of the Belgian Code of Companies and Associations (former article 633 of the Belgian Companies Code) were applied at 4 April 2017.

The Board of Directors justifies the application of the valuation rules on a going concern basis as follows:

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 2023 consolidated results of the Group present a negative result, and the consolidated statement of financial position includes a loss carried forward. Investments are being made in research and development, which entails the necessary costs, while there are currently no commercial revenues. This is in line with the business plan of the Company and typical for an Ag-tech company such as the Company which is in the research- and development phase.

Management has prepared detailed budgets and cash flow forecasts for the years 2024 and 2025, taking into account available financial resources. The Board of Directors believes that the measures that can safeguard the continuity of the Group are related to continuing the Group's operations combined with and obtaining additional financing through equity, grants, partnerships or other sources of financing. The Board of Directors implemented a number of measures during 2023 to extend the financial runway of the Group. The Group has full control over its spendings as there are few or no other significant long-term financial commitments besides labor agreements and lease obligations. While mitigating actions are not forecasted to be required to support the going concern basis, Management and the Board of Directors can timely and adequately reduce budgeted expenditures should this be necessary in the context of the Company's going concern or should it be necessary to have more time to obtain additional financing. 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 €21.6 million at year end 2023 is sufficient to cover the cash needs of the Company for at least the 12-month period following the approval of this report. The Company expects the financial runway to extend to April 2025 without considering any mitigation actions or additional financing through equity, newly awarded grants, partnerships or other sources of financing.

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.

2. Description of the principal risks and uncertainties associated with the activities of the Company

Reference is made to the chapter "Description of the principal risks and uncertainties associated with the activities of the Company" in the part "Legal and Financial Information" of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

3. Information regarding important events that occurred after the end of the accounting year 2023

Reference is made to item "12.11 Information regarding important events that occurred after the end of the accounting year 2023" of the chapter "Legal Information" of the part "Corporate Governance" of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

4. Information regarding circumstances that could have a material impact on the development of the Company

Reference is made to: (i) the chapter "Description of the principal risks and uncertainties associated with the activities of the Company" in the part "Legal and Financial Information" of the Consolidated Report that is included in this Statutory Report in its entirety by reference; and (ii) item "12.12 Information regarding circumstances that could have a material impact on the development of the Company" of the chapter "Legal Information" of the part "Corporate Governance" of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

5. Information regarding research and development activities

Reference is made to the chapter "AGROBODY 2.0 and product pipeline" of the part "Company Highlights and Activities" of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

6. Information regarding the existences of branches of the Company.

On 31 December 2023, the Company has a branch in France located at 1 Route du Pérollier; 69570 Dardilly. The branch represents the Company in France but does not have any trading or production activities. The Company intends to close this branch during 2024.

7. Legal information required under article 3:6, 7° of the Belgian Code on Companies and Associations

Reference is made to: (i) the chapters “Conflicts of interest” and “Related party transactions” in the part “Corporate Governance” of the Consolidated Report that are included in this Statutory Report in their entirety by reference; and (ii) the item “11.8 Authority of the Board regarding the issue of shares or the buy-in of own shares” in the chapter “Legal information” of the part “Corporate Governance” of the Consolidated Report that are included in this Statutory Report in its entirety by reference.

8. Use of financial instruments

Reference is made to note 4 under the Notes to the Consolidated Financial Statements in the Financial Statements part of the Consolidated Report that are included in this Statutory Report in its entirety by reference.

9. Independence and expertise of a member of the audit committee

Reference is made to the bios of the members of the audit committee in the item “2.1 Composition” of the chapter “Board of Directors” in the part “Corporate Governance” of the Consolidated Report that are included in this Statutory Report in their entirety by reference. Moreover, two of the members, including the chairperson, of the audit committee meet the requirement for independent director as contained in the Belgian Code on Corporate Governance.

10. Corporate Governance statement including remuneration report and remuneration policy

Reference is made to the part “Corporate Governance” of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

11. Information regarding the use of the authorised capital (article 7:203 WVV)

Reference is made to section 13.8 - “ Authority of the Board regarding the issue of shares or the buy-in of own shares”, chapter “Legal Information” in the part “Corporate Governance” of the Consolidated Report, that is included in its entirety by reference into this Statutory Report.

12. Going concern

Reference is made to the statement on the application of the valuation rules on a going concern basis within note 1 of this Statutory Report.

13. Extraordinary activities and special assignment carried out by the auditor

The auditor issued a report in accordance with articles 7:178 iuncto 7:179,7:191 and article 7:193 of the BCCA in connection with the private placement of 1,135,257 new shares on 12 June 2023.

14. Discharge to the directors and the auditor

In accordance with the law and articles of association, the shareholders will be requested at the annual shareholders’ meeting of 23 April 2024 to grant discharge to the directors and the statutory auditor of their responsibilities assumed in the financial year 2023.

Condensed Statutory Financial Statements

Statutory Income Statement

in € thousands	2023	2022
Operating income	15,294	17,168
Operating loss	**(20,969)**	**(21,953)**
Financial result	509	(123)
Loss for the period before taxes	**(20,461)**	**(22,076)**
Income taxes	(446)	(506)
Loss for the period	**(20,015)**	**(21,571)**

The full version of the accounts (including the auditor's report) is available on the company's website.

Statutory Balance Sheet

in € thousands	2023	2022
Assets	**31,720**	**44,694**
Fixed assets	**4,649**	**5,082**
Intangible assets	130	27
Tangible assets	4,519	5,055
Financial fixed assets	0	0
Current assets	**27,071**	**39,613**
Receivables over 1 year	2,080	1,766
Receivables within 1 year	1,175	1,476
Inventory	202	322
Cash and cash equivalents	23,614	36,048
Equity	**22,751**	**35,750**
Capital	46,198	44,548
Share premium	18,138	12,772
Accumulated losses	(41,586)	(21,571)
Liabilities	**8,969**	**8,945**
Provisions	100	100
Long-term financial debt	3,142	3,375
Short-term financial debt	**3,458**	**4,838**
Trade debts	1,164	2,722
Taxes, remuneration and social security	1,304	1,245
Other short term financial debt	990	871
Accruals and deferred income	2,269	632

The full version of the accounts (including the auditor's report) is available on the company's website.

Sources for Company Highlights and Activities

1 World Food Program, A global food crisis: https://www.wfp.org/emergencies/global-food-crisis

2 COP28 The UAE Consensus: https://www.cop28.com/

3 COP28: The UN's net-zero food plan to save the 1.5-degree goal, combat climate 'doomisim': https://news.un.org/en/story/2023/12/1144617

4 Eindnoot: World Resources Institute, Tim Searchinger, Richard Waite, Craig Hanson, Janet Ranganathan, Patrice Dumas and Emily Matthews – Creating a sustainable food future, July 2019 - https://research. wri.org/wrr-food.

5 UN Sustainable Development Goals, Goal 12: Ensure sustainable consumption and production patterns - https://www.un.org/sustainabledevelopment/sustainable-consumption-production/.

6 The Boston Consulting Group, "Tackling the 1.6b ton food loss and waste crisis", 2018 - https:// www.bcg.com/publications/2018/tackling-1.6-billion-ton-food-loss-and-waste-crisis.

7 IHS Markit, Global Biocontrol Market Overview, prepared for Biotalys, March 2020.

8 Mordor Intelligence -F&V crop protection market (2020) - https://www.mordorintelligence.com/industry-reports/global-crop-protection-chemicals-pesticides-market-industry.

9 Lukmanul Hakim Samada and Usman Sumo Friend Tambunan / OnLine Journal of Biological Sciences 2020, 20 (2): 66.76 DOI: 10.3844/ojbsci.2020.66.76 - https://thescipub.com/pdf/ojbsci.2020.66.76. pdf.

10 Laboratoire de Lyon, Unité Résistance aux Produits Phytosanitaires, Résistance du Botrytis de la vigne (Botrytis cinerea) vis-à-vis des fongicides, Plan de surveillance 2012 - https://www.r4p-inra.fr/wp-content/uploads/2018/04/2012_Botrytis_cinerea_multiFong_vigne.pdf.

11 UN Sustainable Development Goals: the Sustainable Development Agenda https://www.un.org/sustainabledevelopment/development-agenda/

12 Kebede & Bekeko, (Cogent Food & Agriculture (2020), 6) and Food and Agriculture Organisation (http://www.fao.org/3/au994e/au994e.pdf).

13 www.iita.org/cropsnewcowpea/#1620977076242-b594b658-46f3

14 UN Sustainable Development Goals: the Sustainable Development Agenda https://www.un.org/sustainabledevelopment/development-agenda/.

15 https://www.un.org/sustainabledevelopment/sustainable-consumption-production/.

16 https://www.un.org/sustainabledevelopment/hunger/.

17 https://www.un.org/sustainabledevelopment/health/.

18 https://www.un.org/sustainabledevelopment/biodiversity/.

19 https://www.un.org/sustainabledevelopment/education/.

20 https://www.un.org/sustainabledevelopment/gender-equality/.

21 https://www.un.org/sustainabledevelopment/infrastructure-industrialization/.

Investor Relations

Toon Musschoot
Phone: +32 (0)9 274 54 00
IR@biotalys.com

Biotalys NV
Buchtenstraat 11
9051 Ghent
Belgium

Biotalys, Inc.
480 Honeycutt Road, Suite 215
Raleigh, NC 27615
United States

Colophon

This is a publication of Biotalys
Copywriting Company Highlights: Cantilis and Biotalys
Concept and lay-out: Cantilis

biotalys

reinventing food protection