



HALF-YEAR

REPORT

2024

Biotalys NV

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1. RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

On 21 August 2024, the Board of Directors of Biotalys NV certified in the name and on behalf of Biotalys NV, that to the best of their knowledge,

- the condensed consolidated interim financial statements for the six months period ending 30 June 2024, established in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (“IAS 34”) as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of Biotalys NV and of the entities included in the consolidation as a whole;
- the financial report presents a fair overview of the development and the performance of the business and the position of Biotalys NV and of the entities included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed with respect to the remaining months of the accounting year and the main transactions with related parties and the impact thereof on the condensed consolidated interim financial statements.

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

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

Simon E. Moroney

Catherine Moukheibir

Kevin Helash

Chairman of the Board of Directors

Director, Chair of the Audit Committee

Director, CEO

2 BUSINESS REVIEW HY 1 2024

2.1 HY 1 2024 OPERATIONAL HIGHLIGHTS

- Biotalys has continued to take major steps forward on the path to commercialization of EVOCA's* next generation version, EVOCA NG, which is expected to be the company's first margin-generating product. Thereto, [Biotalys and Novonesis entered into a long-term collaboration agreement](#), advancing EVOCA NG to the final stage of development.
- Leveraging its advanced fermentation capabilities, Novonesis will serve as the global manufacturing partner for the production of EVOCA NG. Novonesis will have the rights to distribute and sell EVOCA NG in select crops outside of the United States, while Biobest will sell the product in select markets to control the devastating fungal disease *botrytis* in fruits and vegetables. The companies are also discussing the potential of additional collaborations such as combining the Biotalys AGROBODY™ platform with Novonesis' biosolutions technology.
- [Field trials for BioFun-6](#), the company's second biofungicide program targeting *botrytis*, powdery mildew and *anthracnose* in high-value fruits and vegetables, are now also underway in both Europe and the United States. Initial results are expected later this year.
- Biotalys entered into [additional academic collaborations with leading researchers in plant science](#) to advance its biocontrols pipeline. Building on its established relationships with top academics, Biotalys is now progressing its research for BioFun-4, targeting *Phytophthora infestans*, an Oomycete (water mould) that causes late blight/potato blight, with the University of Aberdeen, and furthering BioFun-7, its ongoing R&D program in partnership with the Gates Foundation targeting leafspot disease, with the University of California-Davis.
- Biotalys continued to advance its first bioinsecticide in collaboration with Syngenta Crop Protection, a top producer of insecticides, to target harmful insect pests.
- Embracing the opportunity to apply artificial intelligence (AI) technology to its AGROBODY™ 2.0 technology platform, [Biotalys recently initiated a collaboration with Google DeepMind and Devoteam on AlphaFold2](#), an AI platform, to predict the precise 3D shapes of proteins. As the AGROBODY platform applies a targeted approach requiring the detailed characterization of target proteins of the fungal diseases or pests, Biotalys is leveraging AlphaFold2 to speed the validation of AGROBODY™ bioactive discoveries and improve its R&D and go-to-market workflows.
- Biotalys' scientific team also recently published a scientific paper exploring the biocontrol breakthroughs afforded by its AGROBODY platform, the promise of biocontrols in crop protection, and EVOCA specifically in the Journal of Plant Diseases and Protection: <https://rdcu.be/dAEEh>.
- Early in 2024, Biotalys again earned Top 100 status in Forward Fooding's [FoodTech 500 list](#), climbing to #62. FoodTech 500 ranks global entrepreneurial talent at the intersection of food, technology and sustainability. And as announced yesterday, Biotalys was granted the [2024 AgTech Breakthrough Award](#) for Sustainable Crop Protection Company of the Year.
- In May, Biotalys [announced](#) the appointment of Laura J. Meyer to its Board of Directors, effective 25 September 2024. Her career in agriculture spans more than 28 years in various financial roles. Until recently, she was Vice President, Investor Relations at Bayer, responsible for the Crop Science division. Laura Meyer will be a great asset to Biotalys in its commercialization and growth ambitions.

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

2.2 REGULATORY UPDATE FOR EVOCA

Biotalys continues to work closely with the EPA (Environmental Protection Agency) in the United States and the CTGB (College voor de Toelating van Gewasbeschermingsmiddelen en Biociden) in Europe on EVOCA's regulatory review.

- In the U.S., the EPA's review is progressing and Biotalys has not received additional questions from the authority on the dossier in 2024. Meanwhile, Biotalys is preparing a regulatory dossier for its next generation of the product, EVOCA NG, for submission. As EVOCA NG has the same bioactive as EVOCA with an optimized production process and formulation which is expected to lower production costs, the company plans to apply for an amendment procedure, which is anticipated to have a shorter review time compared to a standard procedure.
- In Europe, the rapporteur Member State is The Netherlands where the CTGB (College voor de Toelating Gewasbeschermingsmiddelen en Biociden) is currently reviewing the regulatory dossier. CTGB recently requested additional information, which the company plans to submit next week allowing the authority to finalise its review and send its report to the European level for peer review by EFSA and the European Member States. For EVOCA NG, the company plans to apply at EU level for an equivalency procedure, with a significantly shorter review timeline.
- On 21 August 2024, the same CTGB granted Biotalys the approval to test EVOCA in large scale demonstration trials, allowing application of the product against powdery mildew in 40 hectares of tomatoes, 20 hectares of cucumbers and 10 hectares of strawberries. Importantly, it will also be allowed to sell the fruits and vegetables resulting from these trials for human consumption.** This is an exemption to standard practices requiring crop destruction when a product is used that has not yet received regulatory approval. This decision reinforces Biotalys' confidence that the product is safe to use.

** Decisions of the CTGB are subject to appeal during a period of six week following the publication of the decision.

2.3 SELECTED FINANCIAL INFORMATION

In € thousands	June 30, 2024	June 30, 2023
Other operating income	1,452	1,318
Research and development expenses	(5,135)	(8,661)
General and administration expenses	(2,777)	(2,771)
Marketing expenses	(113)	(741)
Operating loss	(6,574)	(10,855)
Loss of the period	(6,489)	(10,664)
Net cash used in operations	(6,527)	(8,516)
Net cash outflow of the period	(6,890)	(2,208)
Cash and cash equivalents	14,680	31,886

- **Other operating income** for the first half of 2024 amounted to €1.5 million, and mainly relates to amounts recognized for R&D tax incentives received and grants awarded to support ongoing R&D activities.
- **Research and development expenses** amounted to €5.1 million for the first half year, a decrease of €3.5 million compared to the same period of 2023. These decreases primarily relate to lower costs for external R&D and material costs (-€2.3 million), partly due to lower spending in EVOCA project while pending EPA approval. Other decreases include lower wages & benefits (-€0.6 million) as the result of re-organization in the second half of 2023, and overall decrease in other miscellaneous operational R&D spendings.

- **General and administrative expenses** remain at €2.8 million for the first half of 2024, compared to €2.8 million in the same period of 2023.
- **Net cash used in operating activities** decreased by €2.0 million, to €6.5 million for the six months ended 30 June 2024. This decrease was primarily caused by decreases in spending on research and development expenses.

2.4 OUTLOOK

- Biotalys will continue to concentrate resources on obtaining registration for its first product candidate EVOCA as well as on advancing the targeted approach to our research platform.
- Pending the regulatory decision for EVOCA, the company will continue the development of its first margin-generating product EVOCA NG in collaboration with Novonesis.
- Biotalys expects the results of initial field trials with BioFun-6 in grapes by the end of 2024.
- The company will progress its pipeline programs and expects to initiate a new R&D biofungicide program for a new pathogen later this year.
- Together with the cash and cash equivalents balance of €14.7 million at the end of H1 2024, the company expects the current financial runway to extend into Q2 2025 without considering additional financing through equity, newly awarded grants, partnerships or other sources of financing.

3 PRINCIPAL RISKS RELATED TO THE BUSINESS ACTIVITIES

The principal risks and uncertainties related to the Biotalys' business activities are outlined in Biotalys' annual report for the accounting year 2023 on p. 124 and p. 141-152 which is available on Biotalys' [website](#). In brief, the principal risks and uncertainties faced by Biotalys relate to strategic and commercial risks, operational risks, regulatory risks and financial risks. These include risks and uncertainties related to research & development of products, production and potential commercialization of product candidates, dependence on third parties, the organisation of Biotalys and its dependence on key employees, legal and regulatory risks, risks related to intellectual property and risks related to its financial position. The principal risks have not changed from the ones outlined in the annual report for the accounting year 2023.

4 MAIN RELATED PARTY TRANSACTIONS

The Company did not enter into any transactions with related parties during HY 1 2024.

5 INDEPENDENT AUDITORS' REPORT

Report on the review of the condensed consolidated interim financial information of Biotalys NV for the six-month period ended 30 June 2024

In the context of our appointment as the company's statutory auditor, we report to you on the condensed consolidated interim financial information. This condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as the notes to the condensed consolidated financial statements.

Report on the condensed consolidated interim financial information

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

The condensed consolidated statement of financial position shows total assets of 29 482 (000) EUR and the condensed consolidated statement of profit or loss, and other comprehensive income shows a loss for the period then ended of 6 489 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review of the condensed consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial information.

Conclusion

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

Emphasis of matter paragraph - material uncertainties relating to going concern

We draw attention to note 7.6 of the condensed consolidated interim financial information, which states that the advancement of the Group's candidate products and other pipeline projects entails various risks and uncertainties, including but not limited to the uncertainty of the development and regulatory review process and the timing of achieving profitability. The Company has incurred operating losses since its inception and operating losses and negative cash flows from operations are expected to continue for the foreseeable future. As a result, the Company will require additional capital to fund its operations and execute its business plan. The above conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern.

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 obtaining additional financing through equity, grants, partnerships, or other sources of financing. There is no assurance that new financings or other transactions will be available to the Company on commercially acceptable terms, or at all. Our conclusion is not modified in respect of this matter.

Signed at Zaventem.

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL

Represented by Pieter-Jan Van Durme

6 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.1 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in thousands of euros)	Note	30 June 2024	31 December 2023
Non-current assets		11,023	11,671
Intangible assets		606	642
Property, plant and equipment	7.8	4,509	4,863
Right-of-use assets	7.8	3,148	3,571
Deferred tax assets		19	18
Other non-current assets		2,742	2,577
Current assets		18,459	24,910
Receivables		952	750
Other financial assets		2,110	2,100
Other current assets	7.9	717	490
Cash and cash equivalents	7.10	14,680	21,570
TOTAL ASSETS		29,482	36,582
 EQUITY AND LIABILITIES (in thousands of euros)	 Note	 30 June 2024	 31 December 2023
Equity attributable to owners of the parent		19,576	25,569
Share capital	7.11	4,755	46,198
Share premium	7.11	15,588	15,488
Accumulated losses	7.11	(5,103)	(40,200)
Other reserves		4,336	4,082
Total equity		19,576	25,569
Non-current liabilities		5,151	5,467
Borrowings	7.12	4,521	4,841
Employee benefits obligations		26	23
Provisions		92	91
Other non-current liabilities	7.13	512	512
Current liabilities		4,755	5,546
Borrowings	7.12	964	1,232
Trade and other liabilities		1,895	2,591
Other current liabilities	7.13	1,896	1,723
Total liabilities		9,905	11,013
TOTAL EQUITY AND LIABILITIES		29,482	36,582

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

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

FOR THE 6 MONTHS ENDED 30 JUNE

in € thousands	Note	2024	2023
Other operating income	7.15	1,452	1,318
Research and development expenses	7.16	(5,135)	(8,661)
General and administrative expenses	7.16	(2,777)	(2,771)
Sales and marketing expenses	7.16	(113)	(741)
Operating loss		(6,574)	(10,855)
Financial income		335	422
Financial expenses		(161)	(191)
Loss before taxes		(6,400)	(10,624)
Income taxes		(89)	(40)
LOSS FOR THE PERIOD		(6,489)	(10,664)
<hr/>			
Other comprehensive income (OCI)			
<i>Items of OCI that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations	7	(3)	
TOTAL COMPREHENSIVE LOSS OF THE PERIOD		(6,482)	(10,667)
<hr/>			
Basic and diluted loss per share (in €)	7.17	(0.20)	(0.34)
Loss for the period attributable to the owners of the Company		(6,489)	(10,664)
Total comprehensive loss for the period attributable to the owners of the Company		(6,482)	(10,667)

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

6.3 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE

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

(in € thousands)	Attributable to equity holders of the Company					Total Equity	
	Share capital	Share premium	Other reserves		Accumulated losses		
			Share-based payment reserve	Currency translation reserve			
Balance at 31 December 2023	46,198	15,488	4,060	22	(40,200)	25,569	
Share-based payments	-	-	347	-	-	347	
Exercise of ESOP Warrants	142	100	(100)	-	-	142	
Reduction of capital by absorption of losses	(41,585)	-	-	-	41,585	0	
Total comprehensive loss	-	-	-	7	(6,489)	(6,482)	
Balance at 30 June 2024	4,755	15,588	4,307	29	(5,103)	19,576	

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

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

in € thousands	Note	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		(6,574)	(10,855)
Adjustments for:			
Depreciation, amortization and impairments		918	888
Share-based payment expense		348	723
R&D tax credit		(440)	(355)
Other		9	(41)
Operating cash flows before movements in working capital		(5,739)	(9,640)
Changes in working capital:			
Receivables		73	447
Other current assets		(227)	(106)
Trade and other payables		(718)	(953)
Other current and non-current liabilities		84	1,861
Cash used in operations		(6,527)	(8,392)
Taxes paid		0	(124)
Net cash used in operating activities		(6,527)	(8,516)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		283	251
Purchases of property, plant and equipment	7.8	(93)	(224)
Proceeds from disposal of property, plant and equipment		41	-
Investments in other financial assets		(10)	(8)
Net cash provided by investing activities		221	20
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings	7.12	(215)	(211)
Repayment of lease liabilities	7.12	(429)	(438)
Interests paid		(82)	(79)
Proceeds from issue of equity instruments of the Company	7.11	142	7,016
Net cash provided by (used in) financing activities		(584)	6,289
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,890)	(2,208)
CASH AND CASH EQUIVALENTS at beginning of period		21,570	34,096
Effect of foreign exchange rates		0	(2)
CASH AND CASH EQUIVALENTS at end of period		14,680	31,886

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

7 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 GENERAL INFORMATION

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

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

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 21 August 2024 and has been subject to a limited review by an independent auditor.

7.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group’s condensed consolidated interim financial statements for the 6-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as endorsed by the European Union (“IAS 34”).

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2023, which were prepared in accordance with IFRSs. The same accounting policies, presentation and methods of computation have been applied in these condensed financial statements as were applied in the preparation of the Group’s financial statements for the year ended 31 December 2023, except for the impact of the adoption of new Standards and Interpretations as described below.

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

The consolidated financial statements are prepared on an accrual basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future (see also note 7.6 below).

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 of the consolidated financial statements for the year ended 31 December 2023.

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 2024 onwards

The following relevant new amendments to existing standards have been published and are mandatory for the first time for the financial periods beginning on or after 1 January 2024:

- 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)
- 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)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024).

The above-mentioned standard did not have an impact on the condensed consolidated interim financial statements.

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

The following IFRS standards, interpretations and amendments that have been issued but that are not yet effective and have not been applied to the condensed consolidated interim financial statements closed on 30 June 2024:

- 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)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (applicable for annual periods beginning on or after 1 January 2026, but not yet endorsed in the EU)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (applicable for annual periods beginning on or after 1 January 2027, but not yet endorsed in the EU)
- IFRS 18 Presentation and Disclosure in Financial Statements (applicable for annual periods beginning on or after 1 January 2027, 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.

7.3 MEASUREMENT IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

7.4 RESEARCH & DEVELOPMENT REVENUE

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

7.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

7.6 GOING CONCERN

The accompanying condensed consolidated interim 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 advancement of Biotalys' candidate products and other pipeline projects entails various risks and uncertainties, including but not limited to the uncertainty of the development and regulatory review process and the timing of achieving profitability. Investments are being made in research and development, while there are currently no commercial revenues. This is in line with the business plan and typical for a pre-commercial Ag-tech company in the research- and development phase, such as Biotalys.

The Company has incurred operating losses since its inception and operating losses and negative cash flows from operations are expected to continue for the foreseeable future. As a result, the Company will require additional capital to fund its operations and execute its business plan. As of 30 June 2024, the Company had €14.7 million in cash and cash equivalents and it had no committed source of additional funding from either debt or equity financings. The Company expects the financial runway to extend into Q2 2025 without considering any mitigating actions or additional financing through equity, newly awarded grants, partnerships or other sources of financing. The above conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern.

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 obtaining additional financing through equity, grants, partnerships or other sources of financing. There is no assurance that new financings or other transactions will be available to the Company on commercially acceptable terms, or at all.

The Board of Directors implemented a number of measures during 2023 to extend the financial runway of the Group and Management continues to exercise control over the level of spending. There are few or no other significant long-term financial commitments besides labor agreements and lease obligations.

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.

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

7.7 FINANCIAL INSTRUMENTS

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

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

During the period, the Group acquired property, plant and equipment totaling €73 thousand related primarily to additional lab equipment in our headquarters in Sint-Denijs-Westrem. The Group also executed the purchase option on a leased lab equipment, increasing the property, plant and equipment with an additional €269 thousand.

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

During the first half year of 2024, the Group also received lab equipment per a lease contract entered into during December 2023 for an amount of €70 thousand.

7.9 OTHER CURRENT ASSETS

Of the total of €717 thousand at 30 June 2024 (€490 thousand at 31 December 2023), €47 thousand relates to deferred charges for field trials where the related services have not yet been performed.

7.10 CASH AND CASH EQUIVALENTS

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

In € thousands	30 June 2024	31 December 2023
Cash at bank and in hand	2,742	7,670
Short-term bank deposits	11,938	13,900
Total cash and cash equivalents	14,680	21,570

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

7.11 SHARE CAPITAL

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

In April 2024, share capital decreased as a result of the absorption of accounting losses for a total amount of €41,586 thousand, with a counterpart in the financial statements line item 'accumulated losses'. The absorption of the accumulated losses into share capital is a non-cash accounting transaction.

7.12 BORROWINGS

In € thousands	30 June 2024	31 December 2023
Bank borrowings	2,673	2,888
Lease liabilities	2,812	3,185
Total borrowings	5,485	6,073
of which as:		
Non-current borrowings	4,521	4,841
Current borrowings	964	1,232

Lease liabilities

The weighted average incremental borrowing rate used for the measurement of the lease liabilities is 2.23% at closing June 2024 (2023: 2.13%). The underlying leased assets act as pledge in the context of the lease liabilities. Certain restrictive covenants are contained in the lease liabilities and the Group was in compliance with such covenants (level of cash position in excess of €1,500 thousands) as of 30 June 2024.

Bank loan

On 20 May 2020, the Group entered into a bank loan for leasehold improvements of its new facilities in Belgium with a maximum committed amount of €4,000 (the “Bank Loan”). The committed funds were completely drawn by May 2021, after which the Bank Loan turned into an amortizing loan over a period of 9 years with a fixed interest rate of 1.95% per annum.

The Group has one bank loan which contains certain restrictive covenants including a clause that requires the Group to increase the amount of cash held as a pledge to an amount at least equal to the outstanding balance of the loan if the overall cash balance at the bank falls below €10,000 thousands. The Group was in compliance with such covenants as of 30 June 2024.

7.13 OTHER CURRENT AND NON-CURRENT LIABILITIES

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

7.14 RESEARCH COLLABORATION

In 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 30 June 2024, €39 thousands cumulatively have been recognized as revenue, of which (€11 thousands in 2024).

7.15 OTHER OPERATING INCOME

For the six months ended In € thousands	2024	2023
Grants	575	610
R&D tax incentives	774	685
Other income	103	23
Total other operating income	1,452	1,318

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

The R&D tax incentives correspond to certain rebates on payroll withholding taxes for scientific personnel and Belgian research and development tax credit with regard to incurred research and development expenses. The R&D tax credit will be paid to the Group in cash after a five-year period, if not offset against the taxable basis over the respective period.

7.16 OPERATING EXPENSES BY NATURE

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

For the six months ended In € thousands	2024	2023
Employee benefit expense	4,679	5,678
R&D materials and external services	860	3,187
Depreciation expense of property, plant and equipment	651	527
Depreciation expense of right-of-use assets	220	327
Amortization expense of intangible assets	46	34
Facilities and IT related costs	523	612
Patents and IP	108	263
Other	937	1,545
Total operating expenses	8,026	12,173

of which as:

Research and development expenses	5,135	8,661
General and administrative expenses	2,777	2,771
Sales and marketing expenses	113	741

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

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

7.17 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the period 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 table below reflects the income and share data used in the basic and diluted earnings per share computations:

For the six months ended in € thousands	2024	2023
Basic earnings		
Loss from continuing operations attributable to owners of the parent	(6,489)	(10,664)
Diluted earnings		
Dilution effect of share-based payments	-	-
Loss from continuing operations attributable to owners of the parent, after dilution effect	(6,489)	(10,664)
For the six months ended Number of shares	2024	2023
Weighted average number of ordinary shares outstanding during the period	32,151,716	31,071,358
Weighted average number of ordinary shares outstanding during the period for basic and diluted earnings per share	32,151,716	31,071,358
For the six months ended in €	2024	2023
Basic and diluted earnings per share	(0.20)	(0.34)

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

7.18 COMMITMENTS AND CONTINGENCIES

Capital Expenditures

At 30 June 2024, the Group has no capital expenditure commitment.

Contractual Agreements

The Group has currently no open commitments with Contract Manufacturing Organizations ("CMOs") (December 2023: € 50 thousand).

The Group has also entered into development agreements with various Contract Research Organizations ("CROs") and field trial operators. These arrangements are service agreements which only require payment dependent on the completion of the service and delivery of the final reports. Total outstanding non-cancelable purchase commitments under these agreements, excluding amounts

accrued for services already performed, amount to €668 thousands as per the end of June 2024 (December 2023: €630 thousand).

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

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

7.19 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

8 DISCLAIMER AND ADDITIONAL INFORMATION

About Biotalys

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

Forward looking statements

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

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