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This document has been prepared by the Company, in connection with the contemplated offering of the shares of the Company made by way of (i) an initial public offering to retail and institutional, qualified and other investors in Belgium, (ii) a private placement in the United States of America (the "**U.S.**") to persons that are reasonably believed to be qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") in a manner not requiring registration under the U.S. Securities Act, and (iii) a private placement to certain qualified and/or institutional investors in the European Economic Area, the United Kingdom and Switzerland pursuant to private placement exemptions under applicable laws and regulations in such jurisdictions, with the offering referred to in (i) and (iii) occurring outside the United States in reliance on Regulation S under the U.S. Securities Act, with a view to the admission of all of the Company's shares to listing and trading the regulated market of Euronext Brussels (the "**Offering**").

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "**EEA**") AND THE UNITED KINGDOM (EACH A "**RELEVANT STATE**"), THE DOCUMENT IS ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN THAT RELEVANT STATE, OTHER THAN BELGIUM (IN RESPECT OF WHICH NO SUCH RESTRICTION APPLIES), WHO ARE "QUALIFIED INVESTORS" (EACH A "**QUALIFIED INVESTOR**") WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71/EC, AS AMENDED FROM TIME TO TIME, TO THE EXTENT IMPLEMENTED IN THE RELEVANT STATE AND ANY IMPLEMENTING MEASURE IN EACH RELEVANT STATE, (THE "**PROSPECTUS REGULATION**").

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The Underwriters are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Offering and will not be responsible to anyone other than the Company or providing the protections afforded to their clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

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Biotalys NV
Buchtenstraat 11, 9051 Sint-Denijs-Westrem, Belgium

Offering of up to 6,333,333 ordinary Shares
Price Range: €7.50 to €8.50 per Offered Share
Listing of all Shares on Euronext Brussels

This prospectus (the "**Prospectus**") relates to the initial offering (the "**Offering**") by Biotalys NV (the "**Company**"), a limited liability company organized under the laws of Belgium, registered with the Belgian legal entities register (Ghent, division Ghent) under enterprise number 0508.931.185, of up to 6,333,333 new shares, with no nominal value, of the Company (the "**Shares**"). The Shares being offered by the Company during the Offering, including, as the case may be, pursuant to the Increase Option and the Over-allotment Option (as defined below), are herein referred to as the "**Offered Shares**".

The Offering consists of (i) an initial public offering to retail and institutional investors in Belgium (the "**Belgian Offering**"); (ii) a placement in the United States to persons that are reasonably believed to be qualified institutional buyers ("**QIBs**") (as defined in Rule 144A ("**Rule 144A**") under the US Securities Act of 1933, as amended (the "**US Securities Act**")); and (iii) a placement to certain qualified and/or institutional investors in the European Economic Area ("**EEA**"), the United Kingdom and Switzerland (those qualified and/or institutional investors together with the QIBs are collectively being referred to as the "**Institutional Investors**"). The Offering outside the United States will be made in compliance with Regulation S ("**Regulation S**") under the US Securities Act. Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

In the event that the Offered Shares initially offered have been subscribed in full, the aggregate number of new shares offered in the Offering may be increased by up to 15% of the aggregate number of new shares initially offered to a number of 7,283,332 new shares (the "**Increase Option**"). Any decision to exercise the Increase Option will be communicated, at the latest, on the date of the announcement of the Offering Price (as defined below).

An investment in the Offered Shares involves substantial risks and uncertainties, including the following risks: (i) Biotalys has never brought a product to the market. All but one of Biotalys' product candidates are still in early stages of discovery. Only one product candidate is in the registration phase, but will, if regulatory approval is obtained, only be introduced as a market test and 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 term, if ever or may not be well understood, may be difficult to apply or may not be accepted by customers, (ii) the current costs of manufacturing Biotalys' product candidates are high. 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, (iii) Biotalys has not yet obtained regulatory approval for any of its product candidates. The crop protection products industry is subject to a stringent regulatory environment including extensive regulations for obtaining product registrations. Biotalys may not be able to obtain or maintain the necessary regulatory approvals for its product candidates, which will restrict its ability to sell the product candidates in some markets. Biotalys' inability to obtain regulatory approvals, or to comply with ongoing and changing regulatory requirements, could delay or prevent sales of the product candidates Biotalys is developing and intends to commercialize, (iv) 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, and (v) in Biotalys' opinion, it does not currently have sufficient working capital to satisfy its present or anticipated future working capital requirements for at least the next 12 months following the date of this Prospectus. Prospective investors should read the entire document and, in particular, should read section 2 (*Risk Factors*) for a discussion of certain factors which should be considered in connection with an investment in the Shares. Although these risk factors are not necessarily all ranked in order of their materiality, in each category the risk factors which in the assessment of Biotalys are the most material, taking into account the negative impact on Biotalys and on the Shares and the probability of its occurrence, are mentioned first. All of these factors should be considered before investing in the Shares. Prospective investors must be able to bear the economic risk of an investment in the Shares and should be able to sustain a partial or total loss of their investment.

Any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Shares and arises or is noted between the date of approval of this Prospectus and the time of closing of the Offering Period (as defined hereafter) or the Listing Date (as defined hereafter), whichever occurs later, must be mentioned in a supplement to this Prospectus. This Prospectus will be valid until 22 June 2022. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply after 22 June 2022.

Joh. Berenberg, Gossler & Co. KG, acting as stabilization manager (the "**Stabilization Manager**"), acting on behalf of the Underwriters (as defined herein), has been granted, subject to the closing of the Offering, a warrant to purchase additional new Shares in a number equal to up to 15% of the actual number of Shares subscribed for in the Offering (i.e., including the new Shares subscribed for pursuant to the effective exercise of the Increase Option, if any, but capped at 15% of the actual number of shares subscribed in any event) at the Offering Price to cover overallotments or short positions, if any, in connection with the Offering (the "**Over-allotment Option**"). The Over-allotment Option will be exercisable for a period of 30 days following Listing Date (as defined herein) and can be exercised up to its cap even if the Offering has not been subscribed in full. The Stabilization Manager, acting on behalf of the Underwriters, may engage in transactions that stabilize, maintain or otherwise affect the price of the Shares during a period of 30 calendar days following the Listing Date. These activities may support the market price of the Shares at a higher level than that which might otherwise prevail.

There is no minimum amount for the Offering. Certain existing shareholders of the Company, including all of the Company's existing shareholders holding more than 5% of the outstanding Shares prior to the closing of the Offering as mentioned under section 11.1 (*Major shareholders – Overview*), as well as Federale Participatie- en Investeringsmaatschappij NV and BNP Paribas Fortis Private Equity Belgium NV/SA (the "**Participating Investors**") have irrevocably committed to subscribe for an aggregate amount of €27.86 million in the Offering at the Offering Price in exchange for a guaranteed allocation of the corresponding number of Offered Shares (the "**Subscription Commitments**"), subject only to (i) full allocation of their respective Subscription Commitment, and (ii) the closing of the Offering. In the event of over-subscription of the Offering, the Subscription Commitments of the Participating Investors shall not be reduced but be allocated entirely. As there is no minimum amount of the Offering, if not all of the Offered Shares are subscribed for in the Offering, the net proceeds from the Offering could be limited to the net proceeds from the Subscription Commitments.

The price per Offered Share (the "**Offering Price**") will be determined after the Offering Period (as defined below) through a book-building process during the Offering Period in which only qualified and/or institutional investors may participate, taking into account various relevant qualitative and quantitative elements, including but not limited to the number of Offered Shares for which subscriptions are received, the size of subscription orders received, the quality of the investors submitting such subscription orders and the prices at which the subscriptions orders were made, as well as market conditions at that time. See section 14.4 (*The Offering – Offering Price*) for further information. The Offering Price, the number of Offered Shares sold in the Offering and the allocation of Offered Shares to retail investors is expected to be made public in the Belgian financial press and by means of a publication on the websites of the Company and Euronext Brussels in accordance with Article 21 (2) of the Prospectus Regulation on or about 1 July 2021 and in any event no later than the first business day after the end of the Offering Period. The Offering Price will be a single price in Euros, exclusive of the Belgian tax on stock exchange transactions, and of costs, if any, charged by financial intermediaries for the submission of applications. The Offering Price is expected to be between €7.50 and €8.50 per Offered Share (the "**Price Range**"). The Offering Price may be set within the Price Range or below the lower end of the Price Range but will not exceed the higher end of the Price Range. A supplement to the Prospectus shall be published should the Offering Price be set below the lower end of the Price Range. If a supplement to the Prospectus is published, investors will have the right to withdraw their orders made prior to the publication of the supplement. See section 14.10 (*The Offering – Right to withdraw*).

The offering period will begin on 23 June 2021 and is expected to end no later than 2:00 pm (CEST) on 1 July 2021 (the "**Offering Period**"), subject to early closing, provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus. However, in accordance with the possibility provided for in Article 3, §2 of the Royal Decree of 17 May 2007 on primary market practices (the "**Royal Decree on Primary Market Practices**"), the subscription period for the retail offering is expected to end no later than 4:00 pm (CEST) on 30 June 2021, the day before the end of the institutional bookbuilding period, due to the timing and logistical constraints associated with the centralization of the subscriptions placed by retail investors with the Underwriters and with other financial institutions. Any early closing of the Offering Period will be announced in the Belgian financial press and by means of a press release, and the dates for pricing, allocation, publication of the Offering Price and results of the Offering, "if-and-when-issued-and/or-delivered" trading and closing of the Offering will in such case be adjusted accordingly. A supplement to the Prospectus shall be published in case of an early closing of the Offering Period without placement of the total number of Offered Shares.

Prior to the Offering, there has been no public market for the Shares. An application has been made to list all of the Company's existing Shares as well as newly issued Offered Shares on the regulated market of Euronext Brussels under the symbol "BTLS". Trading of the Shares on Euronext Brussels is expected to commence, on an "if-and-when-issued and/or delivered" basis, on or about 2 July 2021 (the "**Listing Date**"), provided that this may be accelerated in case of early closing.

Delivery of the Offered Shares is expected to take place in dematerialized (book-entry) form against payment therefore in immediately available funds on or around 5 July 2021 (the "**Closing Date**"), provided that this may be accelerated in case of early closing, to investors' securities accounts via Euroclear Belgium, the Belgian central securities depository. By way of exception to the foregoing, the Offered Shares that will be issued to Participating Investors which are existing shareholders of the Company on the date of the Prospectus pursuant to the Subscription Commitments (unless such Participating Investor is an Institutional Investor and has an existing client relationship with one of the Underwriters), will be delivered in registered form on or about their issuance. See section 14.13 (*The Offering – Form of the Offered Shares and delivery*).

This document constitutes an offer and listing prospectus for purposes of Article 3 of Regulation 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"). This Prospectus has been drawn up in accordance with Annex 1 and Annex 11 of the Commission

Delegated Regulation (EU) No 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Regulation (EC) No 8092004 (the "**Delegated Regulation 2019/980**") and the key financial information contained in the summary of this Prospectus was prepared in accordance with Annex 1 to Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) No 2016/301 (the "**Delegated Regulation 2019/979**" and together with the Delegated Regulation 2019/980 the "**Delegated Regulations**"). In accordance with Article 20 of the Prospectus Regulation, the English language version of this Prospectus was approved by the Belgian Financial Services and Market Authority (the "**FSMA**") on 22 June 2021, as competent authority under the Prospectus Regulation. The FSMA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Offered Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Offered Shares.

The Shares have not been and will not be registered under the US Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from the registration requirements of the US Securities Act. The Shares are being offered outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the Shares, see section 3.4.1 (*Important information – Selling restrictions and transfer restrictions – Notice to prospective investors in the United States*).

Joint Global Coordinators & Joint Bookrunners

BERENBERG
PARTNERSHIP SINCE 1590

KBC Securities

Joint Bookrunner

Belfius

Joint Bookrunner and Lead US Bookrunner

OPPENHEIMER

Prospectus dated 22 June 2021

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1. SUMMARY

A. Introduction and warnings

1. Introduction

Name and international securities identification code	Biotalys ordinary share, with ISIN code BE0974386188.
Identity and contact details of the issuer	Biotalys NV - enterprise number: 0508.931.185 - registered office: Buchtenstraat 11, 9051 Sint-Denijs-Westrem, Belgium - Legal Entity Identifier ("**LEI**"): 69940040QC7E3C0G3X07 – telephone number: +32 (0)9 274 54 00.
Competent authority	Financial Services and Markets Authority ("**FSMA**"), Congresstraat 12-14, 1000 Brussels, Belgium.
Date of prospectus approval	The FSMA approved the English version of this Prospectus (including the Summary) in accordance with Article 20 of the Prospectus Regulation on 22 June 2021.

Unless otherwise stated in this Summary, the capitalized terms used in this Summary shall have the meaning as defined in the Prospectus.

2. Warnings

This Summary should be read as an introduction to the Prospectus. Any decision to invest in the Offered Shares should be based on a consideration of the Prospectus as a whole by the investor and not just the Summary. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under national law of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference in it before the legal proceedings can be initiated. Civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offered Shares.

B. Key Information on the issuer

1. Who is the issuer of the securities?

Identification. The Company is a public company with limited liability (*naamloze vennootschap/société anonyme*) incorporated and operating under the laws of Belgium and is domiciled in Belgium. The Company is registered with the legal entities register (Ghent, Ghent division) under enterprise number 0508.931.185. The Company's registered office is located at Buchtenstraat 11, 9051 Sint-Denijs-Westrem, Belgium. The Company's LEI is 69940040QC7E3C0G3X07.

Principal activities. Biotalys is an Agricultural Technology (AgTech) company focused on addressing food protection challenges with proprietary protein-based biocontrol solutions and aiming to provide alternatives to conventional chemical pesticides for a more sustainable and safer food supply. Biotalys' ambition is to address three core challenges facing global food production today: the 1.6 billion tons of global food wasted every year, the potential effects of conventional chemical pesticides on biodiversity and food safety, and the sustainable food production from farm to fork.

Biotalys' approach is powered by its AGROBODY Foundry™ platform, that has the potential to generate a wealth of biocontrol innovations, which aim to combine conventional chemical-like performance with the clean safety profile of biologicals, faster and at lower development costs to conventional chemical approaches. Biotalys' AGROBODY Foundry™ platform has been designed by Biotalys to enable the identification of targeted small antibody-derived proteins to address major food pests and diseases. Biotalys' product candidates have distinctive modes of action as compared to existing food protection products, allowing reduction of targeted pests and diseases when used in the framework of an integrated pest management ("**IPM**") program. Biotalys' product candidates, also named AGROBODY™ biocontrols, are obtained by simple fermentation and are formulated to match the requirements of the target markets.

To date, Biotalys has built a strong and diverse pipeline of seven product candidates. All but one of these product candidates are still in early to late discovery phase and one product candidate is in the late development phase. Biotalys' first market test product candidate Evoca™ was submitted to the Environmental Protection Agency (EPA) in the US for approval in December 2020 and Biotalys expects to be able to receive registration approval in H2 2022 and initiate a stepwise market testing in selected states in the US between late 2022 and 2024. Evoca™ was also submitted in March 2021 to obtain EU registration approval and Biotalys expects to receive approval in the course of 2024 for the EU market. Given the limited scale of the market test and the high production costs related to Evoca™ as a result of the low production efficiency, it is not expected that Evoca™ will be a profitable product for Biotalys. The main purpose of the Evoca™ market test will be to demonstrate the competitive features of the product candidates generated through the AGROBODY Foundry™ platform, and Biotalys intends to retire Evoca™ upon launch of the next generation of its biofungicides, which is currently expected to be initiated, subject to obtaining registration approval, as of 2026.

Although exceptions exist, biological food protection products generally offer a more sustainable and safer alternative to conventional chemical food protection products, with the potential to drastically reduce chemical residues. Different modes of action offer the opportunity to reduce food waste by controlling resistance of crop pests and diseases, and a safer profile provides the opportunity to use these products pre- and post-harvest. The biological food protection market has been growing at rates well above the conventional chemical food protection market. Despite this growth, the market for biological crop protection products is still underdeveloped when compared to conventional chemical products (5% (approximately $3.7 billion in 2019) of the total value of the global crop protection market) and despite the generally cleaner safety profile, many biological food protection products are

unable to match the efficacy and consistency of conventional chemical alternatives. If advances in technology enable the development of new biological food protection products that can equal the performance and consistency of conventional chemical food protection products, Biotalys believes market growth in the biological food protection sector could accelerate even further. Biotalys indeed believes that its product candidates will demonstrate a biological-like clean human and environmental safety profile, due to their intrinsic rapid biodegradability, while providing conventional chemical-like performance and consistency when used as per label recommendation (on the basis of the product attributes demonstrated in the field trial program) in an IPM program. Biotalys' AGROBODY™ proteins are selected early on in the discovery phase on the basis of, among other, their stability, and, although they are derived from Camelidae antibodies and genetically modified microorganisms ("**GMM**") are used in the production process, they do not contain living organisms typically impacting many existing biologicals' efficacy and consistency. In addition, Biotalys' first market test product candidate Evoca™ has been tested in more than 300 field trials over multiple seasons under different environmental conditions during the development phase for product development and positioning, comparing its performance to conventional chemical and biological crop protection products. These field trials have demonstrated that Evoca™, although less effective than conventional chemical reference products in solo applications under high disease pressure, combines the strength of conventional chemical reference products under low to moderate disease pressure when used in an IPM program, with the safety profile of biologicals.

Finally, the growth in the biological crop protection market has to a large extent been driven by the strengthening regulations relating to the use of conventional chemical food protection products, especially in the EU, one of Biotalys' main target markets, and by the growth of organic farming. In addition, the US, also one of Biotalys' main target markets, has established specific fast track regulatory approval procedures for biocontrol products. However, the US lags behind other agricultural countries in banning harmful pesticides, the EU has not established a specific fast-track regulatory path for biocontrol products, and Evoca™ is currently not eligible for organic farming.

Major shareholders. The following table presents, on an undiluted basis and assuming that no Warrants are exercised during the Offering Period, the ownership of the Shares (i) immediately prior to the closing of the Offering and (ii) immediately after the closing of the Offering assuming (a) a placement of the maximum number of Offered Shares in the Offering (and including the exercise in full of the Increase Option and the Over-allotment Option) and (b) that the Offering Price is at the mid-point of the Price Range:

Shareholder	**Shares owned before the closing of the Offering[(1)]**		**Shares owned assuming full placement of the Offered Shares (including the exercise in full of the Over-allotment Option and the Increase Option)[(2)]**	
	Number	**%**	**Number**	**%**
Gimv NV	1,294,344	5.46	1,466,173	4.57
Adviesbeheer Gimv Venture Capital 2010 NV	184,904	0.78	209,450	0.65
Biotechfonds Vlaanderen NV	2,218,151	9.36	2,451,271	7.65
Sofinnova Industrial Biotech I	3,586,963	15.14	4,061,963	12.67
Ackermans & van Haaren NV	3,482,948	14.70	3,945,448	12.31
Participatiemaatschappij Vlaanderen NV	2,218,151	9.36	2,451,271	7.65
Agri Investment Fund CVBA	1,845,351	7.79	2,090,351	6.52
Biovest NV	1,815,465	7.66	2,002,965	6.25
Madeli participaties BV	1,815,465	7.66	1,909,215	5.95
K&E BV	1,774,505	7.49	1,837,005	5.73
Novalis LifeSciences Investments I-A, L.P.	1,196,888	5.05	1,228,138	3.83
Others	2,253,919	9.52	2,266,419	7.07
Free float	0	0.00	6,143,216	19.16
TOTAL	**23,687,054**	**100.00**	**32,062,885**	**100.00**

Notes:

*(1)On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, the following transactions: (i) the conversion of all existing Preferred A Shares, Preferred B Shares and Preferred C Shares into ordinary Shares (the "**Share Consolidation**") and (ii) the reverse split of all so resulting Shares into Shares at a 2:1 ratio to increase the value per individual Share of the Company in view of the Offering (the "**Reverse Share Split**"), and acknowledged the automatic conversion of the 294,514 existing profit certificates into Shares and the profit certificates to be issued upon the exercise of the existing ESOP Warrants into Shares at a 2:1 ratio upon the issue thereof (the "**Profit Certificate Conversion**"), subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. The number of Shares and percentages shown reflect the aggregate number of Shares held by the relevant shareholder after giving effect to (i) the Share Consolidation, (ii) the Profit Certificate Conversion and (iii) the Reverse Share Split, and refers to ordinary Shares.*

(2) Including Shares allocated to the relevant Participating Investor pursuant to its Subscription Commitment.

Key directors. As of closing of the Offering, the Company's Board of Directors shall consist of Simon E. Moroney, Patrice Sellès, Johan Cardoen, Markus Heldt, Catherine Moukheibir, Luc Basstanie, Pieter Bevernage and Patrick Van Beneden.

Statutory auditor. 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 Gert Vanhees, auditor.

2. What is the key financial information regarding the issuer?

Selection of historical key financial information.

The following tables set out the selected key consolidated historical financial information of Biotalys as at the dates and for the periods indicated. The financial data have been extracted without material adjustment from the audited consolidated financial statements of the Company as of and for the years ended 31 December 2020 and 2019 (the "**Consolidated Financial Statements**") and the unaudited condensed consolidated interim financial statements for the three months ended 31 March 2021 and 2020 (the "**Condensed Consolidated Interim Financial Statements**"). The Consolidated Financial Statements have been prepared in

accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and the unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as adopted by the European Union ("**IAS 34**").

(in €000)	31 December			31 March	
For the periods ended:	**2020**	**2019**		**2021**	**2020**
Total revenue	0	0		0	0
Operating loss	(13,276)	(9,242)		(3,976)	(2,989)
Loss before taxes	(10,737)	(7,669)		(3,686)	(1,904)
Loss attributable to the equity holders	(10,750)	(7,670)		(3,690)	(1,904)

	31 December		1 January	31 March	
As at:	**2020**	**2019**	**2019**	**2021**	**2020**
Total assets	36,262	27,513	10,879	33,224	34,021
Non-current borrowings	4,332	568	604	5,822	2,389
Current borrowings	888	625	4,195	1,080	650
Cash and cash equivalents	23,103	23,358	7,770	18,773	28,255
Net financial debt[(1)]	(17,882)	(22,165)	(2,970)	(11,872)	(25,215)
Equity attributable to owners of the parent	25,648	21,073	2,219	22,072	26,989

	31 December			31 March	
For the periods ended:	**2020**	**2019**		**2021**	**2020**
Cash and cash equivalents at the start of the period	23,358	7,770		23,103	23,358
Net cash used in operating activities	(9,533)	(8,224)		(5,048)	(2,966)
Net cash used in investing activities	(6,016)	(641)		(887)	(85)
Net cash provided by financing activities	15,295	24,452		1,606	7,948
Cash and cash equivalents at the end of the period	23,103	23,358		18,773	28,255

Note (1): Net financial debt is defined as non-current borrowings and current borrowings less cash and cash equivalents. This is a non-IFRS measure and has not been audited and is not a recognized measure of financial performance under IFRS. The measure should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. The Company has presented this measure to comply with Delegated Regulation 2019/979. However, not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Investors should read them in conjunction with the Consolidated Financial Statements.

The Consolidated Financial Statements in accordance with IFRS were prepared for the year ended 31 December 2020 and include comparative information for the period ended 31 December 2019. Previous periods were not restated to IFRS as the Company did not have any subsidiaries and no consolidated financial statements were prepared. Information for the year ended 31 December 2018 under Belgian GAAP is not presented along with the IFRS balances for 2019 and 2020 as the form and valuation principles are not comparable rendering any comparison irrelevant.

Other financial information. No *pro forma* financial information is provided in the Prospectus. There are no qualifications to the audit report on the historical financial information.

3. What are the key risks that are specific to the issuer?

The following is a selection of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

- Biotalys has never brought a product to the market. All but one of Biotalys' product candidates are still in early stages of discovery. Only one product candidate (Evoca™) is in the registration phase, but will, if regulatory approval is obtained, only be introduced as a market test and 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 term, if ever or may not be well understood, may be difficult to apply or may not be accepted by customers. This is driven by a number of factors and subject to a number of risks, 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. If field trials are unsuccessful, Biotalys may be unable to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all.
  - 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, require investment in customer education and may be slowly adopted or not at all 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. In addition, the crop protection industry itself is highly competitive with an important market share taken up by major multinational agrichemical companies, and Biotalys may struggle to obtain and maintain a favorable market position.
  - 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. The current costs of manufacturing Biotalys' product candidates are high. 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.

- 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.
- 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 on a single third-party manufacturer. If Biotalys is unable to find one or more suitable third-party manufacturer(s) or if it is unable to produce Biotalys' product candidates at a satisfactory quality, in a timely manner, in sufficient quantities or at an acceptable cost, Biotalys' results of operations will be materially adversely affected.
- 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.
- 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.
- Biotalys' business could be adversely affected by the introduction of alternative crop protection measures such as pest resistant seeds or genetically modified ("GM") crops or by increased weed and insect resistance.
- Biotalys has not yet obtained regulatory approval for any of its product candidates. The crop protection products industry is subject to a stringent regulatory environment including extensive regulations for obtaining product registrations. Biotalys may not be able to obtain or maintain the necessary regulatory approvals for its product candidates, which will restrict its ability to sell the product candidates in some markets. Biotalys' inability to obtain regulatory approvals, or to comply with ongoing and changing regulatory requirements, could delay or prevent sales of the product candidates Biotalys is developing and intends to commercialize.
- Biotalys uses animals in its research and development activities. Policy reform, including recent EU policy reforms, 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' 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.
- 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.
- In Biotalys' opinion, it does not currently have sufficient working capital to satisfy its present or anticipated future working capital requirements for at least the next 12 months following the date of this Prospectus.

C. Key Information on the securities

1. What are the main features of the securities?

Type, class and ISIN. All Offered Shares shall be of the same class as the existing ordinary Shares, without nominal value, representing the same pro rata fraction of the Company's capital and will be fully paid-up upon delivery. The Shares are expected to be listed under the symbol "BTLS" with ISIN code BE0974386188. The issuance will be in euros. On the date of the Prospectus, the Company's share capital is represented by 47,079,602 fully paid-up Shares, which will, taking into account the Share Consolidation, the Reverse Share Split and the Profit Certificate Conversion, subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement, be 23,687,054 ordinary Shares.

Rights attached to the Offered Shares. Each shareholder of the Company is entitled to one vote per Share. As of the closing of the Offering, all of the Shares, including the Offered Shares, will entitle the holder thereof to an equal right to participate in dividends declared after the Closing Date (if any), in respect of the financial year ending 31 December 2021 and future years. All of the Shares will participate equally in the Company's profits (if any). Each shareholder has the right to attend a general shareholders' meeting and to vote at the general shareholders' meeting in person or through a proxy holder, who need not be a shareholder. Within the limits of article 7:139 of the BCCA, holders of securities have a right to ask questions to the directors in connection with the report of the Company's Board of Directors or the items on the agenda of such general shareholders' meeting. In principle, changes to the share capital are decided by the shareholders and the general shareholders' meeting may at any time decide to increase or reduce the share capital of the Company. In the event of a capital increase for cash with the issue of new Shares, or in the event of an issue of convertible bonds or subscription rights, the existing shareholders in principle have a preferential right to subscribe, *pro rata*, to the new Shares, convertible bonds or subscription rights. If the Company is dissolved for any reason, any balance remaining after discharging all debts, liabilities and liquidation costs must first be applied to reimburse, in cash or in kind, the paid-up capital of the Shares not yet reimbursed. Any remaining balance shall be equally distributed amongst all the shareholders.

Ranking. All Shares represent an equal share of the share capital and shall all rank junior to all debt (instruments) of the Company.

Restrictions on the free transferability. Subject to the general restrictions for the Offering and the distribution of the Prospectus, and the specific standstill and lock-up restrictions to which the Company and certain securities holders are committed in the context of this transaction, there are no restrictions on the free transferability of the Shares (including the Offered Shares) other than those applicable by law.

Dividend policy. The Company has not declared or paid dividends on its Shares in the past. The Company's dividend policy will be determined and may change from time to time by determination of the Company's Board of Directors. Any declaration of dividends will be based upon the Company's earnings, financial condition, capital requirements and other factors considered important by the Board of Directors. Belgian law and the Articles of Association do not require the Company to declare dividends.

Currently, the Company's Board of Directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the foreseeable future.

2. Where will the securities be traded?

Prior to the Offering, there has been no prior public market for the Shares. An application has been made for the listing and admission to trading on the regulated market of Euronext Brussels of all Shares, including the Offered Shares. The Shares are expected to be listed under the symbol "BTLS" with ISIN code BE0974386188. Trading is expected to commence on or about 2 July 2021 (unless in case of early closing or extension of the Offering Period) on an "as-if-and-when issued and/or delivered" basis until the Closing Date, when the Offered Shares are delivered to investors.

3. What are the key risks that are specific to the securities?

The following is a summary of selected key risks that relate to the Offered Shares and the Offering as such:

- The market price of the Shares may fluctuate widely in response to various factors. Investors may not be able to resell their Shares at or above the Offering Price and may lose all or part of their investment.
- Certain significant shareholders of the Company after the Offering may have different interests from Biotalys and may be able to control the Company, including the outcome of shareholder votes.

D. Key Information on the offer of securities to the public and the admission to trading on a regulated market

1. Under which conditions and timetable can I invest in this security?

General. The Offering consists of: (i) an initial public offering to retail and institutional investors in Belgium; (ii) a placement in the United States to persons that are reasonably believed to be QIBs as defined in Rule 144A under the US Securities Act, and (iii) a placement to certain qualified and/or institutional investors in the EEA, the United Kingdom and Switzerland (those qualified and/or institutional investors together with the QIBs are collectively being referred to as the "**Institutional Investors**"). The Offering outside the US will be made in compliance with Regulation S under the US Securities Act. Private placements may take place in member states of the EEA pursuant to an exemption under the Prospectus Regulation. The Offering is an offering of up to 6,333,333 new Shares in the Company. Such number may be increased by up to 15% to a number of 7,283,332 new Shares if the Increase Option is exercised. The actual number of new Shares issued by the Company in the Offering will only be determined after the Offering Period and will be published in the financial press and by means of a press release on the Company's website, simultaneously with the publication of the Offering Price and the allocation of Shares to Retail Investors. An application has been made for the listing and admission to trading on the regulated market of Euronext Brussels of all Shares, including the Offered Shares.

Stabilization Manager. The Stabilization Manager, acting on behalf of the Underwriters, has been granted by the Company, subject to the closing of the Offering, the Over-allotment Option, in the form of a warrant, which entitles the Stabilization Manager, acting on behalf of the Underwriters, to subscribe for additional new Shares for an aggregate number equal to up to 15% of the new Shares subscribed for in the Offering (i.e., including the new Shares subscribed for pursuant to the effective exercise of the Increase Option, if any, but capped at 15% of the actual number of Shares subscribed in any event) at the Offering Price to cover overallotments or short positions, if any, in connection with the Offering.

Offering Period. The Offering Period will begin on 23 June 2021 and is expected to close no later than 2:00 p.m. (CEST) on 1 July 2021, subject to the possibility of an early closing or extension, provided that the Offering Period will in any event be open for at least six business days. However, the Company expects the subscription period for the retail offering to end at 4:00 p.m. (CEST) on 30 June 2021 (i.e. the day before the end of the institutional bookbuilding period). Taking into account the fact that the Offering Period may be closed early, investors are invited to submit their applications as promptly as possible. Only one application per Retail Investor will be accepted.

Minimum amount. There is no minimum amount for the Offering. Certain existing shareholders of the Company, including all of the Company's existing shareholders holding more than 5% of the outstanding Shares prior to the closing of the Offering as mentioned under section "Major shareholders" above, as well as Federale Participatie- en Investeringsmaatschappij NV and BNP Paribas Fortis Private Equity Belgium NV/SA (the "**Participating Investors**") have irrevocably committed to subscribe for an aggregate amount of €27.86 million in the Offering at the Offering Price in exchange for a guaranteed allocation of the corresponding number of Offered Shares (the "**Subscription Commitments**"), subject only to (i) full allocation of their respective Subscription Commitment, and (ii) the closing of the Offering. If not all of the Offered Shares are subscribed for in the Offering, the net proceeds from the Offering could be limited to the net proceeds from the Subscription Commitments.

Withdrawal of the Offering and investors' right to withdraw. The Company reserves the right to withdraw the Offering or to reduce the maximum number of Offered Shares at any time prior to the allocation of the Offered Shares. Any withdrawal of the Offering will be published in the financial press and by means of a press release on the Company's website. To the extent required, a supplement to the Prospectus will be published. In the event of a withdrawal of the Offering, all orders received will automatically be cancelled and withdrawn, and investors will not have any claim to the delivery of the Offered Shares or any compensation. A reduction in the number of Offered Shares prior to expiry of the Offering Period will be published in the financial press and by means of a press release on the Company's website, and in a supplement to the Prospectus. In the event of a publication of a supplement to the Prospectus, investors will have the right to withdraw their orders made prior to the publication of the supplement during a period of three business days after the publication of the supplement. Investors withdrawing their order will not have any claim to the delivery of the Offered Shares or any compensation.

Offering Price. The Offering Price will be a single price in euro and will be determined within the Price Range (€7.50 to maximum €8.50 per Offered Share) on the basis of a book-building process in which only Institutional Investors can participate, taking into account various relevant qualitative and quantitative elements, including but not limited to the number of Offered Shares for which subscriptions are received, the size of subscription orders received, the quality of the investors submitting such subscription orders

and the prices at which the subscription orders were made, as well as market conditions at that time. Costs, if any, charged by financial intermediaries for the submission of applications, will apply to all investors, whether Retail Investors or Institutional Investors. The Price Range has been determined by the Company in agreement with the Underwriters. The Company reserves the right to increase or decrease the lower limit of the Price Range or to decrease the upper limit of the Price Range. If the Price Range is narrowed through an increase of the lower limit and/or a decrease of the upper limit, or if the Price Range is narrowed to a single price, the change will be published in the financial press and by means of a press release, through electronic information services such as Reuters or Bloomberg. Any other change to the Price Range will also be published in the financial press and by means of a press release on the Company's website, through electronic information services, as well as in a supplement to the Prospectus. Investors who have submitted subscription orders will not be notified individually by the Company. Although the Company has no obligation to notify the investors, the financial intermediaries are required to contact the investor individually. The Offering Price for investors shall not, however, exceed the higher end of the Price Range. In the event of a publication of a supplement to the Prospectus, investors will have the right to withdraw their orders made prior to the publication of the supplement during a period of three business days following the publication of the supplement. Retail Investors in Belgium can only acquire the Offered Shares at the Offering Price and are legally bound to acquire the number of Offered Shares indicated in their subscription order at the Offering Price, unless (i) the Offering has been withdrawn in which case the subscription orders will become null and void or (ii) in the event of the publication of a supplement to the Prospectus, in which case the Retail Investors will have the right to withdraw their orders made prior to the publication of the supplement during a period of three business days following the publication of the supplement.

Allocation and results. The number of Offered Shares allotted to investors will be determined at the end of the Offering Period by the Company in agreement with the Underwriters on the basis of the respective demand of both Retail Investors and Institutional Investors and on the quantitative, and, for Institutional Investors only, the qualitative analysis of the order book, in accordance with Belgian regulations relating to allocation to Retail Investors and Institutional Investors as set forth below. In accordance with Belgian regulations, a minimum of 10% of the Offered Shares (including, for the avoidance of doubt, any Offered Shares offered pursuant to the exercise of the Increase Option and the Over-Allotment Option, if any) shall be allocated to Retail Investors, subject to sufficient retail demand. However, the proportion of Offered Shares allocated to Retail Investors may be increased or decreased in an equal manner if subscription orders received from them exceed or do not reach, respectively, 10% of the Offered Shares effectively allocated. In case of over-subscription of the Offered Shares reserved for Retail Investors, the allocation to Retail Investors will be made on the basis of objective and quantitative allocation criteria, whereby all Retail Investors will be treated equally. The criteria used for this purpose are the preferential treatment of applications submitted by Retail Investors at the counters of the Underwriters in Belgium, and the number of Shares for which applications are submitted by Retail Investors. The respective allocation criteria will be applied in the same manner for (i) all retail subscriptions submitted at the counters of the Underwriters in Belgium and, although it may be different from the allocation criteria in (i), for (ii) all applications submitted by Retail Investors submitted through other financial intermediaries.

The results of the Offering, the allocation for Retail Investors, the Offering Price, and the allocation criteria (in case of over-subscription) will be announced by the Company on or about 1 July 2021 and in any event no later than the first business day after the end of the Offering Period. In the event of the overallotment of Offered Shares, the Underwriters will use reasonable efforts to deliver the newly issued Shares to individual persons residing in Belgium and to investors subject to Belgian income tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*), in this order of priority. No tax on stock exchange transactions is due on the subscription for newly issued Shares, but such tax could be due on the subscription for existing Shares. The manner for refunding amounts paid in excess by financial intermediaries in relation to the subscription for or purchase of Shares will be determined by each financial intermediary in accordance with its usual procedures or as otherwise notified to the investors.

Expected timetable. Certain key dates in connection with the Offering are summarized in the following table. These are all anticipated dates, which are subject to any unforeseen circumstances and to an early closing of the Offering Period.

Date	**Event**[(1)]
23 June 2021, before 9:00 a.m. CEST	Publication of Prospectus
23 June 2021, 9:00 a.m. CEST	Expected start of the Offering Period
30 June 2021, 4:00 p.m. CEST	Expected end of the Offering Period for Retail Investors
1 July 2021, 2:00 p.m. CEST	Expected end of the Offering Period for Institutional Investors
1 July 2021	Expected publication of the results of the Offering, the allocation for Retail Investors, the Offering Price and the allocation criteria (in case of over-subscription), latest date for announcement of decision to exercise the Increase Option and expected date of entry into the Underwriting Agreement
2 July 2021	Expected Listing Date (listing and start of "if-and-when-issued-and/or-delivered" trading)
5 July 2021	Expected Closing Date (payment, settlement and delivery of the Offered Shares)
1 August 2021	Expected last possible exercise date of the Over-allotment Option[(2)]

Notes:

[(1)] In the event of an early closing or extension of the Offering Period, these dates will be amended and published in the same manner as the announcement of the start of the Offering Period. If the Offering Period is extended with more than five business days, this will also be published in a supplement to the Prospectus.

[(2)] To enable the Stabilization Manager, acting on behalf of the Underwriters, to cover overallotments or short positions, if any, resulting from the overallotment, if any (for further information, see section "Stabilization Manager" above.).

Dilution. The existing shareholders, profit certificate holders and subscription right holders of the Company have explicitly and irrevocably waived their statutory preferential subscription right in the context of the Offering. Existing shareholders of the Company that do not participate in the Offering, will undergo a future dilution of voting rights and dividend rights. A hypothetical existing Shareholder that holds 1% of the Company's share capital prior to the issue and who does not subscribe to the Offering will

hold 0.74% of the Company's share capital after the issue of the Offered Shares, assuming full placement of the Offered Shares (including the exercise in full of the Increase Option and the Over-allotment Option) and assuming that no subscription rights under the Company's incentive plans are exercised during the Offering Period. This calculation is based on the sum of the existing Shares and profit certificates, taking into account the Reverse Stock Split, equal to 23,687,054 and the maximum number of Offered Shares equal to 8,375,831.

Estimated expenses. The aggregate of the administrative, legal, tax and audit expenses as well as the other costs in connection with the Offering estimated at approximately €2.47 million are paid by the Company.

2. Why is this Prospectus being produced?

Use and estimated net amount of the proceeds. Assuming a placement of the maximum number of Offered Shares in the Offering and that the Offering Price is at the midpoint of the Price Range and based on the expenses of the Offering, the Company estimates to receive net proceeds of (i) approximately €45.15 million in case of a placement of the maximum number of Offered Shares in the Offering but excluding the exercise of the Increase Option and Over-allotment Option, (ii) approximately €52.28 million in case of a placement of the maximum number of Offered Shares in the Offering, including the exercise in full of the Increase Option but excluding the exercise of the Over-allotment Option, and (iii) approximately €60.48 million in case of a placement of the maximum number of Offered Shares in the Offering including the exercise in full of the Increase Option and the Over-allotment Option.

The principal purposes of the Offering are to provide funding for product development of the existing pipeline and pursue development of additional product candidates (internally as well as via partnered programs), to continue to improve and optimize Biotalys' AGROBODY Foundry™ platform, to diversify Biotalys' shareholder base and access other sources of capital to accelerate its growth, to increase its visibility and credibility and to enable using Shares as transaction currency and/or for employee compensation. In particular, the Company intends to use the net proceeds of the Offering as follows:

- €18.06 million to €20.32 million to fund Biotalys' existing pipeline, including discovery, development, field trials, manufacturing scale up and regulatory costs;
- €9.03 million to €11.29 million to fund the continued improvement and optimization of Biotalys' AGROBODY Foundry™ platform and to fund the extension of Biotalys' pipeline (including potentially through partnered programs);
- €9.03 million to €11.29 million to fund Biotalys' go-to-market strategy including distribution costs related to setting up a supply chain, warehouse & logistics, costs for distribution via partners, etc. and business development efforts; and
- €4.52 million to €6.77 million for general corporate purposes.

The Company's management assumes significant flexibility in applying the net proceeds from the issue of the Offered Shares and may change the allocation of these proceeds as a result of certain contingencies. Pending the use of the proceeds from this Offering, the Company intends to invest the net proceeds in interest bearing, cash and cash equivalents instruments or short-term certificates of deposit.

Underwriting agreement. The Underwriters are expected (but have no obligation) to enter into an underwriting agreement, upon the determination of the Offering Price, which is expected to take place on or about 1 July 2021. The entering into the Underwriting Agreement may depend on various factors including, but not limited to, market conditions and the results of the book-building process. The Underwriters shall have no obligation to underwrite any of the Shares prior to the execution of the Underwriting Agreement (and then only in accordance with the terms and subject to the conditions set forth therein).

Most material conflicts of interests pertaining to the Offering. In connection with the underwriting of the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offered Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Shares being offered or placed should be read as including any offering or placement of Offered Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. Certain of the Underwriters and/or their respective affiliates have engaged and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of which they may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interests that may not be aligned or could possibly conflict with the interests of investors. In addition, the members of Biotalys' Executive Committee are entitled to a one-time success fee of in aggregate EUR 500,000 (of which the chief executive officer is entitled to EUR 150,000) and certain ESOP Warrants held by certain members of the ExCom will vest, in case the Offering meets certain pre-defined criteria.

2. RISK FACTORS

An investment in the Shares is only suitable for investors who are able to assess the risks of such investment and who have adequate means to absorb any losses that may result from such investment. The description of risks set out below does not purport to be exhaustive. Additional risks and uncertainties that, as of the date of this Prospectus, are unknown to, cannot be foreseen by, or are not considered significant by Biotalys may also exist. In addition to the other information set out in this Prospectus, the risks described below should be carefully considered by prospective investors prior to making any investment decision relating to the Offered Shares. Investors should carefully read the entire Prospectus and form their own opinions about, and make their own decisions on, the merits and risks of investing in the Offered Shares in light of their personal circumstances. In addition, investors should consult their financial, legal and tax advisors for a careful assessment of the risks associated with investing in the Offered Shares.

The following risk factors are categorized into categories based on their respective nature. Although the risk factors are not necessarily all ranked in order of their materiality, in each category the risk factors which in the assessment of Biotalys are the most material, taking into account the negative impact on Biotalys and the probability of its occurrence, are mentioned first.

If any of those risks occur, Biotalys may be unable to execute its strategy and implement its business plan, which may prevent it from obtaining approved and marketable products and/or commercial success or from becoming profitable. As a result, the price of the Shares could be materially and adversely affected, and investors could lose all or part of their investment.

2.1 Risks relating to Biotalys' product discovery and development activities

2.1.1 Biotalys has never brought a product to the market. All but one of Biotalys' product candidates are still in early stages of discovery. Only one product candidate is in the registration phase, but will, if regulatory approval is obtained, only be introduced as a market test and 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.

Biotalys has never brought a product to the market. Biotalys filed its first AGROBODY™ biofungicide (BioFun-1, under the tradename Evoca™) for registration with the Environmental Protection Agency ("**EPA**") in the United States in December 2020 and for registration in the EU in March 2021 (see section 9.10 (*Business – Regulatory*)). There is no certainty that regulatory approval will be granted. Moreover, as part of the regulatory process, Biotalys may be required to perform additional or unanticipated field trials to obtain approval or be subject to additional post-marketing testing requirements to maintain regulatory approval. If Biotalys obtains regulatory approval, it intends to introduce the BioFun-1 product candidate under the tradename Evoca™ as a market test for its future product candidates in the United States as of H2 2022. Given the limited scale of the market test and the high production costs related to Evoca™ as a result of the low production efficiency, it is not expected that Evoca™ will be a profitable product for Biotalys (see section 8.1 (*Operating and financial review – Overview*)). In addition, even if an approval is granted, regulatory authorities may 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, and Biotalys will need to re-register its product candidates after a period of time in most of target markets.

Biotalys' other current product candidates are still in early stages of discovery (see section 9.7 (*Business – Pipeline and product candidates*)). Investments in Biotalys' product candidate discovery and development are a highly speculative endeavor that entails substantial discovery and development efforts using Biotalys' complex AGROBODY Foundry™ technology platform. These product candidate discovery and development efforts require significant investments, including expenses relating to laboratory, greenhouse and field testing. For the financial years ended 31 December 2020 and 2019, Biotalys incurred €11.5 million and €7.9 million, respectively, on research and development expenses (see section 8.3.2c) (*Operating and financial review – Operating results – Research and development expenses*)).

Biotalys intends to continue to invest in discovery and development to develop and validate its product candidates (see also sections 8.1 (*Operating and financial review – Overview*), 8.2.2 (*– Revenue*), 8.2.3 (*– Market test of Evoca™*) and sections 9.1 (*Business – Overview*) and 9.7 (*– Pipeline and product candidates*). Notwithstanding its investments in discovery and development, Biotalys will not realize any product revenue in the near future and

there is significant risk that Biotalys will not be able to achieve its product candidate development goals in the desired timeframe or at all, and may never realize any product revenue.

Initial success in Biotalys' ongoing discovery studies may not be indicative of results obtained when these studies are completed or in later stage discovery or development studies, of manufacturing potential on a large scale, of efficacy when used on a commercial scale or of eventual commercial success. Product candidates in later stages of discovery and early-stage development studies may fail to show the desired safety and efficacy traits despite having progressed through earlier stage discovery studies, and product candidates showing the desired safety and efficacy traits when applied to a specific crop may fail to show such safety and efficacy of such product candidate when applied to other crops. There is a low success rate for innovative food protection products proceeding through discovery, development, manufacturing, market access and eventual commercial success. 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. See also risk factor 2.1.2 (*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*.). In particular, field trials may demonstrate that identified product candidates are not safe and/or do not reach sufficient efficacy. See also risk factor 2.1.3 (*Biotalys relies on field trials to demonstrate the efficacy and safety of its product candidates. If ongoing or future field trials are unsuccessful, Biotalys may be unable to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all.*). 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. See also risk factors 2.2.2 (*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.*), 2.5.1 (*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.*) and 2.5.3 (*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 favorable market position.*).

- 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. See also risk factor 2.2.1 (*The current costs of manufacturing Biotalys' product candidates are high. 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.*).

This risk may also be exacerbated by Biotalys' limited operating history and financial situation. See risk factor 2.8.1 (*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*.).

2.1.2 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 in seven product candidates (see section 9.7 (*Business – Pipeline and 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 cost-efficient manner (as further detailed in risk factor 2.2.1 (*The current costs of manufacturing Biotalys' product candidates are high. 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**.**));
- 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 (see also risk factor 2.6.2 (Biotalys uses animals in its research and development activities. Policy reform, including recent EU policy reforms, 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.));
- be difficult or impossible to formulate for use on the field; or
- be difficult to competitively price relative to alternative food protection products.

For example, in January 2020, Biotalys entered into an Evaluation Transfer Agreement ("**ETA**") with Chrysal International B.V., a Dutch company specializing in the treatment of cut flowers, especially roses. The ETA had a one-year term and covered testing of Evoca™ in the specific field of cut roses treatment and protection against *botrytis*, which can accelerate the decay of roses. For the term of the ETA, Biotalys agreed not to enter in testing or negotiation with a third party directly competing in the defined field. Despite the best efforts from the two partners during the term of the ETA and the demonstrated effectiveness of Evoca™ against *botrytis* in other applications conditions (*in-vitro*, in field trials and post-harvest), the level of efficacy of Evoca™ in the highly specialized technical process to protect cut roses against *botrytis*, although demonstrated to a certain extent, was not at the expected level for a commercial product in the segment. The two companies decided to jointly terminate the ETA in December 2020.

In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of field trials such as adverse weather conditions, unexpected disease, pest infestation or human error, may also ultimately lead to a delay in or denial of regulatory approval of Biotalys' product candidates or result in the development of product candidates being stopped early. See also risk factor 2.1.3 (*Biotalys relies on field trials to demonstrate the efficacy and safety of its product candidates. If ongoing or future field trials are unsuccessful, Biotalys may be unable to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all.*).

Unexpected or negative developments from the use of its AGROBODY Foundry™ platform could adversely affect the development, regulatory approval, R&D cost and timelines or commercial value of Biotalys' product candidates and harm its reputation. In addition, negative developments arising from other companies' use of similar technology in domains other than plant and food protection (see section 9.3.3 (*Business – Biotalys' solution – The AGROBODY Foundry™ platform*)) could harm the reputation of Biotalys' technology generally.

Any of these occurrences may prevent Biotalys to obtain approved or marketable products or commercial success within the expected timelines or at all.

2.1.3 Biotalys relies on field trials to demonstrate the efficacy and safety of its product candidates. If ongoing or future field trials are unsuccessful, Biotalys may be unable to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all.

Biotalys relies on field trials to demonstrate the efficacy and safety of its product candidates. The successful completion of field trials on various crops in domestic and foreign locations is critical to the success of Biotalys' product development efforts and will be used to support its efforts to obtain regulatory approval and eventually commercialize its product candidates. If Biotalys' ongoing or future field trials are unsuccessful, i.e. if they do not produce reliable or useful data or produce inconsistent results or unanticipated adverse effects on the agronomic performance of Biotalys' product candidates, Biotalys' product development efforts could be delayed, subject to additional regulatory review or abandoned entirely.

In addition, in order to support Biotalys' commercialization and marketing efforts, it is necessary to collect data across multiple growing seasons and from different geographies. Even in cases where initial field trials are successful, Biotalys cannot be certain that additional field trials conducted on a greater number of acres or in different geographies will also be successful. Many factors that are beyond Biotalys' control may adversely affect the success of these field trials, including unique geographic conditions, weather and climatic variations, disease or pests, or acts of protest or vandalism. See also risk factor 2.3.2 (*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.*).

Evoca™ has been tested in more than 300 field trials, including independent field trials, over multiple seasons under different environmental conditions during the development phase prior to the filing for registration in the US and the EU (see sections 9.7.4 (*Business – Pipeline and product candidates – Evoca™*)) However, further field trials are being conducted for product positioning and user recommendation building purposes and to complete the efficacy data package for regulatory purposes. In addition, it cannot be excluded that governmental regulators request additional trial data for Evoca™ (see risk factors 2.1.1 (*Biotalys has never brought a product to the market. All but one of Biotalys' product candidates are still in early stages of discovery. Only one product candidate is in the registration phase, but will, if regulatory approval is obtained, only be introduced as a market test and 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.*) and 2.6.1 (*Biotalys has not yet obtained regulatory approval for any of its product candidates. The crop protection products industry is subject to a stringent regulatory environment including extensive regulations for obtaining product registrations. Biotalys may not be able to obtain or maintain the necessary regulatory approvals for its product candidates, which will restrict its ability to sell the product candidates in some markets. Biotalys' inability to obtain regulatory approvals, or to comply with ongoing and changing regulatory requirements, could delay or prevent sales of the product candidates Biotalys is developing and intends to commercialize.*) and section 9.10 (*Business – Regulatory*)). In addition, field trials have not yet commenced for any of Biotalys' other product candidates.

Field trials, which may take up to two to three years, are costly (from €10,000 to €25,000 per trial depending on the complexity, the location and number of replicates), and field trial failures may, depending on the nature of the failure, not be covered by insurance from the service provider. Biotalys estimates the average failure rate of any field trials around 20%, which could result in increased costs and delay and could have a material adverse effect on Biotalys' ability to complete the development of, obtain regulatory approval for, or commercialize its product candidates (other than Evoca™) on a timely basis or at all.

2.1.4 Although Biotalys is using its AGROBODY Foundry™ platform to build a pipeline of product candidates, due to its limited resources and access to 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.

Biotalys is using its AGROBODY Foundry™ platform to build a pipeline of AGROBODY™ biocontrol product candidates aimed at addressing broad and differentiated markets from high value fruits and vegetables to specialty

and row crops for a global consolidated target market of $4.8 billion and potentially "orphan pest and diseases" (see section 9.4.2 (*Business – Biotalys' strengths – Diversified pipeline of seven product candidates in three different indications, targeting critical pests and diseases and controls with a combined potential addressable market of $4.8 billion.*)). With its first seven product candidates, Biotalys aims to address critical market segments in the food and crop protection market where existing products are scarce or threatened by an evolving regulatory landscape, with a focus on the highest value crops where growers require additional innovation to effectively manage growing resistance and retailers demand low pesticide residues and high-quality produce (see section 9.7.1 (*Business –Pipeline and product candidates – Overview*)). However, it has limited resources and access to capital to fund its operations and it must therefore decide which product candidates to pursue and the amount of resources to allocate to each such product candidate. Biotalys' decisions concerning the allocation of research, collaboration, management and financial resources toward particular product candidates or target areas may not lead to the development of viable commercial products and may divert resources away from better opportunities. Similarly, its decisions to delay, terminate or collaborate with third parties in respect of certain product development programs may also prove not to be optimal and could cause Biotalys to miss the realization of valuable opportunities with other partners or with a fully owned program for which Biotalys could have generated additional value. In view of the novelty of its product candidates, one of the main elements of Biotalys' strategy is to expand its AGROBODY™ technology to multiple market segments (see section 9.5 (*Business – Strategy*)), establishing trust and demonstrating the key differentiating features of its AGROBODY™ biocontrols to pave the way for future product candidates. If the registration or market test of Evoca™ or the discovery and development of its other or future product candidates do not deliver the expected results, Biotalys may not be able to execute its strategy. Furthermore, Biotalys may make incorrect determinations regarding the market potential of its product candidates or misread trends in the biological crop protection and post-harvest protection market, or may wrongly account for any of its competitors' activities, in particular related to its current product candidates target markets. The occurrence of this risk may prevent Biotalys to obtain approved or marketable products, to obtain commercial success and/or execute its strategy within the expected timelines or at all, whereby expected revenues would not be generated but material R&D expenses would nevertheless have been incurred.

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

2.2.1 The current costs of manufacturing Biotalys' product candidates are high. 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.

Biotalys' AGROBODY Foundry™ platform is designed to deliver a scalable manufacturing process for quality products. Biotalys is investing and will continue to invest in the improvement of its manufacturing process with the ambition to continuously bring down the cost of goods sold as the cumulative volume manufactured grows. If Biotalys obtains regulatory approval, it intends to introduce the BioFun-1 product candidate under the tradename Evoca™ as a market test for its current and future product candidates in the United States as of H2 2022. Given the limited scale of the market test and the high production costs related to Evoca™ as a result of the low production efficiency, it is not expected that Evoca™ will be a profitable product for Biotalys (see section 8.1 (*Operating and financial review – Overview*)), but will instead create further losses for the Company as the Company will not be able to charge customers of Evoca™ a price above the cost of goods of Evoca™ in order to have a successful market testing. It is uncertain whether Biotalys will be able to improve the cost of goods related to Evoca™ or its current or future product candidates, if launched, at a level such that any product candidate can be priced competitively relative to existing products. In addition, applicable regulation may impact how competitively Biotalys can price its product candidates and competitive pricing may be challenged by other market participants. If Biotalys is unable to increase yields of AGROBODY™ protein production and/or decrease manufacturing costs over time, or if manufacturing costs increase, 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.

In 2019, Biotalys demonstrated with its contract manufacturing organization ("**CMO**") partner the ability to scale up the production of its AGROBODY™ biocontrols to a bio-reactor of 35,000 L. However, the market testing of Evoca™ and commercialization of any other current and future product candidates will require further scaling up of production, both as an important factor in cost reduction (the scale-up from 35,000 L to 100,000 L is estimated to reduce costs by 30% per L), and to produce the volumes to meet the market needs. 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 CMO partner 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 costs and process controls, as well as in finding formulation options and appropriate registered preservatives for use and storage in commercial environments. See also sections 9.8.6 (*Business – The AGROBODY Foundry™ platform – Manufacturing: Designing for cost efficiency and economic viability from the outset*) and 9.8.7 (*– Bio-fermentation, recovery, formulation and quality control*). Biotalys cannot assure that existing or future production techniques will enable it to meet its large-scale production goals cost-effectively. In addition, Biotalys will not know whether a yield problem exists until its product candidates are manufactured and yield deficiencies may not be identified until well into the manufacturing process. In contrast to uses in the pharmaceutical industry, where the application of any product requires smaller quantities of such product than in the agricultural and food industry, both the production cost and scale are of much greater importance to be affordable for application in the agricultural and food industry, to ensure global supply and to cover multiple market segments. If Biotalys is unable to maintain the quality of its product candidates in a cost-effective manner as it increases its production efficiency, capacity and scale, it will not be able to achieve or maintain profitability.

2.2.2 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. Growers typically aim to optimize their workload by avoiding too many application rounds in the field by mixing different products in their spray tank, as they are used to when using conventional chemical food protection products. Biotalys' protocols, while generally in line with growers' practices, may include equipment selection, planting and harvest timing, combined application of conventional chemical food protection products and storage systems. Further, 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

2.3.1 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 on a single third-party manufacturer. If Biotalys is unable to find one or more suitable third-party manufacturer(s) or if it is unable to produce Biotalys' product candidates at a satisfactory quality, in a timely manner, in sufficient quantities or at an acceptable cost, Biotalys' results of operations will be materially adversely affected.

Biotalys currently does not own any production facilities and expects to continue to use CMOs 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 canceled delivery due to tariff restrictions or infectious disease quarantines;
- reduced control over delivery schedules, yields and product reliability;
- price increases by the CMO;
- 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 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.

While Biotalys has entered into large scale manufacturing agreement with a CMO (for a manufacturing scale up to 35,000 L), it has not yet entered into any commercial manufacturing or supply agreements for the manufacturing on a large industrial scale (for a manufacturing scale up to and over 100'000 L) of any of its product candidates and it may face significant competition in seeking an appropriate partner. There can be no assurance that Biotalys can do so on favorable terms, if at all. In addition, Biotalys currently intends to only seek one CMO for the manufacturing of its first product candidates, primarily for efficiency considerations and confidentiality concerns (see also risk factors 2.7.3 (*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.*) and 2.7.4 (*Third parties may misappropriate Biotalys' microbial strains.*) and section 9.16 (*Business – Material contracts*)). If such partner is at any point in time unable to produce its product candidates at a satisfactory quality, in a timely manner, in sufficient quantities or at an acceptable cost, Biotalys could experience delays in its commercialization. Biotalys could be unable to find alternative CMOs of satisfactory quality, in a timely manner, in sufficient quantities and at an acceptable cost. Moreover, CMOs are often subject to strict manufacturing requirements and rigorous testing requirements, which could limit or delay manufacturing. Application of responsible industry-standard, validated practices and strict adherence to the regulatory frameworks which govern amongst others the use of genetically modified micro-organisms ("**GMMs**") in contained environments is one of the key selection criteria for Biotalys when selecting a CMO partner. The long transition periods necessary to switch manufacturers, if necessary, would significantly delay the (continued) commercialization of Biotalys' product candidates, if registered.

2.3.2 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. In addition to the risks described in risk factor 2.3.3 (*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 enhance 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.*) 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. Although Biotalys provides its CROs with extensive protocols regarding the establishment, management, data collection, harvest, transportation and storage of its product candidates, Biotalys has limited control over the execution of field trials. 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. Ultimately, Biotalys remains responsible for ensuring that each of its field trials is conducted in accordance with the applicable protocol, legal and regulatory and agronomic standards, and its reliance on third parties does not relieve it of its responsibilities. Biotalys could also be subject to penalties, fines and liabilities if its third-party contractors fail to perform as required. In addition, any performance issues by its CROs may prevent Biotalys from obtaining approved or marketable products or achieving commercial success within the expected timelines or at all, in which case expected revenues would not be generated but material expenses related to the unsuccessful field trials would have been incurred.

Additionally, if Biotalys is unable to enter into, or maintain, agreements with such third parties on acceptable terms, or if any such engagement is terminated prematurely, it may be unable to conduct or complete its field trials in the manner Biotalys anticipates. If its relationship with any of these third parties is terminated, Biotalys may be unable to enter into arrangements with alternative third parties in a timely manner on commercially reasonable terms, or at all. Switching or adding third parties can involve substantial cost and require extensive management time and focus. In addition, there is a natural transition period when any new third party commences

field trial work. Finally, there has been an increasing trend towards consolidation in the crop protection industry (see also risk factor 2.5.3 (*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 favorable market position.*)). Consolidation among Biotalys' competitors and third parties upon which it relies could lead to changes in the competitive landscape, capabilities, and strategic priorities among potential CROs. As a result, delays may occur, which could materially impact Biotalys' ability to meet its desired development timelines. See also risk factor 2.1.3 (*Biotalys relies on field trials to demonstrate the efficacy and safety of its product candidates. If ongoing or future field trials are unsuccessful, Biotalys may be unable to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all.*).

2.3.3 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 enhance 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.

Although Biotalys currently has no material R&D arrangements with third parties in place, 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 (see also sections 9.5 (*Business – Strategy*) and 9.9 (*– Business development and technology validation*)).

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 favorable to it.

The success of any future collaborations or partnerships is uncertain and will depend heavily on the efforts and activities of Biotalys' partners. Such arrangements are subject to numerous risks, including the risks that:

- it may be difficult or impossible to find partners with the adequate risk profile willing to engage significant resources on long term R&D collaborations;
- partners may have significant discretion in determining the efforts and resources that they will apply to the arrangement as a portion of their efforts with other internal and external projects in the biocontrol R&D space;
- partners may not pursue the development of Biotalys' product candidates based on field trial results, changes in their strategic focus, market trends or perceptions of Biotalys' product candidates, competing priorities, availability of funding, or other external factors;
- partners could develop, independently or with third parties, conventional chemical or biological products that compete with Biotalys' product candidates;
- partners who have marketing, manufacturing and distribution rights with respect to a product may not commit sufficient resources to, or otherwise not perform satisfactorily in carrying out, these activities;
- to the extent that such arrangements provide for exclusive rights, Biotalys may be precluded from collaborating with others;
- partners may not properly maintain or defend Biotalys' intellectual property rights, or may use Biotalys' intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate Biotalys' intellectual property or proprietary information or expose Biotalys to potential liability (see also risk factor 2.7.3 (*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.*));
- disputes may arise between Biotalys and a partner that cause the delay or termination of the discovery or development of Biotalys' current or future product candidates, or that results in costly litigation or arbitration that diverts management attention and resources;
- such arrangements may be terminated, and, if terminated, may result in a need for additional capital for Biotalys' independent pursuit of, or finding an alternative partner to perform, matters previously covered by such arrangement;
- partners may misappropriate Biotalys' intellectual property (see also risk factor 2.7.4 (*Third parties may misappropriate Biotalys' microbial strains.*));

- partners may own or co-own intellectual property that results from such arrangement; and
- partners' sales and marketing activities or other operations may not be in compliance with applicable laws resulting in civil or criminal proceedings.

The materialization of any such risks could have a material adverse effect on Biotalys' ability to develop, distribute and commercialize its product candidates.

2.3.4 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 (see also section 9.9 (*Business – Business development and technology validation*)). 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. Biotalys has not yet entered into any commercialization or distribution agreement for any of its product candidates and there can be no assurance that it can do so on favorable 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.

For example, many distributors lack experience in marketing biological agricultural products, which generally must be used differently than conventional chemical products. Distributors may not continue to market Biotalys' product candidates if they receive negative feedback from end users and key influencers (pest control advisors and university researchers), if they cannot handle the negative publicity on the nature of Biotalys' product candidates background (see also risk factor 2.5.2 (*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.*)), or if they believe Biotalys' product candidates are being blamed for damage to treated crops caused by other food protection products with which Biotalys' product candidates have been combined (whether properly or improperly). In addition, many distributors are in the business of distributing and manufacturing other, possibly competing, biological agricultural products, including internally developed and commercialized biological products as well as biological products developed by larger agrichemical companies that negotiate to "bundle" such specialty products with other high demand products. To the extent distributors are unsuccessful in selling Biotalys' product candidates to end users, or in marketing their own products that incorporate Biotalys' product candidates, they may purchase lower volumes from Biotalys. In addition, distributors may earn higher margins by selling competing products or combinations of competing products. If Biotalys is unable to establish or maintain successful relationships with independent distributors, Biotalys would need to develop its own sales and demand creation capabilities, which would be expensive and time consuming and the success of which would be uncertain.

2.4 Risks relating to Biotalys' organization

2.4.1 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 (see also section 9.4.5 (*Business – Biotalys' strengths – Experienced and entrepreneurial management team with a strong track record in the AgTech and biotech industries, backed by a renowned and specialist shareholder base.*)). These key management individuals include the members of Biotalys' Board of Directors and ExCom, including Patrice Sellès, chief executive officer, Wim Ottevaere, chief financial officer, Hilde Revets, chief scientific officer and Luc Maertens, chief operations officer. See sections 10.2.2 (*Management and corporate governance – Composition of the Board of Directors*) and 10.3.2 (*Management and corporate governance – Members of the*

ExCom). As set out in section 9.15 (*Business – Personnel*), as per 31 March 2021, Biotalys counted 63 FTEs, of which 49 in research and development and three in commercial/business development.

Although the members of the Executive Committee are subject to notice periods and non-compete obligations (see section 10.9.2d) (*Management and corporate governance – Remuneration and benefits – ExCom – Termination provisions*)), 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. Biotalys competes not only against other agricultural and food protection, but also against biotechnology and pharmaceutical companies and academic institutions for qualified personnel. Many of these companies and institutions have greater financial and other resources, different risk profiles and a longer history than Biotalys does. Therefore, Biotalys may not be able to attract or retain these key persons on conditions that are economically acceptable. Furthermore, Biotalys will need to recruit new managers and qualified scientific personnel to develop its business if it expands into domains that will require additional skills. Biotalys' inability to attract and retain these key persons could prevent it from achieving its objectives and implementing its business strategy.

2.4.2 Biotalys heavily relies on the collection, storing and use of proprietary data generated through its AGROBODY Foundry™ platform and other confidential information, and security breaches and other information technology disruptions could therefore significantly compromise Biotalys' competitive position and expose it to liability, which would lead to delays and impediments to Biotalys' development efforts and cause its reputation to suffer.

Biotalys' AGROBODY Foundry™ platform relies on the collection, storing and use of its proprietary data generated through its AGROBODY Foundry™ platform which Biotalys considers as one of its main strengths (see sections 9.4.1 (*Business – Biotalys' strengths – AGROBODY Foundry™, a unique and scalable proprietary technology platform for effective, environmentally safe and clean protein-based biocontrol solutions, with multiple possible applications*) and 9.8.1(*– The AGROBODY Foundry™ platform – Overview*)). Biotalys and certain third parties that it relies on for its operations collect and store confidential information, and their operations are highly dependent on information technology systems, including internet-based systems (see section 9.19 (*Business – Information technology*)), which may be vulnerable to breakdown, wrongful intrusions, data breaches and malicious attacks. This information includes, among other things, intellectual property and proprietary information, the confidential information of any of Biotalys' future collaborators and licensees and the personal data of its employees.

Any system failure, attack or breach could compromise Biotalys' networks or those of related third parties and stored information could be accessed, publicly disclosed, lost, or stolen, or shortcomings in compliance with data protection laws could be alleged by individuals or authorities, resulting in major harm to Biotalys' competitive position, legal claims or proceedings, liability (including substantial fines and penalties) under laws that protect the privacy of personal information, including GDPR, and lead to delays and impediments to Biotalys' development efforts and damage to its reputation. In particular, the loss of data from completed, ongoing or planned studies could result in delays in Biotalys' regulatory approval efforts and significantly increase its costs to recover or reproduce the data. In addition, procedures and safeguards must continually evolve to meet new data security challenges, and to comply with personal data protection requirements, and conducting investigations and remediation, may impose additional costs on Biotalys. See also risk factor 2.7.1 (*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.*).

2.4.3 Biotalys may be unable to manage its growth.

Biotalys expects to experience significant growth in the number of its employees and the scope of its operations, including in the areas of discovery and development, regulatory affairs and marketing and sales. To manage Biotalys' anticipated future growth, it must continue to implement and improve its managerial, operational and financial, data security and data protection systems, expand its facilities and continue to recruit and train additional qualified personnel (see also risk factor 2.4.1 (*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.*)). For example, the growth of Biotalys and the execution of its strategy (see section 9.5 (*Business – Strategy*)) will in the near term require additional capabilities that may not exist yet in the organization in the field of science, technology and data protection for the further development of Biotalys'

AGROBODY Foundry™ platform, agriculture, operations, and international marketing and sales close to the markets Biotalys will target. The inability to access these capabilities, either by engaging additional employees or through partnerships, in a timely manner or at all, or to integrate these additional capabilities in its organization and further developing its processes while maintaining its efficiency, may limit the ability for Biotalys to meet critical milestones as per Biotalys' current timeline. Due to Biotalys' limited financial resources (see also risk factor 2.10.1 (*The fact that no minimum amount is set for the Offering may affect Biotalys' investment plan and the liquidity of the Shares*.) and sections 4 (*Use of Proceeds*) and 6.2 (*Capitalization and indebtedness – Working capital statement*)) and the limited experience of its management team in managing a company with such anticipated growth, Biotalys may not be able to effectively manage the expansion of its operations or recruit and train additional qualified personnel. The expansion of Biotalys' operations may lead to significant costs and may divert its management and business development resources. Any inability to manage growth could delay the execution of Biotalys' business plans or disrupt its operations.

2.4.4 Biotalys may not be able to integrate efficiently or achieve the expected benefits of any acquisitions or in-licensing of complementary businesses, product candidates or technologies.

Since Biotalys' inception in 2013, it has grown organically without any acquisitions. Within a very fragmented biocontrol crop protection industry, Biotalys believes that consolidation and acquisition opportunities may materialize in the near term. Biotalys may therefore in the future acquire or in-license other businesses, product candidates or technologies to further complement or expand its product (candidate) and its commercial offer, enhance its technical capabilities in specific domains such as fermentation, access qualified personnel, acquire market access to increase its ability to compete in specific geographies or otherwise offer growth opportunities. Should Biotalys in the future contemplate such acquisitions or in-licensing and have sufficient financial resources for such purposes (see also risk factor 2.10.1 (*The fact that no minimum amount is set for the Offering may affect Biotalys' investment plan and the liquidity of the Shares*.) and sections 4 (*Use of Proceeds*) and 6.2 (*Capitalization and indebtedness – Working capital statement*)), its ability to integrate and manage acquired or in-licensed businesses, product candidates or technologies effectively will depend upon a number of factors including the size and location of the acquired business or employee teams, the complexity of any product candidate or technology and the resulting difficulty of integrating the acquired business's operations, if any. Biotalys' relationship with current employees or employees of any acquired business may become impaired. Biotalys may also be subject to unexpected claims and liabilities arising from such acquisitions. These claims and liabilities could be costly to defend, could be material to Biotalys' financial position and might exceed either the limitations of any applicable indemnification provisions or the financial resources of the indemnifying parties. There can also be no assurance that Biotalys will be able to assess ongoing profitability and identify all actual or potential liabilities of a business, product candidate or technology prior to its acquisition. If Biotalys acquires businesses, product candidates or technologies that result in assuming unforeseen liabilities in respect of which it has not obtained contractual protections or for which protection is not available, the expected advantages of such acquisitions may be materially smaller or non-existent or outweighed by such liabilities.

A significant portion of the purchase price of companies or technologies Biotalys may acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if Biotalys' acquisitions do not yield expected returns, it may be required to take charges to its operating results based on this impairment assessment process, which could adversely affect Biotalys' operating results.

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

2.5.1 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.

Customers in the crop production industry are generally cautious in their adoption of new products and technologies, especially compared to existing conventional chemical products. Growers often require on-farm demonstrations of a given crop protection product before adoption. Initial purchases of the product tend to be conservative, with the grower testing on a small portion of their overall crop. As the product's safety and success is proven, growers incorporate the product into their rotational programs and deploy it on a greater percentage of their operations. As a result, large scale adoption generally takes several growing seasons and market acceptance may take longer than originally expected. In addition, given the relative novelty of Biotalys' product candidates, which are neither conventional chemical nor microbial pesticides, consumers of those products will continue to require education on their use, which may delay their adoption.

In addition, despite its strong growth over the last decade at rates no lower than 15% per year[1], the market for biological crop protection products is still underdeveloped when compared to conventional chemical products and the biological crop protection market represents around 5% (approximately $3.7 billion in 2019) of the total value of the global crop protection market. Traditionally, conventional chemical food protection products have been used to treat a variety of plant diseases and conditions, based on certain features including their small size, stability, efficacy, ease of manufacture by chemical synthesis and diverse modes of action. Biological alternatives have received considerable attention due to the absence of harmful residues and their environmentally friendly nature and generally lower production cost. However, at present there is evidence that effectiveness is not always achieved and some products may face manufacturing challenges in terms of scalability, consistency and/or cost. Biological products' main disadvantages include the high specificity against the target disease and pathogen, which may require multiple biological crop protection products to be used to achieve effective results. In addition, specifically in the case of microbial crop protection products, as they are living organisms, they often suffer from variable efficacy due to the influences of various biotic (host species, nutritional status, pathogen) and abiotic (temperature, relative humidity) factors. However, see also risk factor 2.5.3 (*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 favorable market position.*)).

In addition, the growth in the biological crop protection market has, among other drivers, been driven by the strengthening regulations relating to the use of conventional chemical food protection products and by the growth of organic farming, and the US has established specific fast track regulatory approval procedures for biocontrol products. However, the US, one of Biotalys' main target markets, lags behind other agricultural countries in banning harmful pesticides, and Evoca™ is currently not eligible for organic farming in the EU and the US, its main target markets, due to the use of GMMs in its production processes (see sections 9.6.5 (*Business – Industry overview – Other potential target markets*), 9.8.6 (*– The AGROBODY Foundry™ platform – Manufacturing: Designing for cost efficiency and economic viability from the outset*) and 9.8.7 (*– Bio-fermentation, recovery, formulation and quality control*)). Biotalys will therefore primarily depend on conventional growers adopting its product candidates for alternatives to conventional chemical crop protection products (see section 9.6.6c) (*Business – Industry overview – Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market – Growers' concern for employees' safety and work efficiency when using conventional chemical food protection products is increasing*)). Further, because of their limitations and complexities, IHS Markit expects biological food protection products to remain a niche sector that will not seriously challenge the conventional chemical products, but rather continue to be used alongside them.[2]

Further, biological agricultural products have typically been more expensive (see also risk factor 2.2.1 (*The current costs of manufacturing Biotalys' product candidates are high. 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*.) on the costs of manufacturing of Biotalys' product candidates) and less effective than conventional chemical products (see section 9.7.4 (*Business – Pipeline and product candidates – Evoca™*) for the results of the Evoca™ field trials, which also indicate a lower efficacy when used in stand-alone applications). To succeed, Biotalys will need to educate the market on the effectiveness of its product candidates when used in IPM programs.

The market for biocontrol products may not further develop and customers may elect to continue to purchase and rely on conventional chemical products or other biocontrol products, as a result whereof Biotalys' market opportunity will be limited and the market penetration of Biotalys' future products may be materially adversely impacted, resulting in delayed or reduced product revenues as well as additional cost for stock management, even if Biotalys succeeds in manufacturing its product candidates cost-effectively on a large scale (see risk factor 2.2.1 (*The current costs of manufacturing Biotalys' product candidates are high. 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*.)).

2.5.2 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.

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, reflect a growing trend in societal demands for increasing levels of product safety and environmental protection. The use of biological products or products classified as "organic" does not provide certainty about absence of safety and health concerns. For example, Pyrethrins, a natural class of insecticide products found in chrysanthemum flowers, have shown to have irritation potential when in contact with the skin, and copper sulphate, a broadly used fungicide/bactericide in the biocontrol market, has been raising environmental concerns due to soil accumulation and run-off.

In addition, the use of antibody-derived proteins in the agricultural and food protection sector is novel and their safety when used in a commercial environment unproven, although widely tested in the pharmaceutical industry, which may add to these demands. Further, the origin of the AGROBODY™ proteins, derived from Camelidae antibodies, as well as the use of GMMs in the production of the AGROBODY™ proteins may give rise to health and safety popular concerns and could result in negative public perception (see also risk factor 2.6.2 (*Biotalys uses animals in its research and development activities. Policy reform, including recent EU policy reforms, 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*.)). Additional concerns and claims could arise that increased use of crop protection products, related drift, inversion and volatilization, and the use of biotechnology traits meant to reduce the resistance of weeds or pests, could increase or accelerate such resistance and otherwise negatively impact health and the environment. These and other concerns could manifest themselves in activist shareholder or other stakeholder proposals, preferred purchasing, delays or failures in obtaining or retaining regulatory approvals, delayed product launches, lack of market acceptance, product discontinuation, continued pressure for and adoption of more stringent regulatory intervention and litigation and legal claims. These and other concerns could also influence public perceptions, the viability of certain of Biotalys' product candidates, its reputation and the cost to comply with regulations.

2.5.3 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 favorable market position.

The crop protection industry is highly competitive, and it faces significant competition from large international producers, as well as from smaller regional competitors (see section 9.6.2 (*Business – Industry overview – The crop protection market*)). Competition is based on a number of factors, such as product quality, the availability of substitute products, service, access to distributors and price. In many segments of the market, the number of products available to growers is steadily increasing as new products are introduced. The markets for biological agricultural products are also intensely competitive, rapidly changing and undergoing consolidation.

In addition, many entities are engaged in developing biological agricultural products such as microbials, plant extracts, as well as biochemicals such as peptides and dsRNA (double-strand ribonucleic acid), and in developing new technologies to overcome manufacturing challenges typically faced by biological food protection products (see risk factor 2.5.1 (*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.*)) (such as new fermentation technology driving costs down, new gene editing/synthetic biotechnology with potential to enhance yields and purity of existing microbial strains used in production, and new delivery systems increasing stability)[3]. Other technologies, unrelated to biological agricultural products such as gene editing (see also risk factor 2.5.4 (*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.*)), precision agriculture and sensors, can represent indirect competition to Biotalys' product candidates (which are described in more detail in section 9.4.1 (*Business – Biotalys' strengths – AGROBODY Foundry™, a unique and scalable proprietary technology platform for effective, environmentally safe and clean protein-based biocontrol solutions, with multiple possible applications*))

by providing different types of control over the source of the pest or disease challenge and increase yields. Biotalys' competitors can be segmented in two main categories:

- First, major multinational agrichemical companies, some of which have developed bio-based products for Biotalys' target markets, as well as specialized biological agricultural businesses such as AgraQuest (owned by Bayer), Certis USA (owned by Mitsui & Co), and Valent Biosciences (a subsidiary of Sumitomo Chemical). Many of these organizations have longer operating histories, significantly greater resources, greater brand recognition and a larger base of customers than Biotalys does. As a result, they may be able to devote greater resources to the manufacture, promotion or sale of their products, and receive greater resources and support from independent distributors.
- Second, multiple small and medium companies (SMEs) which have received significant venture capital funds to develop new technologies in the field of biologicals, seeds genetics and general alternative technologies to reduce or replace conventional chemical pesticide usage. While these companies, like Biotalys, do not have the market access and the brand recognition of major multinational companies, their technology solutions represent a continuous competitive challenge if they would, by using different methods, such as potentially RNAi and CRISPR, make Biotalys' product candidates obsolete and/or irrelevant for the markets in which these product candidates are registered (for example see also risk factor 2.5.4 (*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.*)).

While the intense competition in the markets Biotalys targets can be viewed as an opportunity for collaboration and consolidation, the long-term impact of competition for these product candidates is difficult to predict. Some competitors may be able to drive down prices for Biotalys' product candidates if they have lower operating costs. Alternatively, other competitors may have greater financial, technological and other resources, enabling them to better withstand cost and demand changes in the market than Biotalys. Biotalys' competitors may also be able to respond more quickly than Biotalys to new or emerging technologies, applicable regulations or changes in customer requirements or preferences.

Further, many of the large agrichemical companies have a more diversified product offering than Biotalys will have, which may give these companies an advantage in meeting customers' needs by enabling them to offer a broader range of crop protection, plant nutrition and plant health products. In addition, Biotalys could face competition in the future from new, well-financed start-up companies. This may result in price reductions, reduced margins and the inability to achieve market acceptance for its product candidates.

2.5.4 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.

Biotalys' business may be adversely affected by the increased use of pest resistant seeds, GM crops and other substitute products or technologies of Biotalys' product candidates. While the launch and wide commercial use of GM crops may take some time, particularly in the EU where they are strictly controlled, GM crops are likely to have more tolerance to insects, pests and diseases. The growth and acceptance of such alternative crop protection measures may have a material adverse effect on Biotalys' market opportunity or future sales.

A key example of genetically engineered fruit crops is the rainbow papaya. Since the early nineties, the Hawaii papaya industry was devastated by the papaya ringspot virus and papaya production dropped by 50%. Approved by the FDA in 1998, ringspot-resistant GM papayas now account for 90% of all papayas grown for the Hawaii market.[4] While GM crops development have historically mostly been limited to row crops such as corn, soybean, cotton, sugar beet and oil seed rape and geographically grown in the Americas, the development of new genetic tools, such as genome editing, represents an opportunity to further develop this segment with fewer regulatory hurdles. In the US, genome edited crops may not be considered as GM crops if the alteration of the crop genome does not incorporate foreign genes, while providing an opportunity to create more resistant crops against insect pests and fungal diseases requiring intrinsically less crop protection products.

Conversely, there have been many instances of species of weeds and insects developing resistance to crop protection products designed to control or eradicate them. Resistance to herbicides such as glyphosate or insecticides like *Bacillus Thuringiensis* are well documented in intensive agriculture geographies. Such resistance may result in reduced demand for the affected product, which may not be offset by increased sales of alternative products.

If Biotalys fails to adapt its product range to respond to such resistance developments, demand for its product candidates (or their price) may not develop or decline.

2.5.5 Changes in the conditions in the agricultural industry globally, including commodity 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.

Conditions in the agricultural industry globally and in Biotalys' target markets in particular significantly impact Biotalys' operating results. The agricultural industry in certain of Biotalys' target markets can be affected by a number of factors, including commodity prices, weather patterns, field conditions and water scarcity, changes in policies of and subsidies from governments and international organizations, and sustainability concerns.

The prices of crops are volatile and may fluctuate due to a number of factors, including:

- inventory levels of the crops;
- expected and actual yield;
- quality of the yield;
- weather conditions;
- government intervention in terms of price controls and procurements; and
- political climate.

In response to fluctuations in key crop commodity prices, growers may decrease their investment in innovative crop protection products (such as Evoca™) or change their cropping pattern accordingly by switching to harvest crops which fetch more favorable prices. Therefore, growers may not require the same products offered by Biotalys for such alternative crops, which may adversely affect any future sales.

The recent consolidation trend in the conventional chemical crop protection industry (see section 9.6.6e) (*Business – Industry overview – Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market – Consolidation and reduced innovation potential of the conventional chemical crop protection market*)) has been driven by the fluctuations in currencies, crop prices and crude oil prices that have adversely affected the sales and profit margins of agrochemical companies. While this consolidation provides the opportunity for small companies to innovate while major agriculture companies focus on consolidation efficiencies, the control of the industry by a limited number of players (4-6) may have an adverse impact on Biotalys' competitive position, in that it may act as an entry barrier for new or smaller companies like Biotalys which want to introduce new technologies such as Evoca™.

While Biotalys seeks to diversify its product offerings on the long term to reduce dependence on one or a few crops as well as on one single industry sector, Biotalys will be focusing and depending on high value fruits and vegetable crops with its first product candidates, i.e. for at least the next five years (see section 9.7 (*Business – Pipeline and product candidates*)). Biotalys may not be able to cater to all types of crops, the right crop or the right sector(s) and thus be less resilient to specific conditions impacting its target markets. For example, the COVID-19 pandemic disrupted unexpectedly the distribution channels for fresh fruits and vegetables in the spring of 2020, leaving growers with rotten crops in the field, especially in California, due to the closing of the restaurants and fresh markets across the US. Impacted growers without revenues are expected to be more conservative in the next seasons and to rely on well-known protocols and pesticide products to manage their crops or balance their crops with less perishable products to hedge their risk, which may have an adverse impact on the high value fruits and vegetable markets in general and Biotalys' market opportunity in this market in particular.

In addition, production of the crops on which Biotalys' product candidates will be applied is vulnerable to extreme weather conditions such as heavy rains, hurricanes, hail, tornadoes, freezing conditions, drought, fires and floods. Weather conditions can be impacted by climate change resulting from global warming, including changes in precipitation patterns and the increased frequency of extreme weather events, or other factors. Unfavorable weather conditions can reduce both acreages planted and incidence (or timing) of certain crop diseases or pest infestations, each of which may reduce demand for Biotalys' product candidates globally or in a particular region substantially from year to year. The effects of adverse weather conditions in the later parts of the cropping cycle can still be material. For example, prolonged dry conditions post-planting tends to reduce the demand for fungicides. Adverse weather conditions can also increase the presence of diseases and pest infestations in the short term, which may affect the effectiveness of Biotalys' product candidates. Shortened bloom cycles relating to

changes in weather patterns could also reduce the amount of food protection products used during a growing season. In addition, global warming and other changes in climate and weather conditions may make it more difficult for Biotalys to rely on weather forecasts. Such changes may change the market need and opportunity for any of Biotalys' product candidates between initiation of discovery and development and commercialization, which makes Biotalys' future sales relatively unpredictable and actual sales may be materially different from our projections.

In addition, in subsidized markets such as the United States and the EU, the reduction of subsidies to growers may inhibit the growth of crop protection markets. In each of these areas, there are various pressures to reduce subsidies, and government subsidy cuts are expected in the United States. Historically, subsidies in the EU and in the US have declined over the last two decades, by 30% (as % of gross farm receipts)[5]. Any such changes in the policies of governments and international organizations may adversely affect the income available to growers to purchase crop protection products.

Furthermore, regulation and tariffs in jurisdictions may be changed in ways that support Biotalys' competitors, such as the imposition of import tariffs or price support for domestic producers in Biotalys' key markets, negatively impacting Biotalys as foreign entity. However, it is difficult to predict accurately whether, and if so, when and the extent to which, such changes will occur.

Such policies and regulations may also change in response to environmental, social and governance (ESG) preferences or requirements, as well as the changing expectations of key stakeholders regarding climate change and other sustainability issues, and Biotalys may also not be able to identify, adhere to or address the various shifts, which may result in lower demand for its product candidates.

Any change in the conditions in the agricultural industry globally and in Biotalys' target markets in particular could have a material adverse effect on Biotalys' ability to execute its strategy and implement its business plan, which may prevent it from obtaining approved and marketable products and/or commercial success or from becoming profitable.

2.5.6 Biotalys' business is subject to risks arising from epidemic diseases, such as the recent outbreak of the COVID-19 illness.

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, which has been declared by the World Health Organization to be a "public health emergency of international concern," has spread across the globe and is impacting worldwide economic activity. A public health epidemic, including COVID-19, 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. In addition to the risks for the food value chain in general described previously in the risk factor 2.5.5 (Changes in *the conditions in the agricultural industry globally, including commodity 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 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 (other than Evoca™) on a timely basis or at all (see risk factor 2.1.3 (Biotalys *relies on field trials to demonstrate the efficacy and safety of its product candidates. If ongoing or future field trials are unsuccessful, Biotalys may be unable to complete the development of, obtain regulatory approval for, or commercialize its product candidates on a timely basis or at all.*)).

While the impact of COVID-19 on Biotalys' financial situation has been limited in 2020 (see section 9.21 (*Business – COVID-19 impact*)), the continued spread of COVID-19 or similar 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. The COVID-19 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. The extent to which the COVID-19 outbreak impacts Biotalys' results will depend on future developments that are highly uncertain, including new information that may emerge concerning the severity of the virus and the actions to contain its impact.

2.6 Legal and regulatory risks

2.6.1 Biotalys has not yet obtained regulatory approval for any of its product candidates. The crop protection products industry is subject to a stringent regulatory environment including extensive regulations for obtaining product registrations. Biotalys may not be able to obtain or maintain the necessary regulatory approvals for its product candidates, which will restrict its ability to sell the product candidates in some markets. Biotalys' inability to obtain regulatory approvals, or to comply with ongoing and changing regulatory requirements, could delay or prevent sales of the product candidates Biotalys is developing and intends to commercialize.

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. In the US and Japan, crop protection products are re-assessed for re-registration after at the latest 15 years, while in Europe at the latest every ten years. 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 submission of an application to a regulatory authority does not guarantee that registration will be granted. Each authority may impose its own requirements and/or delay or refuse to grant registration, even when a product has already been approved in another country. The registration process increases the time and cost of developing new products.

In the United states, although the EPA has in place a registration procedure for biocontrol products that is streamlined in comparison to the registration procedure for conventional chemical crop (and/or food) protection products, consisting of a fast-track registration procedure (18 months instead of 36 months) and reduced data requirements, and although Evoca™ has been classified as a biocontrol/biochemical pesticide, there can be no assurance that all of Biotalys' product candidates or product extensions will be eligible for this streamlined procedure or that additional requirements will not be mandated by the EPA that could make the procedure more time consuming and costly for Biotalys' current or future product candidates. In addition, the product candidate will have to be authorized in each State.

Similarly, the EU has implemented a two-step process, applying first for approval at EU level, followed by a registration phase at Member State level. The review process includes all Member States in which registration of the product is sought, which makes the process more complex and lengthier compared for instance with the US process. All expected timelines to obtain registration in all targeted regions also depend on potential additional data requests made by regulators during the review process. Biotalys may not be able to generate the additional data at all or within the timelines set for submission of additional data, resulting in the delay or impossibility of obtaining regulatory approval for any of its product candidates. While the endpoints of the regulatory studies, indicating the favorable safety profile of Evoca™ and as a result the favorable classification and registrability of Evoca™, to some extent de-risk the registration process of Evoca™ and provide data to further defend the same classification and registrability of Biotalys' pipeline product candidates, 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. See section 9.10 (*Business – Regulatory*).

Regulatory standards and trial procedures are continuously changing, which changes may be influenced by lobbying groups (see also risk factor 2.5.2 (*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.)), 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. As described in risk factor 2.3.2 (*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 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.

2.6.2 Biotalys uses animals in its research and development activities. Policy reform, including recent EU policy reforms, 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.

Biotalys has engaged in discussions with competent authorities and partners across multiple industries to debate and oppose the legitimacy of the scientific foundation related to the efficiency of non-animal-derived antibodies and an opinion paper has been compiled by VIB with input from experts from within VIB and experts from a number of Belgian biotech and pharmaceutical companies[6]. Biotalys believes that existing alternative methods, being the use of naïve or synthetic libraries, are not sufficiently robust to be commercially implemented and would have economic impact on the viability of the AGROBODY Foundry™ platform with longer development timelines and costs as well as limitations on the innovation potential towards the identification of novel modes of action in the food protection industry.

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.

2.6.3 Biotalys uses hazardous materials in its business and is subject to strict government regulations and potential liability under environmental laws. Any claims relating to improper handling, storage or disposal of hazardous materials could be time consuming and costly to resolve.

Biotalys is subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling, disposal and release of hazardous materials and certain waste products, including GMMs. Biotalys' research and development activities involve the controlled use of hazardous materials and/or biological waste. Some of these

materials may be novel, including microorganisms with novel properties and microorganisms that produce biologically active compounds. In the event of an accident (fire, natural catastrophe, accidental release), or if any hazardous materials are found within Biotalys' operations or on the premises of its research and development facility in violation of the law at any time, Biotalys may be liable for all clean-up costs, fines, penalties and other costs. This liability could exceed Biotalys' resources, and, if significant losses arise from hazardous substance contamination, its financial viability may be substantially and adversely affected. Examples of accidental release and subsequent discovery of unapproved genetically modified crops in the US resulted in hundreds of millions of dollars in liabilities for the concerned parties in the early 2010s.

Biotalys' current and future collaborators may use hazardous materials. Biotalys screens current and potential collaborators to ensure that their work is performed in accordance with applicable biosafety regulations. In the event of a lawsuit or investigation, however, Biotalys could be held responsible for any injury caused to persons or property by exposure to, or release of, hazardous materials used by these parties. Further, Biotalys may be required to indemnify its collaborators against all damages and other liabilities arising out of its development activities or products produced in connection with these collaborations. Biotalys continuously updates its insurance policies to cover all liabilities related to research and development and commercial activities at levels customary for companies in its industry, however, the level of liability may exceed the insurance coverage available to Biotalys (see also risk factor 2.6.5 (*Biotalys may be exposed to product liability and remediation claims and its insurance coverage may become unavailable or be inadequate*.)).

2.6.4 Inability to comply with regulations applicable to Biotalys' and Biotalys' collaborators' facilities and procedures could delay, limit or prevent its research and development or manufacturing activities.

In January 2021, Biotalys moved to a new facility of approximately 2,600 square meters, consisting of 1,800 square meters of laboratories and technical space as well as 800 square meters of office space, and spent substantial amounts to adapt the facility to its needs (see section 8.4.1 (*Operating and financial review – Liquidity and capital resources – General*)). Biotalys' and Biotalys' third party collaborators' research and development facilities and procedures are subject to continual review and periodic inspection. Biotalys and its collaborators must spend funds, time and effort in the areas of production, safety and quality control and assurance to ensure full technical compliance with the regulations applicable to these facilities and procedures. If Biotalys or its collaborators fail to comply with such regulation, they may be faced with costs and material disturbance to or suspension of its operations to redesign Biotalys' new facility or to procure additional installations, and may be faced with restrictions on the use of certain materials or products in its research and development or manufacturing activities. If the competent regulatory bodies determine that these facilities and procedures are not or no longer in compliance with the applicable regulations, Biotalys or its collaborators may be required to suspend, limit or cease such research and development or manufacturing activities or pay a monetary fine. If Biotalys or its collaborators are required to suspend, limit or cease its research and development activities, Biotalys' ability to develop new products would be impaired and it may be unable to obtain regulatory approval within the contemplated timelines or at all. In addition, if Biotalys or its collaborators are required to suspend, limit or cease its manufacturing activities, Biotalys' ability to produce its product candidates in commercial quantities would be impaired or prohibited.

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

The use of certain bio-based pest management and plant health products is regulated by various local, state, federal and foreign environmental and public health agencies. These regulations may include requirements that only certified or professional users apply the product or that certain products be used only on certain types of locations, may require users to post notices on properties to which products have been or will be applied, may require notifications to individuals in the vicinity that products will be applied in the future, or may ban the use of certain ingredients. Even if Biotalys is able to comply with all such 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. For example, Biotalys' product candidates may be improperly combined with other food protection products or, even when properly combined, its product candidates may be blamed for damage caused by these other food protection products.

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. These risks exist even with respect to product candidates that have received, or may in the future receive, regulatory approval, registration or clearance

for commercial use. The potential magnitude of this risk has been recently exemplified by the approximately $10 billion settlement related to the product "Roundup" (glyphosate first registered by the EPA as herbicide in 1974) linked to suspected human health issues derived from the use of the product in agriculture.

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 (see section 9.20 (*Business – Insurance*)), such coverage may become unavailable or be or become inadequate to cover all liabilities it may incur. Biotalys may not be able to continue to maintain such insurance, or obtain comparable insurance at a reasonable cost, if at all. In addition, if and when regulatory approval has been obtained and Biotalys commences the commercialization of its product candidates, Biotalys may need to expand its insurance coverage, e.g. in respect of product recall, contamination or trade credit risks, or increase the insured limits, and an inability to obtain and retain sufficient insurance at an acceptable cost to protect against losses, liability and/or claims could prevent or inhibit the commercialization of Biotalys' product candidates. Biotalys' insurance policies also have and may in the future have various exclusions. If Biotalys is unable to obtain sufficient insurance coverage at an acceptable cost or otherwise, if the amount of any claim against Biotalys exceeds the coverage under its policies, or if Biotalys has no coverage for the claim, it may face significant expenses. Moreover, even if Biotalys has adequate insurance coverage, product liability claims, or recalls could result in negative publicity or force it to devote significant time and attention to those matters.

2.7 Risks relating to intellectual property

2.7.1 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. For more information on Biotalys' intellectual property policy, see section 9.12 (*Business – Intellectual property*). 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. For example, AGROBODY™ biocontrols are based on antibodies. The specificity of an antibody for binding to an antigen is conferred by the protein sequence of regions of the antibody that vary between one antibody and another. However, the relationship between an antibody's protein sequences and its binding properties is currently unpredictable. Biotalys aims to pursue patent claims defining AGROBODY™ biocontrols (based on antibodies) in terms of their function, for example their specificity in binding to a specific target, rather than by reference to the antibody protein sequences. Thus, in principle, the claims will cover a genus of AGROBODY™ biocontrols all sharing the same functional characteristics, a claim scope vastly broader than the specific antibodies disclosed in the patents. However, in the wake of a constantly changing legal landscape, including the decision of the US Court of Appeals for the Federal Circuit in Amgen v Sanofi and Regeneron, claims to antibodies defined solely according to their function (such as binding to a specific target) are deemed not to meet the statutory written description and enablement requirements in the US and hence be unpatentable. This implies that broad patent claims to AGROBODY™ biocontrols may need to be based on structural sequence features, which would restrict their scope. Biotalys is exploring ways in which to maximize the breadth of patent protection it can achieve, and it may be possible to secure broad functional claims in some countries, but in other jurisdictions (notably the US), it may be impossible to achieve a claim scope broader than specific exemplified antibodies.

In addition, Biotalys' intellectual property rights might be challenged (whether successfully or not), invalidated, circumvented or rendered unenforceable. Biotalys' competitors or other third parties may successfully challenge and invalidate or render unenforceable its issued patents, including any patents that may be issued in the future, which risk typically increases when a company becomes more successful or known. This could prevent or limit Biotalys' ability to stop competitors from marketing products that are identical or substantially equivalent to its

product candidates. In addition, despite the broad definition of company concepts and inventions in Biotalys' portfolio, as is common in technological progress, competitors may be able to design around its patents or develop products that provide outcomes that are comparable to Biotalys' product candidates but that are not covered by Biotalys' patents.

2.7.2 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.

Biotalys continually seeks to improve its business processes and develop new products and applications. 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 (see also section 9.12 (*Business – Intellectual property*)), 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. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of the Shares. Biotalys may also not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of Biotalys' competitors may be able to sustain the costs of such litigation or proceedings more effectively than Biotalys can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on Biotalys' ability to compete in the marketplace. If Biotalys were to discover that any of its processes, technologies or product candidates infringe the valid intellectual property rights of others, Biotalys may seek to obtain licenses from the owners of such rights or substantially re-engineer its product candidates in order to avoid infringement. Biotalys may not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer its product candidates in a manner that is successful in avoiding infringement. Moreover, if Biotalys is sued for infringement and losses, it could be required to pay substantial damages or be prohibited from using and selling the infringing product candidates or technology. Any of the foregoing could cause Biotalys to incur significant costs and prevent it from selling its product candidates.

2.7.3 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 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 (see section 2.3 (*Risks relating to Biotalys' dependence on third parties*)) 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, such as the relevant persons within its CMO partner, 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. For more information on Biotalys' confidentiality policy, see section 9.12 (*Business – Intellectual property*).

2.7.4 Third parties may misappropriate Biotalys' microbial strains.

Biotalys attempts to protect its microbial strains by filing patent applications in respect of the various genetic modifications Biotalys makes, so as to avoid that competitors use its technology. A limited number of selected third parties, including CMOs, have or may in the future have custody or control of Biotalys' microbial strains.

Although Biotalys considers the probability of occurrence low, if Biotalys' microbial strains were stolen, misappropriated or reverse engineered, the impact thereof may be very high, as they could be used by other parties who may be able to reproduce the microbial strains for their own commercial gain, for example by identification of the key genetic modifications that allowed Biotalys to create a competitive commercial advantage and replicate a commercial process for their own purpose without retribution or compensation (e.g. licensing fees) for Biotalys. If this were to occur, it would be difficult for Biotalys to challenge and prevent this type of use, since it may not know that misappropriation has occurred and as it can be difficult to gather evidence of misappropriation, including in countries with limited intellectual property protection.

2.7.5 If Biotalys' trademarks and trade names are not adequately protected, then Biotalys may not be able to build name recognition in Biotalys' target markets and its business and prospects may be adversely affected.

Biotalys' registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. Biotalys has not yet obtained trademark registrations in certain jurisdictions that it considers material to the marketing of the AGROBODY Foundry™ platform, including "Biotalys", "Evoca" and "AGROBODY" (see section 9.12 (*Business – Intellectual property*)). It may not be able to obtain such trademark registrations or, if obtained, protect its rights to these trademarks and trade names, which it needs to build name recognition and reputation for the Group and its product candidates with potential partners or customers in its target markets. Over the long term, if Biotalys is unable to establish name recognition based on its trademarks and trade names, then it may not be able to make its business and product candidates distinctive and compete effectively. If other entities use trademarks similar to Biotalys' in different jurisdictions, or have senior rights to Biotalys', Biotalys may be subject to or be required to initiate claims or litigation, which may be expensive and time-consuming, regardless of the merits of any claim, and which risk typically increases when a company becomes more successful or known, and Biotalys' involvement in such litigation could divert its technical and management personnel attention away from operating their normal responsibilities. In addition, it could interfere with Biotalys' use of its current trademarks throughout the world and may have a material adverse effect on its reputation.

2.8 Risks relating to Biotalys' financial situation

2.8.1 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.

To date, Biotalys' operations have consisted primarily of the identification of product candidates to build its pipeline, including through the formulation, testing (including through field trials) and development of its product candidates. As a result, Biotalys has not yet generated any revenues. As a relatively young business, Biotalys is subject to all the risks inherent in the organization, management recruitment, financing, expenditures, complications and delays of a new business.

Biotalys has incurred operating losses and negative operating cash flows in each period since it was established in 2013. As of 31 March 2021, Biotalys had accumulated losses of €37.8 million. These losses have resulted primarily from costs incurred in research and development, as well as from general and administrative costs associated with its operations. Biotalys intends to fund the continued development of its technology and product candidates, to seek regulatory and marketing approvals for its product candidates in order to be able to maintain, protect and expand its intellectual property portfolio, to initiate sales and marketing activities and to ensure manufacturing capacities through third party manufacturers. These expenses, together with anticipated commercial/sales, research and development and general and administrative expenses, will result in Biotalys incurring further losses following the Offering. If Biotalys obtains regulatory approval, it intends to introduce the BioFun-1 product candidate under the tradename Evoca™ as a market test for its future product candidates in the United States in H2 2022. Biotalys does not expect that the introduction of Evoca™ will generate any positive cash flows, but expects that it will create additional costs and losses given the limited scale of the market test and the high production costs related to Evoca™. The main purpose of the Evoca™ market test will be to demonstrate the competitive features of the product candidates generated through the AGROBODY Foundry™ platform. In addition, Biotalys expects that its future product candidates will not generate any positive cashflows until some time after having obtained regulatory approval for such product candidate, which approval is not expected to be obtained in the near future (see also risk factor 2.1.1 (*Biotalys has never brought a product to the market. All but one of Biotalys' product candidates are still in early stages of discovery. Only one product candidate is in the*

registration phase, but will, if regulatory approval is obtained, only be introduced as a market test and 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.)). See sections 8.1 (*Operating and financial review – Overview*), 8.2.3 (*– Market test of Evoca™*), 9.3 (*Business – Biotalys' solution*) and 9.7.4 (*– Pipeline and product candidates – Evoca™*).

In addition, the viability of Biotalys' business plan has not yet been proven. Biotalys' limited operating history makes it difficult for potential investors to evaluate Biotalys' ability to successfully execute its business plan and achieve profitability.

Biotalys may not achieve profitability, which could impair its ability to sustain operations or obtain any required additional funding. If Biotalys does achieve profitability in the future, it may not be able to sustain profitability in subsequent periods, and it may suffer net losses and/or negative operating cash flows in subsequent periods.

It is possible that Biotalys will experience fluctuating revenues, operating results and cash flows. In that case, as a result, period-to-period comparisons of financial results may not necessarily be meaningful, and results of operations in prior periods should not be relied upon as an indication of future performance.

2.8.2 In Biotalys' opinion, it does not currently have sufficient working capital to satisfy its present or anticipated future working capital requirements for at least the next 12 months following the date of this Prospectus.

Based on a working capital assessment, Biotalys is of the opinion that, taking into account its available cash and cash equivalents, it does not have sufficient working capital to meet its present requirements and to cover its anticipated working capital needs for a period of at least twelve months as of the date of this Prospectus. See section 6.2 (*Capitalization and indebtedness – Working capital statement*).

While, based on the Subscription Commitments, which are subject only to (i) full allocation of their respective Subscription Commitment, and (ii) the closing of the Offering, and together with its available cash and cash equivalents, Biotalys would expect to have sufficient working capital to satisfy its present and anticipated future working capital requirements for the next 12 months if the Offering is completed, Biotalys could spend its available financial resources faster than currently expected. Any future funding requirements will depend on many factors, including without limitation:

- the extent to which Biotalys acquires or invests in products, technologies and businesses, although it currently has no commitments or agreements relating to any of these types of transactions;
- the cost and timing of the regulatory approval process for Biotalys' product candidates;
- the cost of research and development activities;
- the cost of filing and prosecuting patent applications and other intellectual property rights and defending and enforcing its patents or other intellectual property rights in various jurisdictions;
- the cost of defending, in litigation or otherwise, any claims that Biotalys infringes third-party patents or other intellectual property rights;
- the cost and timing of establishing sales and marketing capabilities;
- costs associated with any product recall that may occur;
- the effect of competing technological and market developments; and
- the costs of operating as a public company.

Biotalys expects to require additional financing in the future to meet its business requirements. See also section 4.2 (*Use of proceeds – Reasons for the Offering and use of proceeds*). Any additional equity or debt financing that Biotalys may raise may contain terms that are not favorable to it or its shareholders. If Biotalys raises additional funds by selling additional Shares or other securities convertible into or exercisable or exchangeable for Shares after this Offering (including through the exercise by the Underwriters of their Over-allotment Option), the issuance of such securities may result in dilution to Biotalys' shareholders, including investors in this Offering (see also risk factor 2.9.6 (*Investors, including investors resident in countries other than Belgium, may suffer significant dilution if they are unable to participate in future preferential subscription rights offerings.*)). The price per share at which Biotalys sells additional Shares or securities convertible into or exercisable or exchangeable for Shares, in future transactions may be higher or lower than the price per Share paid by investors in this Offering.

In addition, any future debt financing into which Biotalys may enter may impose upon it covenants that restrict its operations, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase Shares, make certain investments and engage in certain merger, consolidation or asset sale transactions. If Biotalys raises additional funds through collaboration and licensing arrangements with third-parties, it may be necessary to relinquish some rights to its technologies or product candidates, or grant licenses on terms that are not favorable to it.

Furthermore, Biotalys cannot be certain that additional funding will be available on acceptable terms, if at all. If such financing is not available on satisfactory terms, Biotalys may be unable to further pursue its business plan and it may be unable to continue operations.

2.9 Risks relating to the Shares

2.9.1 The market price of the Shares may fluctuate widely in response to various factors. Investors may not be able to resell their Shares at or above the Offering Price and may lose all or part of their investment.

The Offering Price will be determined by negotiations between Biotalys and the Joint Global Coordinators and Joint Bookrunners after the Offering Period, on the basis of a book-building process in which only Institutional Investors can participate. See section 14.4 (*The Offering – Offering Price*). The Offering Price may not be indicative of prices that will prevail in the trading market following the Offering. The price of the Shares may decline following the Offering. Publicly traded securities on Euronext Brussels from time to time experience significant price and volume fluctuations that may be unrelated to the results of operation or the financial condition of the companies that have issued them. In addition, the market price of the Shares may prove to be highly volatile and may fluctuate significantly in response to a number of factors, many of which are beyond Biotalys' control and the impact of which may be exacerbated by Biotalys being the only AgTech company listed on the regulated market of Euronext Brussels at the time of closing of the Offering, including the following:

- announcements of technological innovations, discovery data in relation to existing or new products or collaborations by Biotalys or its competitors;
- actual or anticipated fluctuations to Biotalys' strategy and business plan, or the execution thereof;
- potential or actual sales of blocks of Shares in the market or short selling of Shares, future issues or sales of Shares, including due to Biotalys' relatively low liquidity at the time of closing of the Offering, including in view of Biotalys' existing significant shareholders (see section 11 (*Major shareholders*));
- the entrance of new competitors or new products in the markets in which Biotalys operates;
- volatility in the market as a whole (see also section 2.5 (*Risks relating to the markets and countries in which Biotalys operates*)) or investor perception of Biotalys' markets and competitors;
- changes in market valuation of similar companies;
- announcements by Biotalys or its competitors of significant contracts;
- acquisitions, collaborations, partnerships (see risk factors 2.3.3 (*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 enhance 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.*), 2.4.3 (*Biotalys may be unable to manage its growth*.) and 2.4.4 (*Biotalys may not be able to integrate efficiently or achieve the expected benefits of any acquisitions or in-licensing of complementary businesses, product candidates or technologies.*)), capital commitments or new products or services, including due to the currently fragmented market in which Biotalys is operating;
- additions or departures of key personnel (see risk factors 2.4.1 (*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*.) and 2.4.3 (*Biotalys may be unable to manage its growth*.));
- developments regarding intellectual property rights, including patents and litigation (see section 2.7 (*Risks relating to intellectual property*));
- regulatory developments in Europe, the United States and other jurisdictions, and new government regulation in general (see section 2.6 (*Legal and regulatory risks*)), including due to the heavily regulated environment in which Biotalys operates;
- conditions, increased volatility or disruptions of financial markets as result of a pandemic or other public health crisis, such as COVID-19; and

- the risk factors mentioned above.

The market price of the Shares may be adversely affected by the preceding or other factors regardless of Biotalys' actual results of operations and financial condition.

2.9.2 Certain significant shareholders of the Company after the Offering may have different interests from Biotalys and may be able to control the Company, including the outcome of shareholder votes.

Following the closing of the Offering and listing of the Shares, the Company will have a substantial number of significant shareholders, some of which have also historically nominated members of the Board of Directors. For an overview of the Company's current significant shareholders see section 11 (*Major Shareholders*). Assuming that (a) the Offering Price is at the mid-point of the Price Range, (b) the existing shareholders will not participate in the Offering in addition to the Subscription Commitments that were provided by the Participating Investors (see also section 14.3 (*The Offering – Subscription Commitments by the Participating Investors*)), and (c) the Participating Investors will be allocated new Shares for the full amount of their Subscription Commitments, immediately after the closing of the Offering assuming a placement of the maximum number of Offered Shares in the Offering (but excluding the exercise of the Increase Option and the Over-allotment Option), 69.12% of the Company's Shares will be owned by persons holding more than 5% of the outstanding Shares immediately after the closing of the Offering. In addition, Biotalys reserves the right to reduce the maximum number of Offered Shares at any time prior to the allocation of the Offered Shares, in which case the current significant shareholders will suffer less dilution. Finally, the capital of Biotalys may be increased with restriction or suppression of the preferential subscription rights of existing shareholders, including for the benefit of one or more specific persons (whether or not employees of Biotalys or its subsidiaries), including by the Board of Directors pursuant to the authorization granted by the Company's general shareholders' meeting of 18 June 2021, in which case existing or new shareholder may acquire a significant number of (additional) Shares.

Currently, the existing shareholders of the Company and the Company have entered into a shareholders' agreement (the "**Shareholders' Agreement**"), containing, amongst others, terms regarding the Company's business and governance, as well as pre-emptive rights and transfer restrictions regarding the Shares. The Shareholders' Agreement will be terminated subject to the closing of the Offering. The Company is not aware of shareholders entering into a new shareholders' agreement or agreeing to act in concert following the closing of the Offering (other than certain lock up arrangements as described above and the concert between affiliated entities as described in section 11.1 (*Major shareholders – Overview*)). Nevertheless, they could, alone or together, have the ability to elect or dismiss directors, and, depending on how broadly the Company's other Shares are held, take certain other shareholders' decisions that require at least 50%, 75% or 80% of the votes of the shareholders that are present or represented at general shareholders' meetings where such items are submitted to voting by the shareholders. Alternatively, to the extent that these shareholders have insufficient votes to impose certain shareholders' decisions, they could still have the ability to block proposed shareholders' resolutions that require at least 50%, 75% or 80% of the votes of the shareholders that are present or represented at general shareholders' meetings where such decisions are submitted to voting by the shareholders. Furthermore, a number of directors are representatives of shareholders or affiliates of shareholders of the Company (see section 10.2.2b) (*Management and Corporate Governance – Board of Directors – Composition of the Board of Directors – Post-offering Board of Directors*)). A shareholder that also is or has appointed a member of the Board of Directors or the ExCom may, in some instances and in comparison with minority shareholders, have a better understanding of the particulars of Biotalys and its business (see also sections 10.2.3 (*Management and Corporate Governance – Board of Directors – Share ownership and intention to participate in the Offering*) and 10.3.5 (*–ExCom – Share ownership and intention to participate in the Offering*)). Any such voting by the shareholders may not be in accordance with the interests of the Company or the other shareholders of the Company, including other investors in the Offering.

2.9.3 Biotalys will likely not be able to pay dividends in the foreseeable future and intends to retain all earnings.

Biotalys has not declared or paid dividends on the Shares in the past. In the near future, Biotalys' dividend policy will be determined and may change from time to time by determination of the Board of Directors. Any declaration of dividends will be based upon Biotalys' earnings, financial condition, capital requirements and other factors considered important by the Board of Directors.

Belgian law and the Articles of Association do not require Biotalys to declare dividends. Currently, the Board of Directors expects to retain all earnings, if any, generated by Biotalys' operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the foreseeable future.

See sections 5 (*Dividends and dividend policy*) and 13.6.3 (*Description of share capital and Articles of Association – Rights attached to the Shares – Dividend rights*) for more information on dividends, dividend policy and legal and (contractual) financial constraints in relation thereto and section 2.8 (*Risks relating to Biotalys' financial situation*).

2.9.4 Future sales of substantial amounts of Shares, or the perception that such sales could occur, could adversely affect the market value of the Shares.

As described in section 15.3 (*Plan of distribution – Lock-up arrangements*), the current shareholders that hold 1% or more of the Shares at the date of this Prospectus and the members of the Board of Directors and ExCom have entered into lock-up arrangements with the Underwriters and the Company in respect of their Locked Financial Instruments for a period of twelve months after the Closing Date, subject to certain exceptions. Furthermore, during the Lock-up Period and, for the members of the Board of Directors and ExCom only during the period starting six months after the Closing Date and ending on the expiry of the Lock-up Period, the lock-up restrictions will not apply to a coordinated sale of the Locked Financial Instruments, subject to certain conditions. A sale of a significant number of Shares on the public markets, including by the current existing significant shareholders, or the perception that such sale will occur, may adversely affect the market price of the Shares and could impair Biotalys' ability to raise capital through the issue of additional Shares. Biotalys cannot make any predictions as to the sale or perception on the market price of the Shares.

For example, given the fact that several existing shareholders have been investors in the Company for many years, it cannot be excluded that some of them may want to sell all or part of their Shares following the expiration of their lock-up obligations where applicable. Future potential sales of Shares by the relevant existing shareholders, or the perception that such sales could occur, may adversely affect the market price of the Shares.

2.9.5 If securities or industry analysts do not publish research reports about Biotalys, or if they change their recommendations regarding the Shares in an adverse way, the market price of the Shares may fall, and the trading volume may decline.

The trading market for the Shares may be influenced by the research reports that industry or securities analysts publish about Biotalys or its industry. As fewer analyst reports are being published because of their expensive nature pursuant to MiFID II, combined with the fact that Biotalys will be a recently listed, relatively young and small group, the only AgTech company listed on the regulated market of Euronext Brussels at the time of the closing of the Offering, and therefore likely low on the priority list of analysts, the analyst coverage of Biotalys will be very limited. On the date of this Prospectus, Biotalys only expects analysts of the Underwriters to cover Biotalys, and cannot estimate whether it will receive additional analyst coverage following the closing of the Offering or guarantee whether or for how long any existing analyst coverage will continue. Therefore, if one or more of the analysts who cover Biotalys or its industry, downgrades its recommendation, the market price of the Shares may fall, or if one or more of the analysts ceases to cover Biotalys or fails to publish research reports about it on a regular basis, Biotalys may be confronted with a significant loss of visibility in the financial markets, which in turn could cause the market price of the Shares or trading volume to decline.

This decline could be exacerbated due to Biotalys' limited market capitalization.

2.9.6 Investors, including investors resident in countries other than Belgium, may suffer significant dilution if they are unable to participate in future preferential subscription rights offerings.

Biotalys may be required to raise additional funding to meet its funding requirements (see sections 4.2 (*Use of proceeds – Reasons for the Offering and use of proceeds*) and 6.2 (*Capitalization and indebtedness – Working capital statement*)). Under Belgian law and the Company's constitutional documents, shareholders have a waivable and cancellable preferential subscription right to subscribe *pro rata* to their existing shareholdings to the issuance, against a contribution in cash, of new Shares or other securities entitling the holder thereof to new Shares, unless such rights are limited or cancelled by resolution of the Company's general shareholders' meeting or, if so authorized by a resolution of such meeting, the Board of Directors. The Company's general shareholders' meeting and, pursuant to the authorization granted by the Company's general shareholders' meeting of 18 June 2021, the

Board of Directors may resolve to cancel or limit the preferential subscription rights of existing shareholders including for the benefit of one or more specific persons (whether or not employees of Biotalys or its subsidiaries).

In addition, the exercise of preferential subscription rights by certain shareholders not residing in Belgium (including those in the United States, Australia, Switzerland, Canada or Japan) may be restricted by applicable law, practice or other considerations, and such shareholders may not be entitled to exercise such rights, unless the rights and Shares are registered or qualified for sale under the relevant legislation or regulatory framework. In particular, the Company may not be able to establish an exemption from registration under the US Securities Act, and the Company is under no obligation to file a registration statement with respect to any such preferential subscription rights or underlying securities or to endeavor to have a registration statement declared effective under the US Securities Act.

If shareholders are not able or not permitted to exercise their preferential subscription rights in the event of a future equity or other offering, they may suffer significant dilution of their shareholdings.

2.9.7 The Company may be a passive foreign investment company for US federal income tax purposes, which could result in adverse US federal income tax consequences to US investors

Based on the composition of the Company's current gross assets and income and the manner in which Biotalys currently operates its business, Biotalys believes that it may be classified as a PFIC for US federal income tax purposes for the Company's current taxable year. In general, a non-US corporation is a PFIC for any taxable year in which, taking into account a pro-rata portion of the income and assets of certain 25% or more owned subsidiaries, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held to produce passive income. For purposes of the PFIC rules, passive income generally includes interest, rents, dividends, royalties and certain capital gains, and cash is considered to be an asset that produces passive income. Until the Company or its non-US subsidiaries achieve commercialization and derive gross receipts from sales of products or services (see risk factors 2.1.1 (*Biotalys has never brought a product to the market. All but one of Biotalys' product candidates are still in early stages of discovery. Only one product candidate is in the registration phase, but will, if regulatory approval is obtained, only be introduced as a market test and 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.*) and 2.8.1 (*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*. and sections 8.1 (*Operating and financial review – Overview*) and 9.7.1 (*Business –Pipeline and product candidates – Overview*)), Biotalys expects that at least 50% of the average value of its assets is attributable to assets that produce or are held to produce passive income.

The PFIC determination is made annually, and the Company's status could change depending, among other things, upon changes in the Company's activities (including when Biotalys achieves commercialization), composition and relative value of gross receipts and assets subsequent to the Offering, which may depend on the market value of the Offered Shares. As the Offering consists of, among other, placement in the United States to persons that are reasonably believed to be QIBs as defined in Rule 144A under the US Securities Act, if the Company were treated as a PFIC for any taxable year that a US investor owns the Offered Shares, then adverse tax consequences and additional reporting obligations could apply to such US investor without regard to whether the Company continued to be a PFIC in any subsequent taxable year, as described in section 16.2.1 (*Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Rules*).

2.10 Risks relating to the Offering

2.10.1 The fact that no minimum amount is set for the Offering may affect Biotalys' investment plan and the liquidity of the Shares.

Assuming a placement of the maximum number of Offered Shares in the Offering and that the Offering Price is at the midpoint of the Price Range and on the basis of the estimated expenses of the Offering (see section 4.1 (*Use of Proceeds – Expenses of the Offering*)), the Company estimates to receive net proceeds of (i) approximately €45.15 million in case of a placement of the maximum number of Offered Shares in the Offering but excluding the exercise of the Increase Option and Over-allotment Option, (ii) approximately €52.28 million in case of a

placement of the maximum number of Offered Shares in the Offering, including the exercise in full of the Increase Option but excluding the exercise of the Over-allotment Option, and (iii) approximately €60.48 million in case of a placement of the maximum number of Offered Shares in the Offering including the exercise in full of the Increase Option and the Over-allotment Option. However, since there is no minimum amount of the Offering, the Company has the right to proceed with a capital increase in a reduced amount, corresponding to a number of Offered Shares that is lower than the maximum number of 6,333,333 Offered Shares (i.e., excluding the exercise, in part or in full, of the Increase Option and the Over-allotment Option) initially offered in the Offering, it being understood that, in a worst case scenario, the net proceeds of the Offering would be equal to the net proceeds from the Subscription Commitments of the Participating Investors (i.e. €23.82 million).

The actual number of Shares subscribed for, or placed, will be confirmed on Biotalys' website and by way of a press release together with the Offering Price. As a result, a number of Shares that is lower than the maximum number of Offered Shares in the Offering could be available for trading on the market, which could limit the liquidity of the Shares. Furthermore, Biotalys' financial means in view of the uses of proceeds would in such case also be reduced and Biotalys would be required to reduce or postpone investment in the continued improvement and optimization of Biotalys' AGROBODY Foundry™ platform and Biotalys' go-to-market strategy. In addition, Biotalys may be required to raise additional funding up to the amount of the estimated net proceeds of the Offering, excluding the exercise of the Increase Option and the Over-allotment Option, which could be a combination of external financing and further shareholders' financing, as further described in sections 4.2 (*Use of Proceeds – Reasons for the Offering and use of proceeds*), 6.2 (*Capitalization and indebtedness – Working capital statement*) and 14.2 (*The Offering – Conditions and nature of the Offering*). See also risk factor 2.8.2 (*In Biotalys' opinion, it does not currently have sufficient working capital to satisfy its present or anticipated future working capital requirements for at least the next 12 months following the date of this Prospectus.*).

2.10.2 There has been no prior public market for the Shares and an active market for the Shares may not develop.

Prior to the Offering, there has been no public trading market for the Shares. An active trading market for the Shares may not develop or, if developed, may not be sustained or be sufficiently liquid following the closing of the Offering. Taking into account the lock-up arrangements as described in section 15.3 (*Plan of distribution – Lock-up arrangements*), it is expected that after the Offering, approximately 21.37% of the Shares will be freely tradeable in case of a placement of the maximum number of Offered Shares in the Offering including the exercise in full of the Increase Option and the Over-allotment Option. However, Biotalys reserves the right to reduce the maximum number of Offered Shares at any time prior to the allocation of the Offered Shares, in which case less Shares will be freely tradable (see also risk factor 2.10.1 (*The fact that no minimum amount is set for the Offering may affect Biotalys' investment plan and the liquidity of the Shares.*)). Furthermore, the Offering Price is not necessarily indicative of the prices at which the Shares will subsequently trade on the stock exchange. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected. This risk could be exacerbated due to Biotalys being the only AgTech company listed on the regulated market of Euronext Brussels at the time of the closing of the Offering. The degree of liquidity of the Shares may negatively impact the price at which an investor can dispose of the Shares where the investor is seeking to achieve a sale within a short timeframe.

2.10.3 The Shares will be listed and traded on the regulated market of Euronext Brussels on an "if-and-when-issued-and/or-delivered" basis from the Listing Date until the Closing Date. Euronext Brussels may annul all transactions effected in the Shares if they are not issued and delivered on the Closing Date.

From the Listing Date until the Closing Date, the Shares will be listed and traded on the regulated market of Euronext Brussels on an "if-and-when-issued-and/or-delivered" basis, meaning that trading of the Shares will begin prior to the closing of the Offering. The Closing Date is expected to occur on the first Euronext Brussels trading day following the Listing Date. Investors that wish to enter into transactions in the Shares prior to the Closing Date, whether such transactions are effected on the regulated market of Euronext Brussels or otherwise, should be aware that the closing of the Offering may not take place on the expected date, or at all, if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels may annul all transactions effected in the Shares if they are not issued and delivered on the Closing Date. See sections 14.9 (*The Offering – Withdrawal of the Offering or suspension of the Offering Period*) and 14.14 (*– Trading and listing on Euronext Brussels*). For example, upon the occurrence of certain customary events including, but not limited to, if the Company would not comply with its obligations, covenants and undertakings under the Underwriting Agreement, or if admission to listing of the Shares on the

regulated market of Euronext Brussels is withdrawn, closing of the Offering would not take place. See section 15.1 (*Plan of distribution – Underwriting*).

3. IMPORTANT INFORMATION

3.1 Responsibility statement

In accordance with Article 26, §1 and §2 of the Belgian Law of 11 July 2018 on the public offering of securities and the admission of securities to trading on a regulated market (the "**Prospectus Law**"), the Company, represented by its Board of Directors, assumes responsibility for the completeness and accuracy of all of the contents of this Prospectus. The Company attests that to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

None of the Underwriters makes any representation or warranty, express or implied, as to, or assumes any responsibility for, the accuracy or completeness or verification of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Underwriters (or any of their respective officers, directors or employees), whether as to the past or the future. Accordingly, the Underwriters disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, in respect of this Prospectus or any such statement.

In making an investment decision, investors must rely on their own assessment, examination, analysis and enquiry of the Company, the terms of the Offering and the contents of this Prospectus, including the merits and risks involved. Any purchase of the Offered Shares should be based on the assessments that an investor may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to invest in the Offered Shares. In addition to their own assessment of the Company and the terms of the Offering, investors should rely only on the information contained in this Prospectus, including the risk factors described herein, any supplements to this Prospectus as may be published (if any) and any notices that the Company may publish under applicable law or the relevant rules of Euronext Brussels.

Investors must also acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company or the Underwriters.

None of the Company or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the Offered Shares regarding the legality of an investment in the Offered Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offered Shares.

No person has been authorized to give any information or to make any representation in connection with the Offering other than those contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized. Without prejudice to the Company's obligation to publish supplements to the Prospectus when legally required (as described below), neither the delivery of this Prospectus nor any sale made at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the Offered Shares. It contains selected and summarized information, does not express any commitment or acknowledgment or waiver, and does not create any right, express or implied, towards anyone other than a potential investor. Investors must assess, with their own advisers if necessary, whether the Offered Shares are a suitable investment for them, considering their personal income and financial

situation. In case of doubt about the risk involved in investing in the Offered Shares, investors should abstain from investing in the Offered Shares.

The summaries and descriptions of legal provisions, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may under no circumstances be interpreted as a basis for credit or other evaluation, or as investment, legal or tax advice for prospective investors. Prospective investors are urged to consult their own financial adviser, accountant or other advisers concerning the legal, tax, economic, financial and other aspects associated with the trading or investment in the Shares.

3.2 Prospectus approval

The FSMA, as competent authority under the Prospectus Regulation, approved the English version of this Prospectus on 22 June 2021 in accordance with Article 20 of the Prospectus Regulation. The FSMA only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The FSMA's approval should not be considered as an endorsement of the Company that is the subject of this Prospectus nor the quality of the Offered Shares. This Prospectus has been prepared in English and translated into Dutch. The Summary of the Prospectus has also been translated into French. The Company is responsible for the consistency between the English, Dutch and French versions of (the Summary of the) Prospectus. Investors can rely on the Dutch language version of this Prospectus in their contractual relationship with the Company. Without prejudice to the responsibility of the Company for inconsistencies between the different language versions of the Prospectus or the summary of the Prospectus, in the case of discrepancies between the different versions of this Prospectus, the English version will prevail.

The information in this Prospectus is as of the date printed on the front cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in the business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In accordance with Article 23 of the Prospectus Regulation, in the event of a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Offered Shares, and which arises or is noted between the time when the Prospectus is approved and the closing of the Offer Period or the time when trading on Euronext Brussels begins, whichever occurs later, shall be mentioned in a supplement to the Prospectus without undue delay. Any supplement is subject to approval by the FSMA, in the same manner as this Prospectus and must be made public in the same manner as this Prospectus.

If a supplement to the Prospectus is published in accordance with Article 23.2a and 23.3a of the Prospectus Regulation (as supplemented by article 1(8) of Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021 amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries and Directive 2004/109/EC as regards the use of the single electronic reporting format for annual financial reports, to support the recovery from the COVID-19 crisis), investors who had already submitted an order before the supplement was published will have the right to withdraw their orders made prior to the publication of the supplement provided that the new factor, mistake or inaccuracy referred to in the previous paragraph arose or was noted before the end of the Offering Period or the delivery of the Shares, whichever occurs first. Such withdrawal must be done within the time period set forth in the supplement (which shall not be shorter than three business days after publication of the supplement). For investors who have submitted their orders through a financial intermediary, that financial intermediary shall inform those investors of the possibility of a supplement being published, where and when it would be published and that the financial intermediary would assist them in exercising their right to withdraw acceptances in such a case. The financial intermediary shall contact such investors who have the right of withdrawal as described above by the end of the first business day following that on which the supplement is published.

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer to sell, or an invitation of an offer to purchase, any Offered Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company and the Underwriters require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. None of the Company or the Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions. The Company and the Underwriters reserve the right in their own absolute discretion to reject any offer to purchase Shares that the Company,

the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

3.3 Stabilization

In connection with the Offering, Joh. Berenberg, Gossler & Co. KG or its affiliates will act as Stabilization Manager on behalf of itself and the Underwriters and may engage in transactions that stabilize, maintain or otherwise affect the price of the Shares or any options, warrants or rights with respect to, or other interest in, the Shares or other securities of the Company for up to 30 days from the Listing Date (the "**Stabilization Period**"). These activities may support the market price of the Shares at a level higher than that which might otherwise prevail. Stabilization will not be executed above the Offering Price. Such transactions may be effected on Euronext Brussels, in the over-the-counter markets or otherwise. The Stabilization Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilization Manager or its agents may discontinue any of these activities at any time and they must terminate at the end of the 30-day period mentioned above.

During the Stabilization Period, the details of all stabilization transactions will be made public no later than the end of the seventh daily market session following the date of execution of such transactions, in accordance with Article 6.2 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

Within five business days of the end of the Stabilization Period, the following information will be made public in accordance with Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Article 6.3 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures, as well as Article 5, §2 of the Royal Decree on Primary Markets Practices: (i) whether or not stabilization was undertaken; (ii) the date at which stabilization started; (iii) the date on which stabilization last occurred; (iv) the price range within which stabilization was carried out, for each of the dates on which stabilization transactions were carried out; and (v) the final size of the Offering, including the result of the stabilization and the exercise of the Over-allotment Option, if any, and (vi) the place where the stabilization was undertaken including, where relevant, the name of the trading venue.

3.4 Selling restrictions and transfer restrictions

Persons into whose hands this Prospectus comes are required by the Company and the Underwriters to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither the Company nor the Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Shares, of any such restrictions.

3.4.1 Notice to prospective investors in the United States

The Offered Shares have not been and will not be registered under the US Securities Act and are being offered and sold: (i) in the United States only to persons that are reasonably believed to be QIBs as defined in Rule 144A; and (ii) outside the United States in compliance with Regulation S.

Each purchaser of the Company's securities in the United States will be deemed to have represented and agreed as follows:

- The purchaser (a) is a qualified institutional buyer, or QIB, as defined in Rule 144A, or a broker-dealer acting for the account of a QIB, (b) is acquiring the securities for its own account or for the account of a QIB, and (c) is aware that the securities are restricted within the meaning of the US Securities Act, and may not be deposited into any unrestricted depositary facility, unless at the time of such deposit the securities are no longer restricted.
- The purchaser is aware that such securities have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States, and are being offered in the United States only to QIBs in a transaction not involving any public offering in the United States within the meaning of the US Securities Act.

- The purchaser understands and agrees that the securities may not be offered, sold, pledged or otherwise transferred, except (a) in the United States to a person that the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of another QIB or (b) outside the United States in accordance with Regulation S under the US Securities Act, or (c) pursuant to another exemption from registration under the US Securities Act or (d) pursuant to an effective registration statement under the US Securities Act.
- The purchaser acknowledges that the Company, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and undertakes promptly to notify the Company and the Underwriters if, at any time prior to the purchase of the Offered Shares, any of the foregoing ceases to be true.

In addition, until the end of the 40th calendar day after the commencement of the Offering, an offer or sale of the shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the US Securities Act.

The Offered Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

3.4.2 Notice to prospective investors in the EEA

An offer to the public of any Offered Shares may not be made in any Member State of the EEA (each a "**Relevant State**") other than an offer to the public in Belgium unless the Prospectus has been (i) approved by the competent authority in such Relevant State or passported and (ii) published in accordance with the Prospectus Regulation. This Prospectus has been prepared on the basis that all offers of Offered Shares other than the offers contemplated in Belgium, will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to produce a prospectus for offers of Offered Shares. Accordingly, any person making or intending to make any offer of Offered Shares within the EEA which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. Neither the Company nor the Underwriters have authorized, nor do the Company or the Underwriters authorize, the making of any offer of Offered Shares through any financial intermediary, other than offers made by the Underwriters which constitute the final placement of Offered Shares contemplated in this Prospectus.

The Offered Shares have not been, and will not be, offered to the public in any Relevant State, except Belgium. Notwithstanding the foregoing, an offering of the Offered Shares may be made in a Relevant State:

- to legal entities that are qualified investors as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Underwriters for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, if applicable, provided that no such offer of Offered Shares shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to article 23 of the Prospectus Regulation and each person who initially acquires Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriters and the Company that it is a "qualified investor" within the meaning of the Prospectus Regulation.

The Company, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the consent of the Underwriters, be permitted to subscribe for Shares in the Offering.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offered Shares in any Relevant State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offered Shares so as to enable an investor to decide to subscribe for Offered Shares, as defined in Article 2(d) of the Prospectus Regulation.

3.4.3 Notice to prospective investors in the United Kingdom

In the United Kingdom, this Prospectus is only addressed and directed to persons in the United Kingdom who are "qualified investors" within the meaning of Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 and underlying legislation (together, the "**UK Prospectus Regulation**") ("**UK Qualified Investors**"). In addition, in the United Kingdom this Prospectus is only addressed and directed to:

- investors who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**");
- investors who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order; and
- other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**").

In the United Kingdom, the Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offered Shares in the United Kingdom will only be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

3.4.4 Notice to prospective investors in Switzerland

The Offered Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Shares constitutes a prospectus or a similar notice as such terms are understood pursuant to article 652a, article 752 or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of Article 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offered Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA. The Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

3.5 Available information

This Prospectus is available to retail investors in Belgium in English and Dutch. The Summary of the Prospectus is also available in French. The Prospectus will be made available to investors at no cost at the Company's registered office, located at Buchtenstraat 11, 9051 Sint-Denijs-Westrem, Belgium and can be obtained by retail investors in Belgium at KBC Bank NV/SA, CBC Banque SA/NV, Bolero, KBC Securities NV/SA and Belfius Bank NV/SA upon request by phone: +32 78 152 153 (KBC Bank NV/SA & CBC Banque SA/NV), +32 2 303 33 00 (Bolero orderdesk) and +32 2 222 12 01 (French) and +32 2 222 12 02 (Dutch) (Belfius Bank NV/SA).

Subject to certain country restrictions, the Prospectus and the Summary of the Prospectus are also available to investors in English, Dutch and French (only the Summary), on the following websites: www.biotalys.com/investors, and www.kbc.be/biotalys, www.bolero.be/nl/biotalys and www.kbcsecurities.com and www.belfius.be/Biotalys2021 (before opening of the market). The information on the website does not form part of the Prospectus and has not been scrutinized or approved by the FSMA.

The posting of the Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Information on the website of the Company (www.biotalys.com) or any other website does not form part of the Prospectus.

The Company has filed its deed of incorporation and must file its coordinated articles of association and all other deeds that are to be published in the Annexes to the Belgian State Gazette with the clerk's office of the commercial court of Ghent (division Ghent) where they are available to the public. The Company is registered with the register of legal entities (Ghent (division Ghent)) under enterprise number 0508.931.185. A copy of the Company's most recent articles of association will also be available on its website.

In accordance with Belgian law, the Company must also prepare audited annual statutory and consolidated financial statements. The audited annual statutory financial statements and the consolidated financial statements, together with the report of the Board of Directors and the audit opinion of the statutory auditor, will be filed with the National Bank of Belgium ("**NBB**"), where they will be available to the public. Furthermore, as a listed company, the Company must publish a consolidated annual report (composed of the consolidated financial statements to be filed with the NBB and a responsibility statement) and a half-yearly financial report (composed of interim condensed consolidated financial statement, the conclusion of the statutory auditor, if reviewed, and a responsibility statement). These reports will be made publicly available on the website of the Company.

As a listed company, the Company must also disclose "inside information", information about its shareholder structure and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumen-ten die zijn toegelaten tot de verhandeling op een Belgische gereglementeerde markt/Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé belge*), such information and documentation will be made available through the Company's website, press releases, the communication channels of Euronext Brussels, on STORI, or a combination of these means. All press releases published by the Company will be made available on its website.

For so long as any of the Shares are "restricted securities" as defined in Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, on the request of such holder, beneficial owner or prospective purchaser, the information required to be provided to such persons pursuant to Rule 144A(d)(4) under the US Securities Act. The Company expects to be exempt from reporting requirements under the US Exchange Act, pursuant to Rule 12g3-2(b).

3.6 Presentation of financial and other information

The Company's audited consolidated financial statements as of and for the years ended 31 December 2020 and 2019 (the "**Consolidated Financial Statements**") have been prepared in accordance with IFRS and its unaudited condensed consolidated financial statements for the three months ended 31 March 2021 and 2020 (the "**Condensed Consolidated Interim Financial Statements**") have been prepared in accordance with IAS 34. The Consolidated Financial Statements and the statutory financial statements as of and for the years ended 31 December 2020, 2019 and 2018 have been audited, and the Condensed Consolidated Interim Financial Statements have been reviewed, by Deloitte Bedrijfsrevisoren BV, with statutory seat at Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem, Belgium, represented by Gert Vanhees, auditor. The statutory financial statements are available on the website of the NBB.

Rounding adjustments have been made in calculating some of the financial information included in this Prospectus. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

3.7 Other information

In this Prospectus, references to the "Company" are to Biotalys NV and references to "we," "us" or "our" are to the Company together with its consolidated subsidiaries.

References to "Euros" or "€" are to the common currency of the member states of the EU that are part of the Eurozone. References to the "United States" or the "US" are to the United States of America and references to "US dollars", "US $" or "$" are to the lawful currency of the United States.

3.8 Industry and market data

This Prospectus includes market share and industry data, which were obtained by Biotalys from industry publications, press releases, data published by government agencies, industry reports prepared by consultants and other market data providers and internal surveys. These market data are primarily presented in section 9 (*Business*). When information has been derived from third parties, the Prospectus refers to such third parties.

The third-party sources the Company has used generally state that the information they contain has been obtained from sources believed to be reliable. Some of these third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third-party sources, it is unable to verify such information and, while the Company believes it to be reliable, it cannot guarantee its accuracy or completeness.

However, where information has been sourced from a third party, the Company confirms that the information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by its third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The inclusion of this third-party industry, market and other information should not be considered as the opinion of such third parties as to the value of the Shares or the advisability of investing in the Offered Shares.

In addition, certain information in this Prospectus is not based on published data obtained from independent third parties or extrapolations therefrom, but rather is based upon the Company's best estimates, which are in turn based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which the Company competes, information published by its competitors and its own experience and knowledge of conditions and trends in the markets in which it operates.

The Company cannot provide any assurance that any of the assumptions that it has made while compiling this data are accurate or correctly reflect its position in the industry and none of its internal estimates have been verified by any independent sources. None of the Company or the Underwriters makes any representation or warranty as to the accuracy or completeness of this information. None of the Company nor the Underwriters have independently verified this information and, while the Company believes it to be reliable, none of the Company or the Underwriters can guarantee its accuracy.

3.9 Enforcement of civil liabilities

The Company is a limited liability company incorporated under the laws of Belgium. Its registered offices and the majority of its assets are located outside the United States. In addition, most of its directors and members of its executive management team live outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon these individuals or the Company, to enforce judgments obtained in US courts against these individuals or the Company in courts outside the United States, or to enforce against these individuals or the Company, whether in original actions or in actions for the enforcement of judgments of US courts, civil liabilities based solely upon US federal or state securities laws.

The United States currently does not have a treaty with Belgium providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, in civil and commercial matters. Consequently, a final judgment rendered by any federal or state court in the United States, whether or not predicated solely upon US federal or state securities laws, would not automatically be enforceable in Belgium. Actions for the enforcement of judgements of US courts are regulated by Articles 22 to 25 below of the 2004 Belgian Code of Private International Law. Recognition or enforcement does not imply a review of the merits of the case and is irrespective of any reciprocity requirement. A US judgment will, however, not be recognized or declared enforceable in Belgium, unless (in addition to compliance with certain technical provisions) the Belgian courts are satisfied of the following:

- The effect of the recognition or enforcement of judgment is not manifestly incompatible with (Belgian) public order.
- The judgment did not violate the rights of the defendant.
- The judgment was not rendered in a matter where the parties did not freely dispose of their rights, with the sole purpose of avoiding the application of the law applicable according to Belgian international law.
- The judgment is not subject to further recourse under US law.

- The judgment is not incompatible with a judgment rendered in Belgium or with a prior judgment rendered abroad that might be enforced in Belgium.
- The claim was not filed outside Belgium after a claim was filed in Belgium, if the claim filed in Belgium relates to the same parties and the same purpose and is still pending.
- The Belgian courts did not have exclusive jurisdiction to rule on the matter.
- The US court did not accept its jurisdiction solely on the basis of either the presence of the plaintiff or the location of the disputed goods in the United States.
- The judgment did not concern the deposit or validity of intellectual property rights when the deposit or registration of those intellectual property rights was requested, done or should have been done in Belgium pursuant to international treaties.
- The judgment did not relate to the validity, operation, dissolution, or liquidation of a legal entity that has its main seat in Belgium at the time of the petition of the US court.
- If the judgment relates to the opening, progress or closure of insolvency proceedings, it is rendered on the basis of the European Insolvency Regulation (EC) Regulation No. 1346/2000 of 29 May 2000) or, if not, that (a) a decision in the principal proceedings is taken by a judge in the state where the most important establishment of the debtor was located or (b) a decision in territorial proceedings was taken by a judge in the state where the debtor had another establishment than its most important establishment.
- The judgment submitted to the Belgian court is authentic.

In addition, with regard to the enforcement by legal proceedings of any claim (including the exequatur of foreign court decisions in Belgium), a registration tax of 3% (to be calculated on the total amount that a debtor is ordered to pay) is due, if the sum of money that the debtor is ordered to pay by a Belgian court judgment, or by a foreign court judgment that is either (i) automatically enforceable and registered in Belgium or (ii) rendered enforceable by a Belgian court, exceeds €12,500. The debtor is liable for the payment of the registration tax. An exemption from such registration tax applies in respect of exequaturs of judgments rendered by courts of states that are bound by European Regulation 44/2001. A stamp duty is payable as of the second certified copy, with a maximum of €1,450.

3.10 Forward-looking statements

This Prospectus contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions, including statements under the sections 1 (*Summary*), 2 (*Risk Factors*), 8(*Business*), 9.1 (*Operating and Financial Review*) and in other sections. 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 this Prospectus. Forward-looking statements include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, its results of operations, prospects, growth, strategies and dividend policy and the industry in which it operates. In particular, certain statements are made in this Prospectus regarding management's estimates of future growth.

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. Prospective investors should not place undue reliance on these forward-looking statements. Any forward-looking statements are made only as of the date of this Prospectus and the Company does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Prospectus, 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 this Prospectus.

These risks described under 2 (*Risk Factors*) are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the results of operations, financial condition, liquidity and the development of the sectors in which the Company operates. 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 to differ materially

from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual results.

3.11 Exchange rates

The following table sets forth, for the periods and dates indicated, certain information regarding daily reference exchange rate (the "**ECB Daily Reference Rate**") published by the European Central Bank (the "**ECB**") for US Dollars, expressed in US Dollars per Euro, rounded to the nearest four decimal places. No representation is made that US Dollar amounts have been, could have been or could be converted into Euro, or vice versa, at such exchange rates or at any other exchange rate.

	US Dollars per one Euro			
	Period End[1]	**Average**[2]	**High**	**Low**
Year				
2016	$1.0541	$1.1069	$1.1569	$1.0364
2017	$1.1993	$1.1297	$1.2060	$1.0385
2018	$1.1450	$1.1810	$1.2493	$1.1261
2019	$1.1234	$1.1195	$1.1535	$1.0889
2020	$1.2271	$1.1422	$1.2281	$1.0707
2021 (through 21 June)	$1.1891	$1.2062	$1.2338	$1.1725
Month				
January 2021	$1.2136	$1.2171	$1.2338	$1.2064
February 2021	$1.2121	$1.2098	$1.2225	$1.1983
March 2021	$1.1725	$1.1899	$1.2053	$1.1725
April 2021	$1.2082	$1.1979	$1.2129	$1.1746
May 2021	$1.2201	$1.2143	$1.2264	$1.2005
June 2021 (through 21 June)	$1.1891	$1.2108	$1.2225	$1.1891

Notes:

(1) *Represents the exchange rate on the last business day of the applicable period.*

(2) *Represents the average of the ECB Daily Reference Rates on each business day of each month during the relevant one-year period and, with respect to monthly information, the average of the ECB Daily Reference Rates on each business day for the relevant period.*

4. USE OF PROCEEDS

4.1 Expenses of the Offering

The aggregate of the administrative, legal, tax and audit expenses as well as the other costs in connection with the Offering (including but not limited to legal publications, printing and translation of the Prospectus and Offering related documents, expenses incurred by the Underwriters, the remuneration of the FSMA and Euronext Brussels) (which are estimated at €1.92 million)), and the transaction bonuses of the members of Biotalys' Executive Committee and the bonus granted to the former chairperson of the Board of Directors for his assistance in the preparation of the Offering (which are estimated at €0.55 million in aggregate)), is expected to amount to approximately €2.47 million.

Additionally, assuming that the Offering Price is at the midpoint of the Price Range, the fees and commissions payable to the Underwriters by the Company are expected to be maximum (a) €3.04 million assuming a placement of the maximum number of Offered Shares in the Offering (excluding the exercise of the Increase Option and the Over-allotment Option), (b) €3.51 million assuming a placement of the maximum number of Offered Shares in the Offering (including the exercise in full of the Increase Option but excluding the exercise of the Over-allotment Option), or (c) €4.05 million assuming a placement of the maximum number of Offered Shares in the Offering (including the exercise in full of the Increase Option and the Over-allotment Option).

4.2 Reasons for the Offering and use of proceeds

Assuming a placement of the maximum number of Offered Shares in the Offering and that the Offering Price is at the midpoint of the Price Range, the gross proceeds from the issue of the Offered Shares are estimated to be (i) approximately €50.67 million in case of a placement of the maximum number of new Shares in the Offering, excluding the exercise of the Increase Option and the Over-allotment Option, (ii) approximately €58.27 million in case of a placement of the maximum number of new Shares in the Offering, including the exercise in full of the Increase Option but excluding the Over-allotment Option and (iii) approximately €67.01 million in case of a placement of the maximum number of Offered Shares in the Offering, including the exercise in full of the Increase Option and the Over-allotment Option.

Based on the aforementioned assumptions and the expenses of the Offering (see section 4.1 (*Expenses of the Offering*) above), the Company estimates to receive net proceeds of (i) approximately €45.15 million in case of a placement of the maximum number of Offered Shares in the Offering but excluding the exercise of the Increase Option and Over-allotment Option, (ii) approximately €52.28 million in case of a placement of the maximum number of Offered Shares in the Offering, including the exercise in full of the Increase Option but excluding the exercise of the Over-allotment Option, and (iii) approximately €60.48 million in case of a placement of the maximum number of Offered Shares in the Offering including the exercise in full of the Increase Option and the Over-allotment Option.

The principal purposes of the Offering are to provide funding for product development of the existing pipeline and pursue development of additional product candidates (internally as well as via partnered programs), to continue to improve and optimize Biotalys' AGROBODY Foundry™ platform, to diversify Biotalys' shareholder base and access other sources of capital to accelerate its growth, to increase its visibility and credibility and to enable using Shares as transaction currency and/or for employee compensation. See also section 9 (*Business*). In particular, the Company intends to use the net proceeds of the Offering as follows:

- €18.06 million to €20.32 million to fund Biotalys' existing pipeline, including discovery, development, field trials, manufacturing scale up and regulatory costs (see sections 9.8.2 and 9.8.4 to 9.8.8 of section 9.8 (*Business – The AGROBODY Foundry™ platform*) and 9.10 (*– Regulatory*));
- €9.03 million to €11.29 million to fund the continued improvement and optimization of Biotalys' AGROBODY Foundry™ platform (see sections 9.8.1 (*Business – The AGROBODY Foundry™ platform – Overview*) and 9.8.3 (*– Automation*)) and to fund the extension of Biotalys' pipeline (including potentially through partnered programs) (see section 9.9 (*– Business development and technology validation*));
- €9.03 million to €11.29 million to fund Biotalys' go-to-market strategy including distribution costs related to setting up a supply chain, warehouse & logistics, costs for distribution via partners, etc. and business development efforts (see section 9.9 (*– Business development and technology validation*)); and
- €4.52 million to €6.77 million for general corporate purposes.

See also section 6.2 (*Capitalization and Indebtedness – Working capital statement*).

The Company cannot predict with certainty all of the particular uses for the proceeds from the issuance of the Offered Shares, or the amounts that it will actually spend on the uses set forth above. The amounts and timing of the Company's actual expenditures will depend upon numerous factors, including the progress, costs, timing and results of its further development of the AGROBODY Foundry™ platform and its product candidates, regulatory or competitive developments, the net proceeds actually raised by it in the Offering, amounts received by way of revenues and the Company's operating costs and expenditures. As such, the Company's management assumes significant flexibility in applying the net proceeds from the issue of the Offered Shares and may change the allocation of these proceeds as a result of these and other contingencies. Pending the use of the proceeds from this Offering, the Company intends to invest the net proceeds in interest bearing, cash and cash equivalents instruments or short-term certificates of deposit.

Furthermore, as no minimum amount is set with respect to the Offering (see section 14.2 (*The Offering – Conditions and nature of the Offering*) and risk factor 2.10.1 (*The fact that no minimum amount is set for the Offering may affect Biotalys' investment plan and the liquidity of the Shares.*)), the Company has the right to proceed with a capital increase in a reduced amount, corresponding to a number of new Shares lower than the maximum number of 6,333,333 Offered Shares (i.e., excluding the exercise, in part or in full, of the Increase Option and the Over-allotment Option) initially offered in the Offering, it being understood that, in a worst case scenario, the net proceeds of the Offering would be equal to the net proceeds from the Subscription Commitments of the Participating Investors. In the event that the net proceeds from the Offering are limited to the net proceeds from the Subscription Commitments of the Participating Investors (i.e. €23.82 million), the proportional allocation of proceeds would change from the allocations set forth above to reflect a higher percentage of investment in the existing pipeline and a lower percentage to fund the continued improvement and optimization of Biotalys' AGROBODY Foundry™ platform and Biotalys' go-to-market strategy, as follows:

- €11.91 million to €13.10 million to fund Biotalys' existing pipeline, including discovery, development, field trials, manufacturing scale up and regulatory costs (see sections 9.8.2 and 9.8.4 to 9.8.8 of section 9.8 (*Business – The AGROBODY Foundry™ platform*) and 9.10 (*– Regulatory*));
- €3.57 million to €4.76 million to fund the continued improvement and optimization of Biotalys' AGROBODY Foundry™ platform (see sections 9.8.1 (*Business – The AGROBODY Foundry™ platform – Overview*) and 9.8.3 (*– Automation*)) and to fund the extension of Biotalys' pipeline (including potentially through partnered programs) (see section 9.9 (*– Business development and technology validation*));
- €2.38 million to €3.57 million to fund Biotalys' go-to-market strategy including distribution costs related to setting up a supply chain, warehouse & logistics, costs for distribution via partners, etc. and business development efforts (see section 9.9 (*– Business development and technology validation*)); and
- €3.57 million to €4.76 million for general corporate purposes.

In the event that the Company proceeds with the capital increase in a reduced amount equal to the net proceeds from the Subscription Commitments, it may be required to raise additional funding up to the amount of the estimated net proceeds of the Offering, excluding the exercise of the Increase Option and the Over-allotment Option. Such additional funding could be a combination of external financing and further shareholders' financing. See also section 2.8.2 (*Risk factors – Risks relating to Biotalys' financial situation – In Biotalys' opinion, it does not currently have sufficient working capital to satisfy its present or anticipated future working capital requirements for at least the next 12 months following the date of this Prospectus.*) and section 6.2 (*Capitalization and Indebtedness – Working capital statement*).

5. DIVIDENDS AND DIVIDEND POLICY

5.1 Dividends

As of the closing of the Offering, all of the Shares, including the Offered Shares, will entitle the holder thereof to an equal right to participate in dividends declared after the Closing Date (if any), in respect of the financial year ending 31 December 2021 and future years. All of the Shares participate equally in the Company's profits (if any). Pursuant to the Belgian Code of Companies and Associations (the "**BCCA**"), the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with Belgian GAAP and based on a (non-binding) proposal of the Company's Board of Directors. The Articles of Association also authorize the Board of Directors to declare interim dividends without shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law on the basis of the Company's stand-alone statutory accounts prepared in accordance with Belgian GAAP. In particular, dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory non-consolidated financial statements (i.e. summarized, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and extension and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves. See also section 13.6.3 (*Description of share capital and Articles of Association – Rights attached to the Shares – Dividend rights*).

In addition, pursuant to Belgian law and the Articles of Association, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*netto-winst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts, until the legal reserve amounts to 10% of the Company's share capital. The Company's legal reserve currently does not meet this requirement nor will it meet the requirement at the time of the closing of the Offering. Accordingly, 5% of its Belgian GAAP annual net profit during future years will need to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders.

Additional financial restrictions and other limitations may be contained in future agreements.

Assuming that the Offering Price is at the mid-point of the Price Range and all Offered Shares are placed (including the exercise in full of the Over-allotment Option and the Increase Option), the Company's share capital will amount to €85,392,912.03. There will be no distributable reserves nor will there be a legal reserve, as of the closing of the Offering.

5.2 Dividend Policy

The Company has not declared or paid dividends on its Shares in the past. The Company's dividend policy will be determined and may change from time to time by determination of the Company's Board of Directors. Any declaration of dividends will be based upon the Company's earnings, financial condition, capital requirements and other factors considered important by the Board of Directors. Belgian law and the Articles of Association do not require the Company to declare dividends.

Currently, the Company's Board of Directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the foreseeable future.

As a consequence of all of these factors, there can be no assurance as to whether dividends or similar payments will be paid out in the future nor, if they are paid, as to their amount.

6. CAPITALIZATION AND INDEBTEDNESS

6.1 Capitalization and indebtedness

The following tables set forth the Company's capitalization and indebtedness as of 31 March 2021 (i) on an actual basis and (ii) as adjusted to give effect to the Offering (assuming the issuance and placement in full of the maximum number of Offered Shares (i.e., including the exercise in full of the Increase Option and the Over-allotment Option) and that the Offering Price is at the minimum of the Price Range).

Based on expected gross proceeds of (assuming that the Offering Price is at the minimum of the Price Range) (i) approximately €47.50 million in case of a placement of the maximum number of Offered Shares in the Offering, excluding the exercise of the Increase Option and the Over-allotment Option, (ii) approximately €54.62 million in case of a placement of the maximum number of Offered Shares in the Offering, including the exercise in full of the Increase Option but excluding the Over-allotment Option and (iii) approximately €62.82 million in case of a placement of the maximum number of Offered Shares in the Offering, including the exercise in full of the Increase Option and the Over-allotment Option, the Company estimates that it will receive net proceeds from the Offering of approximately €42.18 million, €48.87 million or €56.55 million, respectively, following the deduction of underwriting commissions, and, generally, all administrative, legal, tax and audit expenses as well as the other costs in connection with the Offering (see section 4.1 (*Use of proceeds – Expenses of the Offering*)).

These tables should be read in conjunction with section 7 (*Selected consolidated financial information)* and section 8 (*Operating and Financial Review)*, the Consolidated Financial Statements, the Condensed Consolidated Interim Financial Statements and related notes included elsewhere in this Prospectus.

Statement of capitalization (in €000)	**Actual as at 31 March 2021**	**As adjusted – uncertain outcome**[(1)]
Total current debt (including current portion of non-current debt)	**5,187**	**4,218**
Secured	816	816
Unguaranteed/unsecured	4,371	3,403
Total non-current debt (excluding current portion of non-current debt)	**5,965**	**5,965**
Secured	3,900	3,900
Unguaranteed/unsecured	2,065	2,065
Shareholder equity	**22,072**	**80,800**
Share capital	62,822	85,129
Share premium	690	36,142
Accumulated losses	(37,807)	(36,839)
Other reserves	(3,632)	(3,632)
Total	**33,224**	**90,983**

Note (1): Adjusted to give effect to the Offering which would result in the cancellation of outstanding AD Warrants and assuming the issuance and placement in full of the maximum number of Offered Shares (i.e., including the exercise in full of the Increase Option and the Over-allotment Option) and that the Offering Price is at the minimum of the Price Range, net of issuance costs under IFRS.

The secured current and non-current debt consists of a bank loan for leasehold improvements of the Company's new facilities in Belgium and leases of certain equipment and vehicles. The bank loan is secured by a pledge of the related financed assets and certain restrictions on cash (see discussion of "Other financial assets" under the table below). The underlying leased assets act as pledge in the context of the lease liabilities.

Unsecured non-current debt includes €1.9 million for the non-current portion of the lease liability for the headquarters building and provisions of €0.1 million for post-employment benefit plans and long-term restoration liabilities. Unsecured current debt includes €0.3 million for the current portion of the lease liability for the headquarters building, €1.0 million for the valuation of the AD Warrants, €2.6 million for trade and other liabilities and €0.5 million for other current liabilities. As AD Warrants will be cancelled upon the closing of the Offering, the "As adjusted – uncertain outcome" column reflects the release of the derivative liability and the decrease of accumulated losses.

Other reserves consist of a reserve for share-based payments of €1,161 thousands, a reserve for the AD Warrants of (€4,813) thousands and a currency translation reserve of €20 thousand.

Statement of indebtedness (in €000)	**Actual as at 31 March 2021**	**As adjusted – uncertain outcome**[(1)]
A Cash	7,873	64,426
B Cash equivalents	10,900	10,900
C Other current financial assets	-	-
D Liquidity (A + B + C)	**18,773**	**75,326**
E Current financial debt (including debt instruments, but excluding current portion of noncurrent financial debt)	968	-
F Current portion of non-current financial debt	1,080	1,080
G Current financial indebtedness (E + F)	**2,048**	**1,080**
H Net current financial indebtedness (G - D)	**(16,725)**	**(74,246)**
I Non-current financial debt (excluding current portion and debt instruments)	5,822	5,822
J Debt instruments	-	-
K Non-current trade and other payables	-	-
L Non-current financial indebtedness (I + J + k)	**5,822**	**5,822**
M Total financial indebtedness (H + L)	**(10,903)**	**(68,424)**

Note (1): Adjusted to give effect to the Offering which would result in the cancellation of outstanding AD Warrants and assuming the issuance and placement in full of the maximum number of Offered Shares (i.e., including the exercise in full of the Increase Option and the Over-allotment Option) and that the Offering Price is at the minimum of the Price Range, on the basis of estimated net proceeds.

Cash equivalents consist of term deposit accounts with an original maturity of less than 90 days.

Current financial debt relates to the valuation of the AD Warrants as of 31 March 2021. As these instruments will be cancelled upon the closing of the Offering, this will result in a full release of the derivative liability upon closing.

As of 31 March 2021, an amount of € 2.1 million 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 falls below €10.0 million, 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, or €3.1 million as of 31 March 2021. As of the date of this Prospectus, the bank loan has been drawn down to the maximum balance of €4.0 million. The pledged cash of € 2.1 million is recorded as an "Other financial asset" but has been excluded from the statement of indebtedness as it is not liquid or available for use.

In addition to a bank loan for leasehold improvements, financial debts include lease liabilities for facilities, equipment and vehicles comprised of a current portion of €0.8 million and a non-current portion of € 3.0 million.

Provisions of €0.1 million for post-employment benefit plans and long-term restoration liabilities have been excluded from the indebtedness table.

The Group has also entered into various purchase agreements totaling €2.1 million, primarily with Contract Research Organizations and Contract Manufacturing Organizations. These amounts are expected to be paid within one year and have been excluded from the indebtedness table. Please refer to note 14 of the unaudited Condensed Consolidated Interim Financial Statements for further information.

6.2 Working capital statement

On the date of this Prospectus, the Company is of the opinion that, taking into account its available cash and cash equivalents, it does not have sufficient working capital to meet its present requirements and cover the working

capital needs for a period of at least twelve months as of the date of this Prospectus. See also section 2.8.2 (*Risk factors – Risks relating to Biotalys' financial situation – In Biotalys' opinion, it does not currently have sufficient working capital to satisfy its present or anticipated future working capital requirements for at least the next 12 months following the date of this Prospectus.*). In case the Company would not be able to attract new funds (beyond its existing cash and cash equivalents), it expects to run out of working capital in the first quarter of 2022. In the event the Company is not able to attract any such additional funds and the Company maintains its current strategy and development activities, its twelve-month working capital shortfall is projected to be approximately €10.6 million at the end of the second quarter of 2022.

The Company has decided to initiate the Offering to secure adequate funding for working capital needs for a period of at least the following twelve months. Assuming a placement of the maximum number of Offered Shares in the Offering (excluding the exercise of the Increase Option and the Over-allotment Option) and that the Offering Price is at the lower end of the Price Range, the gross proceeds from the issue of the Offered Shares are estimated to be approximately €47.50 million, which considerably exceeds the working capital shortfall referred to above. In addition, based on the Subscription Commitments, the Company is of the opinion that the proceeds of the Offering (together with its available cash and cash equivalents) will provide the Company with sufficient working capital to meet its present requirements and cover its anticipated working capital needs for a period of at least twelve months from the date of the Prospectus, even if the Offering Price is at the lower end of the Price Range.

In the event that the Offering is withdrawn, the Company would be required to raise additional funding in order to meet the funding requirements for its research and development activities, and part of the marketing strategy and commercialization efforts. Such additional funding could be a combination of external financing and further shareholders' financing (see also section 4.2 (*Use of proceeds – Reasons for the Offering and use of proceeds*)), for which the Company would need to initiate discussions after the date of this Prospectus. The likelihood of success of such discussions is unclear and, if the Company would be unable to raise such additional funding for a sufficient amount or at all, it would not be able to fund its activities and efforts as currently planned.

7. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information presented below as of and for the years ended 31 December 2020 and 2019 has been derived from the Consolidated Financial Statements and as of and for the three months ended 31 March 2021 and 2020 has been derived from the unaudited Condensed Consolidated Interim Financial Statements. Deloitte Bedrijfsrevisoren BV have audited the Consolidated Financial Statements and the statutory financial statements of the Company for the year ended 31 December 2018 and has reviewed the Condensed Consolidated Interim Financial Statements. The Consolidated Financial Statements have been prepared in accordance with IFRS and the unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34.

The selected consolidated financial information presented below should be read together with the other information contained in this Prospectus, including section 8 (Operating and financial review), the Consolidated Financial Statements and the unaudited Condensed Consolidated Interim Financial Statements along with the related notes included elsewhere in this Prospectus and the statutory financial statements of the Company for the year ended 31 December 2018 incorporated by reference in this Prospectus. This financial information is historical and not necessarily indicative of results to be expected in any future period.

7.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the three months ended 31 March	For the years ended 31 December	
(in €000)	**2021**	**2020**	**2019**
Other operating income	335	1,402	813
Research and development expenses	(2,803)	(11,488)	(7,851)
General and administrative expenses	(1,114)	(2,348)	(1,523)
Sales and marketing expenses	(394)	(834)	(679)
Other operating expenses	-	(9)	(1)
Operating loss	**(3,976)**	**(13,276)**	**(9,242)**
Financial income	346	2,710	2,393
Financial expenses	(56)	(171)	(820)
Loss before taxes	**(3,686)**	**(10,737)**	**(7,669)**
Income taxes	(4)	(13)	(1)
Loss for the period	**(3,690)**	**(10,750)**	**(7,670)**
Other comprehensive income (OCI)			
Items of OCI that will not be reclassified subsequently to profit or loss			
Remeasurement gains (losses) on defined benefit plans	-	(6)	(7)
Items of OCI that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	-	20	-
Total comprehensive loss for the period	**(3,690)**	**(10,736)**	**(7,677)**

7.2 Consolidated Statement of Financial Position

(in €000)	As at 31 March	As at 31 December		As at 1 January
Assets	**2021**	**2020**	**2019**	**2019**
Non-current assets	***11,438***	***10,757***	***3,636***	***2,606***
Intangible assets	782	792	742	799
Property, plant and equipment	5,327	4,617	927	395
Right-of-use assets	4,240	4,344	1,406	1,126
Other non-current assets	1,089	1,004	562	286

Current assets	***21,786***	***25,505***	***23,877***	***8,273***
Receivables	290	226	488	444
Other financial assets	2,100	2,100	-	-
Other current assets	623	76	32	59
Cash and cash equivalents	18,773	23,103	23,358	7,770
Total assets	**33,224**	**36,262**	**27,513**	**10,879**
Equity and liabilities				
Equity attributable to owners of the parent	***22,072***	***25,648***	***21,073***	***2,219***
Share capital	62,822	62,822	47,822	17,500
Share premium	690	675	540	49
Accumulated losses	(37,807)	(34,117)	(23,362)	(15,685)
Other reserves	(3,632)	(3,732)	(3,927)	355
Total equity	**22,072**	**25,648**	**21,073**	**2,219**
Non-current liabilities	***5,965***	***4,468***	***597***	***623***
Borrowings	5,822	4,332	568	604
Employee benefit liabilities	57	50	30	19
Provisions	86	86	-	-
Current liabilities	***5,187***	***6,146***	***5,844***	***8,036***
Borrowings	1,080	888	625	4,195
Other financial liabilities	968	1,302	3,623	2,804
Trade and other liabilities	2,636	3,301	1,596	1,037
Other current liabilities	502	655	-	-
Total liabilities	**11,151**	**10,613**	**6,441**	**8,660**
Total equity and liabilities	**33,224**	**36,262**	**27,513**	**10,879**

7.3 Consolidated Statement of Cash Flows

(in €000)	**For the three months ended 31 March**	**For the years ended 31 December**	
	2021	**2020**	**2019**
Cash flow from operating activities			
Operating result	(3,976)	(13,276)	(9,242)
Adjustments for:			
Depreciation, amortization and impairments	329	1,037	594
Equity-settled share-based payment expense	99	550	157
Provisions	7	13	2
R&D tax credit	(85)	(444)	(275)
Other	6	20	-
Operating cash flows before movements in working capital	**(3,620)**	**(12,099)**	**(8,764)**
Changes in working capital:			
Trade and other receivables	(64)	262	(43)
Other current assets	(534)	(42)	26
Trade and other payables	(677)	1,692	559

Other current liabilities	(153)	655	(1)
Cash generated from operations	**(5,048)**	**(9,533)**	**(8,224)**
Taxes paid	-	-	-
Net cash used in operating activities	**(5,048)**	**(9,533)**	**(8,224)**
Cash flow from investing activities			
Interests received	-	15	1
Purchases of property, plant and equipment	(882)	(3,817)	(645)
Purchases of intangible assets	(8)	(114)	-
Proceeds from disposal of property, plant and equipment	3	-	3
Investments in other financial assets	-	(2,100)	-
Net cash used in investing activities	**(887)**	**(6,016)**	**(641)**
Cash flow from financing activities			
Repayment of borrowings and other financial liabilities	(212)	(1,022)	(565)
Proceeds from issuance of convertible bond	-	-	5,105
Proceeds from borrowings	1,845	1,220	-
Interests paid	(43)	(39)	(22)
Proceeds from issue of equity instruments of the Company (net of issue costs)	15	15,136	19,935
Net cash provided by financing activities	**1,606**	**15,295**	**24,452**
Net increase (decrease) in cash and cash equivalents	**(4,330)**	**(255)**	**15,588**
Cash and cash equivalents at beginning of year	23,103	23,358	7,770
Cash and cash equivalents at end of year	18,773	23,103	23,358

8. OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of Biotalys' financial condition and results of operations of, based on the Consolidated Financial Statements, which have been prepared in accordance with IFRS, the unaudited Condensed Consolidated Interim Financial Statements, which have been prepared in accordance with IAS 34, and the statutory financial statements of the Company for the year ended 31 December 2018. The following Operating and Financial Review should be read in conjunction with sections 3.6 (Important information – Presentation of financial and other information), 7 (Selected consolidated financial information) and 9 (Business). The following discussion should also be read together with, and is qualified in its entirety by reference to, the Consolidated Financial Statements and the unaudited Condensed Consolidated Interim Financial Statements along with the accompanying notes thereto included elsewhere in this Prospectus and the statutory financial statements of the Company for the year ended 31 December 2018 incorporated by reference in this Prospectus.

Some of the information contained in the following discussion contains forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Investors should read section 3.10 (Important information – Forward-Looking Statements) for a discussion of the risks and uncertainties related to these statements. Investors should also read section 2 (Risk Factors) for a discussion of certain factors that may affect the Company's business, results of operations, financial condition, and prospects.

8.1 Overview

Biotalys is an Agricultural Technology ("**AgTech**") company focused on addressing food protection challenges with proprietary protein-based biocontrol solutions and aiming to provide alternatives to conventional chemical pesticides for a more sustainable and safer food supply. Biotalys' ambition is to address three core challenges facing global food production today: the 1.6 billion tons of global food wasted every year, the potential effects of conventional chemical pesticides on biodiversity and food safety, and the sustainable food production from farm to fork.

To date, Biotalys has seven product candidates in its pipeline, none of which has yet reached the revenue generation stage. Accordingly, to date, Biotalys' operations have consisted primarily of the identification of product candidates to build its pipeline and the testing, and development of its existing portfolio. During the three months ended 31 March 2021 and the years ended 31 December 2020 and 2019, Biotalys incurred research and development expenses of €2.8 million, €11.5 million and €7.9 million, respectively, and general and administrative expenses of €1.1 million, €2.3 million and €1.5 million, respectively. For the three months ended 31 March 2021 and the years ended 31 December 2020 and 2019, Biotalys reported losses for the periods of €3.7 million, €10.8 million and €7.7 million, respectively. For a more detailed analysis of Biotalys' operations, see section 8.3 (*Operating results*).

In December 2020, Biotalys submitted its first antibody-derived protein-based product candidate, Evoca™, to the EPA in the United States for approval. The registration dossier has also been submitted in March 2021 for EU registration approval. Following US registration, which is currently expected in selected states between late 2022 and 2024 (see section 9.10.1 (*Business – Regulatory – United States Regulatory Framework*)), Biotalys intends to stepwise introduce Evoca™ as a pilot product and market test to familiarize key agricultural sectors with the benefits of AGROBODY™ biocontrol products and build trust and market acceptance to help smooth the path for commercial launch of later products in its pipeline. Given the limited scale of the market test and the high production costs related to Evoca™ as a result of the low production efficiency, it is not expected that Evoca™ will be a profitable product for Biotalys. The main purpose of the Evoca™ market test will be to demonstrate the competitive features of the product candidates generated through the AGROBODY Foundry™ platform. Following the Evoca™ market test, Biotalys intends to commercialize the next generation of its product candidates in additional fruit and vegetable markets as well as in different geographies and to retire Evoca™ upon launch of the next generation of its biofungicides, which is currently expected to be initiated, subject to obtaining registration approval, as of 2026. The production cost of the next generation of product candidates is expected to significantly decrease by employing a fully developed process at commercial scale with various production efficiency gains and an increased titer, being the quantity of protein produced per m³ vessel volume. See also section 9 (*Business*).

8.2 Principal factors affecting the results of operations, financial position as well as liquidity and capital resources

8.2.1 Regulatory approvals

Before Biotalys can begin generating revenue from sales of its product candidates in the countries in which it intends to commercialize them, it must receive regulatory approval in those countries. In December 2020, Biotalys submitted its first antibody-derived protein-based product candidate, Evoca™, to the EPA in the United States for approval. The registration dossier has also been submitted in March 2021 for EU registration approval. US registration is currently expected for H2 2022.

8.2.2 Revenue

Biotalys currently has no products approved for sale and it does not expect to receive any revenue from any product candidates that it develops until it obtains regulatory approval and commercializes such products. Biotalys intends to engage in selective partnerships with major agricultural and food industry players to deploy and validate its AGROBODY Foundry™ platform beyond its internal programs, to leverage its unique product features in the context of the industry wide efforts to develop more sustainable solutions for food and crop protection. Biotalys intends to establish such partnerships where the market potential and partnership conditions create value beyond what it could generate itself with its fully owned programs.

To date, Biotalys has not entered into any revenue generating collaboration agreements although it is the intention to further evaluate this in the future. Collaborations typically contain license fees, non-refundable upfront fees, research and development service fees and/or milestone payments and may involve one or more of these elements. Biotalys will evaluate whether the elements under these arrangements have value to its collaboration partner on a standalone basis. If Biotalys determines that multiple deliverables exist, the consideration will be allocated to one or more units of accounting based upon the best estimate of the selling price of each deliverable. Otherwise, deliverables are not evaluated separately for the purpose of revenue recognition.

8.2.3 Market test of Evoca™

Following US registration, which is currently expected for H2 2022, Biotalys intends for Evoca™ to be a pilot product and stepwise market test for its product pipeline in selected US states as of the period between late 2022 and 2024 (see section 9.10 (*Business – Regulatory*)) (i.e. it is not expected that Evoca™ will be launched for commercialization). At first, Evoca™ will be introduced on a very limited scale, potentially together with a partner or with local distributors in the United States, for selected high value crops such as strawberries and grapes. Following European registration, which is currently expected in the course of 2024 (see section 9.10 (*Business – Regulatory*)), Biotalys will extend the market test of Evoca™ to certain regions of Europe. Biotalys intends to retire Evoca™ upon launch of the next generation of its biofungicides, which is currently expected to be initiated, subject to obtaining registration approval, as of 2026. Given the limited scale of the market test and the high production costs related to Evoca™, it is not expected to generate positive cash flows, and is expected to generate additional costs and losses.

Biotalys has not yet entered into any contracts with potential partners for the market test and it is uncertain if these will take the form of marketing related costs for the future pipeline, further development of Evoca™ or a typical distribution agreement. As the intention of the market test is to familiarize key agricultural sectors with the benefits of antibody-derived products and build trust and market acceptance to help smooth the path for commercial launch of later products in its pipeline, this is expected to be more the nature of development expenditures and pre-commercialization and marketing costs than a sale in the ordinary course of business. The accounting treatment and presentation under IFRS will therefore depend on the terms and conditions of the eventual contracts.

Building on the trust and feedback it expects to gain through the Evoca™ market test, Biotalys intends to commercialize the next generation of its product candidates in additional fruit and vegetable markets as well as in different geographies such as Europe, Brazil and Japan. Biotalys' goal is to commercialize its product candidates in its own name; however, it intends to remain flexible in its approach and is open to enter into strategic partnerships at different stages of development.

8.2.4 Other Operating Income

As a company that carries out extensive research and development activities, Biotalys benefits from various grants, research and development incentives and payroll tax rebates from certain governmental agencies. These grants and research and development incentives generally aim to partly reimburse approved expenditures incurred in Biotalys' research and development efforts and are credited to the income statement, under other operating income, when the relevant expenditure has been incurred and there is reasonable assurance that the grant or research and development incentive is receivable. Biotalys' primary grants, research and development incentives and payroll tax rebates are as follows:

a) Government Grants

Biotalys has received several grants from agencies of the Flemish government to support various research programs focused on technological innovation in Flanders. These grants require Biotalys to maintain a presence in the Flemish region for a number of years, invest in the project according to pre-agreed budgets which are included in Biotalys' current business plan and notify the relevant agency of any material change in its shareholding. See also section 8.4.1 (*Liquidity and capital resources – General*).

b) Research and Development Incentives

Companies in Belgium can benefit from tax savings on amounts spent on research and development by applying a one-time or periodic tax credit on research and development expenditures for the acquisition or development of patents. This tax credit is a reduction of the corporate income taxes for Belgian statutory purposes and is transferrable to the next four accounting periods. These tax credits are paid to Biotalys in cash after five years to the extent they have not been offset against corporate taxes due.

c) Payroll Tax Rebates

Biotalys also benefits from certain rebates on payroll withholding taxes for scientific personnel.

8.2.5 Research and development expenses

Research and development expenses consist principally of:

- personnel expense related to compensation of research and development staff and related expenses, including salaries, benefits and share-based compensation expenses, which primarily depend on the number of employees and average compensation costs;
- external research and development expenses related to (i) manufacturing and control costs for product candidates all of which is conducted by a specialized CMO, (ii) costs associated with regulatory submissions and approvals and quality assurance and (iii) fees and other costs paid to CROs and other external parties in connection with testing and the performance of trials for product candidates, which primarily depend on the number of product candidates in the development phase of the pipeline;
- materials and consumables expenses, which primarily depend on the number of employees and number of active programs in the pipeline;
- depreciation and amortization of tangible and intangible fixed assets used to develop Biotalys' product candidates; and
- other expenses consisting of (i) costs associated with obtaining and maintaining patents and other intellectual property and (ii) other costs such as travel expenses related to research and development activities.

Biotalys typically utilizes its employee, consultant and infrastructure resources across all of its development programs. As Biotalys's product candidates advance through the development stages in the pipeline, each of the categories of research and development expenses noted above are expected to continue to increase compared to previous years.

Due to long development periods and significant uncertainties related to the development of new product candidates (such as the risks related to the outcome of field trials as well as the likelihood of regulatory approval (see section 2.1 *(Risk factors – Risks relating to Biotalys' product discovery and development activities*)), internal

development costs do not qualify for capitalization as intangible assets and all research and development costs are expensed.

8.2.6 General and administrative expenses

General and administrative expenses consist primarily of (i) personnel expenses relating to salaries and related costs for personnel, including share-based compensation, of Biotalys' employees in executive, finance and support functions, (ii) consulting fees relating to professional fees for accounting, IT, audit and legal services and investor relations costs, (iii) board expenses consisting of directors' fees, travel expenses and share-based compensation for non-executive board members, (iv) allocated facilities costs and (v) other general and administrative expenses, including leasing costs, office expenses, and travel costs. General and administrative expenses are expected to increase as a result of becoming a public company and in line with the expansion of the Biotalys' business.

8.2.7 Manufacturing expenses

Biotalys is working to improve the manufacturing process of its product candidates to produce its future products cost-effectively on a large scale through a third-party CMO for use in a commercial environment. See also section 2.2 (*Risk factors – Risks related to manufacturing and potential commercialization of Biotalys' product candidates*). Until the related product goes into a full commercial rollout, all production costs will be reported as part of the Research and Development or Selling and Marketing expenditures rather than Cost of Goods Sold.

8.2.8 Financial result

Biotalys' financial result is primarily comprised of interest expenses on leases and borrowings, changes in the fair market value of the anti-dilution warrants (defined as AD Warrants in section 13.3.4b) (*Description of share capital and Articles of Association – Share capital and shares – Outstanding warrants – Anti-Dilution warrants*)) and embedded derivative and foreign exchange gains/losses. On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, the cancellation of the outstanding AD Warrants subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. See also section 13.3.4b) (*Description of share capital and Articles of Association – Share capital and shares – Outstanding warrants – Anti-Dilution warrants*).

8.2.9 Income tax

Since its inception, Biotalys has not made profits and, as a result, has not paid any material corporate income taxes in Belgium. Biotalys' accumulated tax losses can in principle be used to offset part of future taxable profits. However, because of the development stage of Biotalys and the lack of visibility that Biotalys will generate taxable profits within the foreseeable future, no tax losses carried forward have been recorded as deferred tax assets in Biotalys' IFRS financial statements to date. Biotalys Inc, the Company's subsidiary, has a current tax liability of €11 thousand in the United States.

On 9 February 2017, a law was approved in Belgium that allows Belgian companies to exempt 85% of their patent income from corporate income tax starting from 1 July 2016 if such income is deemed to derive from intellectual property which is internally generated. In the case of acquired intellectual property, the patent income that will be eligible for tax reduction will be reduced by the relevant depreciation on the acquired intellectual property. In the future, Biotalys intends to apply for the necessary ruling to optimize its corporate tax rate by benefiting to a certain extent from this favorable tax regime.

8.3 Operating results

The following table details information relating to Biotalys' operating results for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020 and 2019.

	For the three months ended 31 March		For the year ended 31 December	
(in €000)	**2021**	**2020**	**2020**	**2019**
Other operating income	335	132	1,402	813
Research and development expenses	(2,803)	(2,326)	(11,488)	(7,851)
General and administrative expenses	(1,114)	(690)	(2,348)	(1,523)

Sales and marketing expenses	(394)	(98)	(834)	(679)
Other operating expenses	-	(7)	(9)	(1)
Operating loss	**(3,976)**	**(2,989)**	**(13,276)**	**(9,242)**
Financial income	346	1,109	2,710	2,393
Financial expenses	(56)	(23)	(171)	(820)
Loss before taxes	**(3,686)**	**(1,904)**	**(10,737)**	**(7,669)**
Income taxes	(4)	-	(13)	(1)
Loss for the period	**(3,690)**	**(1,904)**	**(10,750)**	**(7,670)**
Other comprehensive income (OCI)				
Items of OCI that will not be reclassified subsequently to profit or loss				
Remeasurement gains (losses) on defined benefit plans	-	-	(6)	(7)
Items of OCI that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	-	-	20	-
Total comprehensive loss for the period	**(3,690)**	**(1,904)**	**(10,736)**	**(7,677)**

8.3.1 Operating results for the three months ended 31 March 2021 and 2020

a) Revenue

In the periods under review, Biotalys did not have any sales or any revenue generating collaboration agreements and therefore generated no revenue.

b) Other operating income

Other operating income amounted to €0.3 million for the three months ended 31 March 2021, which is an increase of €0.2 million (+154%) compared to an amount of €0.1 million for the three months ended 31 March 2020. The primary increase relates to government grants to support Biotalys' R&D activities which accounted for €0.2 million for the three months ended 31 March 2021 (2020: €0).

c) Research and development expenses

Research and development expenses amounted to €2.8 million for the three months ended 31 March 2021, an increase of €0.5 million (+21%) compared to an amount of €2.3 million for the three months ended 31 March 2020. Increases in R&D expenses for the three months ended 31 March 2021 primarily relate to increases in internal staffing levels to develop the pipeline product candidates, depreciation of lab equipment and external spending for production and field trials for BioFun-1.

d) General and administrative expenses

General and administrative expenses increased by €0.4 million (+61%) for the three months ended 31 March 2021 to €1.1 million, compared to €0.7 million for the three months ended 31 March 2020, as a result of an increase in employee benefits expenses from the strengthening of the management team and an increase in professional services related to the preparation for the Offering.

e) Sales and marketing expenses

Sales and marketing expenses increased by €0.3 million (+301%) for the three months ended 31 March 2021 to €0.4 million, compared to €0.1 million for the three months ended 31 March 2020, as a result of strengthening of the management team.

f) Financial result

Financial income decreased by €0.8 million (-69%) for the three months ended 31 March 2021 to €0.3 million, compared to €1.1 million for the three months ended 31 March 2020, as a result of fluctuations in the fair value

of the anti-dilution warrants. See Note 4 of the Condensed Consolidated Interim Financial Statements of the Company for the three months ended 31 March 2021 for additional information. On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, the cancellation of the outstanding AD Warrants subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. See also section 13.3.4b) (*Description of share capital and Articles of Association – Share capital and shares – Outstanding warrants – Anti-Dilution warrants*). The fair market value of the AD Warrants after the cancellation is zero resulting in the full release of the derivative liability that was valued at €1.0 million as of 31 March 2021 to finance income during the remainder of 2021.

Financial expenses increased by €0.03 million (+139%) for the three months ended 31 March 2021 to €0.06 million, compared to €0.02 million for the three months ended 31 March 2020 as a result of an increase in interest expense on lease liabilities and the bank loan.

8.3.2 Operating results for the years ended 31 December 2020 and 2019

a) Revenue

In the periods under review, Biotalys did not have any sales or any revenue generating collaboration agreements and therefore generated no revenue.

b) Other operating income

Other operating income amounted to €1.4 million for the year ended 31 December 2020, which is an increase of €0.6 million (+73%) compared to an amount of €0.8 million for the year ended 31 December 2019. Of the €0.6 million increase, R&D tax credits and withholding tax credits for R&D personnel accounted for €0.4 million and government grants to support Biotalys' R&D activities accounted for €0.2 million.

The R&D tax credit is a non-cash item that corresponds to Belgian research and development incentives for incurred research and development expenses. The credit will be paid to Biotalys in cash after a five-year period as there is no taxable basis to directly offset it for the current period and Biotalys does not expect to have such a taxable basis for any future offsetting over the next four accounting periods. The increase from 2019 to 2020 is due to an overall increase in the research and development expenses. As of 31 December 2020, an amount of €1.0 million has been accrued for R&D tax credits to be received.

c) Research and development expenses

Research and development expenses amounted to €11.5 million for the year ended 31 December 2020, an increase of €3.6 million (+46%) compared to an amount of €7.9 million for the year ended 31 December 2019. Increases in R&D expenses for the year 2020 primarily relate to increases in internal staffing levels to develop the pipeline candidates and external spending to produce the BioFun-1 product, field trials and regulatory expenses.

d) General and administrative expenses

General and administrative expenses increased by €0.8 million (+54%) for the year ended 31 December 2020 to €2.3 million, compared to €1.5 million for the year ended 31 December 2019, as a result of an increase in employee benefits expenses and the strengthening of the management team.

e) Sales and marketing expenses

Sales and marketing expenses increased by €0.2 million (+23%) for the year ended 31 December 2020 to €0.8 million, compared to €0.7 million for the year ended 31 December 2019, as a result of strengthening of the management team.

f) Financial result

Financial income increased by €0.3 million (+13%) for the year ended 31 December 2020 to €2.7 million, compared to €2.4 million for the year ended 31 December 2019, as a result of fluctuations in the fair value of the anti-dilution warrants. See Note 5 of the Consolidated Financial Statements of the Company for the period ended 31 December 2020 for additional information. On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, the cancellation of the outstanding AD Warrants subject to the closing of the Offering and with

retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. See also section 13.3.4b) (*Description of share capital and Articles of Association – Share capital and shares – Outstanding warrants – Anti-Dilution warrants*). The fair market value of the AD Warrants after the cancellation is zero resulting in the full release of the derivative liability that was valued at €1.3 million as of 31 December 2020 to finance income during 2021.

Financial expenses decreased by €0.6 million (-79%) for the year ended 31 December 2020 to €0.2 million, compared to €0.8 million for the year ended 31 December 2019. During 2019, interest expense of €0.7 million was recognized for the convertible bond that was converted into Preference Shares in 2019 resulting in no interest expense in 2020. This decrease was partially offset by an increase in interest expense on lease liabilities.

8.4 Liquidity and capital resources

8.4.1 General

Biotalys' liquidity requirements primarily relate to the funding of its discovery and development programs and the related support activities.

As of 31 December 2020, Biotalys had cash and cash equivalents of €23.1 million and an accumulated deficit of €34.1 million. As of 31 March 2021, Biotalys had cash and cash equivalents of €18.8 million and an accumulated deficit of €37.8 million. Biotalys' primary sources of liquidity to date have been from capital increases via private financings, loans and finance leases from banks, and grants and incentives from government agencies. Capital increases have generated €62.8 million[i] as at 31 December 2020 and 31 March 2021 from shares issued to several Belgian and international investors:

- Series A in 2013 (€5.0 million) to which, among others, Gimv NV, PMV NV, VIB, Agri Investment Fund CVBA, Biovest NV, Madeli Participaties B.V. and Qbic.
- Series B in 2016 and 2017 (€11.0 million) adding K&E BV and Sofinnova Partners.
- Series C in 2019 and 2020 (€45.1 million) adding Ackermans & van Haaren NV and Novalis LifeSciences.

In 2020, Biotalys obtained a bank loan for leasehold improvements at its new facilities in Belgium. Of the maximum committed amount of €4 million, €1.2 million was drawn down as of 31 December 2020 and €3.1 million as of 31 March 2021. The bank loan is secured by a pledge of the related financed assets and a pledge of cash equal to €2.1 million as of 31 December 2020 and 31 March 2021 that has been reported as a financial asset rather than a cash equivalent. If the overall cash balance at the bank falls below €10 million, Biotalys 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. The finance leases also contain certain covenants which Biotalys was in compliance with as of 31 December 2020 and 31 March 2021. See also Note 15 of the Consolidated Financial Statements of the Company for the period ended 31 December 2020.

Additionally, Biotalys has secured six government grants for a total amount of €5.8 million from the Flemish government and EU agencies to offset certain R&D expenditures. Of these grants, four have already been fully utilized and €1.5 million is still expected to be received as of 31 December 2020 and 31 March 2021 related to future R&D expenditures. Biotalys has also accrued R&D tax credits to be received and benefitted from reductions in withholding taxes on remuneration paid to scientific personnel.

As Biotalys continues to grow its business, it expects to fund its operations through multiple sources, including the funds raised in this Offering, potential future offerings of equity, leases and borrowings, cash flow from operations and non-dilutive financings such as subsidies. The financial statements have been prepared on a going concern basis, assuming Biotalys will have the ability to satisfy its obligations in the normal course of business. The Company's financial statements do not include any adjustments that might be necessary if Biotalys is unable to continue as a going concern.

8.4.2 Cash flows

The following table sets forth certain information regarding the principal items of the consolidated statement of cash flows for the period and years indicated. This table is presented in further detail in section 7.3 (*Selected*

[i] Including the conversion of the convertible bond (see section 8.4.2c) *(– Cash flows – Net cash provided by financing activities – Net cash provided by financing activities*)).

consolidated financial information – Consolidated Statement of Cash Flows), as well as in the Consolidated Financial Statements for the years ended 31 December 2020 and 2019 and the Condensed Consolidated Interim Financial Statements for the three months ended 31 March 2021 and 2020.

(in €000)	For the three months ended 31 March 2021	2020	For the year ended 31 December 2020	2019
Net cash used in operating activities	**(5,048)**	**(2,966)**	**(9,533)**	**(8,224)**
Net cash used in investing activities	**(887)**	**(85)**	**(6,016)**	**(641)**
Net cash provided by financing activities	**1,606**	**7,948**	**15,295**	**24,452**
Net increase (decrease) in cash and cash equivalents	**(4,330)**	**4,897**	**(255)**	**15,588**
Cash and cash equivalents at beginning of year	23,103	23,358	23,358	7,770
Cash and cash equivalents at end of year	18,773	28,255	23,103	23,358

a) Net cash used in operating activities

Cash flow from operating activities represents mainly the net cash used by Biotalys to fund its discovery and development programs and the related support activities after reflecting:

- cash received through grants in support of these developments;
- adjustments for working capital movements; and
- adjustments for non-cash items such as depreciation and tax credits.

Net cash used in operating activities increased by €2.1 million for the three months ended 31 March 2021 to €5.0 million, compared to €3.0 million for the three months ended 31 March 2020, driven by changes in the level of working capital, higher research and development expenditures and strengthening of the management team.

Net cash used in operating activities increased by €1.3 million for the year ended 31 December 2020 to €9.5 million, compared to €8.2 million for the year ended 31 December 2019, as a result of higher research and development expenditures and strengthening of the management team.

b) Net cash used in investing activities

Net cash used in investing activities increased by €0.8 million for the three months ended 31 March 2021 to €0.9 million, compared to €0.1 million for the three months ended 31 March 2020. The net cash used in investing activities in 2021 primarily related to €0.9 million for equipment purchases and leasehold improvements of the new headquarters in Sint-Denijs-Westrem that Biotalys moved into in January 2021.

Net cash used in investing activities increased by €5.4 million for the year ended 31 December 2020 to €6.0 million, compared to €0.6 million for the year ended 31 December 2019. The net cash used in investing activities in 2020 primarily related to €3.8 million for equipment purchases and construction in progress for the leasehold improvements of the new headquarters. Additionally, €2.1 million of cash is held as a pledge for a bank loan and is considered an investment in a financial asset as it is not available for use by Biotalys.

c) Net cash provided by financing activities

Net cash provided by financing activities decreased by €6.3 million for the three months ended 31 March 2021 to €1.6 million, compared to €7.9 million for the three months ended 31 March 2020. During the three months ended 31 March 2020, the Company received additional proceeds from the Series C Preferred Shares issuance in an amount of €8.0 million. Proceeds of €1.8 million from bank loans for the leasehold improvements accounted for the majority of the financing activities for the three months ended 31 March 2021.

Net cash provided by financing activities decreased by €9.2 million for the year ended 31 December 2020 to €15.3 million, compared to €24.5 million for the year ended 31 December 2019. During 2019, the Company issued the second tranche of the convertible bond for €5.1 million and issued the first two tranches of the Series C Preferred Shares for €20.0 million. During 2020, the Company received additional proceeds from the Series C Preferred Shares issuance in an amount of €15.1 million and bank loans for the leasehold improvements of €1.2 million.

8.5 Contractual obligations and commitments

The following table details Biotalys' remaining contractual maturities of its financial liabilities with agreed repayment periods as of 31 December 2020. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The figures presented in the table include both interest and principal cash flows.

(in €000)	**Within one year**	**>1 and <5 years**	**>5 and <10 years**	**>10 years**	**Total**
Bank borrowings	107	592	642	-	1,341
Lease liabilities	899	2,463	910	-	4,272
Derivative financial liabilities					
AD Warrants	1,302	-	-	-	1,302
Total	**2,308**	**3,055**	**1,552**	**-**	**6,915**

Biotalys leases its headquarters building, lab equipment and some company cars. The contracts do not include any purchase options, except for the lab equipment. The lease term considered for the building is 9 years, for the company cars the lease term ranges between 4 and 5 years and for the lab equipment, this is 4 years.

The AD Warrants are subscription rights granted to preference shareholders during the last several financing rounds, giving the holder the right, but not an obligation, to purchase the Company's shares in certain limited circumstances at a specified price and date. On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, the cancellation of the outstanding AD Warrants subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. See also section 13.3.4b) (*Description of share capital and Articles of Association – Share capital and shares – Outstanding warrants – Anti-Dilution warrants*).

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions and the approximate timing of the actions under the contracts.

Biotalys has received various governmental grants that may need to be repaid if certain conditions related to these grants are not met. Biotalys does not believe that it will be required to repay these grants (see section 8.2.4a) (*– Principal factors affecting the results of operations, financial position as well as liquidity and capital resources – Other Operating Income – Government Grants*) and, accordingly, has not included them in the table above.

8.6 Off-balance sheet liabilities

Biotalys does not have any off-balance sheet liabilities.

8.7 Significant accounting policies

The Consolidated Financial Statements and the Condensed Consolidated Interim Financial Statements have been prepared in accordance with IFRS. They are prepared on the assumption that Biotalys will continue to operate as a going concern in the foreseeable future, and they have been prepared on basis of the historical cost convention.

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Biotalys' 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.

8.8 Qualitative and quantitative disclosure about market and other financial risks

8.8.1 Liquidity risk

The Group's main sources of cash inflows have been obtained through capital increases and external financing through loans from its shareholders and banks. As the consolidated results of Biotalys for the period ending on 31 December 2020 present a negative result, and the consolidated statement of financial position includes accumulated losses, liquidity is a risk as Biotalys needs additional funds to further develop its assets and grow its operations. See section 6.2 (*Capitalization and indebtedness – Working capital statement*) for additional details.

8.8.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Biotalys' activities may expose it to changes in foreign currency exchange rates and interest rates. Biotalys is not exposed to any equity price risk or commodity price risk as it does not invest in these classes of investments.

8.8.3 Credit risk

Because of the absence of sales to third parties and therefore trade receivables, credit risk arises mainly from cash and cash equivalents and deposits with banks and financial institutions. Biotalys only works with international reputable commercial banks and financial institutions.

8.8.4 Interest rate risk

Biotalys is exposed to interest rate risk in respect of surplus funds held on deposit. This risk is not considered to be significant. Biotalys is not exposed to interest rate risk in respect of its financial instrument liabilities as the interest rate is fixed.

8.8.5 Foreign exchange risk

Biotalys is minimally exposed to currency risk, primarily related to expenses denominated in USD. At 31 December 2020, if the EUR had strengthened/weakened 1% against the USD with all other variables held constant, the exchange differences on the monetary assets and monetary liabilities recognized in the consolidated statement of comprehensive income would have been impacted by +/- €3 thousand. In 2020 and 2019, no hedge accounting has been applied.

8.9 Events after balance sheet date

Subject to certain conditions described below, the following transactions were approved at the extraordinary general shareholders' meeting of the Company held on 18 June 2021:

- The Share Consolidation, the Reverse Share Split and the acknowledgment of the Profit Certificate Conversion, subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. See section 13 (*Description of share capital and articles of association*).
- The cancellation of Preferred A AD Warrants, the Preferred B AD Warrants and the Preferred C AD Warrants, subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. See also section 13.3.4b) (*Description of share capital and Articles of Association – Share capital and shares – Outstanding warrants – Anti-Dilution warrants*). The fair market value of the AD Warrants after the cancellation is zero resulting in the full release of the derivative liability that was valued at €1.0 million as of 31 March 2021 to finance income during the remainder of 2021.
- The cancellation of the ESOP 2020 Warrants that have been issued but not yet granted, subject to and with effect from the closing of the Offering. As a result, no ESOP 2017 Warrants or ESOP 2020 Warrants will be available for grant as from the closing of the Offering. See also section 10.10.3 (*Management and corporate governance – Description of incentive plans – Terms of the ESOP 2017 Warrants*).
- The issue of the ESOP 2021 Warrants, subject to closing of the Offering, in a number equal to 10% of the Shares that will be outstanding as a result of the issuance of the Offered Shares placed in the Offering

(including pursuant the exercise of the Increase Option and the Over-allotment Option, as the case may be) minus the maximum number of Shares that may be issued pursuant to the outstanding ESOP 2017 Warrants and ESOP 2020 Warrants at the date of determination the final number of ESOP 2021 Warrants to be issued. As a result, immediately after the closing of the Offering, there will be a number of ESOP Warrants outstanding that will be exercisable into a number of Shares equal to 10% of the total number of Shares. See also section 10.10.5 (*Management and corporate governance – Description of incentive plans –Terms of the ESOP 2021 Warrants*).

8.10 Belgian GAAP financial information

8.10.1 Conversion from Belgian GAAP to IFRS

For all periods up to and including the year ended 31 December 2020, Biotalys prepared its statutory financial statements in accordance with generally accepted accounting principles in Belgium ("**Belgian GAAP**").

The Consolidated Financial Statements of the Group are prepared for the first time in accordance with IFRS. The first consolidated IFRS financial statements include comparative information for the period ended 31 December 2019. Therefore, an opening IFRS statement of financial position has been prepared as per 1 January 2019, which is the date of transition in accordance with IFRS.

The statement of financial position prepared under Belgian GAAP as per 1 January 2019 has been adjusted for the preparation of the opening statement of financial position in accordance with IFRS and the impact resulting from the application of the new accounting framework have been recognized against the opening equity as per 1 January 2019. The adjustments that impacted opening equity are summarized below.

- **Useful lives:** In the context of the first-time adoption of IFRS, the Company reviewed its depreciation and amortization policy. As such, useful lives have been determined for property, plant and equipment and intangible assets which align to the economical usage of the underlying assets as intended by the Company. This resulted in increases to the net book value of certain assets. The most significant impact related to the extension of the useful life for the platform technology to 20 years. This asset was contributed to the Company at its inception and is an integral part of the discovery process.
- **Operating versus finance leases:** Several assets leased by the Company that were classified as operating leases under Belgian GAAP have been recognized as lease contracts which need to be brought on-balance sheet in accordance with IFRS. The liabilities were measured as of the opening balance sheet date at the present value of the lease payments. Additionally, certain leases classified as finance leases under Belgian GAAP were reassessed and the purchase options were included in the asset and liability as it is reasonably certain that the purchase option on leased lab equipment will be exercised.
- **Employee benefits:** The pension plan offered by the Company is classified as a defined contribution plan as a fixed contribution is paid into a separate fund. However, defined contribution plans in Belgium require companies to guarantee a minimum return, which triggers such plans to be classified as defined benefit plans. As such, the plans have been recognized as provisions in the statement of financial position based on the projected unit credit method in accordance with IAS 19 Employee Benefits.
- **Anti-dilution warrants:** Biotalys granted shareholders AD Warrants. The AD Warrants include anti-dilution features to protect the right of the holder of the instrument from the possible impact of dilution caused due to issue of shares. The AD Warrants are recognized as financial liabilities at fair value through profit or loss for IFRS. Under Belgian GAAP, the AD Warrants have not been recognized.

Additional items such as share-based payments and the treatment of the convertible bond impacted the operating results but did not have any impact on the opening equity. A full reconciliation of the effects of the first-time adoption of IFRS on the Group's financial statements, including these additional items, is disclosed in note 4 of the Consolidated Financial Statements.

8.10.2 Belgian GAAP

The Consolidated Financial Statements in accordance with IFRS were prepared for the year ended 31 December 2020 and include comparative information for the period ended 31 December 2019. Previous periods were not restated to IFRS as the Company did not have any subsidiaries and no consolidated financial statements were prepared. Information for the year ended 31 December 2018 under Belgian GAAP is not presented along with the IFRS balances for 2019 and 2020 as the form and valuation principles are not comparable rendering any comparison irrelevant.

Since its inception, the Company has not made profits and, as a result, has not paid any material corporate income taxes in Belgium. Biotalys has reported tax losses in the fiscal declarations of €11.1 million, €6.8 million and €4.9 million for the years ended 31 December 2020, 31 December 2019 and 31 December 2018, respectively. Biotalys' accumulated tax losses amounted to €33.9 million as per the fiscal declaration up to the end of 31 December 2020 and can in principle be used to offset part of future taxable profits.

8.10.3 Operating results for the year ended 31 December 2018 under Belgian GAAP

The following table details information relating to the Company's operating results under Belgian GAAP for the year ended 31 December 2018.

(in €000)	**For the year ended 31 December 2018**
Operating income	**3,936**
Own work capitalized	3,082
Other operating income	854
Operating charges	**8,651**
Services and other goods	3,792
Remuneration, social security costs and pensions	1,581
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	3,278
Other operating charges	0
Operating profit (loss)	**(4,715)**
Financial income	4
Financial charges	17
Gain (loss) for the period before taxes	**(4,728)**
Income taxes	(157)
Taxes	1
Adjustment of income taxes and write-back of tax provisions	158
Gain (loss) of the period available for appropriation	**(4,571)**

a) Operating income

Operating income under Belgian GAAP amounted to €3.9 million for the year ended 31 December 2018. This consisted of €3.1 million of research and development expenses that were capitalized as an intangible asset and €0.9 million of other operating income. Within the other operating income was €0.6 million of subsidies from governmental authorities and €0.3 million related to rebates on payroll withholding taxes for scientific personnel.

b) Operating charges

Operating charges under Belgian GAAP amounted to €8.7 million for the year ended 31 December 2018. The largest type of expense was for €3.8 million of services and goods incurred primarily for the research and development of the pipeline candidates and the rent and utilities for the facilities. The Company also incurred € 1.6 million related to the salaries and related expenses and depreciation and amortization expense of €3.3 million, of which €3.1 million related to the amortization of the intangible asset for the research and development expenditures.

c) Income taxes

Income taxes under Belgian GAAP amounted to a €0.2 million benefit for the year ended 31 December 2018 primarily related to a tax deduction on research and development expenditures. This tax credit is a reduction of the corporate income taxes for Belgian statutory purposes and is transferrable to the next four accounting periods. These tax credits are paid to us in cash after five years to the extent they have not been offset against corporate taxes due.

9. BUSINESS

9.1 Overview

Biotalys is an Agricultural Technology (AgTech) company focused on addressing food protection challenges with proprietary protein-based biocontrol solutions and aiming to provide alternatives to conventional chemical pesticides for a more sustainable and safer food supply. Biotalys' ambition is to address three core challenges facing global food production today: the 1.6 billion tons of global food wasted every year, the potential effects of conventional chemical pesticides on biodiversity and food safety, and the sustainable food production from farm to fork.

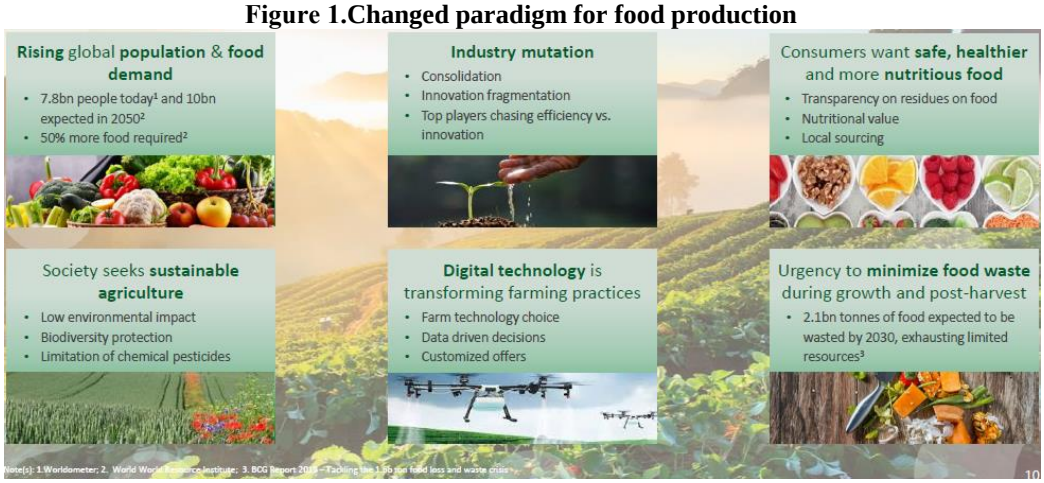
Biotalys' approach is powered by its AGROBODY Foundry™ platform, that has the potential to generate a wealth of biocontrol innovations, which aim to combine conventional chemical-like performance with the clean safety profile of biologicals, faster and at lower development costs to conventional chemical approaches. Biotalys' AGROBODY Foundry™ platform has been designed by Biotalys to enable the identification of targeted small antibody-derived proteins to address major food pests and diseases. Biotalys' product candidates have distinctive modes of action as compared to existing food protection products, allowing reduction of targeted pests and diseases when used in the framework of an integrated pest management program ("**IPM**"). Biotalys' product candidates, also named AGROBODY™ biocontrols, are obtained by simple fermentation and are formulated to match the requirements of the target markets. To date, Biotalys has built a strong and diverse pipeline of seven product candidates that aim to address a wide range of crop pests and diseases targeting growing market segments and significant unmet needs such as the scarcity of existing solutions, the resistance building of pests and diseases or the regulatory pressure limiting the application of chemical solutions.

Biotalys' first market test product Evoca™ for combatting *Botrytis cinerea* and powdery mildew, aims to offer fruit and vegetable growers a new tool to fight these major diseases, and as a result maximize yields and extend the shelf life with substantially lower residues. Evoca™ was submitted to the EPA in the US for approval in December 2020 and Biotalys expects to be able to receive registration approval in H2 2022 and initiate market testing in selected states in the US in late 2022. Evoca™ was also submitted in March 2021 for EU registration approval and Biotalys expects to receive approval in the course of 2024 for the EU market.

Biotalys' vision is to create an integrated biological food protection leader and to become a technology platform-based biocontrol company with end-to-end capabilities in discovery, development, and commercialization. Biotalys is supported by a diverse team of industry experts and renowned scientists who are dedicated to transform conventional farming approaches by bringing a new paradigm of food production and protection that will shape the future of sustainable agriculture.

9.2 Market opportunity

Figure 1.Changed paradigm for food production



In 2019, the global food protection market generated annual sales of more than $60 billion.[7] In 2018, 4.1 million tons of food protection products, which are currently mostly chemical based, were used to preserve the production of our plant-based food[8]. Notwithstanding the fact that conventional chemical pesticides are considered a likely

source of human health and environmental problems, an analysis performed by the European Food Safety Authority ("**EFSA**")[9] on selected food products showed that 40% of the tested food samples in 2018 contained one or more pesticide residues and 4.5% exceeded the maximum authorized level, whereby it was found that 36.2% of the sampled fruits and tree nuts showed detectable residues, of which 29.3% showed residue levels above the maximum authorized level. Despite this extensive use of conventional chemical pesticides, an estimated 30% of all the food produced is still wasted along the food value chain. Accounting for a significant part of the losses[10] (estimated to be half of the total food waste), are the production steps (in the field) and the first steps of handling and storing (post-harvest), before the food is processed or reaches consumers (see Figure 2 below) (and Biotalys believes that this is even more the case for fruits and vegetables). At the same time, in the last decade, AgTech digital technology has emerged with machine learning algorithms, sensors and robots becoming an increasingly common sight in fields around the world, which shows how complex the production process has become. With the increased use of data and computational intelligence to assist crop production, Biotalys believes that data-driven decisions by growers will further increase the opportunity for using solutions alternative to conventional chemical food protection products.[11] With food production already representing 26% of the global greenhouse gas emissions[12] and taking into account a growing global population, Biotalys strongly believes that the agricultural sector requires breakthrough innovations to reduce its environmental and societal impact while improving food safety and quality.

Figure 2.General overview of food loss and waste

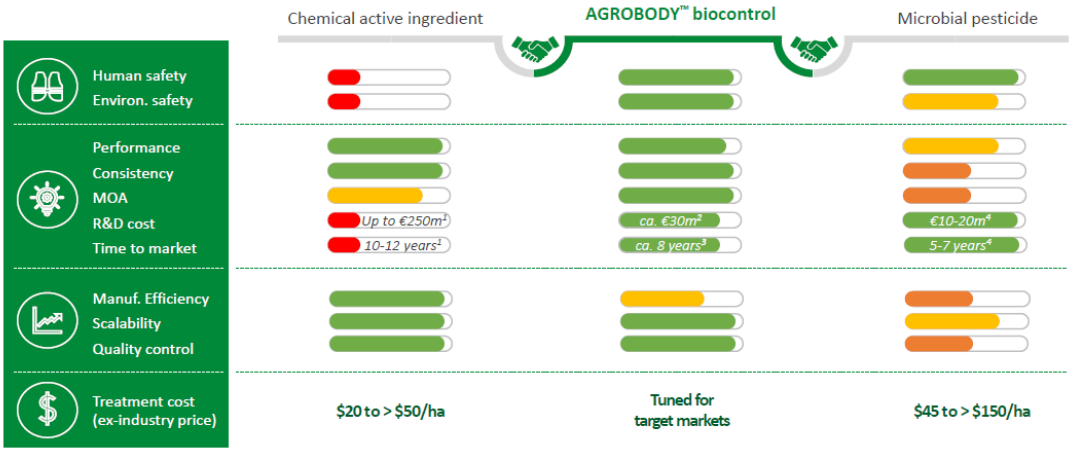
source: The Boston Consulting Group, "Tackling the 1.6b ton food loss and waste crisis", 2018

Going forward, the world may face wide-reaching threats to longevity with the growing population expected to need more than 50% more food by 2050, which may require agricultural land of nearly twice the size of India and lead to a 275% above target contribution to greenhouse gas emissions by agriculture.[13] In its Sustainable Development Goals announced in 2015,[14] the United Nations targets to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses, by 2030, reflecting the global urgency of the food waste issue.

Although exceptions exist[ii], biological food protection generally offers a more sustainable and safer alternative that reduces food waste via post-harvest uses and drastically reduces chemical residues. The biological food protection market has been growing at rates well above the conventional chemical food protection market, and for the past ten years at rates no lower than 15% per year.[15] This is expected to continue with 13% CAGR for the period between 2019 and 2025, reaching $7.7 billion, by 2025.[16] Despite this growth and generally cleaner safety profile, many biological food protection products, because of their dependence on timing and conditions of application, are unable to match the efficacy and consistency of conventional chemical alternatives. If advances in technology enable the development of new biological food protection products that can equal the performance and consistency of conventional chemical food protection products, Biotalys believes market growth in the biological food protection sector could accelerate even further. In addition, the use of biological food protection products also enables efficiency gains for growers, as the use of certain conventional chemical food protection products requires re-entry intervals of multiple days for treated areas to protect humans and animals against poisoning.

[ii] For example, Pyrethrins, a natural class of insecticide products found in chrysanthemum flowers, have shown to have irritation potential when in contact with the skin, and copper sulphate, a broadly used fungicide/bactericide in the biocontrol market, has been raising environmental concerns due to soil accumulation and run-off.

Figure 3.Comparison AGROBODY™ platform with chemical and microbial pesticides



Notes:
1. Phillips McDougall, Evolution of the Crop Protection Industry since 1960 (2018) - https://croplife.org/wp-content/uploads/2018/11/Phillips-McDougall-Evolution-of-the-Crop-Protection-Industry-since-1960-FINAL.pdf.
2. Based on Biotalys estimates of targeted markets.
3. Based on current Biotalys pipeline expectations, may vary per program.
4. Olson, S. (2015). An analysis of the biopesticide market now and where it is going. Outlooks on pest management, 26(5), 203-206, balanced with Biotalys estimates and discussions with peer companies.

Using its proprietary technology platform, Biotalys aims to develop products that will help reduce the agricultural environmental footprint, optimize the use of our natural resources and provide healthy and safe choices for consumers. Biotalys indeed believes that its product candidates will demonstrate a biological-like clean human and environmental safety profile, due to their intrinsic rapid biodegradability, while providing conventional chemical-like performance and consistency when used as per label recommendation (on the basis of the product attributes demonstrated in the field trial program) in an IPM program, thereby addressing a key shortcoming of most biological food protection products that are typically less consistent and effective when compared to conventional chemical food protection products.[17] In addition, Biotalys believes that its proprietary technology platform enables at competitive costs within the industry the identification of novel modes of action where conventional chemical innovation has been challenged over the last decade and where biological products do not usually provide a clear and single type of mode of action. Finally, Biotalys expects to produce at scale its product candidates through fermentation with a chemical-like quality control and reach manufacturing efficiency to compete in most food protection markets on the long term.

Biotalys' AGROBODY Foundry™ platform allows rapid identification, development, and production of novel antibody-derived protein-based biological food protection (or "**biocontrol**") product candidates that have the potential to address a broad range of biological food threats with novel modes of action. Antibody-derived proteins have already demonstrated their potential as therapeutic molecules across multiple pharmaceutical applications. Biotalys aims to demonstrate the potential of this technology across multiple food and agriculture applications to develop new biological based fungicides, insecticides and bactericides. The AGROBODY Foundry™ platform also has the potential to identify differentiated modes of actions to combat growing resistance of agricultural threats. In addition, Biotalys believes that, with its efficient and targeted approach, it can accelerate the discovery and development timelines by 20-30% as compared to chemical food protection products, with a reduction in development costs by up to approximately 80% to 90% (depending the target market) (see section 9.4.3 (*Business – Biotalys' strengths – Capital efficient business model coupled with straightforward regulatory pathway.*)). Over the last two years, Biotalys has demonstrated the scalability of its AGROBODY Foundry™ platform by reaching protein production volumes of 35,000 L and submitted the regulatory dossier for its first antibody-derived protein biofungicide to the EPA.

To date, Biotalys has seven product candidates in its pipeline (see Figure 4 below), that provide a broad range of potential applications to meet the growing demand for effective, safe and environmentally responsible food protection products. Biotalys' antibody-derived protein-based biocontrol product candidates are intended to be used at different stages within the food value chain. Indeed, Biotalys targets the crop protection market where its product candidates would be used as substitutes for, or together with, conventional chemical products. It also targets the post-harvest protection market where the use of conventional chemical products may not be desirable or permissible because of health and environmental concerns and where limited technologies are available to protect fresh produce from decaying.

Figure 4.Biotalys pipeline as of April 2021

Project	Target pathogens	Target market(s)	Market size[2]	Stage	Target release[3]
A BioFungicides					
Evoca	Botrytis, powdery mildew	Strawberry, wine grapes, covered crops	Market test	3.0 – Pre-launch: Pre-marketing	2022
BioFun-5	Botrytis, powdery mildew, anthracnose	High value F&V	$600m	1.3 – Discovery: Lead characterisation (in vivo)	2026
BioFun-6[1]	Botrytis, powdery mildew, anthracnose	F&V	$1.2bn	1.2 – Discovery: Lead characterisation (in vitro)	2028
BioFun-2	Leafspot	Top fruits, vegetables, cereals, oil seed rape	$1.7bn	0.0 – Discovery: Scoping / Partnership exploration	2030/31
BioFun-4	Oomycetes	Vines, potatoes	$800m	0.0 – Discovery: Scoping / Partnership exploration	2031/32
B BioInsecticides					
BioIns-1	Lepidoptera	Vegetables, corn, soy, cotton	$800m	1.2 – Discovery: Lead characterisation (in vitro)	2028/29
C BioBactericides					
BioBac-1	Key bacteria	Top fruit, citrus, olives vegetables	$300m	1.1 – Discovery: Lead generation & identification	2029/30

Note(s):
1. BioFun-6 is expected to expand the market size of BioFun-5.
2. The target market size for each segment is calculated as a function of the hectares in the price segment targeted by Biotalys, the incidence of the disease or pest in the corresponding segment and the number of product application required, as further detailed in section 9.7 (Pipeline and product candidates)
3. Peak sale expected 5 – 8 years after market introduction depending on the segment. Assuming two additional programs initiated per year from 2023 (including internal programs, R&D partnerships, Co-developments, and life cycle management).

(See also sections 9.8.2 (*The AGROBODY Foundry™ platform – Discovery phase*) and 9.8.4 (*– Development phase*)).

Biotalys submitted its first antibody-derived protein-based product candidate, Evoca™, in December 2020 to the EPA and in April 2021 to the California Department of Pesticide Registration in the United States for approval. The registration dossier has also been submitted for EU registration approval in the March 2021. Evoca™ performance and key features have been assessed in more than 300 field trials over multiple seasons under different environmental conditions during the development phase (see section 9.7.4 (*Pipeline and product candidates – Evoca™*)).

Following US registration, which is currently expected for H2 2022, Biotalys intends for Evoca™ to be a pilot product and market test for its product candidates in multiple US states as well as in Europe (i.e. it is not expected that Evoca™ will be launched for commercialization (see also section 8.2.3 (*Operating and financial review – Principal factors affecting the results of operations, financial position as well as liquidity and capital resources – Market test of Evoca™*))). The main purpose of the Evoca™ market test will be to demonstrate the competitive features of the product candidates generated through the AGROBODY Foundry™ platform, such as consistency and efficacy against targeted pests in IPM programs, protection of yield in targeted crops, shelf-life extension, absence of pesticide residues in the fresh produces, as well as the product candidates' natural safety in a commercial environment. Biotalys also intends to register all its future products with selected local regulatory authorities, and expects, including as a consequence of the market test of Evoca™, to benefit from fast-track registrations in different target markets.

At first, Evoca™ will be introduced to the market through a partnership or with local distributors in the United States, for selected highest value crops such as covered crops, strawberries and grapes. It is Biotalys' intention to focus on higher value markets in the first years of the commercialization of its product candidates, considering that growers in these segments pay higher prices for the inputs used (in line with the higher values of their crops). Following the Evoca™ market test, Biotalys intends to commercialize the next generation of its product candidates in additional fruit and vegetable markets as well as in different geographies such as Europe, Brazil and Japan. It is also Biotalys' goal to commercialize its product candidates through distribution agreements or partnerships in specific and highly commoditized markets and on its own where it believes more value can be captured with a small and dedicated team.

To achieve its ambitions, Biotalys has attracted a number of talented science and business experts, coming from different industry sectors and with decades of experience in companies like Ablynx NV, Koninklijke DSM NV, Syngenta Group, Devgen NV, creating a powerful diversity to support the potential of Biotalys' AGROBODY Foundry™ platform for the specific needs of the food and agriculture industry. In addition, Biotalys has been supported from its inception in 2013 by expert local (GIMV NV, PMV NV, Biovest NV, Qbic, Madeli

Participaties B.V., K&E BV, the Flemish Institute of Biotechnology ("**VIB**"), Agri Investment Fund CVBA, Ackermans & van Haaren NV) and international investors (Sofinnova Partners, Novalis LifeSciences), with strong experience in AgTech, biotechnology and life science.

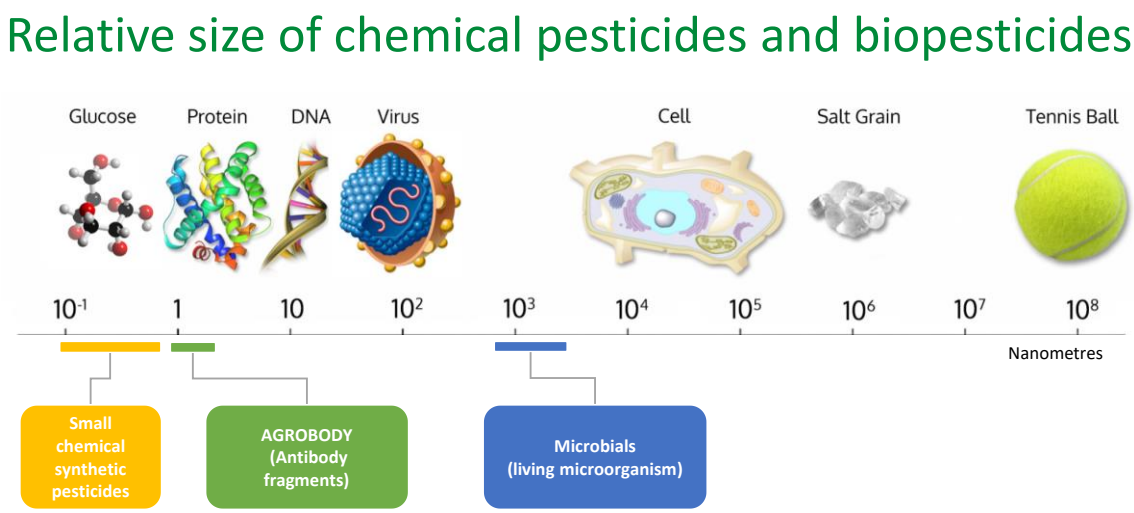
9.3 Biotalys' solution

9.3.1 Conventional chemical food protection products and biological alternatives

Traditionally, conventional chemical food protection products, which rely on small synthetic organic molecules, have been used to treat a variety of plant diseases and conditions, based on certain features including their small size (up to 600 Dalton (see Figure 5 below)), stability, ease of manufacture by chemical synthesis and diverse modes of action. Despite their widespread use and consistent performance, small molecules have some key disadvantages, including off-target binding which results in unwanted side effects, the need for lengthy lead optimization to improve their affinity and selectivity and the development of pathogen resistance. The issue of hazards posed by these molecules to human health and the environment has raised concerns about their safety and led to the search for alternatives that can overcome these concerns.

Biological alternatives, which rely on beneficial microbes to directly or indirectly inhibit pathogens, have received considerable attention due to the absence of harmful residues and their environmentally friendly nature and generally lower production cost. Examples of microbial biological control agents, used as active ingredients of plant protection products, include species from the fungal genus Trichoderma and from several species of the bacteria Bacillus and Pseudomonas. However, at present there is evidence that effectiveness is not always achieved and some products may face manufacturing challenges in terms of scalability, consistency and/or cost. Biological products' main disadvantages include the high specificity against the target disease and pathogen, which may require multiple biological crop protection products to be used to achieve effective results. In addition, specifically in the case of microbial crop protection products, as they are living organisms, they often suffer from variable efficacy due to the influences of various biotic (host species, nutritional status, pathogen) and abiotic (temperature, relative humidity) factors, whereas Biotalys' AGROBODY™ proteins are selected early on in the discovery phase on the basis of, among other, their stability (see section 9.8.1 (*The AGROBODY Foundry™ platform – Overview*)).

Figure 5.Relative size of chemical and biological food protection products



Source : https://www.wichlab.com/nanometer-scale-comparison-nanoparticle-size-comparison-nanotechnology-chart-ruler/

9.3.2 Antibody-derived proteins

Over the last few decades, antibody-derived proteins have become a new and important class of biologic therapeutics against a multitude of diseases, including infectious diseases. As part of its natural defense against pathogens, the immune system of vertebrates develops molecules termed antibodies. As displayed in Figure 6 below, antibodies are Y-shaped proteins composed of two heavy and two light chains that combine to form the structure of a conventional antibody. There are V-domains at the tip of both the heavy and the light chain that together are responsible for targeting a specific antibody to an antigen and are different for every type of antibody.

In mounting an immune response to a foreign body or antigen, the immune system generates a wide panel of antibodies that bind to the antigen and all differ slightly in their V-domains. The Fc domain does not interact with the antigens, but rather interacts with components of the immune system through a variety of receptors on immune and other cells.

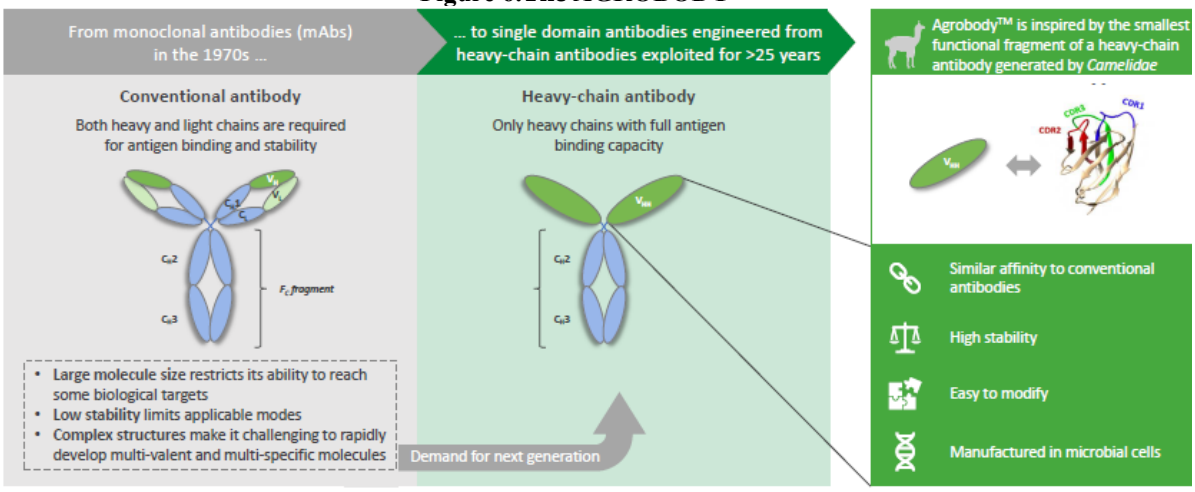
In the 1970s, a technology was developed to produce monoclonal antibodies ("**mAbs**"), allowing the pharmaceutical industry to develop these molecules as therapeutics. Despite their commercial success, mAbs still have some significant limitations when compared to small molecules. mAbs are large (150,000 Daltons (see Figure 5 above)), which restricts their ability to reach some biological targets. mAbs also have complex structures which makes rapid development of multi-valent and multi-specific molecules challenging. They are also relatively unstable compared to small molecules, which limits the modes in which they can be applied. This has created a demand to identify next generation antibody-derived proteins which would ideally combine the advantages of small molecules with the beneficial characteristics of mAbs.

Biotalys believes that its AGROBODY™ proteins meet the criteria to be part of this next generation. They have several inherent advantages that can be used to potentially create differentiated product candidates with novel modes of action and a pipeline of protective tools against major classes of fungal diseases, insect pests and bacterial diseases, among other things. The versatility of the AGROBODY Foundry™ platform also offers a further expansion in multiple technology domains (diagnostics for agriculture) as well as in niche markets where existing solutions are limited (such as bacterial and viral diseases in food, agriculture and forestry).

9.3.3 The AGROBODY Foundry™ platform

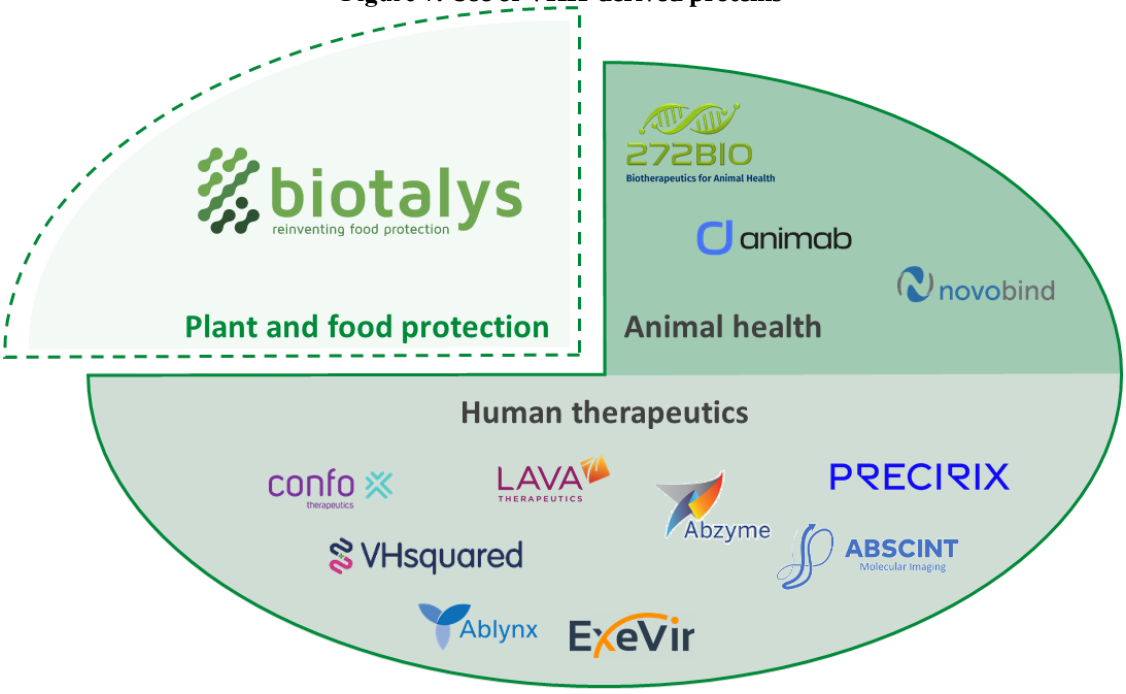
The basis of the AGROBODY Foundry™ platform was originally discovered at the Vrije Universiteit Brussel, Belgium. The invention was based on the observation that Camelidae, the family which includes camels, llamas and alpacas, in addition to generating conventional antibodies, also possess a different class of antibodies. These antibodies lack the light chains, but still have the full antigen-binding capacity of conventional antibodies. In these 'heavy-chain only' antibodies, antigen binding occurs through a single variable domain ("**VHH**") which is the smallest functional fragment of a naturally occurring heavy-chain antibody (see Figure 6 below).

Figure 6.The AGROBODY™



Endowed by natural evolution, antibody-derived proteins exhibit unique biophysical, biochemical and pharmacological characteristics and have received considerable academic and industry-based research over the last 28 years in the field of drug development for human and animal use, but also in their development for diagnostic tools, biosensors and applications in plant and food protection (see Figure 7 below). Specific applications in plant and food protection have been limited to academic research activities in view of the much greater importance of the production cost and scale in the agricultural and food industry and the titers reported so far (see section 9.8.6 (– *The AGROBODY Foundry™ platform – Manufacturing: Designing for cost efficiency and economic viability from the outset*)). As a result, to its knowledge, Biotalys is the only company active in the domain that has fully leveraged and further developed the technology for the specific use in the plant and food protection market focusing on bio-fungicides, bio-insecticides as well as on bio-bactericides.

Figure 7. Use of VHH-derived proteins



While the AGROBODY Foundry™ platform provides a novel approach to delivering alternative and sustainable products for the food protection market, it builds on a well-validated body of research and development that has already shown the effectiveness of antibody-derived proteins as therapeutic drugs and a continuous expansion to multiple therapeutic domains.

9.4 Biotalys' strengths

9.4.1 AGROBODY Foundry™, a unique and scalable proprietary technology platform for effective, environmentally safe and clean protein-based biocontrol solutions, with multiple possible applications

a) The AGROBODY Foundry™ platform

Biotalys' AGROBODY Foundry™ platform is a unique and scalable technology platform that allows the development of AGROBODY™ protein-based biocontrol product candidates to target multiple indications. This enables the development of, for example, biofungicides, bioinsecticides and biobactericides with novel modes of action. These novel modes of action make it less likely for a target organism to develop resistance, compared to the speed of resistance developed against widely used conventional chemical food protection products. Within the biocontrol industry landscape, Biotalys believes that there is at the date of this Prospectus no example of a technology platform comparable to Biotalys' that is capable of developing bio-fungicides, bio-insecticides as well as bio-bactericides.

The strength of Biotalys' AGROBODY Foundry™ platform resides first in the nature of the product candidates it is able to generate, the AGROBODY™ biocontrols. Biotalys' AGROBODY™ biocontrols, which are based on small proteins obtained by fermentation, are qualified as biological food protection products or biological pesticides by regulatory agencies. They create an alternative category complementing conventional chemical food protection products and existing microbial food protection products.

b) A protein-based platform, offering differentiated advantages

Proteins are the most common and diverse group of biological substances and are often considered to be the central compounds necessary for life. Proteins are made from amino acids that are building blocks required by all living organisms, from plants to microbes to mammals. Biotalys is only aware of very limited use of proteins or

peptides[iii] in biological food protection products to date, with peptides (e.g. by Vestaron Corporation, a US company, peptides identified from spider venom and used as insecticides only) and plant extracts containing proteins (e.g. CEV, SA, a Portuguese company using plant extracts from Lupin species). However, contrary to Biotalys with its AGROBODY Foundry™ platform, these companies start from existing peptides or proteins and screen these for activity against pests and/or diseases. In addition, Biotalys is aware that IBI-Ag Ltd., an Israeli company, is in early discovery stage researching the use of single domain antibodies for the development of bio-insecticides.

Due to their small size and specific structure (see Figure 5 above) and properties, Biotalys believes that its AGROBODY™ proteins are ideal building blocks for the generation of novel protein-based biocontrol products. They have multiple advantages:

- They are obtained by fermentation in simple micro-organisms such as yeast followed by filtration steps, thus limiting the amount of energy and waste from the production.
- They are subject to continuous quality control to identify the content and purity of the product candidate at any point in time.
- They are designed to be able to be applied by growers or industry professionals like a conventional chemical food protection product without the need to change farm equipment or to adapt distribution channels for specific temperature conditions as could be the case for certain microbial biocontrol products that require a more controlled environment.
- They are designed to be easily introduced in growers' IPM programs as alternatives to existing conventional chemical food protection products or to improve resistance management.
- They are designed to be as effective and consistent as conventional chemical food protection products when used in the framework of an IPM program, but as harmless as microbial food protection products.
- They are designed to be safe for growers and consumers, allowing a rapid re-entry in the field and short pre-harvest intervals (which intervals will be further defined by the US/EU regulatory approval (see section 9.10 (*Regulatory*)).
- They are by nature biodegradable in the environment in which they are used, their stability is finetuned during Biotalys' R&D process to allow their maximum efficacy prior to their natural degradation into their amino acid building blocks, which potentially represent a source of nutrients for plants and microorganisms, while remaining stable in their original formulated state.
- They are specific to the target diseases or pests. The mode of action and the spectrum of activity can be tuned during the R&D process, avoiding undesired impact on beneficial organisms and ecosystem.

c) Advantages compared to conventional chemical (small molecule) treatments and microbial alternatives

Biotalys believes that its AGROBODY Foundry™ platform offers several distinct advantages over small molecules and microbials, including the following (see Figure 8 below):

- **Different spectrum of targets and modes of action.** AGROBODY™ biocontrols bind with high specificity to their targets on cell surfaces in contrast to chemical small molecules, which primarily bind to intracellular targets. Because they lack such high specificity, chemical small molecules have the potential to interact with tissues, cells and cellular components in unintended and undesirable ways, and inducing off-target effects. Microbial biological control agents activate different modes of action catalyzed by the presence of a pathogen such as competition, hyperparasitism and antibiosis. In contrast to chemical libraries and microbials, the AGROBODY™ biocontrols allow an immunization strategy with selection of antigens based on the target pest or pathogen and its interaction with the crop and the agronomy, to create a library of AGROBODY™ proteins designed to be specific and selective to meet the target spectrum and provide novel modes of action.
- **Ability to increase potency and modes of action through formatting.** The small size, monomeric structure and robust nature of AGROBODY™ proteins make them ideally suited for generating product candidates with superior activity profiles, which use a process referred to as formatting which involves linking AGROBODY™ proteins together. Using formatting, single AGROBODY™ proteins may be genetically linked together into multi-valent or multi-specific constructs.
  Two or more building blocks with the same specificity can be linked together using a flexible linker, which is usually comprised of glycine-serine units, to produce bi- or multi-valent AGROBODY™ biocontrols,

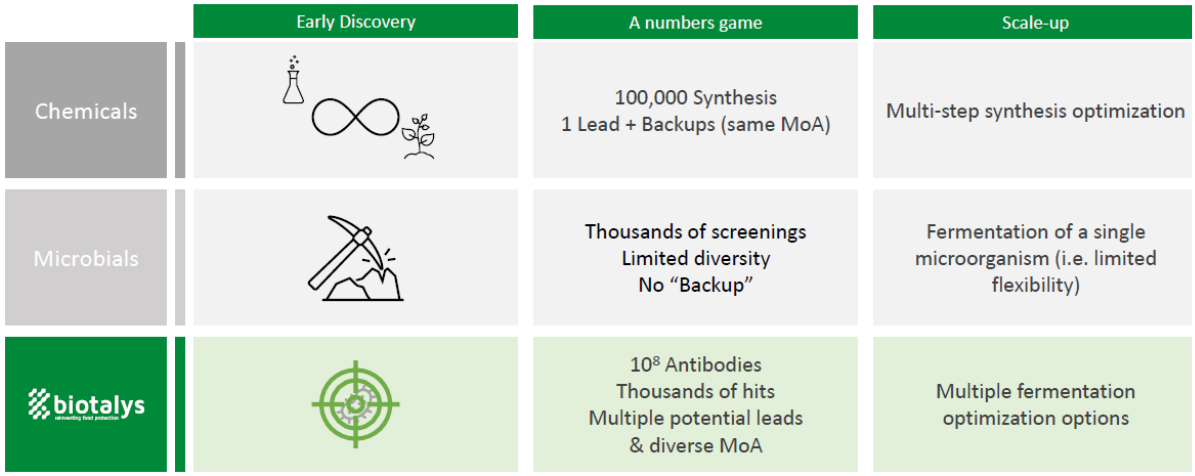
[iii] Traditionally, peptides are defined as molecules that consist of between 2 and 50 amino acids, whereas proteins are made up of 50 or more amino acids.

often showing higher affinity for the target molecule and significantly increased potency compared with the monovalent AGROBODY™ protein.
The ability to link different AGROBODY™ proteins together (which has been proven in pharmaceutical application, and which cannot be applied to conventional chemical or existing biological food protection products) using a flexible linker to make multi-specifics can be used to make AGROBODY™ biocontrols that can (i) block different antigens on a same pathogen and thereby combine different modes of action and (ii) target two different epitopes on a target to create superior specificity and activity.

- **Ease of manufacture.** Unlike many microbials, AGROBODY™ biocontrols, including multi-specific and multi-valent constructs, are comparatively easy to manufacture, as they are encoded by a single gene and are efficiently produced in microbial production hosts such as bacteria and yeast.
- **Ability to combine AGROBODY™ proteins with other protein domains or other molecules to enhance or tune the product profile.**

Conventional chemical and microbial food protection product R&D platforms often require intensive scouting and screening (see Figure 8 below) in the research phases across large numbers of possible new lead candidates to find candidates that are effective against specific insects, fungi or microbes. Biotalys' AGROBODY Foundry™ platform, in contrast, offers the advantage of generating AGROBODY™ proteins directly from the selected target insect, fungi or microbe. AGROBODY™ proteins are designed to act against a given target through the immunization process, which has the potential to provide in a single step a broad range of active proteins with different modes of action. By leveraging the natural and potent immune system of llamas, Biotalys increases the probability of generating biologically active biocontrol product candidates with diverse modes of action and targeted biological activity, clearly differentiated from existing chemical and microbial R&D platforms in the industry. This natural design cannot be replicated with the same efficiency through synthetic libraries and allows for more rapid and effective identification of biocontrol product candidates reducing the need for long and costly iterative approaches. As it comes to the scale-up of the product production, the multi-step synthesis optimization of conventional chemical pesticides has been developed over decades for the overall chemical industry and is leveraging low labor cost countries to access large and efficient production capabilities. The scale-up of the microbial production process requires to identify large scale fermentation conditions to produce a single microorganism that have been identified from a natural habitat like plants or soils and that may be difficult to grow in a vessel, explaining in part the cost for the production. Biotalys could use, develop and genetically engineer multiple fermentation hosts (yeasts, fungi) to produce its target proteins at scale, leveraging scientific progress in synthetic biology and creating further opportunities to develop intellectual property in the production process. As compared to the multi-step chemical synthesis approach for conventional chemical pesticides, the one-step fermentation approach represents an effective, carbon efficient approach to produce food and crop protection solutions.

Figure 8.AGROBODY Foundry™ platform offers an innovative and differentiated R&D process



There are other companies engaged in the development of promising biological food protection products, such as Greenlight Biosciences (RNA) and Vestaron (small peptides). Vestaron has obtained EPA registration for its peptide insecticide Spear obtained from the screening of spider toxins. Greenlight Biosciences is in the development phase for its first product candidate, its Colorado potato beetle insecticide. In addition, Biotalys is aware that IBI-Ag Ltd., an Israeli company, is in early discovery stage researching the use of single domain antibodies for the development of bio-insecticides. However, to Biotalys' knowledge, no other company in the

biological food protection industry possesses a versatile platform to address multiple indications such as its AGROBODY Foundry™ platform.

9.4.2 Diversified pipeline of seven product candidates in three different indications, targeting critical pests and diseases and controls with a combined potential addressable market of $4.8 billion.

To date, Biotalys has seven product candidates in its pipeline (see Figure 4 above), that provides a broad range of potential applications to meet the growing demand for effective, safe and environmentally responsible food protection products.

The key differentiation of Biotalys' pipeline can be summarized in the following competitive points:

- **A versatile pipeline that targets multiple indications.** The Biotalys pipeline is versatile and flexible because the AGROBODY Foundry™ platform has the ability to leverage the same technology to discover and develop products in multiple indications such as fungicides, insecticides and bactericides.
- **New modes of action to help limit the development of resistance.** The Biotalys pipeline has the ability to address key pests and diseases with multiple and differentiated modes of action, such as Evoca™, BioFun-5 and BioFun-6, providing growers and the food value chain with innovative tools to limit the development of resistance and be more effective against food waste.
- **Broad and differentiated markets.** The Biotalys pipeline is addressing broad and differentiated markets from high value fruits and vegetables to specialty and row crops for a global consolidated target market of $4.8 billion with its first seven product candidates (see section 9.7 (– *Pipeline and product candidates*)).
- **Potential to target "orphan" pests and diseases due to capital efficient development costs.** The Biotalys pipeline can address "orphan pest and diseases". Due to its capital efficient business model, Biotalys has the ability to tackle unaddressed markets (such as biobactericides) where conventional chemical food protection products would be too costly.

9.4.3 Capital efficient business model coupled with straightforward regulatory pathway.

Existing costs and timelines for the development and global registration of a novel conventional chemical food protection product is on average €250 million over 11.3 years.[18] Based on its experience, Biotalys expects to be able to develop novel AGROBODY™ biocontrols up through registration in an average time of eight years and for an estimated aggregate cost of €30 million for targeted markets, an estimated 15% of which is accounted for by the discovery phase. Biotalys believes that these expected shorter timelines and lower costs will further allow it to benefit from a longer patent protection on the resulting AGROBODY™ biocontrol. Biotalys also believes that this will allow it to target "niche" or "orphan" markets where no other technology could be developed in an economically viable manner and where the need for innovative protective solutions is as a result even more acute.

Biotalys also has a clear view on the applicable regulations in the different markets it will target. In some of those key markets, thanks to its biochemical pesticide classification (in the US), Biotalys' product candidates will be able to benefit from a fast track to approval compared to conventional chemical pesticides. (For example, in the United States, the expected regulatory timing for the first Biotalys product candidate Evoca™ by the EPA is expected to be 18 months following the completeness' check, as compared to 36 months or longer for conventional chemical pesticides). Also, because biocontrols tend to pose fewer risks than conventional chemical food protection products, biocontrol products typically require fewer toxicological and environmental safety studies to demonstrate product safety. The reduced time to review a smaller data package that is typically associated with biocontrol products results in a lower registration fee. As a result, both the time and money required to bring a new biocontrol product to the market are significantly reduced as compared to conventional chemical food protection products.

The defined classification and regulatory framework, as outcome of the pre-submission meetings held in the US and the EU for Evoca™, form the basis for the regulatory pathway for the pipeline product candidates. The AGROBODY™ platform is intended to deliver product candidates with a similar regulatory profile, for classification as biochemical pesticide in the US, and registration as plant protection products under the Regulation (EC) No 1107/2009 in EU, whereby certain toxicological and environmental safety studies are waived based on the safety profile of the AGROBODY™ proteins. See section 9.10 (– *Regulatory*). The EU low-risk classification of active substances and the Green Deal policy initiatives may also positively impact the regulatory pathway for biological pesticides (see also section 9.6.6b) (– *Industry overview – Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market – Strengthening regulations relating to the use of conventional chemical food protection products*)).

9.4.4 Clear and flexible market strategy for Evoca™ to pave the way for future commercial success of future products.

Following US registration, which is currently expected for H2 2022, Biotalys intends for Evoca™ to be a pilot product and market test for its product candidates. While Evoca™ is not itself expected to be a profitable product for Biotalys, as it will create additional costs and losses given the limited scale of the market test and the high production costs related to Evoca™ (see also section 8.2.3 (*Operating and financial review – Principal factors affecting the results of operations, financial position as well as liquidity and capital resources – Market test of Evoca™*)), it offers an efficient pathway to demonstrate the competitive features of the product candidates generated through the AGROBODY Foundry™ platform. By demonstrating these features, such as consistency and efficacy against targeted pests in IPM programs, protection of yield in targeted crops, shelf-life extension, absence of pesticide residues in the fresh produces, as well as the product candidates' natural safety in a commercial environment, Biotalys hopes that the market test will provide validation and credibility and smooth the path for subsequent AGROBODY™ biocontrol product candidates.

If this market test proves to be successful, it is Biotalys' conviction that it will demonstrate the AGROBODY Foundry™ platform's commercial potential and that it will facilitate bringing its other product candidates to the market.

Biotalys intends to commercialize its product candidates through distribution agreements or partnerships in high value and highly commoditized markets and on its own where it believes more value can be captured with a small and dedicated team. Biotalys also intends to expand in adjacent non-commoditized markets to enhance its financial resilience and establish strategic partnerships to complement its capabilities, create scale and accelerate value creation. In addition to advancing its fully owned pipeline, Biotalys intends to seek selected partnerships in research or development to expand the potential of the AGROBODY Foundry™ platform. Biotalys believes that this approach will significantly differentiate it from existing competition and allow it to maximize the potential value of its AGROBODY Foundry™ platform and the product candidates it generates from it.

9.4.5 Experienced and entrepreneurial management team with a strong track record in the AgTech and biotech industries, backed by a renowned and specialist shareholder base.

Biotalys' executive team and key employees average more than 20 years of experience, either on the scientific, operational, strategic, or commercial fronts. The cumulated experience in different (agro-)chemical and life science industries such as Ablynx NV, Koninklijke DSM NV, Syngenta Group, Devgen NV, Bayer AG, BASF SE, from small and medium sized enterprises (SMEs) to multinationals, with a unique breadth of knowledge about the groundbreaking technology, the food value chain and its regulation as well as the commercialization of agriculture input, provides a strong and diverse team dynamic focusing on value creation. See section 10.3 (*Management and corporate governance – ExCom*).

In addition, Biotalys has been supported from its inception in 2013 by a strong mix of specialist local (GIMV NV, PMV NV, Biovest NV, Qbic, Madeli Participaties B.V., K&E BV, VIB, Agri Investment Fund CVBA, Ackermans & van Haaren NV) and international investors (Sofinnova Partners, Novalis LifeSciences), with extensive experience in AgTech, biotechnology and life science.

9.5 Strategy

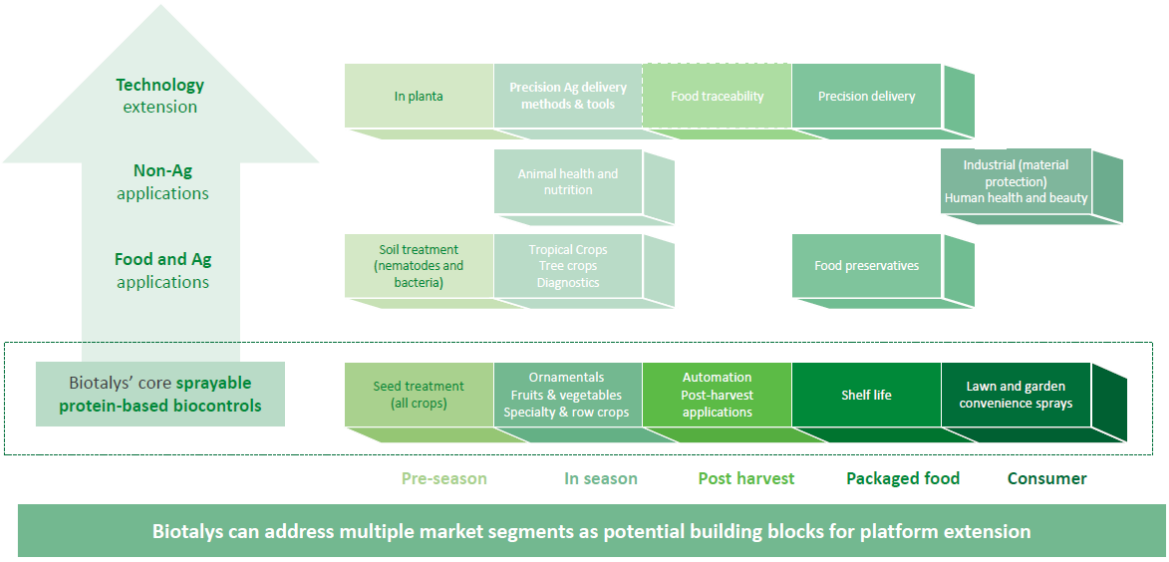
Biotalys' vision is to create an integrated biocontrol leader and to become a technology platform-based biocontrol company with end-to-end capabilities in discovery, development, and commercialization. In order to fully exploit the potential of its proprietary AGROBODY Foundry™ platform, Biotalys intends to:

- **Continue to leverage Biotalys' platform and technical capabilities to expand competitive edge.** Biotalys plans to advance its technical capabilities to offer differentiated and effective biocontrol products at different stages of the food value chain. By continuous expansion of its IP portfolio and capability building in the space of antibody-derived protein-based biocontrol products with selected talented individuals and cutting-edge technology, Biotalys believes it will develop a competitive edge hard for any competitor to replicate. See also Figure 9 below.
- **Obtain first registration for protein-based biofungicide Evoca™ in the US and the EU and use it to pave the way to progress the rest of Biotalys' pipeline.** Biotalys filed for EPA registration of its first AGROBODY™ protein-based biofungicide (Evoca™) in December 2020 and for EU registration in March 2021. Assuming Biotalys is successful with its registration applications, its intent is to use Evoca™ to

introduce key agricultural segments to its AGROBODY™ technology, establishing trust and demonstrating the key differentiating features of its AGROBODY™ biocontrols to pave the way for future product candidates. In anticipation of regulatory approval, Biotalys has begun to build the necessary internal infrastructure as well as engaging CMOs and selected distributors to support its first product exposure to the market.

- **Selectively leverage Biotalys' AGROBODY Foundry™ platform to secure strategic collaborations and create additional value.** Building on the launch of Evoca™, Biotalys intends to engage in selective partnerships with major agricultural and food industry players to deploy and validate its AGROBODY Foundry™ platform beyond its internal programs, to leverage its unique product features in the context of the industry wide efforts to develop more sustainable products for food and crop protection. Biotalys intends to establish such partnerships where the market potential and partnership conditions create value beyond what it could generate itself with its fully owned programs.
- **Expand Biotalys' AGROBODY Foundry™ platform potential in adjacent markets to create resilience.** Biotalys is seeking to penetrate markets beyond crop protection that are less sensitive to pricing and less commoditized, such as post-harvest protection and turf and ornamentals markets for example. Through diversification of its market reach, Biotalys plans to create long term financial resilience and leverage the differentiating value of its product candidates along the food value chain. See also Figure 9 below.
- **Use selective partnerships, acquisitions and in-licensing of technology to complement capabilities, create scale and enhance value.** Biotalys believes that beyond strategic partnerships, it may have the opportunity to accelerate its growth through partnerships, acquisitions and in-licensing of technology to complement its AGROBODY Foundry™ platform, broaden its market access and product pipeline and accelerate revenue generation.

Figure 9.Intended long term expansion AGROBODY Foundry™ platform



9.6 Industry overview

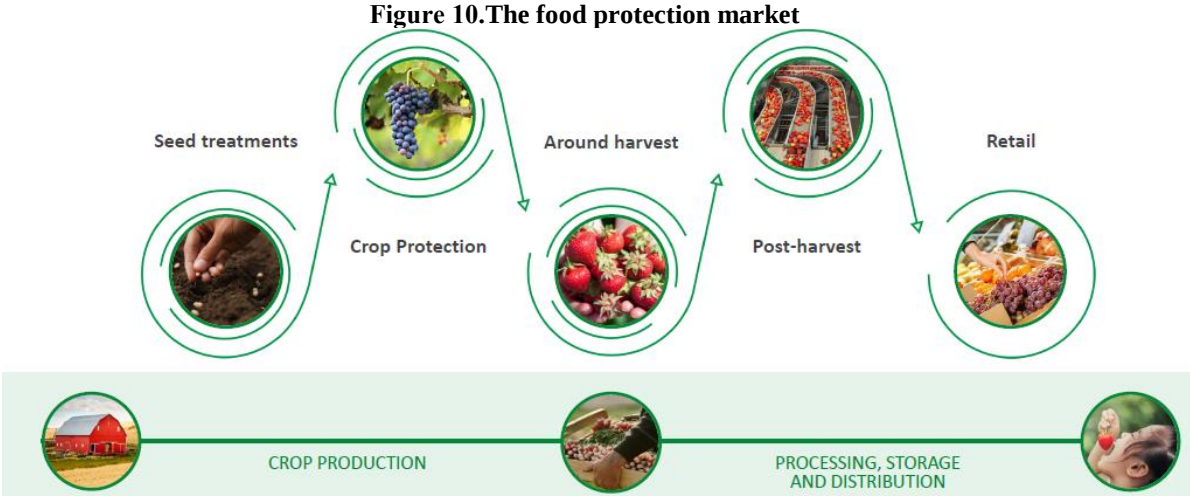
9.6.1 The food protection market

The food protection market is an essential global industry that helps growers and distributors address a growing population's demand for food. Any material or mixture that is capable of preventing, destroying, repelling, or mitigating a pest can be called a food protection product, or pesticide. Herbicides, insecticides, insect growth regulators, nematicides, termiticides, molluscicides, piscicides, avicides, rodenticides, bactericides, insect repellants, animal repellants, antimicrobials, fungicides, disinfectants, sanitizers, and their bio counterparts, all come under the classification of food protection products.

The food protection market can be split between the crop protection during crop production (treatment of the seeds, in field treatment, pre-harvest protection) and the post-harvest protection during crop processing, storage and handling (post-harvest during storage and handling of produce including packaging/transformation prior to reaching retail for fresh or transformed produces) (see Figure 10 below). While the crop protection market

represents by far the biggest market with almost $60 billion in sales, the post-harvest protection market is a fast-growing market representing approximately $1.5 billion. The packaging/transformation market is insignificant for conventional chemical products and mostly driven by physical treatment with, for example, controlled atmosphere packaging, irradiation and ethylene absorption products (as ethylene accelerates produce ripening). Biotalys believes that novel biocontrol products, taken together with regulatory evolution and consumer demand, can further grow the post-harvest protection market opportunity.

Figure 10.The food protection market



Despite the increasing need for food globally and the existing technologies used to protect food throughout the value chain, it is estimated that each year, 1.6 billion tons of food worth about $1.2 trillion, representing one third of the total amount of food produced globally, is lost or wasted between sowing and final consumption.[19] It is also estimated that by 2030, annual food loss and waste will increase to 2.1 billion tons worth $1.5 trillion.[20] In addition, this food loss and waste is estimated to represent 6-10% of the global greenhouse gas emissions, through the use of land, water, fertilizers, pesticides and energy.[21] In its Sustainable Development Goals announced in 2015,[22] the UN targets to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses, by 2030, reflecting the global urgency of the food waste issue. The European Commission, in its "Farm to Fork Strategy" announced on 20 May 2020[23], committed to this UN Sustainable Development target and announced to set a baseline and propose legally binding targets to reduce food loss and waste across the European Union.

Approximately half of food loss happens during production (in the field) and the first steps of handling and storing (post-harvest) before the food is processed or reaches the consumers.[24] This loss is due in part to the decay of the produce under the production or transportation conditions, but also to the lack of cold storage and transportation in certain parts of the world. A broad range of food protection products are being used during the production, storage and handling of fresh produce to protect them against decay (fungal diseases) and insects. Biotalys believes that the identification and development of novel and safe food protection technologies with novel and differentiated modes of action is a crucial step to increase the efficiency and sustainability of the global food system and to mitigate the impact of agriculture on the environment.

9.6.2 The crop protection market

a) General

The crop protection market is the most important segment of the food protection market accounting for more than 90% of the food protection market.[25] It represented $59,827 million in 2019 (on the basis of net sales to manufacturers)[26] and is expected to develop with 3-4% CAGR until 2026.[27]

The broadly accepted classification of crop protection products includes the conventional chemical segment (synthetic crop protection products) and the biological segment (biological crop protection products, which also includes seed treatment). Both are further classified by their indications, such as fungicides, herbicides, insecticides, rodenticides, bactericides and nematicides. The protection of crops and food requires the use of crop protection products at regular intervals, with multiple modes of action to limit the development of resistance and optimize the yield and the quality of the crop produce. Chemical crop protection products used in conventional agriculture are usually very efficient, and while scientific development over the last decade has reduced the

amount required in kg/ha, the conventional chemical crop protection products remain a class of attention due to the potential risk for human health, the environment, and the accumulation of pesticide residues on produce, in ground water and in soils. Biological crop protection products are more commonly used nowadays, especially in the context of organic agriculture (as opposed to conventional agriculture) and their usage is accelerating due to the evolution of the regulatory environment and consumer demand (see below section 9.6.6 (– *Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market*)). If biological crop protection products are generally recognized as safer and hence also benefit from a specific fast-track regulatory pathway in many regions of the globe, however, they are also generally less effective as compared to conventional chemical crop protection products as well as less consistent, as their biological efficacy may be more dependent on the ecosystem in which they are applied (such as weather conditions, soil, temperatures).

As displayed in Figure 11 below, the crop protection industry has become increasingly consolidated over the last five years. This includes the acquisition of Syngenta AG by China National Chemical Corporation (ChemChina) as well as the merger between Dow and DuPont forming Corteva, Inc in 2017, the acquisition of Monsanto Company by Bayer AG in 2018 and the acquisition of Arysta LifeScience Inc. by UPL Limited in 2019. While the respective share of each segment varies by crop and by region, herbicides represent approximately 40% of the total crop protection market, while the fungicide and insecticide segments represent each a little under approximately 30% of the market across the conventional chemical and biological segments.[28]

Figure 11.World crop protection product company sales

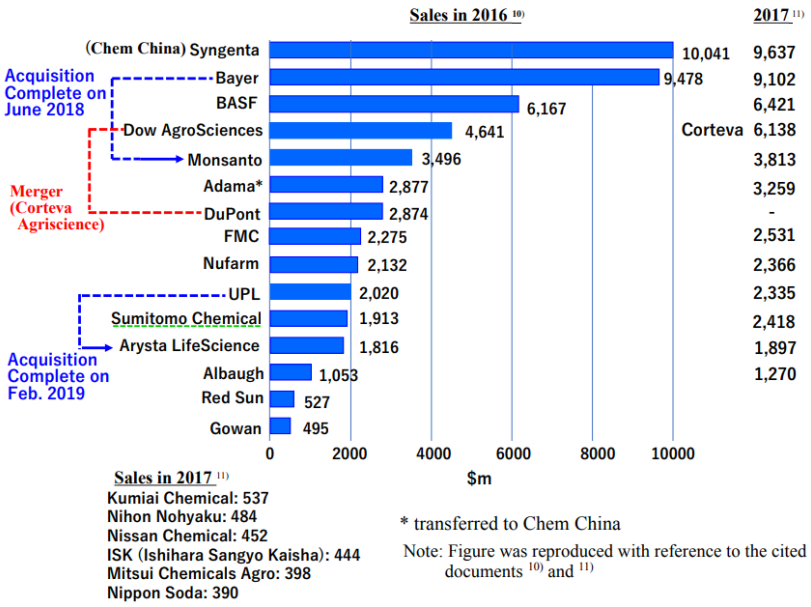
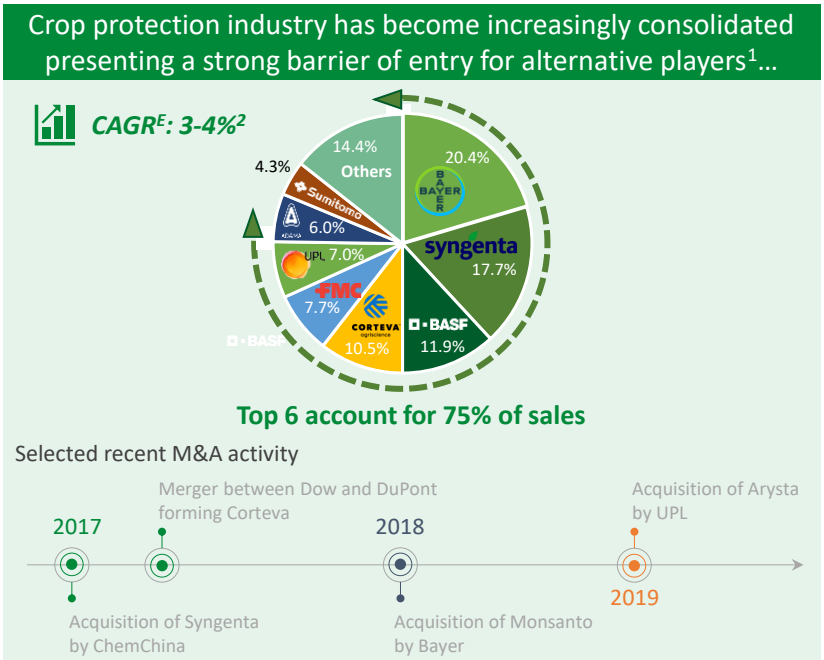


Fig. 1. World pesticide company sales.

source: J. Pestic. Sci. ***45****(2), 54–74 (2020); DOI: 10.1584/jpestics.D20-201*

As a result, the crop protection market is extremely consolidated, with six companies (Bayer AG, Syngenta Group, BASF SE, Corteva, Inc., FMC Corporation and UPL Limited) having a combined market share of 75% (sales based)) (see Figure 12 below).[29]

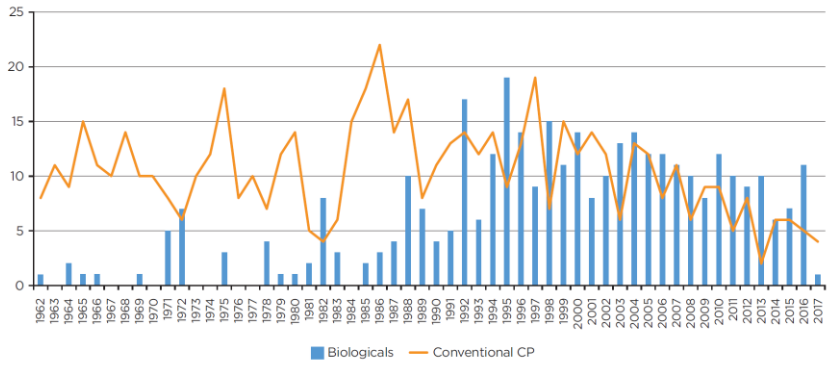
Figure 12.Consolidated overall crop protection industry



sources: 1. Phillips McDougal AgriService Industry Overview: 2019 Market (April 2020); 2. https://www.mordorintelligence.com/industry-reports/global-crop-protection-chemicals-pesticides-market-industry (CAGR over the period 2021-2026).

This consolidation represents a strong barrier of entry for alternative players. However, this consolidation also hampers the main industry players' innovation potential in the crop protection market, as many of the top ten companies that used to compete in developing new food protection products are now consolidating their R&D investments as evident from the number of new conventional chemical pesticide active ingredients registered on an annual basis versus biocontrol products (see Figure 13 below). In addition, with stricter regulation of conventional chemical food protection products and consumer demand for more sustainable agricultural practices (see also section 9.6.6 (*Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market*), major AgTech companies are exploring partnerships with new entrants and new technologies to complement their conventional chemical food protection product offer. (e.g. Corteva with French M2i pheromone company; Syngenta with US based Sound Agriculture company; FMC with Novozymes for enzymatic products).

Figure 13.Annual new product introduction for biological and conventional chemical crop protection products



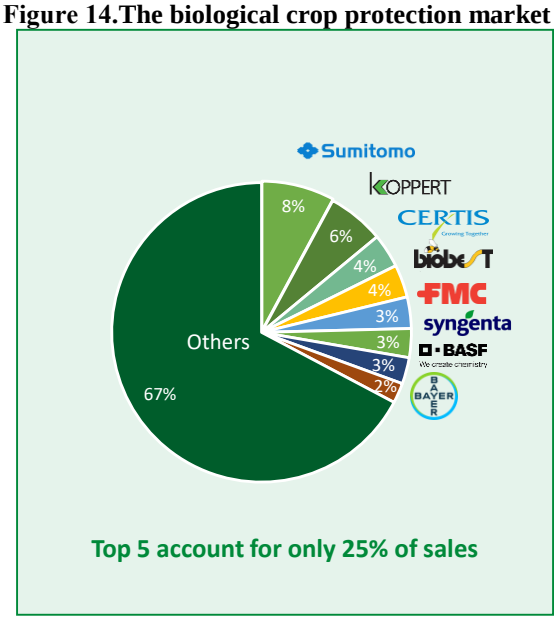
source: Phillips McDougall, Evolution of the Crop Protection Industry since 1960 (2018) - https://croplife.org/wp-content/uploads/2018/11/Phillips-McDougall-Evolution-of-the-Crop-Protection-Industry-since-1960-FINAL.pdf

b) Biological crop protection market

The biological crop protection market (referred to as biologicals, biopesticides, or biorationals) represents around 5% (approximately $3.7 billion in 2019) of the total value of the global crop protection market[30]. The biological crop protection market has been growing at rates well above those presented by the conventional chemical crop protection segment, and for the past ten years at rates no lower than 15% per year.[31] The expectation from different market research firms is that this market will continue to grow at a 13% CAGR for the period between 2019 and 2025, reaching $7.7 billion by 2025[32] and continuously developing in the long term to address the global need for alternative solutions to conventional chemical crop protection products.

As displayed in Figure 14 below, the biological crop protection market is highly fragmented with the five major companies (Sumitomo Corporation, Koppert B.V., Certis USA LLC, Biobest N.V., FMC Corporation) accounting for 25% of the overall market and the 15 largest companies representing between 32 and 36% of the total market value of biological food protection products and being responsible for 213 registered products, out of an estimated 180 (possibly more) companies producing biological food protection products globally.[33] With the diverse offer ranging from microbials, macrobials and plant extracts, the biological crop protection product market offers more opportunity for differentiated technologies supported by a strong science-based platform. Market access through distributors and channels remains the most difficult challenge for companies with a limited portfolio of products and requires the establishment of strategic partnerships to minimize the investment in expensive commercial units in multiple geographies.

Figure 14.The biological crop protection market



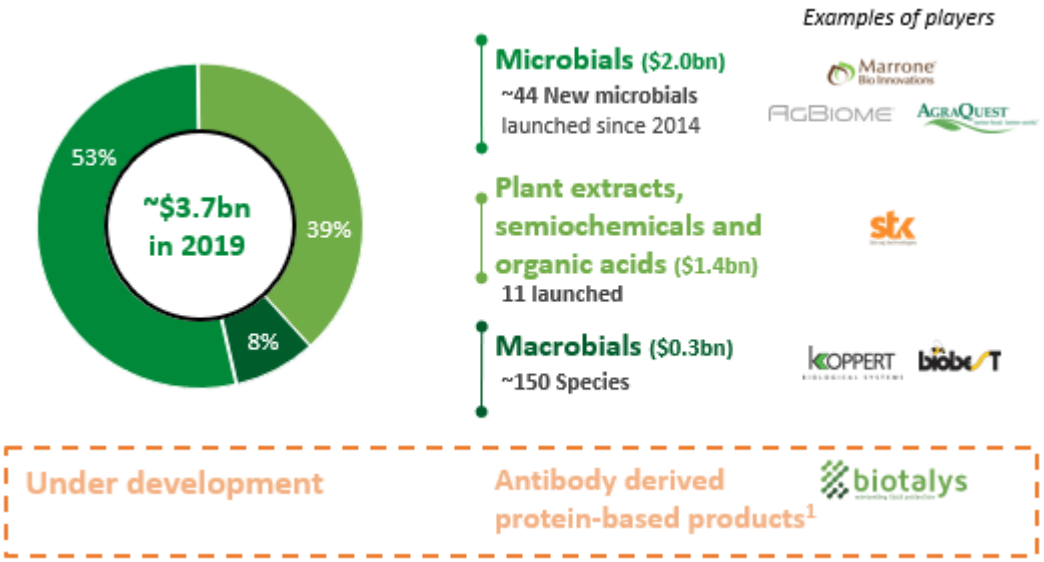
source: IHS Markit, Global Biocontrol Market Overview, prepared for Biotalys, March 2020, combined with Biotalys estimates

Geographically, North America is the largest region in sales value as well as in number of biocontrol active substances registered for commercial use (392 in the US and 299 in Canada).[34] An obstacle to a more accelerated growth of biological crop protection in the EU has been the unclear political, regulatory and legislative policies regarding the registration of biological crop protection products, as a result of a lack of classification and appropriate legislation for biologicals, and their review under the same Regulation (EC) No 1107/2009 written for chemical active substances. This has resulted in a substantially lower number of biocontrol active substances registered for commercial use, namely 198 in the EU and e.g. 199 in France and 128 in the Netherlands.[35] However, with the adoption of the EU Commission's Green Deal strategy, it is expected that in the next years, the regulatory environment in the EU will align to other EU policies that support the benefits of biological crop protection products as referred to more specifically in the EU's "Farm to Fork Strategy" announced on 20 May 2020.[36] Latin America is expected to present the largest CAGR for any region in the projected period, whereby Brazil has the greatest growth potential with an improved regulatory system for biological crop protection products, which is showcased by significant investments involving multiple applications of insecticides and fungicides and 75 biocontrol active substances registered for commercial use[37]. The Asia/Pacific region has great potential for growth but is expected to remain behind pending a clear a regulatory framework.

Although there is no globally harmonized classification of biological pesticides, the biological pesticides can be classified in different sub-segments representing the different types of products: microbial, plant extracts, macrobials and biochemicals. Microbial crop protection products are whole microorganisms, including bacteria, fungi, viruses, and others, that act as crop protection products. Plant extracts are specific plant-based mixtures generally containing more than one active substance delivering the crop protection activity. Macrobials are beneficial insects such as beneficial insects such as bees, mites, nematodes and others that can either act as pollinators or as predatory insects to displace and unwanted population of other insects, usually in the context of a covered cropping system. Biochemical crop protection products are either microbial extracts or natural products from other sources like yeast fermentation products that control pests by non-toxic mechanisms like those described above. These are typically small molecules and can include semiochemicals (hormone mimics) and attractants for use in traps.

As displayed in Figure 15 below, the microbial segment of the global biological crop protection market represents the largest segment (approximately $1.97 billion or 53%) including bacteria, fungi, virus, protozoan and yeast. Plant extracts, semiochemicals and organic acids, is the second largest segment representing approximately $1.42 billion or 39% of the global biocontrol market followed by the macroorganisms (beneficial insects such as bees, mites, nematodes and others) representing the smallest segment with approximately $271 million or approximately 8%. The indications contributing substantially to this sector are bioinsecticides and biofungicides, which represent more than 90% of the overall market together and are expected to remain the leading segments corresponding with the growth of the biocontrol crop protection market.[38]

Figure 15.The biological crop protection market by sub-segment



Note(s):
1. See section 9.4.1b) (*Biotalys' strengths – AGROBODY Foundry™, a unique and scalable proprietary technology platform for effective, environmentally safe and clean protein-based biocontrol solutions, with multiple possible applications – A protein-based platform, offering differentiated advantages*).

source: IHS Markit, Global Biocontrol Market Overview, prepared for Biotalys, March 2020

In terms of targeted crops, fruits, vegetables, nuts and wines represent 75% of the biological crop protection market and are expected to remain the prevalent crops until after 2025 driven by the strong consumer and retailer demand for healthy and sustainable fresh produces, including from organic production (see also section 9.6.5 (– *Other potential target markets*)).[39] Row crop and cereals are the second largest market for biological crop protection products with a market share 11%, but it is the segment that has presented strong growth rates, higher than 17% per year.[40] Growers' concern about reducing the use of conventional chemical food protection products, pest and disease resistance to conventional food protection products, and the adoption of IPM program are driving the increased use of biocontrol in these crops (see also section 9.6.6 (*Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market*)).

9.6.3 The post-harvest protection market

The post-harvest protection market (protection of food from harvest to consumption) represents an estimated $1.5 billion[41] in value with a limited number of conventional chemical (e.g. fungicides and bactericides), and non-chemical technologies (e.g. waxes, coatings) used to delay the decay of the fresh produce. According to the FAO[42], 14% percent of the food produced globally is wasted or lost during the post-harvest production stage before reaching the retail stage of the food system. In particular, an estimated 44%of fresh fruits and vegetables grown globally were lost or wasted before reaching the consumer (along the entire food value chain including pre-harvest).[43]

According to different market sources[44], the post-harvest protection market will continue to develop with 6-8% CAGR until 2026, driven by a growing demand for tropical fruits and developing trade of such perishable produces. With limited conventional chemical or biological products available, Biotalys believes that this segment can strongly benefit from its AGROBODY™ technology to complement current practices safely and sustainably. In addition, Biotalys expects that the use of safe, effective and eco-friendly products provides the potential to significantly increase the value of the post-harvest protection market in the next decade as these products would make new applications in existing and new crops possible.

The post-harvest protection market is fragmented, with historical participants such as Janssen PMP, AgroFresh Inc., PACE (a subsidiary of Sumitomo Corporation) and Decco (a subsidiary of UPL Limited), whereby the conventional chemical post-harvest protection products are usually sourced from the major agrochemical players.

The use of conventional chemical products is even more challenged by safety concerns as residue from treatments get closer to the end-consumers (see also section 9.6.6 (*Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market*)).

9.6.4 Fruits and vegetables segment

As displayed in Figure 16 below, the fruits and vegetables ("**F&V**") segment, which is one of Biotalys' main targeted markets, accounts for 25% of the global food protection market. This segment represents 37% of the global fungicide and 30% of the global insecticide markets.[45] Given the high value of the crops they protect, products sold and used in this segment are priced at a higher level than row crops. The combination of high value and high relevance makes the F&V segment a critical focus area for companies delivering innovation in crop protection.

Figure 16.The share of F&V 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

In North America, the main consumer market is the US, with supply chains integrated across Canada, the US and Mexico in order to supply the US with F&Vs year-round. As a result, crop protection products need to eventually be available to growers across the three countries. The North American market opportunity in 2019 for F&V for fungicides and insecticides is approximately $2.2 billion (of which approximately $1.1 billion are fungicides) with many crops and seasons,[46] whereby California is producing ca. 61% of the US production of Vegetables and 54% of the US total Fruits and nuts production (in volumes).[47]

Europe is the second largest market for F&V with an opportunity for fungicides and insecticides in 2019, equaling approximately $3.7 billion. Fungicides are the most prominent indication with an estimated $2.2 billion market potential. [48] The European "Green Deal"[49] has set ambitious goals for the replacement of conventional chemical products in crop protection and Biotalys expects demand for biological products to grow steadily as a result of it.

Asia-Pacific is the largest market for F&V fungicides and insecticides with $8.6 billion market potential in 2019; fungicides represent approximately 52% of this market.[50] A large population coupled with a high consumption of fruits and vegetables contributes to the large market size. However, Asia-Pacific's value per unit is the lowest of all geographies. A unique case in Asia-Pacific is Japan, the fifth largest crop protection market in the world with high value markets across F&V and a unique registration system.

South and Central America's market size in 2019 for F&V fungicides and insecticides is $1.9 billion with fungicides accounting for $950 million.[51] Most of the potential is concentrated in Brazil followed by Chile, largely driven by their populations as well as the supply of export markets. With major export destinations in North America and Europe, trends supporting safer crop protection products will influence the demand for biological products in Latin America as well.

9.6.5 Other potential target markets

Many crop protection products can be used in other markets, including professional turf and ornamental plant, home and garden markets. Although conventional chemical products have traditionally serviced these markets, governmental regulations are restricting their use, and reports[52] indicate that end users increasingly value environmentally sustainable products, with some households willing to forego pest control treatments entirely if alternatives to conventional chemical products are not available. Biotalys believes that this trend reflects the increasing importance people attribute today to maintaining lawns and gardens in an environmentally friendly way.

Homes with pets and producers of livestock such as cattle, swine and poultry also use pest management products to control fleas, ticks and other pests, bacteria and parasites. The same underlying dynamics found in crop protection set out above are developing in animal health, with strong interest in alternative, natural or nature-based safe products.

There are several drivers underpinning the increasing significance of the biological crop protection market in recent years, such as reduced investments in new chemical products, product portfolio diversification among conventional agrochemical companies, growing resistance of weeds, pests and disease organisms to conventional chemical products, pressure from regulators, food companies and consumer demands for reduced residues in/on food, increasing cost, stringency and time involved in registering new chemicals, active ingredients and formulations, and environmental pressures and the adoption of IPM (see also section 9.6.6 (*Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market*)).[53] Another main driver of the biological crop protection market growth has been the growing organic food sector opportunities.[54]

For example in the EU, the European Commission has on 25 March 2021 announced an action plan for the development of organic production[55] as part of the European Green Deal and the Farm to Fork Strategy, for the implementation of the European Commission's objective to have 'at least 25% of the EU's agricultural land under organic farming' and to realize 'a significant increase in organic aquaculture by 2030' [56]. According to such action plan[57], the area under organic farming has increased by almost 66% between 2009 and 2019 – from 8.3 million hectares in 2009 to 13.8 million hectares in 2019. It currently accounts for 8.5% of the EU's total 'utilised agricultural area'. This increase in area has been matched by a substantial increase in retail sales. These have doubled in value in the last ten years, from approximately EUR 18 billion in 2010 to more than EUR 41 billion in 2019. In addition, in particular in the F&V segment, as fruits and vegetables are mostly consumed directly and with little or no intermediate processing, consumers are more sensitive to quality and safety within the growing trend for 'natural' or 'organic' foods. In the US, according to the 2021 edition of The World of Organic Agriculture, published by the Research Institute of Organic Agriculture FiBL and IFOAM – Organics International[58], organic food sales in the US in 2019 reached 50.1 billion USD, up 4.6% from 2018, which outplaced the general market growth rate in the US of around 2% for total food sales. Organic F&V sales in 2019 were up nearly 5% from 2018, hitting 18 billion US dollars, as the category continued to be the star of the sector. Organic produce made up almost one third of all organic food sales, and organic F&V captured 15% of the F&V market in the US.

Although organic produce is currently positioned as an alternative to conventionally grown food and although it is subject to a set of rules of how food is produced, it does not have any demonstrated nutritional[59] or safety benefits and lacks a sound sustainability foundation[60]. Biotalys believes that its product candidates, on the other hand, with their potential nutritional and safety benefits and sustainable nature, may create an important advantage as compared to the current organic methods. In addition, Biotalys' product candidates are not targeting specifically the organic segment and according to the existing regulation in the EU and US, they would not be eligible for an

organic certification due to the use of genetically modified microorganisms (GMM) for the production by fermentation of the protein active ingredient. Biotalys' target end-customers are therefore primarily conventional growers searching for alternatives to conventional chemical crop protection products, in line with other companies currently active in the biological crop protection market, of which conventional growers constitute an estimated 80% of their customers.[61] However, the regulations for organic certification of agricultural input vary by country and Biotalys may seek such certification in countries where it could identify that it is accessible. In addition, Biotalys intends to equally engage with the competent regulators to discuss the eligibility of Evoca™ and its other product candidates based on its manufacturing process.

Building on the expected versatility of the AGROBODY Foundry™ platform, as demonstrated in the context of pharmaceutical applications, Biotalys intends to continue to seek high value market and technology application opportunities that will further expand the value of the platform, such as (but not limited to) seed treatment (e.g. as coating to prevent soil born disease infections), diagnostics (e.g. to identify with specific reactive AGROBODY™ proteins the nature of a threat in real time), and precision agriculture (e.g. for application on the plant or on the fruits/vegetables at the time when it matters most for preserving freshness and improving shelf-life). Depending on the products Biotalys develops and the actual materialization of these trends, it could consider developing product candidates for these markets and/or commercializing any of its future products in these markets (see also Figure 9 above).

9.6.6 Consumer demand, stricter regulations and growers needs for flexibility support the evolution of the biocontrol market

a) Healthy and safe food supported by consumer driven demand

The growing concern about the use of conventional chemical crop protection and post-harvest protection products and their potential effect on human health, biodiversity and their accumulation in the ecosystem is an important driver of biocontrols' increasing use.

This concern has prompted a demand from consumers to get access to healthy and safe food free from pesticide residues and produced with minimal impact on the environment, which has also led many large, global food retailers to require their supply chains to implement these practices. For example, in Denmark, the retailers Cop, Aldi and Lidl have asked their suppliers to provide produce with pesticide residues between 30 and 66% lower than the limit authorized ("MRL" or "maximum residue limit") by the EFSA.[62] Carrefour, an international retailer, also took action in Europe to impose to their suppliers the total elimination of pesticide residues on selected products.[63]

While these actions provide an opportunity for safer alternatives to develop, they also put additional pressure on the growers to deliver high quality/low pesticide produce.

b) Strengthening regulations relating to the use of conventional chemical food protection products

Over the past two decades, US regulatory agencies have developed stricter standards and regulations, especially in California, which, for example, recently restricted the use of the insecticide chlorpyrifos, along with New York and Hawaii. Similar regulatory shifts have happened in many developed countries over the last two decades to address the risks and hazards of conventional chemical food protection products, resulting in major cost increases for the development and registration of such products. In addition, with specific fast track regulations established for biocontrol products, the EPA is supporting the development of sustainable alternatives to conventional chemical pesticides.

The regulatory landscape evolution is particularly significant in the EU where the use of some highly toxic or endocrine-disrupting conventional chemical pesticides are banned or severely limited and strict regulatory standards on pesticide residues apply. For example, in 2020, 22 conventional chemical food protection products were banned or restricted out of approximately 300 conventional chemical food protection products that are registered. In addition, Biotalys believes that with the European Commission's new "Farm to Fork" strategy, announcing action to reduce the overall use and risk of conventional chemical pesticides by 50% by 2030,[64] the need for alternative, environmentally responsible and more efficient solutions will favor the accelerated growth of the biocontrol segment.

In addition, in the United States, the 1996 Food Quality Protection Act mandated the EPA to retrospectively review all insecticides using more stringent safety criteria. The EU introduced similar legislation. Between January 2005 and December 2009, the EPA de-registered or limited the use of 169 insecticides, and only nine new insecticides were registered during the same time period. Most of the de-registrations and use-cancellations were of first-generation insecticides such as organophosphates that have relatively poor selectivity, making them an ecological and human health risk.

In Japan, the Ministry of Agriculture, Forestry and Fisheries (MAFF) introduced a revision of the pesticide registration system (Act No53 of 2018, into force since April 2020) introducing a re-registration process every 15 years from 2021 onwards. It comes with more data requirements and safety criteria that will potentially ban or restrict the use of existing and/or new pesticides, or existing pesticides that will not be supported anymore by the manufacturer due to the increased cost to re-register. This act expands the data requirements including worker exposure assessment, ecotoxicity data for honeybees, terrestrial animals and plants, toxicity, metabolism and residue studies, efficacy data, and GLP (Good Laboratory Practice) physico-chem studies on the formulation.

In Brazil, although fast track options for the registration of strategic biologicals are implemented, so far, no more stringent regulations came into force that would impact existing pesticides.

There is, however, no globally harmonized classification or regulation. This results in ununiformed risk assessment approaches amongst regulatory agencies, whereby some pesticides are banned in some jurisdictions while still on the market in other jurisdictions, or with more restrictive uses. In general, the EU is applying more stringent regulations versus other key regions, such as the US where less pesticides were banned over the past decade.

c) Growers' concern for employees' safety and work efficiency when using conventional chemical food protection products is increasing

Aside from consumer and regulator concerns and actions, growers too are increasingly concerned about the health and safety of their workers and the need for on-farm work efficiency (as the use of certain conventional chemical crop protection products require re-entry intervals of multiple days to protect humans and animals against poisoning by crop protection products if they enter a treated area too soon after application without proper protective equipment). Costs of using conventional chemical crop protection products are also increasing due to a number of factors, including raw materials costs, the above-mentioned stringent regulatory requirements and pest resistance to conventional chemical crop protection products, which requires increasing application rates or the use of more expensive alternative products. In addition, 26% of the global greenhouse gas emissions[65] come from food production. Therefore, the carbon footprint of agricultural production is under scrutiny, with an increased focus on production practices, tools and technologies that can be more climate friendly, including reduced and more efficient use of crop inputs and pest management. The relatively lower risks and hazards associated with biocontrol products as compared to many conventional chemical food protection products means they offer attractive alternative solutions during the crop season as well as post-harvest. Finally, biocontrol products are exempt from restrictions on conventional chemical pesticide residue tolerance.

d) Considerations in respect of the organic segment

The growing concern about the use of conventional chemical food protection products and their potential effect on human health, biodiversity and their accumulation in the ecosystem is affecting the organic segment as well. For example, several scientific reviews have demonstrated that the use of Copper salts (copper sulphate, copper oxides), largely used in organic farming practices as fungicide and bactericide, may result in accumulation of metal derivatives in the soils impacting the microbial fauna and decreasing soil quality and fertility. In addition, a number of studies have also referenced the growing resistance to copper salts of fungi and microorganisms in organic agricultural practices.[66]

Furthermore, overall, organic yields are typically lower than conventional yields, ranging from 5% lower organic yields (rain-fed legumes and perennials on weak-acidic to weak-alkaline soils), 13% lower yields (when best organic practices are used), to 34% lower yields (when the conventional and organic systems are most comparable).[67] At the same time, yield increase is one of the elements identified to create a sustainable food future.[68] In addition, while organic produce is currently positioned as an alternative to conventionally grown food and although it is subject to a set of rules of how food is produced, it does not have any demonstrated safety benefits and lacks a sound sustainability foundation.[69] Biotalys believes that, despite the current trend towards organic farming (see also section 9.6.5 *(– Other potential target markets*)) is, its product candidates with their

potential safety benefits and sustainable nature, may create an important advantage as compared to the current organic methods.

e) Consolidation and reduced innovation potential of the conventional chemical crop protection market

The increasing consolidation in the crop protection industry globally has resulted in many of the top ten companies that used to compete in developing new conventional chemical food protection products, now consolidating their R&D investments, focusing on efficiencies and thereby reducing the innovation potential of the conventional chemical food protection market. The innovation rate in conventional chemical food protection is slowing down and is not compensating for the impact of evolving regulatory restrictions (see Figure 17 below). Approximately 20% of global conventional chemical crop protection products sales (equaling approximately $12 billion) face severe restrictions or bans, while launches of new conventional chemical crop protection products are projected to deliver a limited $3.2 billion on the medium term.[70]

Figure 17.Number of new active ingredients introduced per decade since 1950

source: Phillips McDougall, The global agrochemical market in 2020 - preliminary review, Topical Insight & Analysis from Phillips McDougall, Nov 2020 No. 258.

Similar to the trends observed in the pharmaceutical industry many years ago, Biotalys believes that these multinational companies' strategy will slowly evolve from predominantly in-house R&D towards more focus on out-sourcing innovation, as R&D timelines continue to extend and pressure mounts to optimize the use of capital. Out-sourcing innovation to smaller, nimbler and more agile companies is increasingly seen as a path to stay ahead of competition with the right balance of cost and risk.

As a result, companies with technology platforms capable of discovering and delivering novel, effective and active ingredients have not only the opportunity to bring their food protection products to the market by themselves but also to partner with these more established companies. These partnerships allow the innovators to utilize the global development, regulatory and commercial resources of larger enterprises to develop and commercialize their products on a global scale in a more effective and profitable way and present them significant opportunities. For example, in 2020, Corteva Inc, and M2i Life Sciences SA, a French developer of pheromones for biological crop protection, announced a global agreement for the research, development and global commercialization of pheromone-based insect control products. In addition, in 2019, Joyn Bio LLC was created as a joint venture between Bayer AG and Ginkgo Bioworks to create sustainable, cost effective, and agronomically meaningful microbial products to growers.

f) Increasing use of biocontrols

In view of all the above factors and as mentioned above (see section 9.6.2b) (*Biological crop protection market*)), the biological food protection market has been growing at rates well above those presented by the conventional chemical food protection segment, and for the past ten years at rates no lower than 15% per year[71] The expectation from different market research firms is that this market will continue to grow at a 13% CAGR for the period between 2019 and 2025, reaching $7.7 billion by 2025.[72]

The advantages of biological versus conventional chemical food protection products can be summarized for the industry, the growers and the consumers as follows:

- Biocontrols limit chemical load and chemical residues, thereby decreasing the impact of agriculture on the environment and increasing the quality of produces.
- Biocontrols increase flexibility for growers' operations to expand IPM programs, provide new tools for resistance management and provide safe and flexible working conditions for field workers.
- Biocontrols aid in safeguarding conventional chemical food protection products, by avoiding rapid resistance building and allowing longer life cycle management for the chemical industry.
- Biocontrols reduce the carbon footprint of agriculture input through a straightforward production process of biocontrols, compared to the general multi-step synthesis process of conventional chemical food protection products.
- Biocontrols generally benefit from fast-track regulatory studies, allowing a faster go to market approach for biocontrols.

Biotalys expects growers to increasingly incorporate biocontrol products (microbials, beneficial insects, natural substances, plant extracts, semiochemicals) in their farming practices, and especially in their IPM programs in which they rotate different food protection products with different modes of action. This approach allows them to optimize the diversity of modes of action, to increase the flexibility of their operations, while substantially decreasing the load of chemical input, and to generate higher quality products with less chemical residues, allowing them to better meet the requirements from consumers, retailers and regulators, and thus to create sustainable value from their products.

For example, to effectively protect strawberries against *botrytis* (grey mold) during the season, growers in California tend to rotate at least three conventional chemical food protection products (with different modes of action) with a weekly or bi-weekly treatment pending the location and the disease pressure. Biotalys has successfully demonstrated with its contract research organization ("**CRO**") that, when replacing one conventional chemical food protection product with Biotalys' biofungicides, a similar protection efficacy can be reached with constancy in multiple locations while reducing the need for chemical products and thus decreasing the pesticide residue level on fresh produce (by 40 to 60%) as well as the environmental impact (see section 9.7 (*Pipeline and product candidates*)).

In addition, pests rarely develop resistance to biocontrol and especially to microbial products due to their elaborated modes of action. Likewise, biocontrol products have been shown to extend the product life of conventional chemical food protection products and limit the development of pest resistance, a key issue facing users of conventional chemical food protection products, by eliminating pests that survive conventional chemical food protection product treatments. Given their lower toxicity compared with many conventional chemical products, biological products can also add flexibility to harvest timing and worker re-entry times and can improve worker safety. Many biocontrol products are also exempt from regulations limiting residue levels that apply to conventional chemical food protection products. Biological food protection products are typically also not subject to pesticide residue restrictions by food retailers and governmental agencies (they would be qualified during the registration process as "exempt from tolerance"), which provides growers with greater flexibility to use biological products in the critical last few sprays before harvest and still allow growers to export their crops into the most demanding export markets and achieving higher prices for the quality.

From an environmental perspective, biocontrol products have significant advantages over conventional chemical food protection products, which not only helps growers and consumers, but also can reduce development and commercialization costs and timelines. As described above, biocontrol products have a lower level of toxicity compared with conventional chemical food protection products, posing low risk to most non-target organisms, including humans, other mammals, birds, fish and beneficial insects. Biocontrol products are also biodegradable, resulting in much lower risk to surface water and groundwater, and have low levels of air-polluting volatile organic compound content. In addition, biocontrol products can increase soil health, fit into regenerative agriculture systems and reduce growers' carbon footprint, largely due to the significantly lower overall energy consumption in the manufacture of biocontrol products. In addition, and as mentioned before, because biocontrol products tend to pose fewer risks than conventional chemical food protection products, biocontrol products typically require fewer toxicological and environmental safety studies to demonstrate product safety. The reduced time to review a smaller data package that is typically associated with biocontrol products results in a lower registration fee. As a result, both the time and money required to bring a new biocontrol product to market are significantly reduced as compared to conventional chemical food protection products.

Biotalys believes the trends from growers, retailers, consumers, the food protection industry and the overall food value chain, in addition to the increasing focus by regulators and the consolidation in the global food protection market, will favor the use of innovative technologies, and especially the use of biocontrol products, to reduce the

input of conventional chemical products and develop more sustainable farming practices. The F&V segment is likely to be the most impacted and to drive the evolution of sustainable practices in the short to medium term given the close connection to the consumer (compared to commodities like corn or soy that are consumed by animals to a large extent).

9.7 Pipeline and product candidates

9.7.1 Overview

Figure 18.Biotalys pipeline as of April 2021

Project	Target pathogens	Target market(s)	Market size[2]	Stage	Target release[3]
A BioFungicides					
Evoca	Botrytis, powdery mildew	Strawberry, wine grapes, covered crops	Market test	3.0 – Pre-launch: Pre-marketing	2022
BioFun-5	Botrytis, powdery mildew, anthracnose	High value F&V	$600m	1.3 – Discovery: Lead characterisation (in vivo)	2026
BioFun-6[1]	Botrytis, powdery mildew, anthracnose	F&V	$1.2bn	1.2 – Discovery: Lead characterisation (in vitro)	2028
BioFun-2	Leafspot	Top fruits, vegetables, cereals, oil seed rape	$1.7bn	0.0 – Discovery: Scoping / Partnership exploration	2030/31
BioFun-4	Oomycetes	Vines, potatoes	$800m	0.0 – Discovery: Scoping / Partnership exploration	2031/32
B BioInsecticides					
BioIns-1	Lepidoptera	Vegetables, corn, soy, cotton	$800m	1.2 – Discovery: Lead characterisation (in vitro)	2028/29
C BioBactericides					
BioBac-1	Key bacteria	Top fruit, citrus, olives vegetables	$300m	1.1 – Discovery: Lead generation & identification	2029/30

Note(s):
1. BioFun-6 is expected to expand the market size of BioFun-5.
2. The target market size for each segment is calculated as a function of the hectares in the price segment targeted by Biotalys, the incidence of the disease or pest in the corresponding segment and the number of product application required, as further detailed in this section.
3. Peak sale expected 5 – 8 years after market introduction depending on the segment. Assuming two additional programs initiated per year from 2023 (including internal programs, R&D partnerships, Co-developments, and life cycle management).

(See also sections 9.8.2 and 9.8.4 (*The AGROBODY Foundry™ platform – Discovery phase* and – *Development phase*)).

Since its inception in 2013, Biotalys has built a solid pipeline of seven product candidates to address critical market segments in the food and crop protection market where existing products are scarce or threatened by an evolving regulatory landscape. In addition, Biotalys' approach is to focus on the highest value crops where growers require additional innovation to effectively manage growing resistance and retailers demand low pesticide residues and high-quality produce.

9.7.2 Biofungicides

Biotalys is first focusing on the fungicide segment, in particular on developing innovative solutions for the high value F&V market with Evoca™ (tradename of BioFun-1), BioFun-5 and BioFun-6. As set out in section 9.6.4 (*Industry overview – Fruits and vegetables segment*), Biotalys estimates that the fruits and vegetable fungicide segment in itself represents more than $6 billion in value out of the global fungicide market of approximately $16 billion.[73] This segment not only covers one of the most valuable segments, but is also one of the most impacted by food loss and waste and consumer and regulatory concerns regarding residue reduction. By developing of increasingly efficient and profitable products in this segment, Biotalys' ambition is to be able to compete on larger acreage and provide a growing portfolio of alternative solutions to existing conventional chemicals for more sustainable IPM programs, replacing selectively the needs for conventional chemical food protection products with a broad product offer and different modes of action to support growers and food value chain needs.

BioFun-5 and, subsequently, BioFun-6, which will be complementary products (based on different AGROBODY™ proteins, with different modes of action), are intended to build on the validation and credibility achieved from the market test of Evoca™ to fully expand the technology in increasingly broader crops, first in the high value F&V market segments with BioFun-5 and subsequently, in view of the expected continuous cost reduction (Biotalys believes it can target an estimated 20-30% gross margin[iv] target and estimated low single digit

[iv] Gross margin as defined by Biotalys equals (Net sales – Cost of goods sold) / Net sales

peak share target for BioFun-5 and with an estimated 40-50% gross margin target and estimated mid teen peak share target for BioFun-6), in the broader F&V market segments with BioFun-6, and geographies with novel modes of action and are expected to expand the spectrum of activity against other important fruits and vegetable diseases, such as Anthracnose, aimed at increasing Biotalys' competitiveness through continuous cost reduction. Biotalys estimates that the average incidence of the three diseases targeted by BioFun-5 and BioFun-6 is 35-40% in their specific markets. Biotalys estimates to launch BioFun-5 in North America in 2026, in South America (Brazil and other selected countries) in 2027 and in the rest of the world, including the EU, in 2028, and BioFun-6 in North America in 2028, in South America (Brazil and other selected countries) in 2029 and in the rest of the world, including the EU, in 2030. Biotalys intends to retire Evoca™ from the respective markets and geographies in which it will have been launched as a market test upon launch of BioFun-5 in these markets, and may phase out BioFun-5 upon launch of BioFun-6 in the respective markets and BioFun-6 by 2040 when it would be replaced by a new program. The decision to phase out BioFun-5 will be made based on the effectiveness and cost of goods of BioFun-5 and BioFun-6.

Resistance management against powdery mildew and *botrytis* are becoming more complex with the ban of certain chemical classes and the growing development of resistance strains, especially in the case of *botrytis* on strawberries and grapes.[74] Under wet conditions at flowering, up to 80% of the crop can be infested by *botrytis* spores, resulting in huge losses for the growers. As breeding for strawberry crop resistant to *botrytis* has been ineffective so far, the only solution resides in the use of chemical and microbial protections with different modes of action.[75] Certain chemical products used against *botrytis* already contain two active ingredients with different modes of action such as Pristine™ from BASF (pyraclostrobin and boscalid), Switch™ from Syngenta (Cyprodinil and fludioxonil) and Luna™ from Bayer (fluopyram and trifloxistrobin). Alternative products like Double Nickel (Certis) Sulfur (generic products), Regalia™ from Marrone (microorganism) and Howler (AgBiome) are also used within IPM programs. The use of multiple and diverse modes of action is becoming increasingly necessary to prevent continuous building of resistant strains, and while chemical mixtures represent an integrated solution for growers, they also multiply the number of chemicals used during the growing season, with direct impact on residues.

As displayed in Figure 18 above, Biotalys is entering BioFun-2 and BioFun-4 into the initiation stage of discovery. These are "open" programs and Biotalys intends to partner with industry leaders to develop these product candidates further. These programs address major diseases in row crops and specialty crops such as cereals (Leaf spots) and potatoes and vines (Oomycetes), where existing conventional chemical food protection products face increasing regulatory constraints and pest and disease resistance. Biotalys however keeps the flexibility to commence the development of these product candidates on its own pending the search for a suitable and valuable R&D partnership. Biotalys estimates to launch BioFun-2 in the Americas in 2031 and in the rest of the world, including the EU, in 2032, and BioFun-4 in the Americas in 2032 and in the rest of the world, including the EU, in 2033.

Leaf spots are common fungal crop diseases responsible for important yield loss and mostly treated with conventional chemical fungicides classes such as triazoles and strobilurins. Over the last decade, growing development of resistance has been observed in multiple crops, especially cereals[76] and regulatory scrutiny has been increased especially on triazoles due to mammalian health concerns. With potential application on multiple crops such as fruits and vegetables, cereals and oil seed grapes, and as Biotalys estimates that that the incidence of these diseases in crops could vary between 30-60% on average, BioFun-2 would target a $1.7 billion segment with increasing demand for novel modes of action to combat growing resistance and address safety concerns. Biotalys believes it can target an estimated 30-40% gross margin target and estimated low teen peak share target for BioFun-2 and estimates to phase out BioFun-2 post 2040 when it would be replaced by a new program.

Potatoes are the fourth biggest crop after corn, soy and cereals and current diseases such as early and late blight (caused by oomycetes "fungal" disease) are responsible for annual crop losses greater than $3.5 billion globally.[77] Combined with vines, the fungicide market for both crops is estimated at $3 billion globally and with an estimated incidence rate of 10-35% for the disease, BioFun-4 is accordingly targeting a $800 million market segment, offering a replacement or complement for existing products such as chlorothalonil (a conventional chemical pesticide banned from the EU since 2019 due to carcinogenic risk, still in use in markets like the US and Brazil) or copper sulphate (presenting potential risks related to soil health impact), and thereby providing a tool for IPM program development against a difficult fungal disease. Biotalys believes it can target an estimated 30-40% gross margin target and estimated low teen peak share target for BioFun-4 and estimates to phase out BioFun-4 post 2040 when it would be replaced by a new program.

The markets addressed by Biotalys' BioFungicides are currently serviced by conventional chemical and biological products (in addition to alternative crop protection measures such as pest resistant seeds, genetically modified crops and other technologies for use in an IPM). In the first group, multiple companies offer both patent protected, such as Switch™ (Syngenta), Endura™ (BASF), Pristine™ (BASF), Inspire™ (Syngenta), Luna™ (Bayer), Fontelis™ (Corteva), Priaxor™ (BASF) among many others, and generic products, where the most popular products are those based on the active ingredients Chlorothalonil, Azoxystrobin, Epoxiconazole, Propiconazole, Mancozeb, Thiram, Carbendazim and Captan as well as copper-based ones. Biological products include products like Double Nickel (Certis), Regalia (Marrone), Howler (AgBiome) and the active ingredient Laminarin (sold under multiple brands). The performance of these products has shown less consistency than traditional conventional chemical products, leading to a slower adoption by growers.

Demand for Biotalys' BioFungicides is intended to be derived from the need of new modes of action to fight fungi resistance, the de-registration of older, generic conventional chemical products like the ones mentioned above as well as demand for safe biologicals with consistent and efficacious performance. Biotalys' pipeline is intended to fill that demand with new modes of action of safe and consistently performing products.

9.7.3 Bioinsecticides and biobactericides

Biotalys has also initiated the development of one program in the insecticide segment, BioIns-1 (addressing Lepidoptera for diverse field crops and vegetables) and one in the bactericide segment, BioBac-1 (addressing multiple key bacteria in F&V). Once the discovery phase will be completed, Biotalys expects to enter these programs into early development stage in 2022 and 2023 respectively so as to further demonstrate the broad technology potential of its AGROBODY Foundry™ platform and to address unmet needs in both insecticide market and "orphan" bactericide space.

BioIns-1 addresses a market (target market $800 million on the basis of an estimated pest incidence of 20-30%) where conventional chemical insecticides remain the dominant method for controlling insect pests with annual sales in the range of $15 billion.[78] However, two key developments have significantly reduced the spectrum of insecticides available for insect pest control, especially Lepidopterans (caterpillars, such as earworms, armyworms, diamondback moth, etc.). The first is the growing environmental safety concerns related to the use of insecticides. As a consequence, recent legislative decisions have dramatically affected insecticide availability (see section 9.6.6 (*Industry overview – Consumer demand, stricter regulations and growers needs for flexibility support the evolution of* the biocontrol market)). The second development is insecticide resistance. Although there appears to be a vast array of conventional chemical insecticides, they act on a very small number of molecular targets.[79] This has promoted the evolution of insecticide resistance, within more than 600 species of insects and mites, including many key disease vectors, now resistant to one or more classes of conventional chemical insecticides.[80] With resistance or insensitivity also being established against the first-generation of bioinsecticides (*Bacillus thuringiensis* or *Bt*), Biotalys believes the need for effective products with differentiated modes of action and safe profile is acute, especially in the fruits and vegetables market segment. After demonstration of *in vitro* target binding, BioIns-1 is in Discovery stage 1.2 (see below) and bio-delivery and *in vivo* activity characterization are now ongoing. Biotalys estimates to launch BioIns-1 in North America in 2028, in South America (Brazil and selected other countries) in 2029 and in the rest of the world, including the EU, in 2030. Biotalys believes it can target an estimated 25-30% gross margin target and estimated low teen peak share target for BioIns-1 and estimates to phase out BioIns-1 by 2040 when it would be replaced by a new program.

The markets Biotalys aims to address with its BioInsecticides are currently serviced by conventional chemical and biological products. In the first group, multiple companies offer both patent protected products, such as Coragen (FMC), Benavia (FMC), Radiant (Corteva) as well as multiple brands of generics, such as Spinosad, Methomyl, Thodicarb, Flubendiamide, Lufenuron, Teflubenzuron, Cyromazine, Abamectin, Chlorpyrifos, Phoxim and Diazinon among many others.

Biological products are mostly covered by multiple brands of the active *Bacillus Thuringiensis* as well new approaches to biocontrols, like the product Heligen (Baculovirus by AgBitech).

Demand for Biotalys' BioInsecticides is intended to be derived from the need of new modes of action to fight overuse and insect resistance, the impact on non-target organisms, the de-registration of older, generic conventional chemical products and the demand for safe biological products with consistent and efficacious performance.

Bacteria cause significant plant diseases and place major constraints on crop production with estimated losses of over $1 billion worldwide every year over the food production chain.[81] Copper compounds and the antibiotic streptomycin have been the most commonly used bactericide spray treatments for bacterial disease management on plants, mainly targeting *Pseudomonas* spp., *Xanthomonas* spp. and *E. amylovora*. Although, in general, these bactericides have been relatively successful disease management tools, the use of both copper and streptomycin has been impacted by the evolution of resistance in populations of plant pathogens.[82] In addition, evolving climate conditions are creating a growing and severe concern in the absence of effective control methods for plant bacterial disease. Continuous observations about higher temperatures, sustained rainfall and increased atmospheric CO_2 concentration, demonstrate clear impact on plants as well as plant-pathogen interactions, usually favoring the emergence of "love heating" bacterial and fungal diseases under temperate latitude.[83] Biotalys believes that while the target market for BioBac-1 represents a modest $300 million opportunity in view of the estimated incidence of diseases related to the selected bacteria of 20%, the development of sustainable products to limit the impact of bacterial diseases on a vast array of crops (fruits and vegetables like tomatoes, citrus, olives, etc.) will increase the opportunity size, especially if the products allow the flexible use of precision agriculture technology such as injection, focus sprays (e.g. on flowers) further limiting the impact on the ecosystem. Compared to the fungicides and insecticides markets, the bactericides market has fewer options and new, safe and high performing products are expected to be in strong demand. BioBac-1 was initiated in 2020 and after successful immunization is now undergoing the identification and selection of AGROBODY™ proteins with demonstrated in vitro efficacy against the target bacteria. Biotalys estimates to launch Bio-Bac-1 in the Americas in 2029 and in the rest of the world, including the EU, in 2030. Biotalys believes it can target an estimated 30-40% gross margin target and estimated mid-twenty peak share target for BioBac-1 and estimates to phase out BioBac-1 by 2040 when it would be replaced by a new program.

The markets Biotalys aims to address with its BioBactericides are currently serviced by conventional chemical and limited biological products. In the first group, there are multiple brands of Streptomycin, Polyoxins, Copper-based and Kasugamycin products. Biological products are mostly covered by Biobacter (Biogram), Agriphage (Omnylitics).

Demand for Biotalys' BioBactericides is intended to respond to the safety concerns (in view of the high volume of antibiotic use), soil contamination concerns (in view of the high rate of heavy metal use) and regulatory issued facing conventional chemical products, while biological products are limited and only target a limited number of bacteria. Biotalys' pipeline aims to provide a solution for broader bacterial disease control, safe for workers, the environment and consumers, convenient for growers (in view of the intended absence of withdrawal periods and soil contamination), and potentially allowing for applications post-harvest.

Biotalys expects the fungicides and bactericides products to be versatile and applicable in the crop protection market as well as in the post-harvest protection market, expanding the addressable segment beyond the field.

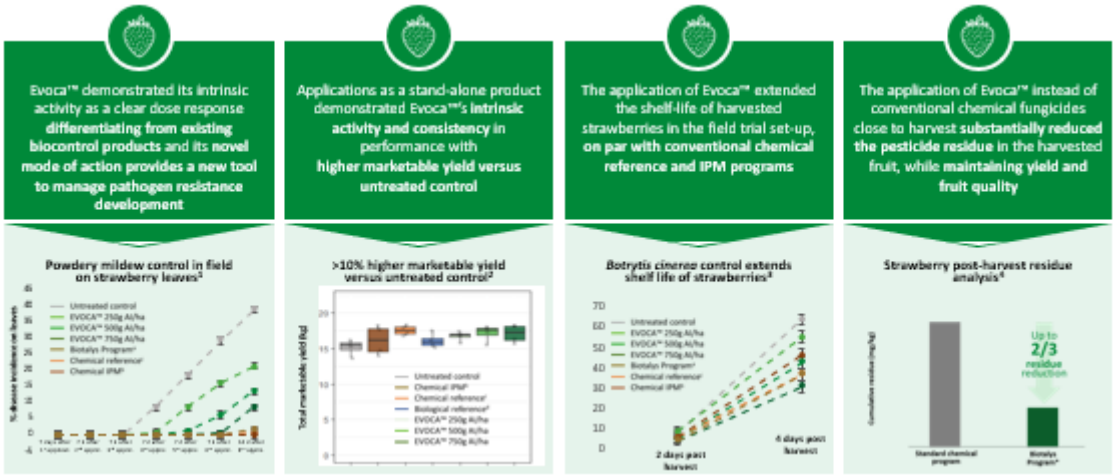
9.7.4 Evoca™

Figure 19.Evoca™

Biotalys filed for EPA registration of its first AGROBODY™ protein-based biofungicide in December 2020 and for EU registration in March 2021. Assuming Biotalys is successful with its registration applications, its intent is to test the market with Evoca™ as pilot product as of H2 2022 through distribution on a limited number of hectares, with enough exposure to establish trust and validation and build credibility for the AGROBODY Foundry™ technology among different agricultural segments and the foundation to further develop Biotalys' pipeline with the recognition of the key sustainable features of its product candidates.

Evoca™ has been tested in more than 300 field trials over multiple seasons under different environmental conditions during the development phase for product development and positioning, comparing its performance to conventional chemical and biological crop protection products. Trials have been conducted by renowned specialized independent CROs, such as the Department of Plant Pathology of the University of California, according to industry standards and European and Mediterranean Plant Protection Organization guidelines (to comply with EU regulatory requirements). The analysis of the robust data package provides the required insights for product positioning and develop user recommendations for growers under local and season-dependent environmental conditions and disease pressure. Evoca™ provides growers a new solution to integrate in an IPM program to control diseases depending on the disease pressure and to manage resistance development and residue in harvested produce. This field trial program has demonstrated the value of Evoca™ to growers, retailers and consumers as summarized in Figure 19 above. Figure 20 below provides a fair representation of field trials from the 2019 and 2020 seasons, with the multiple benefits Evoca™ delivers. Apart from the performance of the product regulators are also evaluating the safety of Evoca™ for humans and the environment. Next to efficacy data, the regulatory data package consists of the reports on acute 6-pack toxicity studies, sub-chronic toxicity studies, and genotoxicity and reproductive toxicity studies. The safety for the environment is assessed in the environmental fate and ecotoxicity studies with accredited GLP laboratories, which cover amongst other matters the biodegradability and safety for non-target organisms and plants. Evoca™ has not triggered any toxicological red flag in the different toxicological studies performed for the regulatory studies and the confirmation about the safety profile will be part of the regulatory approval to be provided by the different regulators in the US and in the EU.

Figure 20. Evoca™ field trial results in strawberries

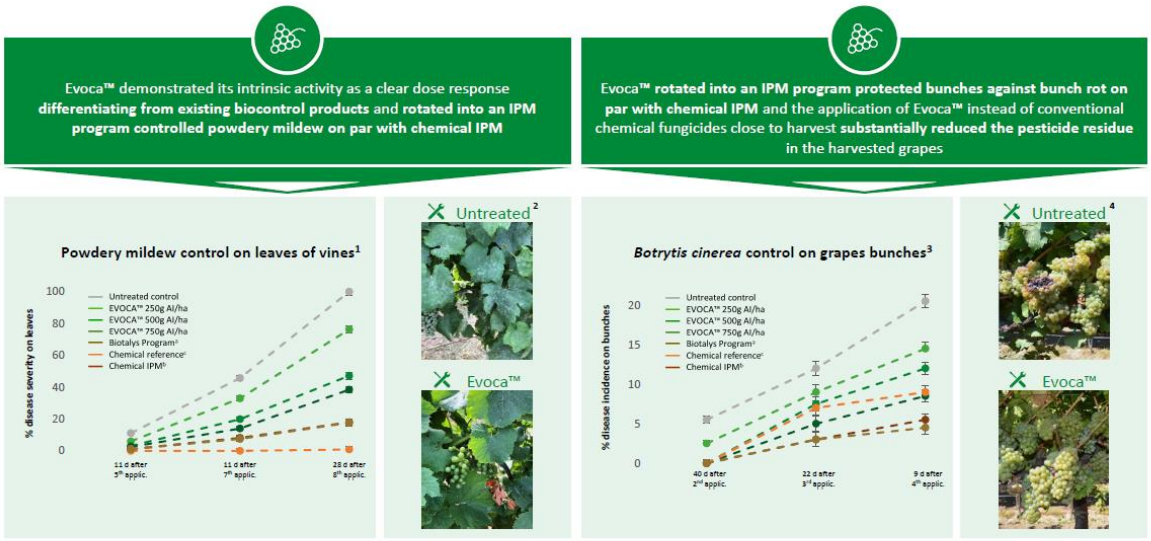


Note(s): a. Biotalys program = EVOCA (@500g AI/ha) rotated into the standard chemical IPM, replacing 2 commercial chemical fungicide applications; b. Chemical IPM = standard integrated pest management program as per local farmer practice to control the disease; c. Chemical reference = commercial chemical fungicide applied as per label and local farmer practice; d. Biological reference = commercial biological fungicide applied as per label and local farmer practice;
Source(s): 1. Biotalys field trial 2019 - EU, IT, Pontecagnano Faiano; 2. Biotalys field trial 2020 - US, CA; 3. Biotalys field trial 2019, ES, Cartaya, Huelva area; 4. Biotalys field trial and fruit analysis, 2019

- **Panel A: Disease control.** Positioned as a preventative biofungicide, Evoca™ in solo applications controls the key strawberry pathogen *erysiphe necator* (*syn Uncinula*) (causing powdery mildew) under low to moderate disease pressure when rotated in an IPM program. Compared with untreated crop (in grey), conventional chemical reference (in orange) and IPM programs (full conventional chemical or incorporating Evoca™ in brown shades), different application rates of Evoca™ (shades of green) demonstrate its intrinsic activity as a clear dose response differentiating from existing biocontrol products. The same observations apply to *Botrytis cinerea*. With a novel mode of action Evoca™ provides a new tool to manage resistance development of these pathogens.
- **Panel B: Yield.** Applications as a stand-alone product demonstrated the intrinsic activity and consistency in performance of the product, resulting in an overall higher marketable yield as compared to untreated plots (in grey) and on par with conventional chemicals in IPM programs (in brown) and generally above the biological reference (in blue).
- **Panel C: Fruit quality.** In addition, the application in the field of Evoca™ (shades of green) extends the shelf-life of harvested strawberries, by controlling *Botrytis cinerea* post-harvest, compared to untreated plots (in grey) and generally at 500g and 750g AI/ha rate on par with conventional chemical reference (in orange) and IPM programs (full conventional chemical or incorporating Evoca™ in brown shades).
- **Panel D: Reduced residue.** The minimal Restricted Entry Interval ("**REI**") and Pre-Harvest Interval ("**PHI**"), with exact duration pending review by the regulators, would provide growers with extra operational flexibility to apply Evoca™ very close to harvest in response to variable weather conditions. The application of Evoca™ instead of conventional chemical fungicides close to harvest, substantially reduces the pesticide residue in the harvested fruit, while maintaining yield and fruit quality.

Further to the trials in strawberry crop, Biotalys has realized efficacy trials and regulatory trials in multiple locations, in crops such as grapes (Figure 21 below), cucurbits and tomato (Figure 22 below).

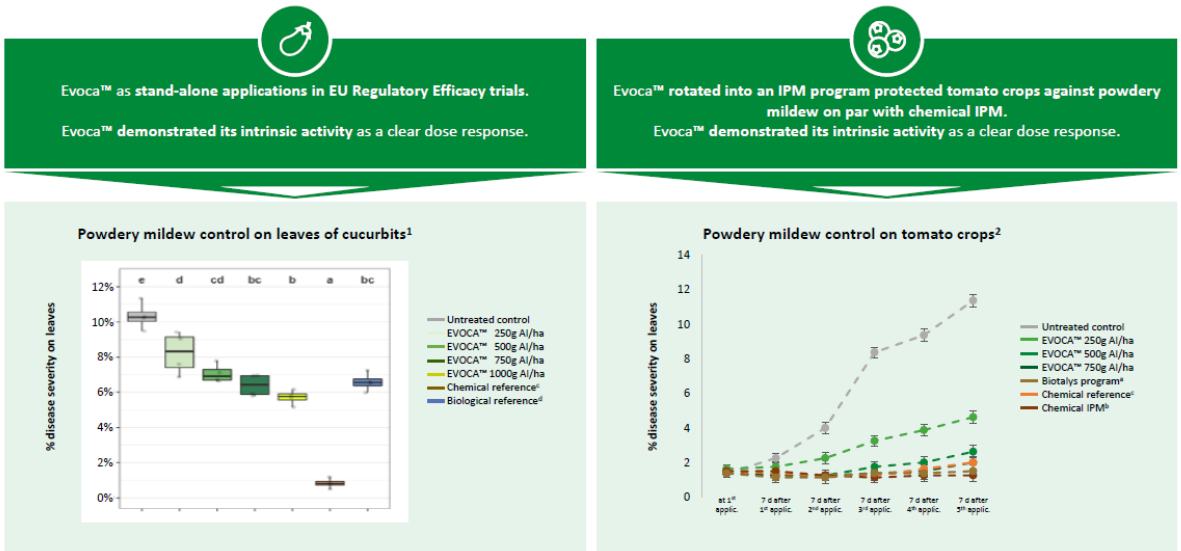
Figure 21.Evoca™ field trial results in vineyards



Note(s): a. Biotalys program = EVOCA (@500g AI/ha) rotated into the standard chemical IPM, replacing 2 commercial chemical fungicide applications; b. Chemical IPM = standard integrated pest management program as per local farmer practice to control the disease; c. Chemical reference = commercial chemical fungicide applied as per label and local farmer practice; d. Biological reference = commercial biological fungicide applied as per label and local farmer practice; Source: 1. Biotalys field trial 2019 - EU, IT, Morni Losana – Casamadama; 2. Biotalys field trial 2019 - EU, IT, Mornico Losana – Casamadama; 3. Biotalys field trial 2019 - FR, Rhônes-Alpes area, Saint-Savin; 4. Source(s): UC Davis Cooperative Extension trial 2020 - https://ucanr.edu/sites/eskalenlab/files/334906.pd

In the context of the grapes field trials results, Evoca™ has been tested against two key diseases, powdery mildew (left panel) and bunch rot (right panel). These representative examples demonstrate the intrinsic activity and the clear dose response of Evoca™ (increased efficacy with increased dose when tested " solo" without any other product – in green on the graphs), and this consistency is a key feature differentiating from existing microbial pesticides. In addition, in the context of IPM programs where Evoca™ is replacing one of the conventional chemicals used in a commercial rotation program, Evoca™ performed on par with the full chemical program, providing the same protection but resulting in reduced chemical pesticides residues on the harvested grapes (different shades of brown on the graphs). These examples also demonstrate that certain chemical references can outperform even the IPM programs under certain conditions (orange line on left panel).

Figure 22.Evoca™ field trial results in control of powdery mildew in vegetable crops



Note(s): a. Biotalys program = EVOCA (@500g AI/ha) rotated into the standard chemical IPM, replacing 2 commercial chemical fungicide applications; b. Chemical IPM = standard integrated pest management program as per local farmer practice to control tl disease; c. Chemical reference = commercial chemical fungicide applied as per label and local farmer practice; d. Biological reference = commercial biological fungicide applied as per label and local farmer practice;
Source(s): 1. Biotalys field trial 2020 - EU, IT; 2. Biotalys field trial 2019 – EU, ES, Alginet

When used to protect cucurbits against powdery mildew (Figure 22 above), Evoca™ demonstrated again its intrinsic activity and the clear dose response (EU regulatory efficacy trial on cucurbits on the left panel) as well as the efficacy on par with chemical IPM programs during the entire growing season for the tomato crop (right panel).

These product attributes of Evoca™ demonstrated in the field trial program combine the strength of conventional chemical reference products under low to moderate disease pressure when used in an IPM program with the safety

profile of biologicals, reducing the impact on the environment with healthier fruit, answering the emerging needs from consumers and retailers.

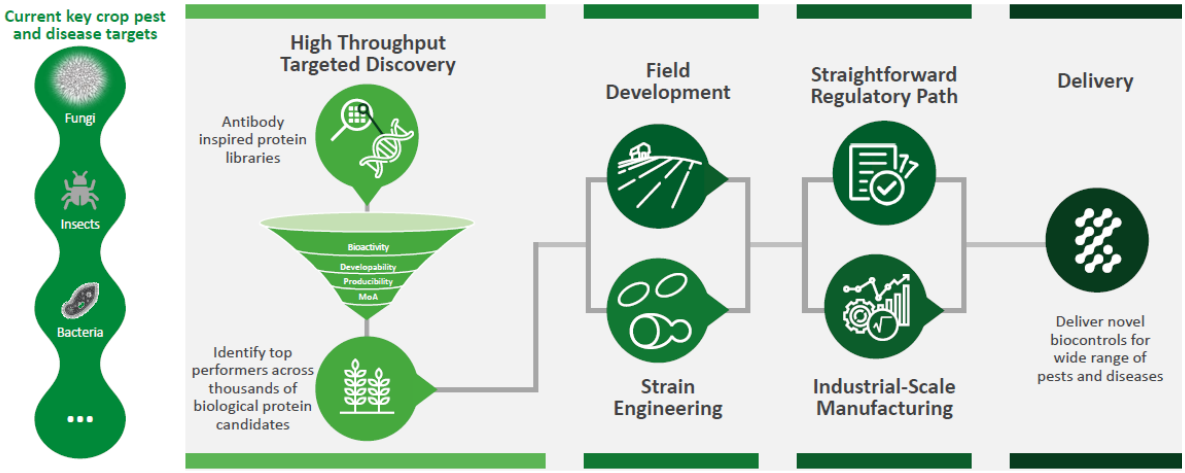
Pending approval from the EPA, Biotalys expects the following attributes will be claimed to differentiate its AGROBODY™ biocontrols from the competing biological and conventional chemical food protection products:

- Best-in-class formulation, similar to conventional chemical food protection products, for quality control, shelf-life, mixing and spraying, offering growers with convenience and reliability without having to upgrade their farm equipment.
- Activity confirmed against known fungicide resistant Botrytis isolates, making Evoca™ a good tool to manage resistance in *botrytis* in the context of an IPM program.
- Minimal REI and PHI (exact duration pending EPA review). REI and PHI are critical attributes for growers and field workers to maximize efficiency and ensure the safety of the personnel in the field.
- Tolerance exempted (i.e. exempt from restrictions on conventional chemical pesticide residue tolerance) (pending EPA review) allowing growers to actively decrease the residue levels on their crops by the use of Evoca™.
- New modes of action/new Fungicide Resistance Action Committee ("**FRAC**") code (pending FRAC review). FRAC codes are important tools for growers to identify the different modes of action they can use in a given season to optimize their product rotation. A new mode of action and FRAC code provides more flexibility and options to manage resistance.
- Post-harvest shelf-life benefit from in-field application, keeping fresh produce for longer time, thus reducing the food loss and waste in the downstream value chain (demonstrated for strawberries as described above).
- Reduced synthetic fungicide residues in an IPM program (2019 data - pending residue report 2020).
- The *ready biodegradability* prevents accumulation in soil and the environment.

9.8 The AGROBODY Foundry™ platform

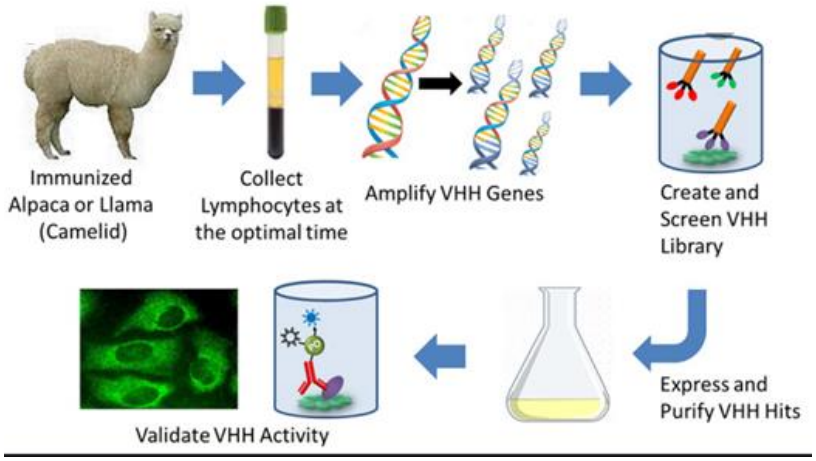
9.8.1 Overview

Figure 23.The AGROBODY Foundry™ platform



As presented in Figure 24, Biotalys generates AGROBODY™ proteins using different methods of immunization to give access to as diverse a range of "heavy-chain only" antibodies as possible. When the target antigen is available, the first method (the "targeted method") involves immunizing outbred llamas or alpacas with the target antigen and subsequently isolating from the blood of the immunized animals the target-specific "heavy-chain only" antibodies and generating the respective VHH domains. The other method uses whole organisms or parts thereof of the target pests or disease (the "shotgun approach") for a similar immunization process. After the immunization, a blood sample is collected. This sample will typically contain hundreds of different heavy-chain antibodies with either high affinity and specific to the target antigen (in the case of the targeted approach) or high affinity and specificity against different antigen targets (in the case of the shotgun approach). When compared with the human therapeutic approach, less information is available on specific target antigens for food and crop diseases, and the shotgun approach provides Biotalys with the opportunity to generate in a single immunization a diverse panel of AGROBODY™ proteins with multiple modes of action.

Figure 24.AGROBODY Foundry™ platform generation of antibodies



The required AGROBODY™ proteins are then selected using the phage display technology. The phage display technology makes use of expression libraries of AGROBODY™ proteins based on the B-cells (a type of white blood cell that makes antibodies) which are isolated from the blood sample of the immunized animal. The AGROBODY™ proteins are copied to generate a large library which is subjected to several rounds of selections. Through the application of several selection rounds, antigen/target binding AGROBODY™ proteins can be isolated from the collection of millions of different AGROBODY™ proteins present in the library, produced in a microbial host and further characterized.

AGROBODY™ proteins are selected or formatted early in the process to achieve the desired properties for application in food protection. This selection includes characterization at the level of biological activity, producibility and robustness in terms of physical and chemical stability which will allow Biotalys to focus on AGROBODY™ proteins with the ability to be produced at scale, and at a cost appropriate for the target agricultural and food markets. Additional features can be designed with AGROBODY™ proteins including for example multivalent and multi-specific constructs, to further optimize the desired properties or adapt the biological activity towards specific targets.

Biotalys can manufacture its AGROBODY™ proteins in a range of host systems, including microbial expression systems, such as E. coli and Pichia Pastoris, as well as filamentous fungi systems, to reach the targeted volumes required for use in a wide range of crop and food protection applications (see section 9.8.5 (*Strain engineering*)).

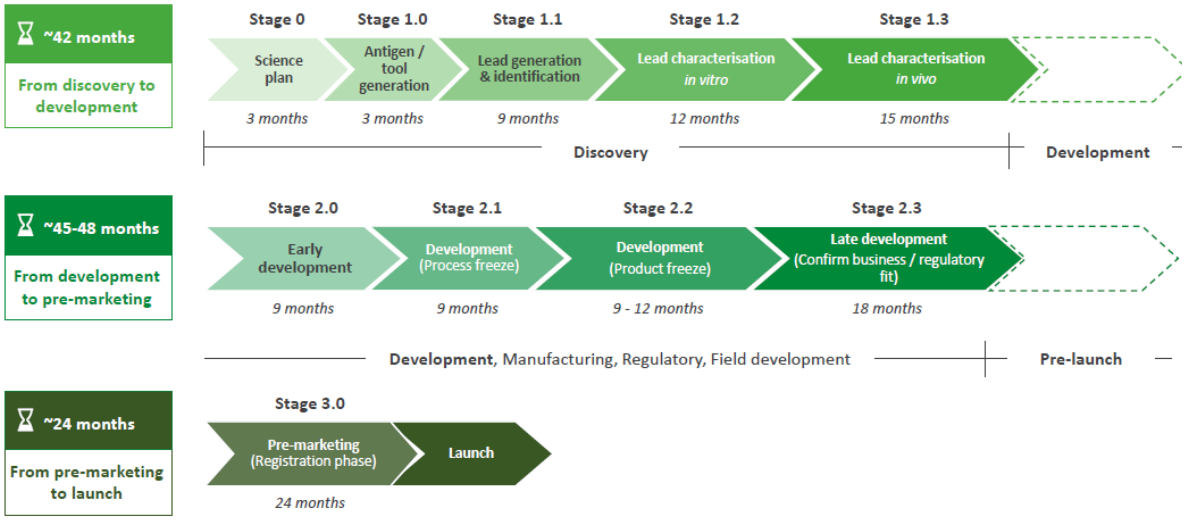
Biotalys is developing proprietary expression systems with its strain engineering platform to rapidly match the most promising AGROBODY™ proteins with the most suitable hosts for an efficient manufacturing process and accelerate the development of its product candidates.

Biotalys is generally able to produce AGROBODY™ proteins suitable for in vitro testing (testing on the target organism in lab conditions) within 12-18 months of accessing a biological target. Based on its current experience, Biotalys expects to be able to advance new AGROBODY™ biocontrol product candidates from initial discovery to development within an average of about 42 months. At this stage, the product candidate will be able to enter extensive field trials to assess the performance in multiple crops, multiple conditions and eventually against multiple targets. Based on its experience with its first product candidate, Biotalys expects to further advance product candidates from development to pre-commercial stage within 48 additional months.

Biotalys is constantly working and investing to further optimize its AGROBODY Foundry™ platform. For example, Biotalys has identified several process steps for automation, allowing to increase the throughput and its ability to test and de-risk hits and leads in various conditions at early stages. By developing a state-of-the-art data management system, Biotalys expects to develop proprietary algorithms to support the data driven selection and design of future protein candidates.

The AGROBODY Foundry™ platform can thus be represented as a suite of activities following the stage gate plan described in Figure 25.

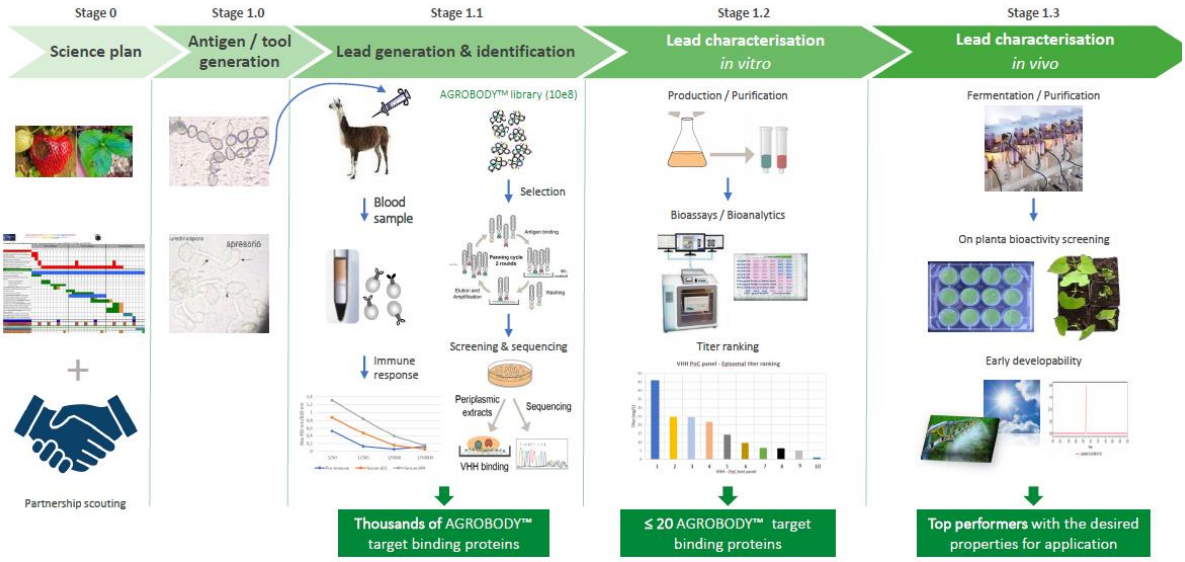
Figure 25.AGROBODY Foundry™ platform stage gate plan



While Biotalys expects to reach a competitive development time of approximatively eight years (as compared to >11 years for conventional chemical food protection products), this time can be flexible. It can be expanded if the amount of internal capabilities that need to be build-in for a given program (for example for new programs like insecticides and bactericides where strong capability building is required) are important. It can also be reduced when Biotalys can leverage existing capabilities and benefit from the automation of its AGROBODY Foundry™ platform (for example for fungicide programs where significant capabilities have already been developed during the course of the Evoca™ and BioFun-5 programs).

9.8.2 Discovery phase

Figure 26.Description of discovery phase



The discovery phase as schematically presented in Figure 26, can be described as follows:

- **Stage 0.0.** The selection of the target(s) and establishment of the science plan to develop internally or with a relevant industry partner the most efficient approach to address the market needs.
- **Stage 1.0.** The preparation of the tools and reagents from the selected target organisms to initiate the immunization for a shotgun and/or targeted approach as identified in the project plan.
- **Stage 1.1.** The immunization of the animal against the selected target, followed by the generation of AGROBODY libraries and the selection of a panel of AGROBODY™ proteins with demonstrated in vitro target binding in in house developed in vitro binding assays for the selected target.

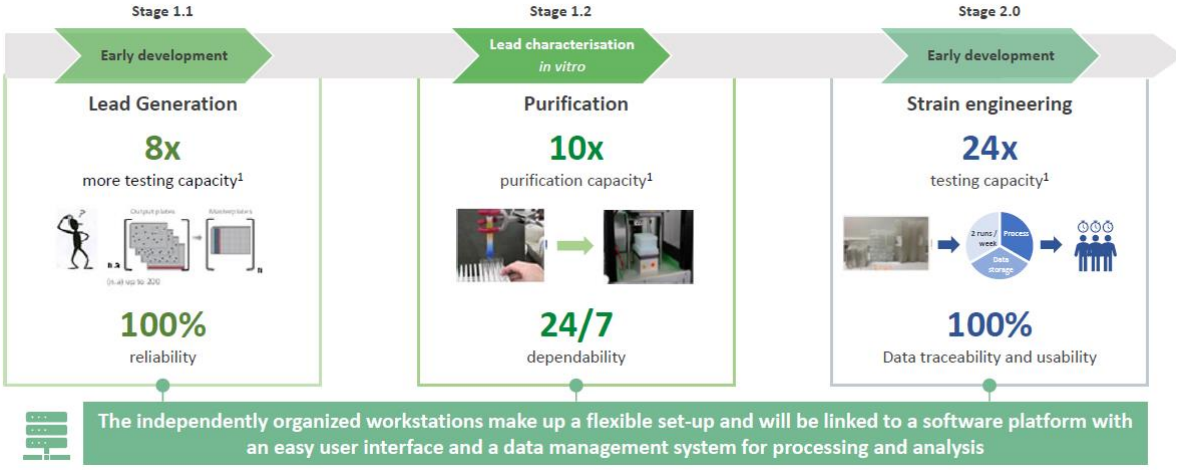
- **Stage 1.2.** The lead candidate characterization in vitro for their biological effect against the selected target and selection of up to 20 AGROBODY™ proteins based on in vitro activity and production levels in non-optimized fermentation conditions.
- **Stage 1.3.** The lead candidate and back-ups based on the mandatory requirements as defined for the target product profile, in vivo (on planta) activity with acceptable level of potency to meet commercial objective, acceptable level of developability (defined by the physico-chemical properties and the resistance to application under commercial conditions) as well as productivity at research level to match requirements for a viable commercial manufacturing process.

9.8.3 Automation

The identification and characterization of AGROBODY™ biocontrols is labor-intensive with many manual methods typically involved. It is only by starting with a very large number of AGROBODY™ proteins that it is possible to identify those few antibodies in early-stage screening from which new biocontrol product candidates can be subsequently developed and robotic automation can make this a viable process. A key benefit of automation is that it reduces the time required to identify potential candidates compared to manual methods and increases the reliability and efficiency of the platform. It also allows multiple projects to be carried out in parallel, thus addressing a broad spectrum of disease mediators.

Biotalys has invested in the implementation of three robotic systems covering early stages of the AGROBODY™ protein discovery process, HT (*high throughput*) automated small-scale purification of AGROBODY™ biocontrols that allow sufficient amounts of AGROBODY™ protein to carry out accurate and quantitative characterization and HT screening for expression of AGROBODY™ proteins in Pichia pastoris.

Figure 27.Automation



Biotalys has chosen to proceed with a semi-automated system (individual workstations) to keep the flexibility to develop and implement future workflows for automation, such as in vitro screening assays.

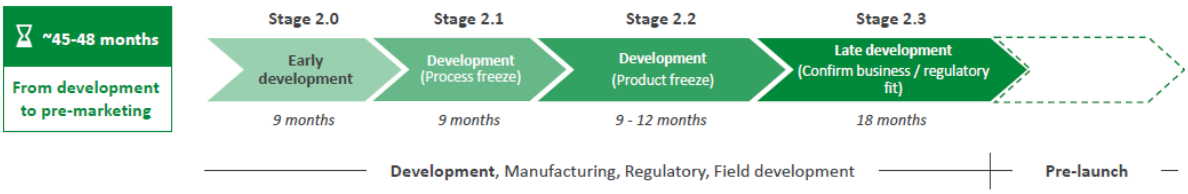
The hardware automation will be linked together with sophisticated software that provides an intuitive user interface and a seamless management of data. Biotalys expects that its in-licensed software platform of Genedata will drive process efficiency and innovation by integrating R&D workflows and automation workflows and capture the increased amount of experimental data for processing and analysis. This scalable platform is expected to allow Biotalys to implement artificial intelligence approaches, such as deep machine learning, and to provide the tools for rational design and modification of proteins in the future, further accelerating the discovery process and on the long term offering a potential opportunity to eliminate the dependency to the animal immune system.

9.8.4 Development phase

During this second phase which Biotalys estimates will typically last approximately 48 months, the AGROBODY™ biocontrol product candidates are developed into market-tuned products (i.e., products validated through a large number of commercially relevant field trials in different environments over multiple years and supported by the submission of registration dossiers in target countries). In parallel, product development activities

require internal and external engagements to strengthen Biotalys' IP position, to prepare the regulatory filing (with regulators and third parties), to plan for the distribution/supply chain and to ensure timing of market introduction.

Figure 28.Development stages



The development phase as schematically presented in Figure 28 above, can be described as follows:

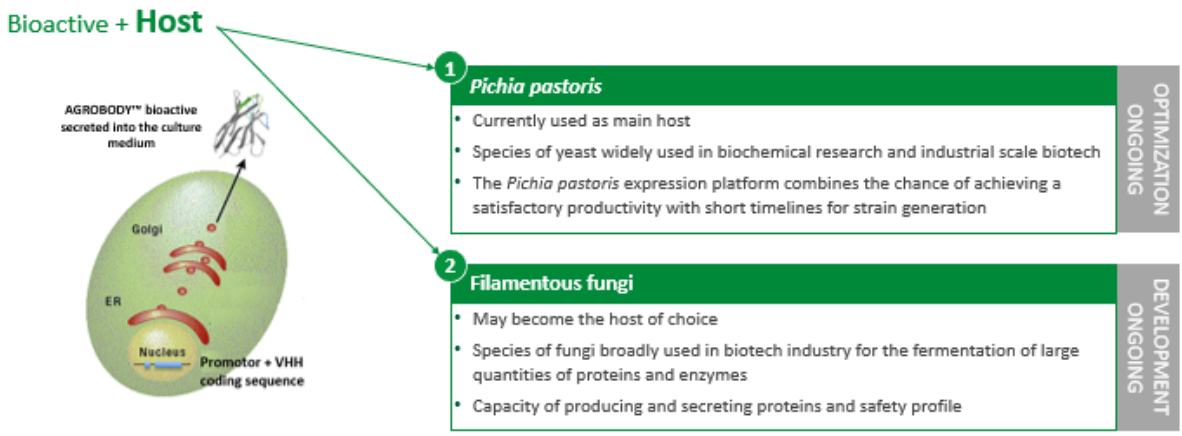
- **Stage 2.0.** Maximization of the production efficiency of the lead candidate selected in discovery stage 1.3 by leveraging strain engineering tools, and the development of the optimal fermentation and downstream process. The bioactivity of the lead candidate is confirmed in 20 to 30 field and/or greenhouse trials on the key pathogen/insects in different crops. Preliminary product safety studies can be commissioned in this stage. The IP filing strategy is developed.
- **Stage 2.1.** Delivery of the Product Freeze of the product candidate. It is defined by the protein sequence, the production strain and the fermentation and downstream process with a successful pilot scale run at the CMO ready for scale up to commercial scale. The mode of action is covered in IP filings. The bio-activity and spectrum testing comprise application rate and timing in commercially relevant environments within an increased number of field trials and locations. The regulatory classification and data requirements for the target countries are confirmed. The business case includes a net present value calculation and instructs for the next stage field trial program for product positioning.
- **Stage 2.2.** Product Freeze, i.e. defining the commercial formulation for the product and the manufacturing of the five regulatory batches and end-use product to serve the regulatory studies and the field trial program in stage 2.2 and 2.3. The draft go-to-market ("**GtM**") strategy is defined on the basis of an updated business case supporting the regulatory and development investment.
- **Stage 2.3.** Building the regulatory data package for submission at the end of this stage. Advanced stage product field efficacy characterization is successfully concluded with final label recommendation. Draft agreements with toll manufacturing companies and formulators are negotiated, based on successful commercial stage runs. The 'launch +5 years' production volumes are projected and communicated to prepare the supply chain.
- **Stage 3.** (Concurrently with the review of the regulatory dossier.) Demo field trials with the Sales & Marketing team over two seasons to support the launch. Business plans are updated with supply demand for rolling 12 – 18 – 36 months sales projections.

Figure 29 below sets out the intended outcome of the development stage through the AGROBODY Foundry™ platform.

Figure 29. Intended results of the development phase

9.8.5 Strain engineering

Figure 30.Host strain engineering



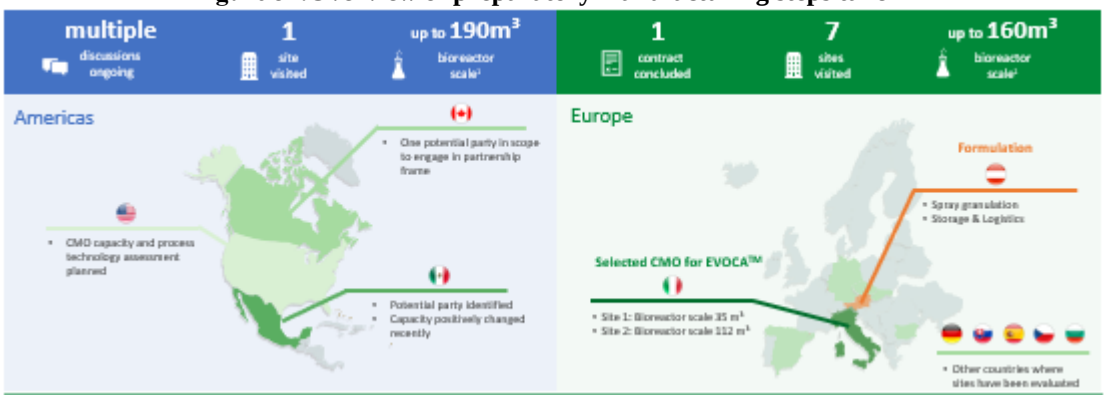
Biotalys is implementing a multi-expression system approach to develop the most robust and efficient microorganisms for the expression of its current and future AGROBODY™ product candidates. On the one hand, Biotalys is optimizing its *Pichia pastoris* expression platform (*Pichia pastoris* is a species of yeast which is widely used in biochemical research and industrial scale biotech) and in addition develops an expression platform with filamentous fungi strains (filamentous fungi are broadly used in biotech industry for the fermentation of large quantities of proteins and enzymes). The strain engineering strategy and implementation is built on in-house expertise, validated by external resources for feasibility testing. Biotalys is leveraging the industry expertise with consultants as well as collaborations with academia and SMEs to de-risk the approach as well as to evaluate opportunities to accelerate the development of the respective production systems.

9.8.6 Manufacturing: Designing for cost efficiency and economic viability from the outset

Biotalys' AGROBODY Foundry™ platform is designed with the aim to deliver a scalable manufacturing process for quality products at market-tuned cost of goods. Biotalys is investing and will continue to invest in its manufacturing process with the ambition to continuously bring down the cost of goods with each product candidate, which is, however, on the date of this Prospectus, too high to manufacture any product candidate in an economically viable manner. As displayed in Figure 31 below, with a view to manufacture future products cost-effectively on a large scale, Biotalys has begun to build the necessary internal expertise, engaged a CMO, is

currently looking into expanding its CMO-network and is in the process of evaluating distributors to support the market test of Evoca™.

Figure 31.Overview of preparatory manufacturing steps taken



Techno-economical modelling work complemented with a target market segments-based business case provides a sensitivity analysis tool, and identifies the top product costs, quality and success factors. “Begin with the end in mind” is the driver to set, evaluate and challenge the economic levers, assumed in the initial models, and to drive the full R&D and regulatory program.

The economic viability of food protection products depends on the growers’ and food handlers’ cost per application to protect crops or harvested food against damage caused by insects, fungal or bacterial diseases versus the added value to the crop and harvested food it brings to growers, the food supply chain and consumers. This cost per application is determined by the dosage required to achieve the required level of protection (expressed in grams of active ingredient per hectare/plant/fruit) multiplied by the cost to produce the food protection product (cost/kilogram formulated end-use product):

Cost/application = product cost (€/gram) x dosage (gram/application)

The factor dosage is managed at different stages in the R&D cycle:

- during the screening and selection process of the AGROBODY™ proteins;
- in the formulation development to maximize the bioavailability in the field to control the pest or disease (long lasting effect) and to maintain the bioactive stable so that it can be used on farm for at least two years;
- through the evaluation of the most effective application technology.

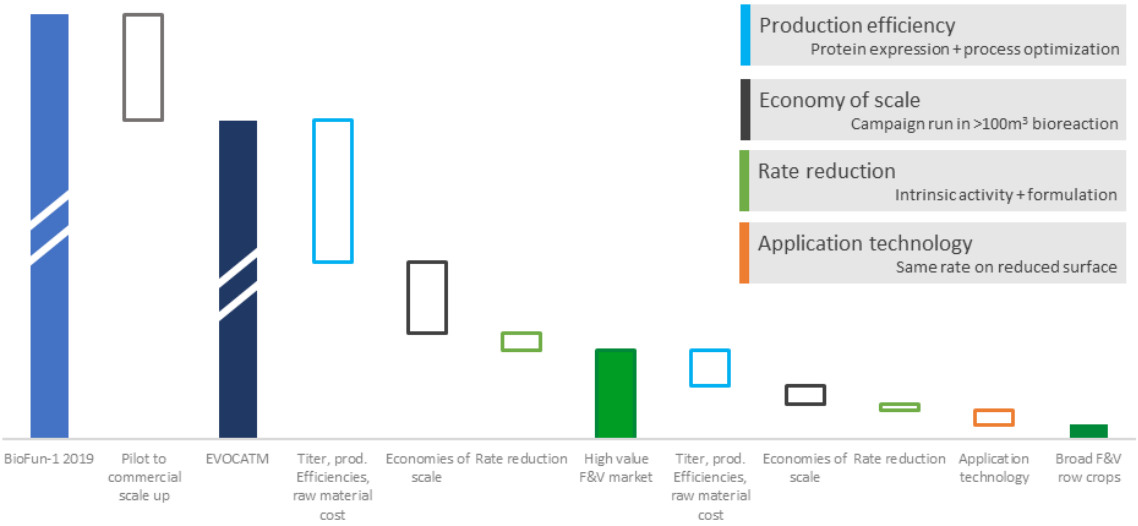
The production cost, being the cost when producing through a fully developed process at commercial scale, is a complex matter depending on fixed and variable costs. The main impact of the unique R&D program is on the variable cost, and more specifically on the production efficiency or titer, being the quantity of protein produced per m³ vessel volume. This production efficiency or titer is determined by both the AGROBODY™ protein and the production host.

Titer or production efficiency = AGROBODY™ protein x production host

In contrast to uses in the pharmaceutical industry, both the production cost and scale are of much greater importance to be affordable for application in the agricultural and food industry, to ensure global supply and to cover multiple market segments. This requires production efficiency of at least 10g/L in less controllable production volumes of >100m³ fermentation vessels, preferably higher. Currently, *P. pastoris* is used by several companies for industrial scale heterologous protein production. Examples are ThromboGenics[84], Ablynx[85] and others. Expressing proteins in *P. pastoris* can be carried out using roughly two expression platforms. One is constitutive expression where heterologous protein production is always ongoing[86]. The other system relies on the methanol assimilation pathway. This methanol-induced expression platform appears to be the most efficient, and production titers of 10 g/L have been reported for AGROBODY™ protein[87], but these were rather rare. An increase in titer from 10g/L to 20g/L does not only reduce the cost/kg by half but also reduces the number of

vessels required to produce the material by half. Biotalys' AGROBODY Foundry™ platform is set up to find the best combination of AGROBODY™ protein and production host. This 'number game' is supported by the roll out of automation to handle large numbers of [protein x host] combinations.

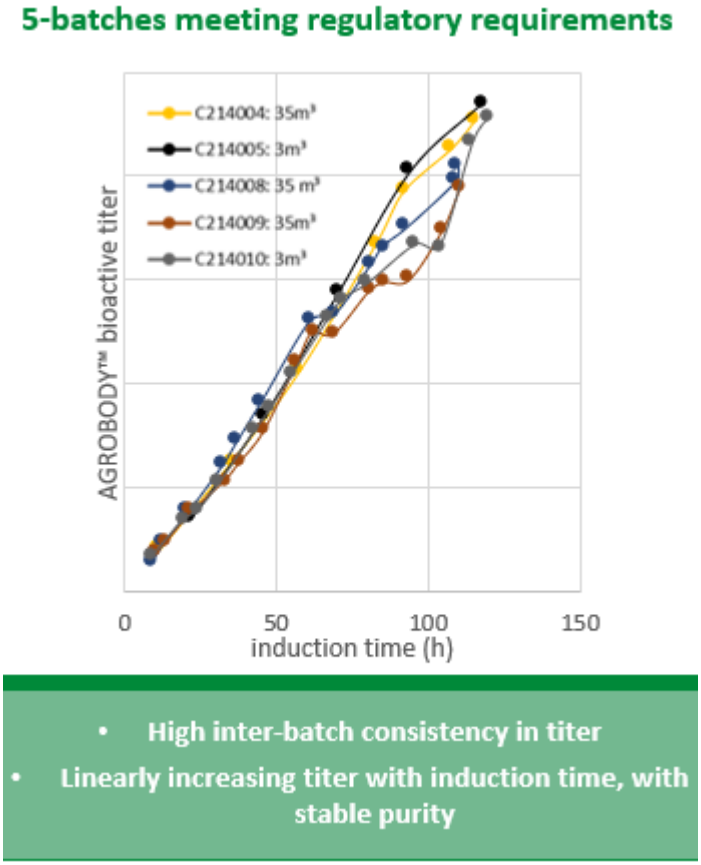
Figure 32.Overview of the cost/application optimization approach



This element of an AGROBODY™ protein is addressed early in the discovery phase. Next to their selection on binding, bio-activity and stability as set out above, these AGROBODY™ proteins are also selected on their producibility. To leverage the full breadth of potential application ranges in crop and food protection, Biotalys develops its proprietary strain engineering platform to produce diverse panels of AGROBODY™ proteins. This is a substantial value-creator for Biotalys through IP and confidential know-how.

Figure 32 presents an overall summary of the manufacturing process described above, with the aim to establish a clear plan towards reduction of cost per application through (1) Economy of scale (grey) already demonstrated partly in the development of Evoca™ with scale up from 5,000 L to 35,000 L (see production vessel expected to grow to 100'000 L and beyond; (2) Production efficiency (blue) linked to strain engineering and production host optimization; (3) rate reduction/ha (green) linked to early selection for optimal biological activity and formulation optimization; and (4) application technologies, leveraging precision agriculture to further optimize spray volume and target.

Figure 33.Stable process for repetitive production at scale within regulatory specifications



9.8.7 Bio-fermentation, recovery, formulation and quality control

The *Pichia Pastoris* strain or filamentous fungi strain engineered to express the AGROBODY™ protein, is amplified in a "seed train" to ultimately be transferred to an industrial scale bio-reactor. The fermentation process is an industry standard, well-controlled and validated process. After the desired amount of production cells (biomass) have been produced, the expression of the protein is induced by feeding methanol in the fermenter.

The fermentation broth is further downstream processed (micro- and ultrafiltration), followed by the formulation, resulting in an end-use product fitting the growers' or food handlers' practices (industry standard practice: tank mixability with other products in a tank for applications, fit with existing applications equipment, up to two-year shelf-life, etc.).

The shelf-life is assessed early in development in an accelerated storage stability study, indicative for the overall shelf-life (at least two years) of the commercial product, as well as in other developability tests such as UV, shear stress etc.

Unlike microbial based biocontrol products which typically have a more limited stability, Biotalys aims to develop products that meet grower practices with conventional chemical-like performance when used in the framework of IPM programs, quality and stability without the microbial requirement to store under cold storage conditions.

A suite of AGROBODY™ protein specific analytical methods is developed for the protein, the Technical Grade Active Ingredient ("**TGAI**") and for the end-use product. Such a set of analytical methods is of key value in product characterization and Quality Assessment and Quality Control ("**QA/QC**") process. It serves regulatory needs and secures the delivery of high-quality products to the customers and for long-term product stewardship programs. These analytical methods allow Biotalys to verify at any point of distribution the quality of the product according to the specification from the product label. The QA/QC process can be more challenging for competing

products such as plant extracts and microbials because of their nature (living microorganisms) or their method of production (plant extraction) that have the potential to impact the quality and the effectiveness of the product.

9.8.8 Field trials

All product development and positioning trials are outsourced to third party CROs accredited and authorized to conduct trials with unregistered products, which apply standard practices recognized by the industry and regulators. Trials are set up to drive product development and to confirm efficacy in relevant commercial settings, so as to ultimately deliver to its customers a return on investment in yield and/or commercial value of the final food produce. Design of Experiment (DoE) and biostatistical and meta-analysis increase the usability and value per data point, accelerating product development and bottom-up commercial product positioning and user recommendation. The robustness of the data package de-risks the commercialization of the product candidate. In later development stages, trials are equally set up to serve the regulatory data requirement and with pest crop advisors, universities extension people, crop reference institutes and candidate commercial partners.

See section 9.7.4 (*Pipeline and product candidates – Evoca™*) for a description of the field trial program and its outcome for Evoca™.

9.9 Business development and technology validation

Biotalys has not entered into and is not otherwise engaged in any material collaborative research and development agreements. However, based on the agreements with its different third party CROs for its field trials (see section 9.8.8 (*The AGROBODY Foundry™ platform – Field trials*)) and the expertise of its staff (see sections 9.4.5 (*Biotalys' strengths – Experienced and entrepreneurial management team with a strong track record in the AgTech and biotech industries, backed by a renowned and specialist shareholder base*.) and 9.15 (*Personnel*)), Biotalys believes that the absence of such material collaborative agreements with organizations of high standing and repute in the industry does currently not have a material impact on the standing or quality of its research efforts.

Biotalys is nevertheless continuously seeking to engage with partners in the industry to develop scientific or commercial partnerships to further expand its AGROBODY Foundry™ platform potential in new crops, new markets and/or new regions.

Biotalys' purpose is to broaden its AGROBODY Foundry™ platform potential, to continuously develop its IP portfolio and to optimize its value while securing its AGROBODY Foundry™ platform for future use. Biotalys intends to continue to own the core technology platform and all intellectual property and know-how related to the underlying technology development, and intends for any partnership to only provide access to a program or a product via a license that Biotalys will negotiate, in order to retain the long-term value of the AGROBODY Foundry™ platform and the flexibility to use any product outside of the terms of the licensee's rights. Certain strategic partnerships may entail long term collaboration across multiple products or markets where Biotalys can find a partner that can deliver a long-term additional value for the development and recognition of Biotalys.

While its R&D process provides much flexibility regarding to collaboration approach with industry partners, Biotalys intends to focus on the following major types of partnerships:

- **ETAs or Material Transfer Agreements ("MTA").** Prior to entering into any R&D or commercial partnership, Biotalys is generally entering into ETAs or MTAs to test a product candidate in specific conditions used by potential partners in their specific market segment. The purpose of these ETAs and MTAs is to validate the potential of the AGROBODY Foundry™ platform in a given market prior to entering into any negotiations on R&D partnerships. These ETAs and MTAs can, however, contain certain non-compete obligations for Biotalys and/or for its partners so as to limit potential engagements with competing parties for a short (6 to 12 month) period of time in order to ensure (i) that the investment from both parties would be fully geared towards demonstrating the potential of the technology in the relevant market segment and (ii) that the two parties could, if so desired on the basis of the outcome of the MTA phase, enter into future negotiations on R&D partnerships in good faith. Biotalys is consistently pursuing a large number of ETAs and MTAs and preliminary engagement with a broad range of companies in the agricultural and food industry. Biotalys expects that some of these agreements and discussions will develop into R&D and commercial partnerships in the next couple of years, while others will, as part of its ordinary course of business, be terminated to support its efforts to identify the most relevant and valuable market (segments) for Biotalys' first and follow-on product candidates.

- **R&D collaboration (early stage).** Starting from a target of interest for a partner, Biotalys would conduct the discovery sequence to identify a set of lead candidates (stage 1.3 (see section 9.8.2 (*The AGROBODY Foundry™ platform – Discovery phase*))) followed by the development including strain engineering, manufacturing scale up and field product candidate development until registration (stage 3.0 (see section 9.8.4 (*The AGROBODY Foundry™ platform – Development phase*))). Biotalys would seek to optimize the R&D sequence by leveraging capabilities from the partner when available. Biotalys would typically provide its partner with exclusive (license) rights to the outcome of the project (the lead AGROBODY™ biocontrols) in exchange for upfront payments, operation cost compensation, milestone payments and royalties when applicable. Exclusivity can be granted to a partner for a specific use in a field, a specific geography or more broadly and Biotalys would typically retain all other rights to the technology.
- **Development collaboration (late stage).** Starting from identified lead candidates at stage 1.3 (see section 9.8.2 (*The AGROBODY Foundry™ platform – Discovery phase*)) or later, Biotalys could consider late-stage collaborations for the co-development of a product candidate for a selected market (segment) or geography would typically exclusively engage in the co-development of the product candidate. The partner would provide development capabilities such as regulatory support, field trials support or formulation technology support. Payments for such a program could include upfront payments, operational costs, milestone payments as well as royalties when applicable. The partner would typically gain exclusive (license) rights for the product or semi-exclusive (license) rights in the selected market (segment) or geography.
- **Distribution / commercial partnership.** Once a product candidate is registered and fully developed by Biotalys, Biotalys would generally seek distribution agreements or commercial partnerships with major agricultural companies, distributors or retailers in a selected market (segment) or geography to distribute the product to customers. The rights would typically be non-exclusive or exclusive in the selected market (segment) or geography. Payments for such a partnership could include product access fees from the partners and distribution margins for Biotalys for the commercial service given. Biotalys may also develop its own sales force where the strategic value would make sense. For its first product candidate Evoca™, which will be a market test as set out above (see section 9.7.4 *(Pipeline and product candidates – Evoca™*)), Biotalys will be seeking a strategic commercial partnership so as to limit the investments required for building a fully owned commercial group, as the focus will initially be on demonstrating the AGROBODY Foundry™ platform potential to add value for growers and for the food value chain in preparation for expected larger launches in the future.
- **Technology partnership.** Biotalys may be seeking technology partnerships to complement and increase the potential of its AGROBODY™ biocontrols within a given market or application, for example, an application technology that would decrease the amount of biocontrol required to reach maximum efficacy or a formulation technology that would support a rate reduction during the spraying phase. These technology partnerships will be carefully evaluated through thorough testing phases and insurance that the technology partnership has the potential to yield much broader value for the parties.

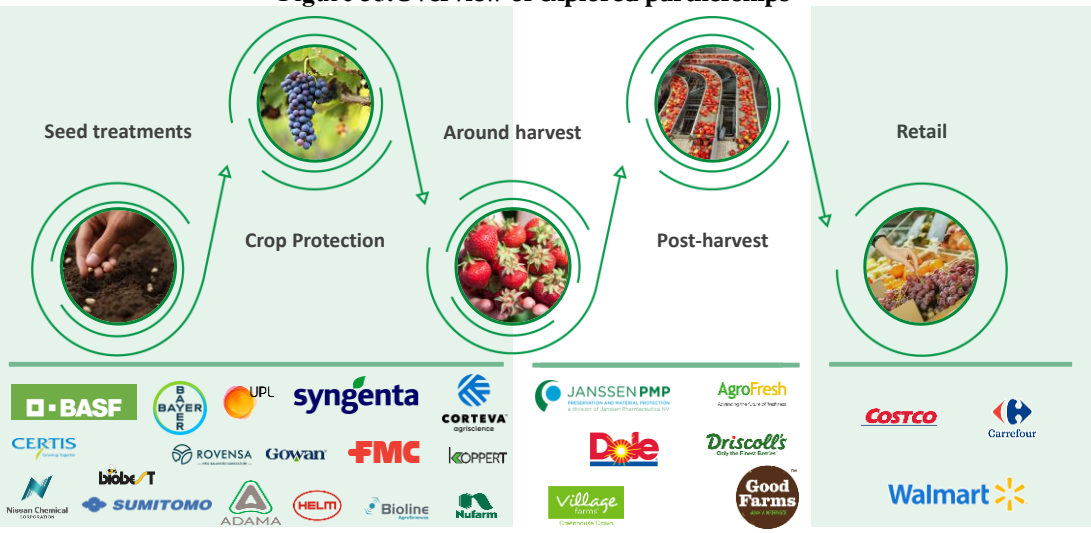
Through its flexible partnership approaches, Biotalys expects to generate early-stage revenues aligned with the Ag and food market standards and tuned to a fair value sharing with the partners. As displayed in Figure 34 below, Biotalys considers four different options, from technology access fees in the form of upfront payments, cost compensation for programs, success milestone payments and royalties. These options may apply differently for the type of collaboration and the different partners.

Figure 34.Overview of strategic options for collaboration monetization

Source: Biotalys information based on market practices as well as Biotalys' view on typical deal sizes. Deals may vary depending regarding the type of partner, deal type and target

In addition, Biotalys is seeking partnerships along the entire food value chain, creating vast opportunities to engage beyond crop protection majors as exemplified in Figure 35 below:

Figure 35.Overview of explored partnerships



9.10 Regulatory

Biotalys' activities are subject to extensive local and foreign governmental regulations. These regulations require Biotalys to demonstrate the safe nature of its product candidate for the use as biological food protection products and efficacy for the markets of interest. The regulations are different in time and complexity in the different regions targeted by Biotalys and require substantial investment from Biotalys and from specialized partners working together with the responsible local authorities to support its product development and registration efforts.

The regulatory path for AGROBODY™ biocontrol product candidates has been clarified through extensive pre-submission meetings with the competent authorities in the EU, the US and other countries that Biotalys considers commercially important. The first dossier for Evoca™ was submitted end December 2020 in the US, followed by the EU in March 2021, and will be followed by subsequent submissions.

Biotalys engaged with regulators in the different regions to perform a data gap analysis and discuss this with the EPA in the US and with the EFSA and the Rapporteur Member State ("**RMS**") (the Netherlands, *Ctgb, College voor de toelating van gewasbeschermingsmiddelen en biociden*) Biotalys selected in the EU. The pre-submission meetings resulted in a clear list of regulatory data requirements. Biotalys believes that this could also apply to its other product candidates. In general, to register a plant protection product, companies must demonstrate the product is safe to mammals, non-target organisms, endangered species and the environment, and efficacious for the target pest or disease in the target crop. To demonstrate product safety, required studies must be conducted that evaluate mammalian toxicology, toxicological effects to non-target organisms in the environment (ecotoxicological exposures) and physical and chemical properties of the product. The registration dossier is subject to both scientific and administrative reviews by the regulatory authorities' scientists and management before registration approval. The scientific review involves thorough evaluation of submitted data and completion of risk assessments for human dietary and ecotoxicological exposures. Upon completion of this process, the registration package, including the proposed label, and conclusions is sent to the Office of General Counsel for legal review (US) and sign-off by the Regulatory Authority.

All regulatory studies on the TGAI and Evoca™ (as EP/PPP) to support the registration of Evoca™ were finalized end 2020, to fulfill the data requirements for submission of the TGAI and EP dossiers in both the US and the EU. The completion of this stage in the product development cycle, in combination with the end-points of the regulatory studies indicating the favorable safety profile of Evoca™ and pending the outcome of the regulatory review process by the regulatory authorities, to some extent de-risks the product and by extension provides data to further defend data waiver requests for Biotalys' pipeline product candidates. It confirms the favorable classification and registrability of Evoca™, and most likely of the pipeline products as all being based on the same

technology platform. This will however be assessed product by product and may be subject to changed regulations or policies. Apart from the safety profile also the reduced data requirements and timelines for registration and their eligibility for fast-track processes in countries where these are established are advantages of the technology platform. The safety profile equally positively impacts the establishment of import tolerances (US) or maximum residue levels (MRL - EU) to import produce, treated with Evoca™ in the country of cultivation, in countries where Evoca™ would not yet be registered.

The active substance(s) 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. In the US and Japan, crop protection products are re-assessed for re-registration after 15 years, while in Europe every ten years.

9.10.1 United States Regulatory Framework

In the US, Biotalys' AGROBODY™ biocontrol product candidates are classified as biochemical pesticides under EPA Regulation Federal Insecticide, Fungicide, and Rodenticide Act ("**FIFRA**") (40 CFR Part 150-189). The classification was confirmed by EPA in writing in 2015 following first pre-submission meetings, and later confirmed based on the specific Evoca™ dossier. Biochemical pesticides are defined as naturally occurring substances or synthetic versions of naturally occurring substances that control pests via non-toxic mechanisms. The US registration process is a two-step process:

- **Step 1.** As schematically presented in Figure 36 below, Step 1 is the registration of the biochemical active ingredient ("**a.i.**") and end-use product ("**EP**")[v] at Federal Level, with the timeline for approval being 19 months (18 months + 1 month initial completeness check), under PRIA Category B590, new active ingredient, food use, petition for tolerance exemption. The EPA and its Biopesticide and Pollution Prevention Division ("**BPPD**") are the regulatory authorities for all activities associated with biologically-based pesticides and emerging technologies.

Figure 36.Step 1 - BPPD PRIA Review Phases

Submission	Completeness check 21-day content screen	Preliminary technical screen 90 days	In-depth review of the data	Federal Registration
	↓	↓	↓	↓
	Following 21-day screen, EPA notifies applicant of any deficiencies; applicant must correct deficiencies before proceeding to next milestone	Following 90-day preliminary technical screen, EPA notifies applicant of any deficiencies; applicant has only 10 business days to correct deficiencies or application could be rejected/withdrawn	Following full science review, EPA notifies applicant of any deficiencies; applicant has 75 days to address deficiencies	Biopesticides Registration Action Document (BRAD) issued
		During either of the above phases, EPA could force a renegotiated PRIA due date if deficiencies or other reasons cause a delay in EPA's review of the application		

source: (https://www.epa.gov/pesticide-registration/pesticide-registration-manual-chapter-3-additional-considerations)

- **Step 2.** Step 2 is the registration of a biochemical EP with individual states. Applications can be submitted after EPA approval. Approval usually takes one to three months depending on the State following application submission. California however performs a comprehensive review of registration application independently of the EPA and requires submission of a product efficacy data package. Approval timelines are up to two or three years. As California is one of the target markets, Biotalys took benefit of an application for concurrent review with the EPA to expedite the regulatory review. The California Department of Pesticide Registration ("**CDPR**"), however, does require EPA approval before it approves

[v] An active substance (a.s. - term used in EU) or active ingredient (a.i. - term used in the US) is the component that works against pests or plant diseases. The Plant Protection Product (PPP - term EU) or end-use product (EP - term used in the US) contains one or more active substance(s)/ingredient(s) formulated to be used in agriculture practices. In EU the PPP needs approval for application against the target pest(s) or plant disease(s) in defined use(s) (e.g. greenhouse, open field – in climatic zones) in defined crop(s). A.s. can only be approved for use in PPP if they fulfil the approval criteria that are laid down in Regulation (EC) No 1107/2009. In the US AGROBODY™ a.i. are classified as biochemical pesticide under EPA Regulation Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA") (40 CFR Part 150-189), and registered as biochemical a.i. and EP at Federal Level under PRIA Category B590, new active ingredient, followed by State level registrations for application against the target pest(s) or plant disease(s) in defined use(s) (e.g. greenhouse, open field) in defined crop(s). A new AGROBODY™ bioactive or protein will be considered as a new a.s./a.i. and will follow the above explained registration path. A new PPP or EP based on a registered a.s./a.i. will have shorter review timelines.

registration for use in California. Similar differences would apply to the state of New York, which is however not a primary target market for Biotalys.

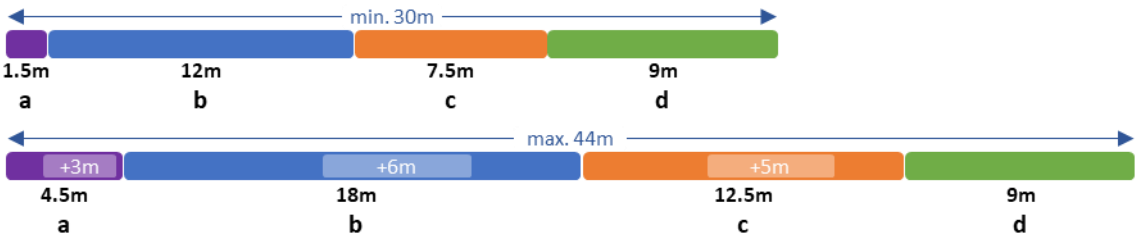
The US EPA dossier for a FIFRA section 3 registration of the TGAI and EP was submitted to the EPA on 28 December 2020. The submission was followed by the 21-day initial content screen and the 90-day preliminary technical screen, as part of which the EPA requested additional information in June 2021, which information was submitted in June 2021. The full data package is currently undergoing an in-depth review, with the aim to obtain Federal Registration of Evoca™ 18 months after initial completeness check, anticipated H2 2022. Following the registration at US federal level, Biotalys intends to submit product registrations at State level, with the exception of California. In view of the longer registration process describe above, and as the registration process for California can be concurrent with EPA registrations, Biotalys has submitted the dossier to the CDPR in April 2021, once the additional product efficacy data required by the CDPR were fully analyzed. Biotalys expects to complete US federal and targeted state registrations, including in Florida, Oregon, Washington and California respectively, between late 2022 and 2024.

9.10.2 European Regulatory Framework

In the EU, all plant protection products ("**PPP**") are reviewed under the Regulation (EC) No 1107/2009, describing the general process for placing PPPs on the market. No specific regulatory path for biocontrol products is in place. The registration process is a two-step process with first the submission of an Annex II dossier to register the active ingredient on the "positive list" (annex I of the Implementing Regulation) of substances approved for use in EU. The review of this first dossier is done by the RMS, in consultation with all EU Member States, for conclusion by the EFSA. The "Annex I listing" is followed by the submission of the end-use product dossier:

- **Step 1: Annex I listing.** As displayed in Figure 37, the substance approval process takes between 2½ and 3½ years, and consists of the following steps:
  - (a) *Completeness check.* The applicant submits an application with a complete dossier to an RMS of his own choice The RMS verifies completeness of the dossier (45 days), requesting supplementary information if necessary (plus maximum three months).
  - (b) *Evaluation.* The RMS evaluates the dossier, requesting supplementary data if necessary, and drafts a Draft Assessment Report (12 months, extended with maximum six months), known as the "**DAR**". This DAR is presented to the EFSA.
  - (c) *Peer Review.* The EFSA circulates the DAR to the Commission and the other Member States and makes it available to the public for consultation. EFSA organizes (if necessary) a "peer review" and publishes its peer review conclusions on the basis of the DAR, the public consultation and the expert peer review (minimum 7.5 months, maximum 12.5 months).
  - (d) *Decision.* On the basis of the EFSA conclusions and the DAR, the Commission prepares a Review Report and a proposal for approval (or for non-approval), within six months; this proposal is presented to the Standing Committee on Plants, Animals, Food and Feed (PAFF Committee) for voting. When adopted, the approval is published in the Official Journal of the European Union. (minimum three months from the first presentation of the proposal).

Figure 37.The estimated minimum and maximum timelines for Substance Approval procedure



- **Step 2: Product Authorization.** PPPs must be authorized in each separate EU Member State before they can be placed on the market. An applicant must submit a complete dossier, consisting of an active substance dossier for each of the active substances contained within the product, plus a product dossier. The competent authority of the relevant EU Member State conducts a risk assessment based on the product and substance data, the proposed conditions of use, and the national or local environmental and climatological conditions. Only if the proposed use is in compliance with the Uniform Principles, an

authorization will be granted. If necessary, an authorization may contain risk mitigating measures to ensure compliance with the Uniform Principles.

The anticipated total review time (Annex I listing (step 1) and product authorization (step 2)) for PPP registration at country level is three to four and a half years. The EU installed a "low-risk classification" trajectory for active ingredients based on the safety profile. Such classification may positively impact review timelines and may provide an additional positively regarded feature to the relevant product candidates. The low-risk classification is based on the assessment of the Annex II dossier end-points and granted concurrently with the Annex I listing. The review process for PPP (step 2) based on low-risk active substances is a fast-track trajectory with anticipated approval within 120 days, and with reduced product efficacy data requirements.

Biotalys has submitted the EU Annex II dossier in the EU in March 2021, under Regulation 1107/2009, through the selected RMS (the Netherlands). In June 2021, following its completeness check, the RMS requested supplementary information, to which Biotalys expects to be able to respond within the applicable three months' period. Biotalys anticipates that the EFSA will conclude this review process within the expected two and a half to three-and-a-half-year timeframe after submission (step 1). If and when listed on Annex I, Biotalys will submit the PPP dossier for Evoca™ to the zonal RMS(s), for conclusion within 0.5 to one year following submission (step 2). However, Biotalys will apply for a "low-risk classification", which may reduce these timelines and may provide an additional positively regarded feature to Evoca™ and Biotalys' other product candidates.

9.10.3 Other regulatory frameworks

Engagements with regulators in other regions identified fast-track opportunities for Biotalys' AGROBODY™ biocontrol product candidates. These are being followed up for the pipeline product candidates. In Japan, only living microbials and macrobials are considered as biopesticides. However, with the adoption in April 2020 of the new regulation No. 30-Shoan-6278 for agricultural chemicals, the fast-track regulatory process, in place since December 2018, has been confirmed for products with a new mode of action and better safety profile compared to existing products. It is anticipated that such fast-track trajectory would decrease the review timelines from three to four years to a two-year review process. The pre-submission meetings with the Food and Agricultural Materials Inspection Center, the Japanese competent authority, have indicated Biotalys' AGROBODY™ biocontrols to be eligible for a fast-track regulatory approval process, that data waivers may be possible in view of the nature and safety profile of Biotalys' technology and that, pending safety data, there could be no concerns with MRLs and residues.

In Brazil, a fast-track regulatory review is in place for strategic biocontrols that serve the local needs of growers and the overall economy. It provides a cost and time-effective regulatory process leveraging the EU regulatory data requirements with an expected review time of one and a half to two years compared to review timelines up to six years for conventional chemical products. Initial contacts with the Brazilian competent authorities indicated the eligibility of Biotalys' AGROBODY™ biocontrols for a fast-track review process (which would involve an evaluation by Brazilian Institute of Environment and Renewable Natural Resources (environmental), Ministry of Health through the National Surveillance Agency (human safety) and the Ministry of Agriculture, Livestock, and Food Supply (food supply and safety) combining conclusions for granting regulatory approval; as well as exploratory trials).

In other developing countries, including those in Africa which is made up of 54 countries, there is a large diversity in regulations and policies affecting biocontrol definition and the use of biocontrol, which is the reason why Biotalys is currently not targeting these countries.

9.11 History

Biotalys was founded in 2013 as a spin-off from the VIB and has been hosted in the Ghent VIB Biotechnology Incubator until 2020, as many prestigious companies like Ablynx NV, CropDesign NV and Devgen NV.

Since its inception, Biotalys has raised three rounds of financing from several Belgian and international investors totaling €62.8 million as at 31 December 2020 and 31 March 2021 from shares issued to several Belgian and international investors:

- Series A in 2013 (€5.0 million) to which, among others, Gimv NV, PMV NV, VIB, Agri Investment Fund CVBA, Biovest NV, Madeli Participaties B.V. and Qbic.
- Series B in 2016 and 2017 (€11.0 million) adding K&E BV and Sofinnova Partners.

- Series C in 2019 and 2020 (€45.1 million) adding Ackermans & van Haaren NV and Novalis LifeSciences.

Since 2017, as further detailed in this section 9, Biotalys has commissioned extensive field trial programs in the US, EU, Japan and South Africa to develop its first product Evoca™.

Other milestones are, as further detailed in this section 9:

- In 2019, Biotalys has demonstrated with its CMO partner, the ability to scale up the production of AGROBODY™ proteins to 35,000 L.
- In December 2019, Biotalys incorporated its US subsidiary Biotalys, Inc. to prepare for the market entry of Evoca™, to support the product development activities and to establish business and corporate relationships.
- In December 2020, Biotalys has filed for EPA registration in the US of Evoca™.
- In January 2021, in Belgium, Biotalys moved to its new R&D facilities and headquarters to fully support its growth and technology expansion activities.
- In March 2021, Biotalys has filed for EU registration of Evoca™.

Most recently, Biotalys has been recognized with a number of industry awards:

- Biotalys won the "Crop Protection Solution of the Year" and the "Overall Food Quality Solution of the Year" awards in the inaugural AgTech Breakthrough Awards program in September 2020.
- Biotalys was named a Tracxn #CropTech Startup 2020, a leading list of #agtech innovator in December 2020.
- Biotalys was selected as a finalist for 2020 @Forward Fooding #FoodTech500 in December 2020.
- Biotalys was a shortlisted finalist for Bernard Plum award for novel biocontrol solutions (ABIM 2020) in October 2020.
- Biotalys was a shortlisted finalist for Agrow awards in the category best R&D pipeline together with BASF, BAYER, Corteva and FMC in September 2020.
- Biotalys was included in *Fast Company*'s 2021 World Changing Ideas Awards in May 2021.

9.12 Intellectual property

Biotalys' intellectual property rights or IP are important to its business, as they generally determine its ability to exclude third party competitors.

Biotalys has an exclusive license from VIB to exploit the original VHH technology in the agricultural field. The license will expire when the last of the licensed "Hamers patents" expires. The core Hamers patents expired in Europe in 2013 and in the US from 2013-2017. The last of the licensed patents will expire in 2022 and the VHH technology, including the immunization of llamas to collect VHH domains in the agricultural field, will be available to third party competitors. The effects of expiry of the Hamers patents have been mitigated by establishing a proprietary patent portfolio related to Biotalys' strain engineering technology and product pipeline, and Biotalys continues to expand and develop this proprietary portfolio.

On the date of this Prospectus, Biotalys has 15 patent families protecting various elements of its technology and product pipeline. Biotalys' patent estate currently comprises more than 75 patents and 35 patent applications. Biotalys' patenting process involves four stages, which can be described as follows:

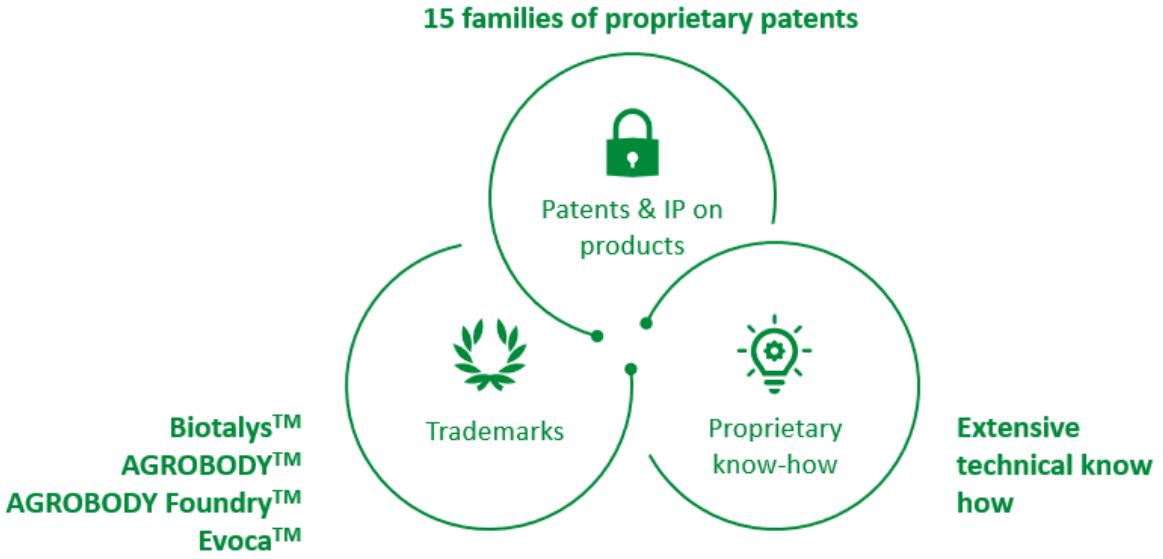
- **Priority filing.** Biotalys' strategy is to file priority patent applications in the EU ("**EP**") covering the outputs of its AGROBODY Foundry™ platform at the late discovery phase and prior to transferring to the development phase. This may allow Biotalys to incorporate the binding partners of its product candidates into the patent applications, thereby potentially enabling broader protection. For patent applications covering technology innovation, the first priority filing is made, where possible, as soon as possible after the relevant invention has been made.
- **International filing.** An international patent application is filed under the Patent Cooperation Treaty, or "**PCT**", within one year of the filing date of the EP priority filing. During this one-year period, Biotalys may generate additional experimental data in relation to the invention. This experimental data is then added to the international filing.

- **National filing.** National filing is conducted for most countries within 18 months after the international filing. If Biotalys wishes to cover countries that have not signed the PCT, in particular Argentina, a national filing is made at the same time as the international filing.
  Biotalys determines in which countries patent applications are filed. Typically, this selection is based on major (potential) markets in the case of patent applications for pipeline products and major locations for research and production in the case of patent applications covering technology. The main countries in which Biotalys typically files are the US, EU Member States, Brazil, China, Australia, Canada, India and Japan.
- **Prosecution.** Biotalys prioritizes the prosecution of patent applications in the US and the EU as patent offices in other countries in which it files national patent applications, often use US and European prosecution as the basis for prosecution in their jurisdiction. Biotalys also engages in active monitoring of new patent applications for early threat detection and mitigation.

Biotalys' in-house confidential know-how is another important element of its intellectual property. This especially concerns elements of the AGROBODY Foundry™ platform, for example materials prepared for immunization/selection purposes, planning procedures used to retrieve AGROBODY™ proteins, in vitro bioassays which Biotalys has developed, and details of its manufacturing processes, in particular the precise way in which Biotalys carries out its upstream processes (fermentation) and downstream processes (filtration and concentration) and its production microorganisms. Biotalys chooses to retain this type of innovation as confidential know-how where it determines that it may be difficult to obtain patents which effectively protect such innovation and/or where enforcement/policing of such patents would be difficult.

Biotalys' IP strategy can thus be summarized as demonstrated in Figure 38 below.

Figure 38.Biotalys' IP strategy



Biotalys' employment, consulting and partnership agreements (including ETAs and MTAs) include strict undertakings regarding confidentiality and assignment of inventions.

In addition to seeking patent applications, Biotalys is in the process of obtaining trademark registrations in certain jurisdictions that it considers material to the marketing of the AGROBODY Foundry™ platform, including AGROBODY™, AGROBODY Foundry™ and Evoca™. Biotalys has applied for trademark protection for the name Biotalys in the following territories: Australia, Benelux, Brazil, Canada, Switzerland, China, Colombia, United Kingdom, India, Japan, Republic of Korea, Morocco, Mexico, Russian Federation, Turkey, Ukraine, United States of America, Vietnam, Chile and Argentina and for the Biotalys logo in the Benelux. Biotalys is currently in negotiations with Botalys SA in respect of the latter's oppositions initiated against Biotalys' trademark applications for the word mark Biotalys in the Benelux and the EU, and for its word/device mark application for Biotalys' logo in the Benelux. The pending opposition proceedings in respect of the word mark Biotalys in the EU, and the word/device mark application for Biotalys' logo in the Benelux are in a cooling off period pending the ongoing negotiations.

While Biotalys expects its patent applications to receive approval, and its trademark applications to mature into registrations, Biotalys cannot be certain that it will obtain such results. Despite its efforts to protect Biotalys' proprietary rights, unauthorized third parties may attempt to use, copy or otherwise obtain and market or distribute Biotalys' intellectual property rights or technology or otherwise develop products or solutions with the same functionality as Biotalys' product candidates. In addition, the laws of some foreign countries provide less protection for proprietary rights than the US and the laws of the major European countries. Biotalys faces the occasional risk, moreover, that third parties may assert copyright, trademark and other intellectual property rights against it. Such claims may result in direct or indirect liability as Biotalys has contractually agreed to indemnify certain parties for any damages suffered as a result of infringement by it of any third-party intellectual property rights. See also section 2.7 (*Risk factors – Risks relating to intellectual property*).

The table on the next page provides additional information on Biotalys' patent families (except for such patent families which have not been published):

PCT Publ. No.(1)	Publication Date	Subject Matter	EP	US	JP	CA	CN	IN	AR	AU	BR	ZA
WO 2011/124612[vi]	13/10/2011	Specific delivery of agrochemicals	G	Gx2	G	P	G /P	G	-	G	G	-
WO 2012/025621[vii]	01/03/2012	Compositions for seed treatment	G	G	G	G	-	G	-	G	P	-
WO 2012/025619[viii]	01/03/2012	Chitinous polysaccharide antigen binding proteins	G	G	-	-	-	-	-	-	-	-
WO 2014/177595(2)[ix]	06/11/2014	Agrochemical compositions comprising antibodies binding to sphingolipids	G	A	Gx2	P	P	P	-	P(3)	P	G
WO 2014/191146(2)[x]	04/12/2014	Agrochemical compositions comprising antibodies binding to sphingolipids	G / P	Gx3 / P	Px2	P	P	P	-	P/ P(3)	Px2	G
WO 2016/071438[xi]	12/05/2016	Transgenic plant comprising a polynucleotide encoding a variable domain of heavy-chain antibody	P	Px2	P	P	-	-	P	-	P	-

Notes:
G = granted
P = pending
A = abandoned
- = not filed
(1) Owned in the name of Biotalys NV or, under its former company name, AgroSavfe NV or in the name of VIB vzw, Vrije Universiteit Brussel and Erik Jongedijk.
(2) Biotalys is in the process of adding KU Leuven as a second applicant/owner.
(3) Grant expected when formalities to add KU Leuven as a second applicant/owner are completed.

[vi] https://worldwide.espacenet.com/patent/search/family/042331002/publication/WO2011124612A1?q=WO2011124612.
[vii] https://worldwide.espacenet.com/patent/search/family/043585740/publication/WO2012025621A1?q=WO2012025621.
[viii] https://worldwide.espacenet.com/patent/search/family/043585740/publication/WO2012025619A1?q=WO2012025619.
[ix] https://worldwide.espacenet.com/patent/search/family/050736046/publication/WO2014177595A1?q=WO2014177595.
[x] https://worldwide.espacenet.com/patent/search/family/050736046/publication/WO2014191146A1?q=WO%202014%2F191146.
[xi] https://worldwide.espacenet.com/patent/search/family/051845355/publication/WO2016071438A2?q=WO2016071438.

9.13 Grants and subsidies

Biotalys has received several grants and is continuously seeking for opportunities to participate in national or international programs to access non-dilutive funding and further develop internal capabilities.

In 2020, Biotalys has been awarded a €1.1 million research grant from Flanders Innovation & Entrepreneurship ("**VLAIO**"). The grant will run over three years and will support the development of its novel AGROBODY™ protein-based biobactericides for the management of bacterial plant diseases.

In 2020, Biotalys has also been awarded a €1.6 million research grant from VLAIO. The grant will run for three years and will support the building of the AGROBODY Foundry™ platform.

9.14 Environmental and health and safety

As a forerunner in the development of solutions for a more sustainable production of safe food and reduction of food loss and waste, Biotalys aims to take its responsibility to ensure a safe and healthy work environment for its employees, visitors, and the communities in which it operates. Biotalys' values and ways of working are a clear statement of its commitment to the Health, Safety and Environment ("**HSE**") rules and to work in full compliance with regulations and applicable legislation.

Biotalys has developed an HSE and Biosafety Manual which forms the basis for an effective communication, daily training and management of HSE in its business. Strict adherence to these guidelines must be demonstrated by Biotalys' leaders showing their commitment and by embodying the culture needed to implement and adhere to these guidelines. Every employee plays an important role in the successful implementation and is stimulated to provide feedback on areas for continuous improvement.

Biotalys is fully permitted and/or in the process of obtaining all permits in all material respects to conduct its R&D activities, including to use GMM. Competent authorities are well in advance informed on potential changes in activities. This allows the assessment of impact and where required the implementation of additional measures. The proactive approach helps Biotalys to obtain, if required, an extension of relevant permits ahead of time not to impact the timelines of its R&D and/or business plans.

9.15 Personnel

As per 31 March 2021, Biotalys counted 63 FTEs (58 BE + 5 US), comprising 57 FTEs with a permanent contract, three employees with a temporary contract (i.e., individuals on the payroll with a fixed-term contract or working through an interim agency), and three consultants (who work at least 50% of the time for Biotalys but are not on the payroll and may not be working exclusively for Biotalys). The ExCom counts four members, of whom three members are "self-employed" according to Belgian law and one is engaged via a consultancy agreement.

At each date shown below, Biotalys had the following numbers of staff, broken out by department:

	As at 31 March			**As at 31 December**
Function	**2021**	**2020**	**2019**	**2018**
Research and development	49	45	39	20
General and administrative	11	10	7	4
Commercial/Business Development	3	2	1	1
Total	**63**	**57**	**47**	**25**

Collective bargaining agreements, or CBAs, can be entered into in Belgium at the national, industry, or company levels. These CBAs are binding for both employers and employees. Biotalys has, so far, no CBAs at company level, but is subject to the national and industry level CBAs that relate to the chemical industry (i.e. sector joint committee no. 207). The relevant CBAs applicable to Biotalys relate to employment conditions such as wages, working time and temporary career interruption. Biotalys has not had, and does not anticipate having, disputes on any of these subjects. CBAs may, however, change the employment conditions of Biotalys' employees in the future and hence adversely affect its employment relationships.

Biotalys continuously seeks, recruits and further develops highly skilled and motivated employees and key industry experts to support the full deployment of its AGROBODY Foundry™ platform across multiple indications and potential markets.

9.16 Material contracts

Biotalys does not have internal capability to manufacture AGROBODY™ biocontrols on a larger scale. Accordingly, Biotalys has agreements with Capua Bioservices S.p.A (100% subsidiary of Olon S.p.A.) for the production of AGROBODY™ biocontrols on a larger scale up to 35,000 L.

Biotalys also has a non-exclusive license agreement with VTU Technology GmbH in relation to a number of AGROBODY™-expressing Pichia pastoris strains. This license encompasses the Pichia pastoris strain that Biotalys uses to produce Evoca™. If this license agreement would be terminated, Biotalys would not be able to produce Evoca™ in the manner, within the timelines and under the regulatory process as currently planned. The license fees comprise success fees and royalty fees, both of which are based on the titer at which the licensed strains produce AGROBODY™ biocontrols and are not expected to be material.

9.17 Governmental, legal or arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Biotalys is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on Biotalys and/or Biotalys' financial position or profitability. See section 9.12 (*Intellectual property*) for a description of the oppositions of Botalys SA initiated against Biotalys' trademark applications for the word mark Biotalys in the Benelux and the EU, and for its word/device mark application for Biotalys' logo in the Benelux.

9.18 Facilities

Biotalys' corporate headquarters are located in Belgium, Buchtenstraat 11, B-9051 Sint-Denijs-Westrem in a rented facility of approximately 2,600 square meters, consisting of 1,800 square meters of laboratories and technical space as well as 800 square meters of office space. This new facility, to which Biotalys moved in January 2021, accommodates all its in-house R&D as well as finance and administrative activities. The move to the new R&D building allows Biotalys to deliver operational and energy efficiencies with for example less-energy consuming lighting, sensors switching off light, efficiency of the technical installation in terms of energy consumption and maintenance, recuperation/exchange of heat with the air handling system, the air flow is automatically adjusted to the CO2 level, sunscreens to maintain temperature/reduce cooling need, waste reduction/recycling plan, and operations in full compliance with the environmental permit conditions.

The lease for Biotalys' headquarters has a term of nine years and can be terminated by Biotalys at the end of any three-year period. Upon expiration of the initial nine-year term, Biotalys has the option to extend the lease for a new nine-year term, and, absent exercise by Biotalys of such option and unless notice is given by Biotalys or the lessor, the lease would be tacitly extended for an indefinite term and could be terminated by either party upon 18-months' notice. Biotalys also has a priority right if any additional space becomes available in the facility. In addition, Biotalys is also renting office in the 2520 Meridian Parkway, #480, Durham, North Carolina 27713 – US to host its US incorporated subsidiary as well as its business development and commercial activities.

Overall, Biotalys' leased facilities in Belgium and in the US meet the need of organizations planned growth in the short and medium term and provide Biotalys with the flexibility to further develop.

9.19 Information technology

Biotalys has taken different measures to tackle IT security concerns and ensure business continuity. Biotalys works together with an IT partner Intercare with a proven track record for SMEs.

For the server infrastructure, Biotalys opted for a failover system at different levels: redundant load balanced server, stacked network infrastructure (including double power supplies) minimizing and compartmentalizing network access point failures, server and network infrastructure is secured from power outages at two levels: via a local UPS dedicated to the server and via the company-central global UPS. Physical access to the server room is secured via a badge system.

Next to on premise IT infrastructure, Biotalys also uses Microsoft 365 as cloud service provider for most of its office applications: document management, e-mail, collaboration. This way, Biotalys benefits from the rigid security measures Microsoft adopts in their cloud offerings.

Data integrity is ensured at different levels: live data is stored on a dedicated shared storage device allowing for hard disk failures (RAID). Data is backed up according to the 3-2-1 principle: have at least three copies, in two distinct locations, of which one is off-site (Cloud). For cloud data Biotalys has opted to add a surplus to the standard Microsoft back up measures: for data residing in the Microsoft 365 cloud there is also an on prem back-up procedure.

Privacy and data security are ensured by a double authentication and access control mechanism. Classical password protection is supplemented with multi factor authentication for all employees. External access to Biotalys' network can only be established through secure VPN connections. Firewalls are in place. Employee devices (laptops) are secured using state-of-the-art anti-virus software, Microsoft treat protection, and adherence to software patch releases.

9.20 Insurance

Biotalys holds multiple insurance policies, which are either required by law or appropriate in light of Biotalys' business activities. Examples include insurance covering liability for work incidents (such as death or injury to employees), risks stemming from cyber security and possible business interruptions. Biotalys believes that its insurance coverage, including the maximum coverage amounts and terms and conditions of the insurance policies, is appropriate. Biotalys works closely with its insurance brokers to ensure that it maintains policies suitable for its business and industry.

9.21 COVID-19 impact

Since the outbreak of the COVID-19 pandemic in March 2020 in Europe, Biotalys has put in place all the internal measures to protect its employees according to the rules and regulations established by the Belgian and European authorities. Home working has been strongly encouraged as per the government recommendation and IT infrastructure and security has been upgraded to allow efficient remote working. Shifts have been established for essential laboratory personnel to maintain essential activities while optimizing the number of employees working on site.

The main impact has been on the ability of Biotalys to work with service partners where the partners have been more impacted than it and are required to delay certain services (e.g. establish contract with the novel immunization facility to support early stage programs such as BioBac-1) or delivery of scientific studies which have impacted Biotalys' delays and milestones (e.g. delay in fee for service contractual arrangements with academic groups, closed in part during the lock-down period, to support scientific studies related to BioIns-1). In addition, business development discussions with potential partners in the crop protection and post-harvest markets have been impacted and delayed significant engagement due to the inability to create direct engagement with the partners' teams in the context of the joined evaluation of research facilities to establish clarity about complementary capabilities in the context of R&D collaboration framework.

At an industry and market level, especially for F&V crops, the 2020 lock-down caused closure of many restaurants leading to the additional loss of approximatively 40% of the fresh produces that were directed towards restaurants. There were limited alternative routes to market from growers to sell their products thus leading to detrimental impact on farm revenues and growers' investment potential. This has reinforced the strategic approach for Biotalys to grow and develop in diverse markets with different price sensitivity in order to create long term resilience, independently from a single crop or a single region.

The financial situation of Biotalys has not been materially adversely impacted by the pandemic situation in 2020, mostly delays in recruitments, delays in conducting important field trials and scientific studies have postponed investments that Biotalys had originally planned in the year 2020.

With the experience gained in 2020, Biotalys expects to be able to continue its activities under the most restrictive lock-down conditions established so far thus minimizing the impact on Biotalys' ability to deliver according to its plans.

Further proactive engagement with Biotalys' business critical partners like CROs, CMOs and regulatory authorities is expected so as to limit the risk of the pandemic impacting the future key milestones of Biotalys.

9.22 Group structure

The Company is the 100% parent company of Biotalys, Inc., a US subsidiary that has been incorporated to prepare for the market entry of Evoca™, to support the product development activities and to establish business and corporate relationships. On the date of this prospectus, the Company has no participations in any other undertaking.

10. MANAGEMENT AND CORPORATE GOVERNANCE

10.1 Overview

This section summarizes the rules and principles by which the Company's corporate governance is organized, pursuant to the BCCA, other relevant legislation, the Articles of Association and the Company's corporate governance charter ("**Corporate Governance Charter**").

The Company is committed to high standards of corporate governance and relies on the 2020 Belgian Code on Corporate Governance (the "**Belgian Code on Corporate Governance**") as a reference code. The Belgian Code on Corporate Governance is based on a "comply or explain" approach. Belgian listed companies are expected to comply with the principles at all time. They are expected to also comply with all provisions, unless they provide an adequate explanation for deviating from a provision which is otherwise not contained in the BCCA, taking into account their specific situation.

The Company's Board of Directors approved the Corporate Governance Charter on 18 June 2021, subject to and with effect as of the closing of the Offering. The Corporate Governance Charter describes the main aspects of the corporate governance of the Company, including its governance structure, the terms of reference of the Board of Directors and its committees and other important topics. The Corporate Governance Charter must be read together with the Articles of Association.

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 this Prospectus. This deviation is explained by the size of the Company. The Board of Directors will continuously assess the need for the appointment of a company secretary in the future in order to align its corporate governance with the provisions of the Belgian Code on Corporate Governance and, where appropriate, will call upon internal and external persons to conduct specific company secretary assignments.
- 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 Directors of their outcome.
- In deviation of provision 7.6 of the Belgian Code on Corporate Governance, the non-executive members of the Board of Directors do not receive part of their remuneration in the form of Shares. This deviation is explained by the fact that the interests of the non-executive members of the Board of Directors are currently considered to be sufficiently oriented to the creation of long-term value for the Company. However, the Company intends to continuously review this provision in the future in order to align its corporate governance with the provisions 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 of Directors 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 seems to be 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 some of them hold ESOP Warrants, the value of which is based on the value of the Shares (see section 10.10 (*Description of the share incentive plans*)). 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 deviation of provision 7.12 of the Belgian Code on Corporate Governance, no provisions enabling the Company to recover variable remuneration paid or withhold the payment thereof are included in the contracts of the members of the ExCom. This deviation is explained by the fact that the Company considers there to be sufficient checks and balances for the calculation and payment of the variable remuneration.

What constitutes good corporate governance will evolve with the changing circumstances of a company and with the standards of corporate governance globally, and must be tailored to meet those changing circumstances. The Board of Directors intends to update the Corporate Governance Charter as often as required to reflect changes to the Company's corporate governance.

The Company's Articles of Association were last amended by the general shareholders' meeting on 18 June 2021. The entry into force of the final amendments to the Articles of Association is subject to and with effect from the closing of the Offering. See section 13 (*Description of share capital and articles of association*).

The Articles of Association (in Dutch, and an unofficial English translation) and the Corporate Governance Charter (in Dutch and English) will be made available on the Company's website (www.biotalys.com) and can be obtained free of charge at the Company's registered office after closing of the Offering.

10.2 Board of Directors

10.2.1 Powers, responsibilities and functioning of the Board of Directors

The Company has a "one tier" governance structure whereby the Board of Directors is the ultimate decision making body, with the overall responsibility for the management and control of the Company, and is authorized to carry out all actions that are necessary or useful to achieve the Company's object. The Board of Directors has all powers except for those reserved to the general shareholders' meeting by law or as specified in the Articles of Association. The Board of Directors acts as a collegiate body.

Pursuant to the Company's Corporate Governance Charter, the role of the Board of Directors 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 of Directors decides on the Company's medium and long-term strategy based on proposals from the ExCom and determines the risk appetite of the Company in order to achieve its strategic objectives. The Board of Directors 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 of Directors supports the ExCom in the execution of its tasks and should be prepared to challenge the ExCom in a constructive manner when appropriate.

The Board of Directors is assisted by a number of committees in relation to specific matters. The committees advise the Board of Directors on these matters, but the decision making remains with the Board of Directors as a whole (see also section 10.2.4 (– *Committees of the Board of Directors*)).

Pursuant to article 7:85 of the BCCA and the Articles of Association, the Board of Directors must consist of at least three directors. The Company's Corporate Governance Charter provides that the composition of the Board of Directors should be (i) appropriate to the Company's object, its operations, phase of development, structure of ownership, (ii) on the one hand, small enough for efficient decision-making and, on the other hand, large enough for its directors to contribute experience and knowledge from their different fields and for changes to the Board of Directors' composition to be managed without undue disruption and (iii) determined so as to gather sufficient expertise in the Company's areas of activity as well as sufficient diversity of skills, background, age and gender. Pursuant to the Belgian Code on Corporate Governance, a majority of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the Belgian Code on Corporate Governance. Pursuant to article 7:86 of the BCCA, by 1 January 2027, at least one third of the members of the Board of Directors must be of the opposite gender. It is the intention of the Company to continuously review the gender diversity of its Board of Directors and to align to such BCCA requirement as soon as possible.

The directors are elected by the Company's general shareholders' meeting. The term of the directors' mandates cannot exceed four years. Resigning directors can be re-elected for a new term. Proposals by the Board of Directors for the appointment or re-election of any director must be based on a recommendation by the nomination and remuneration committee. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next general shareholders' meeting.

The general shareholders' meeting can dismiss the directors at any time.

The Board of Directors elects a chairperson from among its non-executive members on the basis of his or her knowledge, skills, experience and mediation strength. The chairperson is responsible for the proper and efficient functioning of the Board of Directors. The chairperson provides leadership to the Board of Directors in discharging its duties and acts as a liaison between the shareholders, the Board of Directors, the chief executive officer and the ExCom and the Company. On the date of this Prospectus, Mr. Simon E. Moroney is chairperson of the Board of Directors and Mr. Patrice Sellès is the chief executive officer. In the absence of the chairperson and for chairing discussions and decision-making by the Board of Directors on matters where the chairperson has a conflict of interest, his or her tasks are performed by the director with the longest standing as director within the Company where, should multiple directors have the same seniority, the oldest of these directors will act as chair. The chief executive officer will not be the chairperson. If the Board of Directors would envisage appointing a former chief executive officer as chairperson, it should carefully consider the positive and negative aspects of such a decision and disclose why such appointment is in the best interest of the Company.

The Board of Directors should meet as frequently as the interest of the Company requires but in any case not less than six times a year, or upon the call of either the chairperson or at least two directors. The decisions of the Board of Directors are made by a simple majority of the votes cast. In the event of a tied vote, a new meeting will be convened within five business days to resolve upon the same agenda item. If at such newly held meeting there is still a tied vote on the same agenda item, the chairperson of the Board of Directors will have a casting vote.

10.2.2 Composition of the Board of Directors

a) Pre-offering Board of Directors

As of the date of this Prospectus, the Board of Directors is composed of nine directors. The table below gives an overview of the members of the Company's Board of Directors and their term of office as at the date of this Prospectus:

Name	Age	Position	Start of Initial Term	Start of Current Term	End of Term
Simon E. Moroney	62	Independent director Chair	2021	2021	2025
Patrice Sellès	50	Executive director Chief executive officer	2019	2019	2025
Catherine Moukheibir	61	Independent director	2021	2021	2025
Luc Basstanie	64	Non-executive director	2016	2019	2025
Pieter Bevernage	52	Non-executive director	2019	2019	2025
Johan Cardoen	63	Non-executive director	2013	2019	2025
Sofinnova Partners SAS, permanently represented by Denis Lucquin	64	Non-executive director	2017	2017	2023
Koen Quaghebeur	53	Non-executive director	2016	2016	2022
Patrick Van Beneden	59	Non-executive director	2013	2018	2024

In addition, Marijn Dekkers and Thomas Beke have been appointed as observer to the Company's Board of Directors, but will resign subject to and with effect from closing of the Offering.

b) Post-offering Board of Directors

With effect as of the closing of the Offering, the Board of Directors will be composed of eight directors.

The table below gives an overview of the members of the Company's Board of Directors and their terms as at the closing of the Offering:

Name	Age	Position	Start of Initial Term	Start of Current Term	End of Term
Simon E. Moroney	62	Independent director Chair	2021	2021	2025

Patrice Sellès	50	Executive director Chief executive officer	2019	2021	2025
Johan Cardoen	63	Independent director	2013	2021	2025
Markus Heldt	63	Independent director	2021	2021	2025
Catherine Moukheibir	61	Independent director	2021	2021	2025
Luc Basstanie	64	Non-executive director	2016	2021	2025
Pieter Bevernage	52	Non-executive director	2019	2021	2025
Patrick Van Beneden	59	Non-executive director	2013	2021	2025

The following directors (based on the post-Offering composition of the Board of Directors) are representatives of shareholders or affiliates of the shareholders of the Company leading up to the date of this Prospectus:

Name	**Shareholder**
Luc Basstanie	Agri Investment Fund CVBA
Patrick Van Beneden	Gimv NV Adviesbeheer Gimv Venture Capital 2010 NV Biotechfonds Vlaanderen NV
Pieter Bevernage	Ackermans & van Haaren NV

c) Biographies of members of the Board of Directors

The following paragraphs contain brief biographies of the post-Offering members of the Board of Directors.

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 autoimmune diseases, and currently sits on 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.

Patrice Sellès has over 20 years of experience in the Ag and Food Tech Industry. Prior to joining Biotalys in July 2019, he held a number of leadership roles at Syngenta AG, including developing the science and technology strategy as well as deploying a technology acquisition team to establish strategic partnerships and licensing agreements in crop protection, biologicals and biotechnology. Prior to that, he was an investment manager at Life Science Partners Bioventures in Cambridge (MA, USA). Patrice Sellès started his career in scientific management roles in various industries bringing chemical ingredients from early stage discovery to development and scale-up. He is a chemical engineer and holds a PhD in organic chemistry from the University Pierre et Marie Curie, Paris, France.

Luc Basstanie has 37 years of experience in agriculture and horticulture, including animal feed, fertilizers, crop protection products, seeds and automation for greenhouses. He is also involved in the fields of food production, animal health, green and white biotechnology, cleantech, renewable energy and biomaterials. He is a senior investment manager at Agri Investment Fund CVBA since 2007. He is a board member of Hermoo Belgium NV, Capricorn Cleantech Fund NV, AnimAb BV and Protealis NV, chairperson of Better3Fruit NV, member of the board of directors and remuneration committee of ViroVet NV and member of the board of directors and audit committee of Aphea.Bio NV. Luc Basstanie started his career in 1979 and subsequently worked for the ARVESTA Group, where he was managing director for the subsidiary companies Hermoo, Huntjens and Hortiplan. Luc Basstanie holds a Master's degree in Agricultural Engineering from KU Leuven, Belgium and an MBA from Vlerick Business School, Belgium.

Johan Cardoen has over 30 years of experience in the biotech sector, in particular in the AgTech sector. He was managing director of VIB until 1 July 2020, where he was responsible for the innovation and business team. He represented VIB on the boards of directors of various life science and AgTech companies, and currently continues to do so at Aphea.Bio NV. He is currently also the chairperson of Meiogenix SA and member of the board of directors and remuneration committee of Complix NV. Johan Cardoen started his career at Plant Genetic

Systems and subsequently AgrEvo Hoechst Schering GmbH and Aventis CropScience (now Bayer CropScience) where he was responsible for all biotech related technology acquisitions. In 1999, Johan Cardoen joined CropDesign NV (acquired by BASF SE) as Vice President Technology Alliances and IP and subsequently Business Development and became CEO in 2004. Johan Cardoen holds a Master's degree in biological sciences, a PhD in Biology and a Postgraduate degree in business management from KU Leuven, Belgium.

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 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 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 and chairs the audit committee of Orphazyme A/S, 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 and Zealand Pharma A/S. Catherine Moukheibir has an M.A. in economics and an M.B.A. from Yale University.

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 Anima 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 has over 35 years of experience in venture capital investments in the life sciences and AgTech sector. He was a partner at Gimv NV from 1985 to 2020 and currently acts as consultant to Gimv NV. Patrick Van Beneden is currently a member of the board of directors and audit committee of The Foundry Innovation and Research 1, Ltd. (Fire1) and ONWARD, Inc. and a director of JenaValve Technology, Inc. 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) and Ablynx NV (acquired by Sanofi SA), as well as Complix NV and flanders.bio vzw. Patrick Van Beneden has a Master's degree in financial sciences from Vlekho, Belgium.

d) Additional information on the members of the Board of Directors

Reference is made to section 10.4 (– *Other mandates*) for an overview of the names of all companies and partnerships in which the abovementioned members of the Board of Directors are, or have been in the previous five years, a member of the administrative, management or supervisory bodies or partner (excluding any mandates held within the subsidiary of the Company).

Reference is made to section 10.5 (– *Absence of convictions*) for the litigation statement concerning the members of the Board of Directors.

The business address of the pre-Offering and post-Offering members of the Company's Board of Directors is the registered office of the Company, located at Buchtenstraat 11, 9051 Sint-Denijs-Westrem, Belgium.

10.2.3 Share ownership and intention to participate in the Offering

Immediately prior to the closing of the Offering, no non-executive directors (based on the post-Offering composition of the Board of Directors) own directly or indirectly any Shares, Warrants or Profit Certificates.

The Company has not received any indication that any of its non-executive directors (based on the post-Offering composition of the Board of Directors) intend to purchase any Offered Shares.

10.2.4 Committees of the Board of Directors

The Board of Directors has established two board committees subject to and with effect as of the closing of the Offering, which are responsible for assisting the Board of Directors 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. Furthermore, the Board of Directors has installed a Strategic Advisory Board (the members of which do not need to be directors of the Company) to provide strategic scientific and technology advice and guidance with a view to position Biotalys optimally to develop and execute its global business strategy and achieve its growth objectives.

a) 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. Subject to and with effect as of the closing of the Offering, the following directors will be the members of the audit committee: Catherine Moukheibir (chairperson), Markus Heldt, Luc Basstanie and Pieter Bevernage.

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 of Directors, 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 Directors 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 of Directors 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. A meeting can validly deliberate and decide if it is attended in person by at least two members. Decisions of the audit committee shall be taken by a majority of the votes cast. In the event of a tied vote, a new audit committee meeting will be convened within five business

days to resolve upon the same agenda item. If at such newly held audit committee meeting there is still a tied vote on the same agenda item, the chairperson of the audit committee will have a casting vote. The audit committee regularly reports to the Board of Directors on the exercise of its missions, and at least when the Board of Directors approves the financial statements and the condensed or short form financial information that will be published. The members of the audit committee have full access to the executive management and to any other employee to whom they may require access in order to carry out their responsibilities.

b) 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 of Directors or another non-executive director appointed by the committee. Subject to and with effect as of the closing of the Offering, the following directors will be the members of the remuneration committee: Simon E. Moroney (chairperson), Johan Cardoen and Patrick Van Beneden.

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 (see section 10.4 (– *Other mandates*)).

Pursuant to article 7:100 of the BCCA, 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.

Pursuant to article 7:100 of the BCCA and the Belgian Code on Corporate Governance, the role of the nomination and remuneration committee is at least to make recommendations to the Board of Directors with regard to the remuneration and appointment of directors and members of the ExCom and, in particular, to:

1. Pursuant to its function as remuneration committee:

- make proposals to the Board of Directors 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 of Directors must submit to the general shareholders' meeting;
- make proposals to the Board of Directors 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 of directors must submit to the general shareholders' meeting;
- prepare the remuneration report; and
- explain the remuneration report at the annual general shareholders' meeting.

2. Pursuant to its function as nomination committee:

- make recommendations to the Board of Directors with regard to the appointment of directors and members of the executive management;
- make recommendations to the Board of Directors 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 two meetings a year. A meeting can validly deliberate and decide if it is attended in person by at least two members. Decisions of the nomination and remuneration committee shall be taken by a majority of the votes cast. In the event of a tied vote, a new nomination and remuneration committee meeting will be convened within five business days to resolve upon the same agenda item. If at such newly held nomination and remuneration

committee meeting there is still a tied vote on the same agenda item, the chairperson of the nomination and remuneration committee will have a casting vote.

c) Scientific Advisory Board

The Board of Directors has installed a Scientific Advisory Board (the "**SAB**") to provide strategic scientific and technology advice and guidance to Biotalys on the following matters, with a view to position Biotalys 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; and
- providing strategic direction on regulatory matters.

In addition, the SAB shall perform such duties as may be requested from it from time to time by the Board of Directors.

The members of the SAB may, but do not have to be, members of the Board of Directors. The following persons are members of the SAB: Nomad Technology Consulting LLC, permanently represented by Adrian Percy, Jacqui Campbell, Daniel Joo and Franz-Josef Placke.

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

Adrian Percy has more than 25 years of experience in the agricultural industry. He currently serves as the chief technology officer of UPL Ltd and as a Venture Partner at Finistere Ventures LLC, and was previously head of research and development for the Crop Science division of Bayer AG as part of their executive committee. Adrian Percy holds a bachelor's degree in pharmacology at the University of Liverpool, UK as well as a master's degree in toxicology and a doctorate in biochemistry at the University of Birmingham, UK.

Jacqui Campbell has over 28 years of experience in the global agriculture industry and is a senior executive with a passion for new technology innovation. During her tenure with Syngenta AG 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 AG 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 has over 20 years of expertise in both wet lab and dry lab sciences that are critical to innovation in emerging technology and is currently Vice President of Biology at Oerth Bio LLC. Before that, he led genomics and bioinformatics efforts at AgraQuest, Inc, a biopesticide company, which was acquired by Bayer AG in 2012. Within Bayer AG, 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 Bio LLC, Daniel was the Head of Microbiome Discovery at BASF SE. He also has ten years of experience working for start-up biotech companies in human therapeutics. Daniel Joo received both his B.A in Biology and B.A.S. in Computer Science at the University of Pennsylvania, US. He holds a Ph.D. in Molecular and Cell Biology from the University of California at Berkeley, US and conducted his postdoctoral fellowship at University of California at San Francisco, US.

Franz-Josef Placke works as a self-employed technology advisor for life sciences companies since 2019 and he is currently also chair of the advisory board for Rottendorf Pharma GmbH. Franz-Josef Placke 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. Franz-Josef Placke received his PhD in natural science from University of Würzburg (Institute for Pharmacy), Germany. He is a pharmacist by training and studied at University of Marburg, Germany.

10.2.5 Independent directors

A director will only qualify as an independent director if he or she meets at least the criteria set out the Belgian Code on Corporate Governance, which can be summarized as follows:

(a) Not be an executive, or exercising a function as a person entrusted with the daily management of the company or a related company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the company related to this position.

(b) Not have served for a total term of more than twelve years as a non-executive board member.

(c) Not be an employee of the senior management (as defined in article 19,2° of the law of 20 September 1948 regarding the organization of the business industry) of the company or a related company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the company related to this position.

(d) Not be receiving, or having received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a patrimonial nature from the company or a related company or person, apart from any fee they receive or have received as a non-executive board member.

(e) Not hold shares, either directly or indirectly, either alone or in concert, representing globally one tenth or more of the company's capital or one tenth or more of the voting rights in the company at the moment of appointment.

(f) Not having been nominated, in any circumstances, by a shareholder fulfilling the conditions covered under (e).

(g) Not maintain, nor have maintained in the past year before their appointment, a significant business relationship with the company or a related company or person, either directly or as partner, shareholder, board member, member of the senior management (as defined in article 19, 2° of the law of 20 September 1948 regarding the organization of the business industry) of a company or person who maintains such a relationship.

(h) Not be or have been within the last three years before their appointment, a partner or member of the audit team of the company or person who is, or has been within the last three years before their appointment, the external auditor of the company or a related company or person.

(i) Not be an executive of another company in which an executive of the company is a non-executive board member, and not have other significant links with executive board members of the company through involvement in other companies or bodies.

(j) Not have, in the company or a related company or person, a spouse, legal partner or close family member to the second degree, exercising a function as board member or executive or person entrusted with the daily management or employee of the senior management (as defined in article 19, 2° of the law of 20 September 1948 regarding the organization of the business industry), or falling in one of the other cases referred to in a) to i) above, and as far as point b) is concerned, up to three years after the date on which the relevant relative has terminated their last term.

The resolution appointing the director must mention the reasons on the basis of which the capacity of independent director is granted.

Subject to and with effect as of the closing of the Offering, Simon E. Moroney, Johan Cardoen, Markus Heldt and Catherine Moukheibir will be the Company's independent directors.

The Board of Directors will also disclose in its annual report which directors it considers to be independent directors. An independent director who ceases to satisfy the requirements of independence must immediately inform the Board of Directors thereof.

10.3 ExCom

10.3.1 CEO

The Board of Directors has the power to appoint and remove the chief executive officer. The role of the chief executive officer is to oversee the organization and efficient day-to-day management of the Company and its subsidiaries and affiliates. The chief executive officer is responsible for the execution and management of all Board of Directors decisions. In addition, the chief executive officer exercises the special and limited powers

assigned to the chief executive officer by the Board. The chief executive officer reports directly and regularly to the Board of Directors.

The chief executive officer leads the executive committee ("**ExCom**") within the framework established by the Board of Directors and under its ultimate supervision.

10.3.2 Members of the ExCom

The ExCom consists of the following members:

Name	Function	Start of Term
Patrice Sèlles	Chief executive officer	2019
Wim Ottevaere*	Chief financial officer	2020
Hilde Revets	Chief scientific officer	2018
Luc Maertens	Chief operating officer	2019**

* Acting via Wiot BV
** Luc Maertens was appointed as chief executive officer in 2017 and as chief operating officer in 2019.

10.3.3 Biographies of members of the ExCom

The following paragraphs contain brief biographies of each of members of the ExCom, or in the case of legal entities being member, their permanent representatives.

Patrice Sellès – see above.

Wim Ottevaere has over 40 years of experience in strategic financial roles especially for multiple biotech companies across various markets. He was the chief financial officer of Ablynx NV until September 2018. From 1992 until joining Ablynx NV in 2006, Wim Ottevaere was chief financial officer of Innogenetics NV. From 1990 until 1992, he served as Finance Director of Vanhout, a subsidiary of the Besix group, a large construction enterprise in Belgium. From 1978 until 1989, Wim Ottevaere held various positions in finance and administration within the Dossche group. Since he left Ablynx NV, he has been consultant for several biotech companies. He is currently a member of the board of directors and chairperson of the audit committee of Sequana Medical NV . Wim Ottevaere holds a Master's degree in Business Economics from the University of Antwerp, Belgium.

Hilde Revets has over 20 years of research and development experience in drug discovery & development, including antibody fragment (protein) discovery and early development, as well as technology development, and is inventor of more than 20 patent applications. She is also a consultant to 272BIO Limited. Prior to joining Biotalys in 2018, Hilde Revets served as Innovation Manager of the Vaccine & Infectious Disease Institute (VAXINFECTIO) at the University of Antwerp, Belgium. Before that, Hilde Revets worked at Ablynx NV where she held several senior positions. She started her career at VIB with focus on immunology and translational research in vaccine development and antibody-based technologies, including biomedical applications of single domain antibody fragments. Hilde Revets holds a PhD in Biological Sciences from the University of Brussels (VUB), Belgium.

Luc Maertens has over 20 years of experience in the agricultural industry with expertise in strategy development and implementation, operations management, and activities ranging from research through to regulatory approval and market entry. Prior to joining Biotalys in 2017 as chief executive officer, and being appointed chief operating officer in July 2019, he was head of Syngenta AG's Ghent Innovation Center, and headed the RNAi-based Biocontrol R&D Platform globally. Before that, he was a member of the executive team at Devgen NV where he held various positions in science, regulatory affairs and operations management within the divisions of Crop Protection, Seeds and Biotechnology for the European, Asian and African markets. He started his career at VIB in the Department of Medical Protein Research of the Faculty of Medicine at the University of Ghent, Belgium. Luc Maertens holds a Master's degree in biomedical sciences from the University of Brussels (VUB), Belgium.

10.3.4 Additional information on the members of the ExCom

Reference is made to section 10.4 (– *Other mandates*) for an overview of the names of all companies and partnerships in which the abovementioned members of the ExCom are, or have been in the previous five years, a

member of the administrative, management or supervisory bodies or partner at any time (excluding any mandates held within the subsidiaries of the Company).

Reference is made to section 10.5 (– *Absence of convictions*) for the litigation statement concerning the members of the ExCom.

The business address of the members of the ExCom is the registered office of the Company, located at Buchtenstraat 11, 9051 Sint-Denijs-Westrem, Belgium.

10.3.5 Share ownership and intention to participate in the Offering

No member of the ExCom holds any Shares or Profit Certificates on the date of this Prospectus. For an overview of the members of the ExCom who own outstanding ESOP Warrants in the Company, reference is made to section 10.10.1 (– *Description of incentive plans – Description*). The Company has not received any indication that any of the members of the ExCom intend to purchase any Offered Shares.

10.4 Other mandates

Below is an overview of the companies (other than Biotalys NV and its subsidiary) in which the directors (based on the post-Offering composition of the Board of Directors) or the members of the ExCom have been a partner or member of the executive, management or supervisory bodies in the past five years leading up to this Prospectus and an overview of the current mandates:

Name	Current mandates	Past mandates
Simon E. Moroney	• Director Novartis AG	• CEO MorphoSys AG
Patrice Sellès	• N/A	• N/A
Luc Basstanie	• Senior investment manager Agri Investment Fund CVBA • Director Hermoo Belgium NV • Director Capricorn Cleantech Fund NV • Director AnimAb BV • Director Protealis NV • Director Better3Fruit NV • Director and member remuneration committee of ViroVet NV • Director and member audit committee of Aphea.Bio NV	• Director Hortiplan NV
Johan Cardoen	• Director V-bio Ventures BV • Director and chair audit committee Aphea.bio NV • Director Meiogenix SA • Director and member remuneration committee of Complix NV	• Managing director VIB • Director Global Stem Cell Technology NV • Director Oncurious NV • Director GlobalYeast JV CO Brasil S.A. and GlobalYeast Belgium NV • Director Confo Therapeutics NV • Director flanders.bio vzw
Markus Heldt	• Member of the Supervisory Board of K+S Aktiengesellschaft	• President Agricultural Solutions division BASF SE
Catherine Moukheibir	• Director and chair audit committee CMR Surgical Ltd	• CEO and chair MedDay Pharmaceuticals SA

Name	Current mandates	Past mandates
	• Director and chair audit committee Ironwood Pharmaceuticals, Inc • Director and chair audit committee Orphazyme A/S • Director and chair audit committee Asceneuron SA	• Director and chair audit committee Kymab Group Limited • Director and chair audit committee GynKyoTex S.A. • Director and member audit committee Cerenis Therapeutics SA • Director and chair audit committee Zealand Pharma A/S • Director and member audit committee Ablynx NV • Chair Creabilis S.A.
Pieter Bevernage	• Member executive committee Ackermans & van Haaren NV • Director Anfima NV • Director Anima NV • Director AvH Growth Capital NV • Director Baarbeek B.V. • Director Biolectric NV • Director Brinvest NV • Director De Wilg Comm.V • Director GB-Inno-BM NV • Director Green Offshore NV • Director Sofinim Lux S.A.	• Director Oriental Quarries & Mines Pvt Ltd
Patrick Van Beneden	• Director and member audit committee The Foundry Innovation and Research 1, Ltd. (Fire1) • Director and member audit committee ONWARD, Inc. • Director JenaValve Technology, Inc.	• Partner Gimv NV • Director Complix NV • Director flanders.bio vzw • Director Adviesbeheer Gimv Fund Deals 2007 NV • Director Gimv-Agri+ Investment Fund NV
Wim Ottevaere	• Director Wiot BV • Director and chair audit committee Sequana Medical NV	• Chief financial officer Ablynx NV
Hilde Revets	• Managing director PHiRe Consulting (VOF)	• N/A
Luc Maertens	• Director flanders.bio vzw	• N/A

10.5 Absence of convictions

All the directors and the members of the ExCom have declared that they have not been convicted of any fraudulent offences during the previous five years. All the directors and the members of the ExCom have also declared that they have not been involved in any bankruptcies, receiverships, liquidations (with the exception of GlobalYeast Belgium NV, which was voluntarily dissolved and liquidated in 2020 and of which Johan Cardoen was a director at such time) or companies put into administration in the previous five years as members of the administrative, management or supervisory bodies or senior management. All the directors and the members of the ExCom have also stated that they have not been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have never been disqualified by a court from

acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

10.6 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 before the Board of Directors 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. Any abstention from voting as a result of a conflict of interest will be disclosed in accordance with the relevant legal provisions. If multiple directors cannot take part in the deliberations and voting because of a conflict within the meaning of article 7:96 of the BCCA, the Board of Directors can still validly deliberate and decide on the items on the agenda, even if this results in a majority of the members of the Board of Directors not to be present or represented at the meeting, on the understanding that at least two directors must be present.

If the conflict does not fall within the scope of article 7:96 of the BCCA, the Board of Directors 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.

The Board of Directors should act in such a manner that a conflict of interests, or the appearance of such a conflict, is avoided. In the possible case of a conflict of interests, the Board of Directors should, under the lead of its chairperson, decide which procedure it will follow to protect the interests of the Company and all its shareholders.

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.

There are, on the date of this Prospectus, no potential conflicts of interest between any duties to the Company of the members of the Board of Directors and members of the ExCom and their private interests and/or other duties.

There are no outstanding loans granted by the Company to any of the members of the Board of Directors and members of the ExCom, nor are there any guarantees provided by the Company for the benefit of any of the members of the Board of Directors and members of the ExCom.

None of the members of the Board of Directors and members of the ExCom has a family relationship with any other of the members of the Board of Directors and members of the ExCom.

10.7 Dealing code

With a view to preventing market abuse (insider dealing and market manipulation), the Board of Directors has established a dealing code subject to and with effect as of the closing of the Offering. The dealing code describes the declaration and conduct obligations of directors, members of the ExCom, certain other employees and certain other persons with respect to transactions in Shares and other financial instruments of the Company. The dealing code sets limits on carrying out transactions in Shares and other financial instruments of the Company, and allows dealing by the above mentioned persons only during certain windows. The dealing code is attached to the Company's Corporate Governance Charter.

10.8 Code of Business Conduct

The Board of Directors has adopted a Code of Business Conduct, which summarizes the standards that must guide the Company's and its subsidiaries' actions. All the Company's and its subsidiaries' employees, including officers, directors, and consultants, are required to adhere to its principles and spirit in the daily execution of their tasks and responsibilities. They are trusted by the Company to exhibit professionalism in all matters pertaining to

Biotalys' affairs and not to partake in any illegal or improper activity. The Code of Business Conduct is attached to the Company's Corporate Governance Charter.

10.9 Remuneration and benefits

The Company's remuneration policy is designed to achieve the following objectives:

- to attract, reward and retain the necessary talent;
- to promote the achievement of strategic objectives in accordance with the Company's risk appetite and behavioral norms; and
- to promote sustainable value creation.

The current remuneration practices in relation to the directors and members of the ExCom are further described below in section 10.9.1 (*Board of Directors*) and section 10.9.2 (*ExCom*) respectively.

The Company will prepare a remuneration policy pursuant to article 7:89/1 BCCA and intends to submit this policy to the general shareholders' meeting approving the annual accounts for the financial year ending on 31 December 2021. Upon every material change to the remuneration policy and in any case at least every four years, the remuneration policy will be submitted to the general shareholders' meeting for approval. The shareholders' vote on the remuneration policy is binding. The Company will only pay remuneration in accordance with the remuneration policy approved by the general shareholders' meeting. If the remuneration policy is not approved, remuneration will be paid in accordance with the most recently approved remuneration policy or, if there is no approved remuneration policy, the existing remuneration practices. Until the approval of the remuneration policy pursuant to article 7:89/1 BCCA, the directors and members of the ExCom will be remunerated pursuant to the current remuneration practices as described below in section 10.9.1 (*Board of Directors*) and section 10.9.2 (*ExCom*) respectively.

10.9.1 Board of Directors

a) General

Upon recommendation and proposal of the remuneration committee, the Board of Directors determines the remuneration of the directors to be proposed to the general shareholders' meeting.

Pursuant to Belgian law, the general shareholders' meeting approves the remuneration of the directors, including *inter alia*, each time as relevant:

- in relation to the remuneration of executive and non-executive directors, an exemption from the rule that Share-based awards can only vest during a period of at least three years as of the grant of the awards (article 7:91, first subsection of the BCCA);
- in relation to the remuneration of executive directors, an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years (article 7:91, second to fourth subsection of the BCCA);
- in relation to the remuneration of non-executive directors, any variable part of the remuneration (independent directors can never receive a variable remuneration) (article 7:92, fourth and fifth subsection of the BCCA); and
- any provisions of service agreements to be entered into with executive directors providing for severance payments exceeding twelve months' remuneration and if the severance payments exceed eighteen months' remuneration, only with prior recommendation of the remuneration committee (article 7:92, first subsection of the BCCA).

Notwithstanding the first two points above, pursuant to the Company's Articles of Association, the Board of Directors is explicitly authorized to deviate from the provisions of article 7:91 of the BCCA.

b) Remuneration and compensation in 2020

During the financial year ended on 31 December 2020, no remuneration or compensation was paid to the non-executive directors of the Company, other than (i) €88,800 paid to Inno Tune BV, the former chair of the Company; (ii) €25,000 to Nomad Technology Consulting, LLC (permanently represented by Adrian Percy) as independent director, but which will resign as director with effect from closing of the Offering, and €10,000 as chair of the SAB; and (iii) the reimbursement of out of pocket expenses of directors (including travel and hotel expenses) incurred in performing the mandate of director.

c) Remuneration and compensation as of the closing of the Offering

The remuneration and compensation of the non-executive directors, is as follows:

- the mandates of the directors who were director of the Company as at 31 December 2020 shall not be remunerated;
- the chairperson of the Board of Directors shall receive EUR 75,000 per year;
- the independent directors (excluding the independent directors who were director of the Company as at 31 December 2020 and excluding the chairperson of the Board of Directors) shall receive EUR 55,000 per year;
- the chairperson of the audit committee and the chairperson of the nomination and remuneration committee shall each additionally receive EUR 10,000 per year.

The chief executive officer is remunerated for his mandate as chief executive officer (see section 10.9.2 (*ExCom*)), but not for his mandate as director.

The Company also reimburses reasonable out of pocket expenses of directors (including travel and hotel expenses) incurred in performing the mandate of director. Without prejudice to the powers granted by law to the general shareholders' meeting, the Board of Directors sets and revises the rules for reimbursement of directors' out of pocket expenses.

There are currently no plans to change the aforementioned remuneration and compensation of the directors. However, the Company will continuously review the remuneration of its directors against market practice.

10.9.2 ExCom

a) General

The remuneration of the chief executive officer and the other members of the ExCom is based on recommendations made by the nomination and remuneration committee. 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 remuneration is determined by the Board of Directors in accordance with the current remuneration practices. After approval by the general shareholders' meeting of a remuneration policy pursuant to article 7:89/1 BCCA, the remuneration will be determined by the Board of Directors in accordance with the remuneration policy.

As an exception to the foregoing rule, Belgian law provides that the general shareholders' meeting must approve, as relevant:

- in relation to the remuneration of members of the ExCom and certain other executives (if any), an exemption from the rule that Share-based awards can only vest after a period of at least three years as of the grant of the awards (article 7:121, last subsection *jo*. article 7:91, first subsection of the BCCA);
- in relation to the remuneration of members of the ExCom and certain other executives (if any), an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years (article 7:121, last subsection *jo*. article 7:91, second to fourth subsection of the BCCA); and

- any provisions of service agreements to be entered into with members of the ExCom and certain other executives (if any) providing for severance payments exceeding twelve months' remuneration and if the severance payments exceed eighteen months' remuneration, only with prior recommendation of the remuneration committee (article 7:121, last subsection *jo*. article 7:92, first subsection of the BCCA).

Notwithstanding the first two points above, pursuant to the Company's Articles of Association, the Board of Directors is explicitly authorized to deviate from the provisions of article 7:91 of the BCCA. In the past, approval by the general shareholders' meeting has been obtained in relation to the Share incentive plans (see section 10.10 (*Description of the share incentive plans*)).

The remuneration of the ExCom currently consists of some or all of the following main remuneration components:

- annual base salary/fee (fixed);
- performance bonus;
- participation in the share incentive plans (see section 10.10 (*Description of the share incentive plans*));
- post-employment benefits;
- healthcare and other health-related insurances; and
- a company car.

The members of the ExCom are also reimbursed for certain costs and expenses made in the performance of their function.

In addition, the members of the ExCom are entitled to a one-time success fee of in aggregate EUR 500,000 (of which the chief executive officer is entitled to EUR 150,000), in case the Offering meets certain pre-defined criteria.

b) Remuneration and compensation in 2020

During the financial year ended on 31 December 2020, the following remuneration was paid or accrued to the chief executive officer and the other members of the ExCom (i.e. Patrice Sèlles, Wim Ottevaere[xii]; Hilde Revets and Luc Maertens).

	Chief executive officer (€)	**Other members of the ExCom engaged by Biotalys at that time (€)**
Annual base salary/fee	225,000	398,750
Performance bonus	84,600	57,225
Healthcare and other health-related insurances	-	579
Car leasing	-	21,662
Post-employment benefits	24,745	25,047
Total	**334,345**	**503,263**

c) Remuneration and compensation as of closing of the Offering

There are currently no plans to change the remuneration policy or remuneration of members of the ExCom. However, the Company will continuously review the remuneration of members of the ExCom against market practice.

d) Termination provisions

The management agreements of the ExCom members, other than the CFO, have been entered into for indefinite terms. The management agreement with the CFO has been entered into for a definite term of two years as from 1 July 2020. Other than in certain events, including in the event of termination in the event of serious breach or gross misconduct by the ExCom members or in the event of liquidation or bankruptcy of the Company, the ExCom

[xii] Acting via Wiot BV. Wim Ottevaere, through Wiot BV, has been appointed as chief financial officer and ExCom member with effect as of 1 July 2020. The consultancy fees paid to Wiot BV for his services to the Company prior to 1 July 2020 are not included.

members are entitled to a notice period of six months or a termination payment equal to the fees related to the non-performed notice period.

The ExCom members are subject to a non-competition clause for a period of up to 18 months from the end of their mandate or the end of the period covered by the termination payment, restricting their ability to work for competitors.

e) Insurance of the Board of Directors and the ExCom

The Company has implemented directors' and officers' insurance coverage in order to cover liability they may incur in the exercise of their mandates.

10.10 Description of incentive plans

10.10.1 Description

The Company currently has outstanding ESOP warrants pursuant to two outstanding incentive plans, namely (i) ESOP warrants that were granted to employees, consultants and directors of the Company pursuant to the ESOP 2017 plan (the "**ESOP 2017 Warrants**") and (ii) ESOP warrants that were granted to employees, consultants and directors of the Company or an affiliated company pursuant to the ESOP 2020 plan (the "**ESOP 2020 Warrants**"). The ESOP Warrants are subscription rights to profit certificates. The general shareholders' meeting of the Company has also approved a third incentive plan, the ESOP 2021 plan, subject to closing of the Offering, pursuant to which ESOP warrants may be granted to employees, consultants or directors of the Company (the "**ESOP 2021 Warrants**" and, together with the ESOP 2017 Warrants and ESOP 2020 Warrants, the "**ESOP Warrants**"). The ESOP 2021 Warrants will be subscription rights to Shares.

The incentive plans should be read together with the Articles of Association which provide that, (i) in case of an IPO, if such is provided at the date of issue of the ESOP Warrants, the then existing profit certificates and warrants to profit certificates will automatically be converted into respectively Shares and subscription rights to Shares on a 1:1 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 Shares on a 1:1 basis each time they are issued. On 18 June 2021, an extraordinary shareholders' meeting, inter alia, acknowledged the Profit Certificate Conversion and approved related amendments to the Articles of Association. See sections 10.10.2 (*Currently outstanding ESOP Warrants*) and 13.3.2 (*Description of share capital and Articles of Association – Share capital and shares – Changes in the share capital*) for an overview of outstanding ESOP Warrants and profit certificates at the date of this Prospectus and their conversion.

The following members of the ExCom own ESOP Warrants in the Company:

Name	Function	Number of ESOP Warrants	Type of ESOP Warrants
Patrice Sellès	Chief executive officer	750,000	ESOP 2020 Warrants
Wim Ottevaere*	Chief financial officer	300,000	ESOP 2020 Warrants
Hilde Revets	Chief scientific officer	50,000 200,000	ESOP 2017 Warrants ESOP 2020 Warrants
Luc Maertens	Chief operations officer	520,000	ESOP 2017 Warrants

* Acting via Wiot BV

Based on the post-Offering composition of the Board of Directors, none of the non-executive directors own ESOP Warrants in the Company.

10.10.2 Currently outstanding ESOP Warrants

The number of ESOP 2017 Warrants and ESOP 2020 Warrants that have been granted and are still exercisable on the date of this Prospectus can be summarized as follows:

Type of ESOP Warrants	ESOP 2017 Warrants	ESOP 2020 Warrants
Number of ESOP Warrants issued	1,644,915	3,674,139

Number of ESOP Warrants lapsed, exercised or no longer available for grant	497,843	425,000
Number of ESOP Warrants accepted and outstanding	1,147,072	1,640,000
Issue date	10/05/2017	28/02/2020
Expiration date	09/05/2027	31/12/2027
Exercise Price ESOP Warrant (€)	0.820134	1.2854
Number of profit certificates issuable per ESOP Warrant	1	1
Aggregate number of profit certificates issuable upon exercise of outstanding ESOP Warrants	1,147,072	1,640,000
Aggregate number of Shares issuable upon exercise of outstanding ESOP Warrants, taking into account the Reverse Share Split and the Profit Certificate Conversion	573,536	820,000

On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, to cancel the ESOP 2020 Warrants that have been issued but not yet granted, subject to and with effect from the closing of the Offering. As a result, no ESOP 2017 Warrants or ESOP 2020 Warrants will be available for grant as from closing of the Offering.

10.10.3 Terms of the ESOP 2017 Warrants

The key features of the ESOP 2017 Warrants can be summarized as follows:

- The ESOP 2017 Warrants could be granted to an employee, consultant or director of the Company.
- The ESOP 2017 Warrants are in registered form.
- Unless under certain specific conditions (including transfer by the participant-legal entity to its manager), the ESOP 2017 Warrants are not transferable *inter vivos* once they have been granted.
- Each ESOP 2017 Warrant can be exercised for one new profit certificate.
- The ESOP 2017 Warrants are granted for free, i.e. no consideration is due upon the grant of the ESOP 2017 Warrants.
- The ESOP 2017 Warrants expire and cannot be exercised after ten years after the issue of the ESOP 2017 Warrant.
- ESOP 2017 Warrants shall vest over a period of four years, whereby (i) 25% of the ESOP 2017 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, subject to termination of the employment agreement, consultancy agreement or director mandate before (partial) vesting.
- On the condition that the ESOP 2017 Warrants are vested, the ESOP 2017 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 2017 Warrants has taken place until the last quarter within the term of the ESOP 2017 Warrants, unless the Board of Directors decides otherwise in certain circumstances.
- As further set forth in the ESOP 2017 Warrant plan, in case of a termination of the relationship between the participant and the Company, the exercise period and/or vesting period of the ESOP 2017 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).
- The terms and conditions can be amended or supplemented per participant.
- The terms and conditions of the ESOP 2017 Warrants are governed by the laws of Belgium.

10.10.4 Terms of the ESOP 2020 Warrants

The key features of the ESOP 2020 Warrants can be summarized as follows:

- The ESOP 2020 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)).
- The ESOP 2020 Warrants are in registered form.
- Unless under certain specific conditions (including transfer by the participant-legal entity to its manager) the ESOP 2020 Warrants are not transferable *inter vivos* once they have been granted.
- Each ESOP 2020 Warrant can be exercised for one new profit certificate.
- The ESOP 2020 Warrants are granted for free, i.e. no consideration is due upon the grant of the ESOP 2020 Warrants.
- The ESOP 2020 Warrants expire and cannot be exercised after 31 December 2027.
- ESOP 2020 Warrants shall vest over a period of four years, whereby (i) 25% of the ESOP 2020 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, it being understood that the Board of Directors is authorized to modify the basic vesting scheme in a fully discretionary manner and may also decide, at its sole discretion, to accelerate or otherwise modify a previously determined vesting schedule.
- On the condition that the ESOP 2020 Warrants are vested, the ESOP 2020 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 2020 Warrants has taken place until the last quarter within the term of the ESOP 2020 Warrants, unless the Board of Directors decides otherwise in certain circumstances.
- As further set forth in the ESOP 2020 Warrant plan, in case of a termination of the relationship between the participant and the Company, the exercise period and/or vesting period of the ESOP 2020 Warrants may vary depending on the circumstances under which the relationship between the beneficiary and the Company is terminated (e.g. due to serious cause, breach of contract or bankruptcy or serious default, death, retirement, invalidity).
- The terms and conditions can be amended or supplemented per participant.
- The terms and conditions of the ESOP 2020 Warrants are governed by the laws of Belgium.

10.10.5 Terms of the ESOP 2021 Warrants

The key features of the ESOP 2021 Warrants that will be issued subject to closing of the Offering can be summarized as follows:

- The ESOP 2021 Warrants can 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).
- The ESOP 2021 Warrants are in registered form.
- Unless under certain specific conditions (including transfer by the participant-legal entity to its manager) the ESOP 2021 Warrants are not transferable *inter vivos* once they have been granted.
- Each ESOP 2021 Warrant can be exercised for one new Share.
- Unless the Board of Directors decides otherwise, the ESOP 2021 Warrants are granted for free, i.e. no consideration is due upon the grant of the ESOP 2021 Warrants.
- The ESOP 2021 Warrants expire and cannot be exercised after ten years following their issuance or such shorter term as the Board of Directors may determine at the time of grant.
- Unless otherwise provided in the offer letter, the ESOP 2021 Warrants shall vest over a period of four years, whereby (i) 25% of the accepted ESOP 2021 Warrants 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 date, vest in equal monthly instalments, it being understood that the Board of Directors is authorized to modify the basic vesting scheme in a fully discretionary manner and may also decide, at its sole discretion, to accelerate a vesting schedule or make a vesting schedule subject to performance criteria.
- On the condition that the ESOP 2021 Warrants are vested, the ESOP 2021 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 2021 Warrants has taken place until the last quarter within the term of the ESOP 2021 Warrants, unless the Board of Directors decides otherwise.

- As further set forth in the ESOP 2021 Warrant plan, in case of a termination of the relationship between the participant and the Company, the exercise period and/or vesting period of the ESOP 2021 Warrants and the validity of vested ESOP 2021 Warrants may vary depending on the circumstances under which the relationship between the beneficiary and the Company is terminated (e.g. due to serious cause, breach of contract or bankruptcy or serious default, death, retirement, invalidity).
- The terms and conditions can be amended or supplemented per participant.
- The terms and conditions of the ESOP 2021 Warrants are governed by the laws of Belgium.

The number of ESOP 2021 Warrants that that will be issued subject to closing of the Offering can be summarized as follows:

Number of ESOP 2021 Warrants	10% of the Shares that will be outstanding as a result of the issuance of the Offered Shares placed in the Offering (including pursuant the exercise of the Increase Option and the Over-allotment Option) *minus* the maximum number of Shares that may be issued pursuant to the outstanding ESOP 2017 Warrants and ESOP 2020 Warrants at the date of determination the final number of ESOP 2021 Warrants to be issued
Issue date	Closing date of the Offering
Expiration date	At the latest ten years following the issue of the ESOP 2021 Warrants or such shorter term as the Board may determine at the time of grant
Exercise Price ESOP 2021 Warrant (€)	the lower of the two following amounts (at the option of the Company): (i) the average of the closing price of the Shares on Euronext Brussels during the 30 calendar days preceding the offer date; (ii) the closing price of the Share on Euronext Brussels on the last trading day before the offer date.
Number of Shares issuable per ESOP 2021 Warrant	1
Aggregate number of Shares issuable upon exercise of ESOP 2021 Warrants	10% of the Shares that will be outstanding as a result of the issuance of the Offered Shares placed in the Offering (including pursuant the exercise of the Over-allotment Option) *minus* the maximum number of Shares that may be issued pursuant to the outstanding ESOP 2017 Warrants and ESOP 2020 Warrants at the date of determination the final number of ESOP 2021 Warrants to be issued

11. MAJOR SHAREHOLDERS

11.1 Overview

The following table presents, (a) on an undiluted basis and assuming that no Warrants are exercised during the Offering Period, the ownership of the Shares (i) immediately prior to the closing of the Offering, (ii) immediately after the closing of the Offering assuming a placement of the maximum number of Offered Shares in the Offering (but excluding the exercise of the Increase Option and the Over-allotment Option), and (iii) immediately after the closing of the Offering assuming a placement of the maximum number of Offered Shares in the Offering (and including the exercise in full of the Increase Option and the Over-allotment Option); and (b) the fully diluted ownership of the Shares immediately after the closing of the Offering assuming a placement of the maximum number of Offered Shares in the Offering (and including the exercise in full of the Increase Option and the Over-allotment Option) and assuming the exercise in full of all ESOP Warrants. For the purposes of the below table it has also been assumed that (a) the Offering Price is at the mid-point of the Price Range, (b) the existing shareholders will not participate in the Offering in addition to the Subscription Commitments that were provided by the Participating Investors (see also section 14.3 (*The Offering – Subscription Commitments by the Participating Investors*)), and (c) the Participating Investors will be allocated new Shares for the full amount of their Subscription Commitments. The persons holding less than 5% of the outstanding Shares prior to the closing of the Offering have been presented under "others". Except for the Participating Investors, the Company has not received any indication that any of its existing shareholders holding more than 5% of the outstanding Shares prior to the closing of the Offering, intend to subscribe for any Offered Shares, nor that any person intends to subscribe for more than 5% of the Offered Shares.

It is the Company's current belief that, as on the Closing Date, the Company will not be controlled in the sense of Article 1:14 BCCA.

Shareholder	**Shares owned before the closing of the Offering on an undiluted basis** [(1)(2)]		**Shares owned assuming full placement of the Offered Shares (excluding the exercise of the Over-allotment Option and the Increase Option)**[(5)]		**Shares owned assuming full placement of the Offered Shares (including the exercise in full of the Over-allotment Option and the Increase Option)**[(5)]		**Shares owned assuming full placement of the Offered Shares (including the exercise in full of the Over-allotment Option and the Increase Option) on a fully diluted basis**[(3)(5)]	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Gimv NV[(9)]	1,294,344	5.46	1,466,173	4.88	1,466,173	4.57	1,466,173	4.16
Adviesbeheer Gimv Venture Capital 2010 NV[(9)(10)]	184,904	0.78	209,450	0.70	209,450	0.65	209,450	0.59
Biotechfonds Vlaanderen NV[(9)(11)]	2,218,151	9.36	2,451,271	8.17	2,451,271	7.65	2,451,271	6.95
Sofinnova Industrial Biotech I[(12)]	3,586,963	15.14	4,061,963	13.53	4,061,963	12.67	4,061,963	11.52
Ackermans & van Haaren NV	3,482,948	14.70	3,945,448	13.14	3,945,448	12.31	3,945,448	11.19
Participatie-maatschappij Vlaanderen NV[(13)]	2,218,151	9.36	2,451,271	8.17	2,451,271	7.65	2,451,271	6.95
Agri Investment Fund CVBA[(14)]	1,845,351	7.79	2,090,351	6.96	2,090,351	6.52	2,090,351	5.93
Biovest NV[(15)]	1,815,465	7.66	2,002,965	6.67	2,002,965	6.25	2,002,965	5.68
Madeli participaties BV[(16)]	1,815,465	7.66	1,909,215	6.36	1,909,215	5.95	1,909,215	5.41
K&E BV[(17)]	1,774,505	7.49	1,837,005	6.12	1,837,005	5.73	1,837,005	5.21
Novalis LifeSciences	1,196,888	5.05	1,228,138	4.09	1,228,138	3.83	1,228,138	3.48

Shareholder	Shares owned before the closing of the Offering on an undiluted basis (1)(2)		Shares owned assuming full placement of the Offered Shares (excluding the exercise of the Over-allotment Option and the Increase Option)(5)		Shares owned assuming full placement of the Offered Shares (including the exercise in full of the Over-allotment Option and the Increase Option)(5)		Shares owned assuming full placement of the Offered Shares (including the exercise in full of the Over-allotment Option and the Increase Option) on a fully diluted basis(3)(5)	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Investments I-A, L.P.(18)								
Others(4)	2,253,919	9.52	2,266,419	7.55	2,266,419	7.07	2,266,419	6.43
Free float	0(6)	0.00	4,100,718	13.66	6,143,216	19.16	9,349,505	26.51
TOTAL	**23,687,054**	**100**	**30,020,387**	**100**	**32,062,885**	**100**	**35,269,174**	**100**
ESOP	**1,393,536(7)**		**3,002,039 (8)**		**3,206,289 (8)**		**0**	

Notes:

(1) On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, the following transactions: (i) the Share Consolidation, (ii) the cancellation of the outstanding AD Warrants, and (iii) the Reverse Share Split, and acknowledged the Profit Certificate Conversion, subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. See section 13 (Description of share capital and articles of association). The number of Shares and percentages shown reflect the aggregate number of Shares held by the relevant shareholder after giving effect to (i) the Share Consolidation, (ii) the Profit Certificate Conversion and (iii) the Reverse Share Split, and refers to ordinary Shares.

(2) Assuming no exercise of the existing Warrants.

(3) Assuming exercise in full of the existing ESOP Warrants.

(4) Existing shareholders and Participating Investors whose shareholding does not or will not exceed 5%.

(5) Including Shares allocated to the relevant Participating Investor pursuant to its Subscription Commitment.

(6) There is no free float before the closing of the Offering.

(7) Calculated as the number of ESOP 2017 Warrants and ESOP 2020 Warrants that are granted and outstanding on the date of this Prospectus, which can be exercised for one Profit Certificate, which Profit Certificates will, pursuant to terms of the ESOP 2017 Warrants and ESOP 2020 Warrants and taking into account the Reverse Share Split, automatically upon issue be converted into Shares at a 2:1 ratio.

(8) On 18 June 2021, an extraordinary shareholders' meeting also approved, subject to closing of the Offering, the issue of the ESOP 2021 Warrants, in a number equal to 10% of the Shares that will be outstanding as a result of the issuance of the Offered Shares placed in the Offering (including pursuant the exercise of the Increase Option and the Over-allotment Option, as the case may be) minus the maximum number of Shares that may be issued pursuant to the outstanding ESOP 2017 Warrants and ESOP 2020 Warrants at the date of determination the final number of ESOP 2021 Warrants to be issued. As a result, immediately after the closing of the Offering, there will be a number of ESOP Warrants outstanding that will be exercisable into a number of Shares equal to 10% of the total number of Shares.

(9) Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV, Biotechfonds Vlaanderen NV act in concert, through (i) Gimv NV's control of Adviesbeheer Gimv Venture Capital 2010 NV and (ii) management of Biotechfonds Vlaanderen NV's participation in the Company.

(10) Adviesbeheer Gimv Venture Capital 2010 NV is controlled by Gimv NV.

(11) Biotechfonds Vlaanderen NV is ultimately owned by Vlaamse Gewest.

(12) French professional private equity investment fund (fonds professionnel de capital investissement), managed and represented by Sofinnova Partners S.A.S., in its capacity as portfolio management company. Antoine Papiernik and Denis Lucquin each have more than 25% of the voting rights of Sofinnova Partners S.A.S. and, as a result, may be deemed to hold ultimate beneficial ownership of the shares held by Sofinnova Industrial Biotech I.

(13) Participatie-maatschappij Vlaanderen NV is ultimately owned by Vlaamse Gewest.

(14) Agri Investment Fund CVBA is ultimately owned by HBB vzw.

(15) Biovest NV is 100% owned by RMM S.A., which is ultimately held by Sniper Invest S.A. (ultimately owned by Stefan Mariën), Fontana Invest S.A. (ultimately owned by Frederic Mariën) and Radium Invest S.A. (ultimately owned by Robin Devos), each for 1/3.

(16) Madeli participaties BV is ultimately owned by Madeli BV.

(17) K&A BV is jointly owned by Koen Quaghebeur and Els Paesmans.

(18) Marijn Dekkers, the Manager of Novalis LifeSciences LLC and the Manager and general partner of Novalis LifeSciences Investments I-A, L.P., or Novalis LifeSciences, has sole voting and dispositive power over the shares held by Novalis LifeSciences and, as a result, may be deemed to hold beneficial ownership of the shares held by Novalis LifeSciences.

An existing Shareholder who holds 1% of the Company's share capital prior to the issue and who does not subscribe to the Offering will hold (i) 0.74% of the Company's share capital after the issue of the Offered Shares, assuming full placement of the Offered Shares (including the exercise in full of the Increase Option and the Over-allotment Option) and assuming that no Warrants are exercised during the Offering Period, and (ii) 0.63% of the Company's share capital after the issue of the Offered Shares, assuming full placement of the Offered Shares (including the exercise in full of the Increase Option and the Over-allotment Option) and assuming that no AD Warrants will be exercised during the Offering Period on a fully diluted basis assuming exercise in full of the existing ESOP Warrants. This calculation is based on, taking into account the Reverse Stock Split, the sum of the existing Shares and Profit Certificates equal to 23,687,054, the existing ESOP Warrants equal to 1,393,536 and the estimated number of Offered Shares equal to 6,333,333.

The following table compares the net asset value per Share as of 31 December 2020 to the Offering Price per Share (assuming that the Offering Price is at the mid-point of the Price Range):

Net asset value per outstanding Share as of 31 December 2020	**Offering Price, assuming it is at the midpoint of the Price Range**
€1.08 (rounded)	€8.00

11.2 Other information

All of the Shares have the same voting rights. The major shareholders of the Company do not have different voting rights per Share. For further details on the Company's share capital, see section 13 (*Description of share capital and articles of association*).

On 28 February 2020, the Company and the existing shareholders of the Company entered into the Shareholders' Agreement, which sets out certain arrangements regarding the operation of, the management of and the shareholding in the Company. The Shareholders' Agreement will be terminated subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. The Company is not aware of shareholders entering into a new shareholders' agreement or agreeing to act in concert following the closing of the Offering (other than certain lock up arrangements as described in section 15.3 (*Plan of distribution – Lock-up*) and the concert between affiliated entities described in section 11.1 (– *Overview*)).

12. RELATED-PARTY TRANSACTIONS

As part of its business, the Company may from time to time enter into transactions with related parties, including its principal shareholders. The following is a summary of the Company's most significant transactions with related parties for the period covered by the historical financial information and up to the date of this Prospectus. For further details on related party transactions, see note 28.1 to the Consolidated Financial Statements.

- On 28 February 2020, the Company and the existing shareholders of the Company entered into the Shareholders' Agreement, which sets out certain arrangements regarding the operation of, the management of and the shareholding in the Company. The Shareholders' Agreement will be terminated subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement. The Company is not aware of shareholders entering into a new shareholders' agreement or agreeing to act in concert following the closing of the Offering (other than certain lock up arrangements as described in section 15.3 (*Plan of distribution – Lock-up arrangements*)).
- In the context of the various capital increases of the Company (see section 8.4.1 (*Operating and financial review – Liquidity and capital resources – Cash flows*)), the Company and the respective shareholders of the Company entered into subscription agreements, setting out certain arrangements regarding these capital increases. These subscription agreements will be terminated subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement.
- Certain shareholders of the Group invested in convertible bonds issued by the Company in December 2018. As of 1 January 2019, the outstanding convertible bonds totaled €3,771 thousands, including principal and interest, and the embedded derivative totaled €1,229 thousands. As further explained in note 15.1 to the Consolidated Financial Statements, the convertible bonds were converted for Series C Preference Shares during 2019.
- Prior to moving to its new facilities in January 2021, the Group had a finance lease for its lab and office facilities in Belgium with VIB, under which it paid €302 thousand in 2020 for the rent (2019: €268 thousand). Additionally, VIB performed certain R&D services for the Group. The total expense for these services was €63 thousand in 2020 (2019: €15 thousand). Total outstanding non-cancelable purchase commitments for R&D services, excluding amounts accrued for services already performed, amount to €18 thousand as per the end of 2020 (2019: €84 thousand for the non-cancelable term of the finance lease).

Other than these agreements, the Company has not undertaken any related party transactions except the compensation paid to its Board of Directors and ExCom described above (see also sections 10.8 (*Management and corporate governance – Remuneration and benefits*) and 11 (*Major shareholders*)).

13. DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

13.1 General

This section summarizes information relating to the Company's share capital, certain material rights of its shareholders under Belgian law and the Articles of Association. The contents of this section are derived primarily from the Articles of Association, which were adopted by the general shareholders' meeting of 18 June 2021. The entry into force of the final amendments to the Articles of Association is subject to and with effect from the closing of the Offering.

The description provided hereafter is only a summary and does not purport to provide a complete overview of the Articles of Association or the relevant provisions of Belgian law. Neither should it be considered as legal advice regarding these matters.

13.2 Corporate object

The corporate object of the Company is set forth in article 3 of the Articles of Association. The corporate object reads (in translation from the Dutch original text) as follows:

"The Company's object is:

- *The operation of biological and chemical products, processes and technologies for the life sciences sector in general and the plant protection sector in particular; operation includes all research, development, production, marketing and commercialisation activities;*
- *The acquisition, purchase, sale, licensing, operation and realisation of intellectual property rights in the context of the above-mentioned activities;*
- *The study, consultancy, building and offering of expertise, engineering and any services in the context of the above-mentioned activities.*

To this end, the Company may cooperate with, or participate in, or in any way, directly or indirectly, take interests in other companies.

The Company may act as guarantor for its own obligations and as guarantor for the obligations of third parties, inter alia, by mortgaging or pledging its assets.

In general, the Company may carry out all commercial, industrial, financial or real estate transactions directly or indirectly related to its object or of a nature to promote its realisation in whole or in part."

13.3 Share capital and shares

13.3.1 Current share capital and shares

On the date of this Prospectus, the share capital of the Company amounts to €62,821,990.60 and is fully paid-up. It is represented by 47,079,602 Shares, each without nominal value and representing the same *pro rata* fraction of the share capital.

13.3.2 Changes in the share capital

The changes to the Company's actual share capital can be summarized as follows:

Date	Transaction	Increase (reduction) of share capital (€)	Number of Shares issued	Class of Shares and AD Warrants issued	Issue price per Share /Par value per Share (€, rounded to two decimal places)	Resulting share capital (€)	Existing Shares
04/01/2013	Incorporation	6,500,000	6,500,000	Ordinary Shares, Preferred A Shares	1.00	6,500,000	Total: 6,500,000; 1,500,000 ordinary Shares, 5,000,000 Preferred A Shares
07/01/2013	Warrants issue	-	-	24 Preferred A AD Warrants(1)	-	-	-
26/07/2016	Capital increase(2)	7,777,815	8,535,232	Preferred B Shares, 42 Preferred B AD Warrants, 14 Preferred B2 AD Warrants(3)	0.91	14,277,815	Total: 15,035,232; 1,500,000 ordinary Shares, 5,000,000 Preferred A Shares, 8,535,232 Preferred B Shares
21/02/2017	Capital increase	3,222,185	3,535,966	Preferred B Shares, 6 Preferred B AD Warrants	0.91	17,500,000	Total: 18,571,198; 1,500,000 ordinary Shares, 5,000,000 Preferred A Shares, 12,071,198 Preferred B Shares
21/02/2017	Warrants exercise	0.23	629,865	272,301 Preferred A Shares and 357,564 Preferred B Shares	0.01	17,500,023	Total: 19,201,063; 1,500,000 ordinary Shares, 5,272,301 Preferred A Shares, 12,428,762 Preferred B Shares
22/02/2018	ESOP warrants exercise	-	54,167 profit certificates	Profit certificates which will convert into ordinary Shares	0.90 per profit certificate	-	Total: 19,201,063; 1,500,000 ordinary Shares, 5,272,301 Preferred A Shares, 12,428,762 Preferred B Shares, 54,167 profit certificates
10/07/2019	Capital increase(4)	35,321,991.36(5)	21,894,099	Preferred C Shares, 85 Preferred C AD Warrants	1.7	52,821,991.36	Total: 41,095,162; 1,500,000 ordinary Shares, 5,272,301 Preferred A Shares, 12,428,762 Preferred B Shares, 21,894,099 Preferred C Shares, 54,167 profit certificates
28/02/2020	Capital increase	9,999,999.24	5,984,440	Preferred C Shares, 65 Preferred C AD Warrants	1.7	62,821,990.60	Total: 47,079,602; 1,500,000 ordinary Shares, 5,272,301 Preferred A Shares, 12,428,762 Preferred B Shares, 27,878,539 Preferred C Shares, 54,167 profit certificates
28/02/2020	Warrants issue	-	-	24 Preferred A AD Warrants	-	-	-

Date	Transaction	Increase (reduction) of share capital (€)	Number of Shares issued	Class of Shares and AD Warrants issued	Issue price per Share /Par value per Share (€, rounded to two decimal places)	Resulting share capital (€)	Existing Shares
28/02/2020	ESOP warrants exercise	-	222,222 profit certificates	Profit certificates which will convert into ordinary Shares	0.90 per profit certificate	-	Total: 47,079,602; 1,500,000 ordinary Shares, 5,272,301 Preferred A Shares, 12,428,762 Preferred B Shares, 27,878,539 Preferred C Shares, 276,389 profit certificates
22/02/2021	ESOP warrants exercise	-	18,125 profit certificates	Profit certificates which will convert into ordinary Shares	0.82 per profit certificate	-	Total: 47,079,602; 1,500,000 ordinary Shares, 5,272,301 Preferred A Shares, 12,428,762 Preferred B Shares, 27,878,539 Preferred C Shares, 294,514 profit certificates

Notes:

(1) These Preferred A AD Warrants have automatically lapsed on 4 January 2018 (i.e. 5 years after issuance).

(2) A new category of registered preferred shares (Preferred B Shares) was created.

(3) The Preferred B2 AD Warrants have automatically lapsed on 21 February 2017.

(4) A new category of registered preferred shares (Preferred C Shares) was created.

(5) The capital increase was effected by a contribution in kind of an amount of €10,321,991.13 (contribution of a loan agreement) and a contribution in cash of an amount of €25,000,000 and with an issue price of €1.671 per Preferred C Share.

On 18 June 2021, an extraordinary shareholders' meeting approved, inter alia, the following transactions: (i) the conversion of all existing Preferred A Shares, Preferred B Shares and Preferred C Shares into ordinary Shares (the "**Share Consolidation**"), (ii) cancellation of the outstanding AD Warrants (see section 13.3.4b) (*Anti-Dilution warrants*)) and (iii) a reverse split of all Shares existing after the Share Consolidation into several Shares at a 2:1 ratio to increase the value per individual Share of the Company in view of the Offering (the "**Reverse Share Split**"), and acknowledged the automatic conversion of the 294,514 existing profit certificates into Shares and the profit certificates to be issued upon the exercise of the existing ESOP Warrants to Shares at a 2:1 ratio upon the issue thereof (the "**Profit Certificate Conversion**"), subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement.

As a result of hereof, subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement, not taking into account the capital increase upon closing of the Offering (see section 13.3.3 (– *Capital increase upon closing of the Offering*)), the share capital of the Company will amount to €63.085.605,63. It will be represented by 23,687,054 Shares, each without nominal value and representing the same *pro rata* fraction of the share capital.

13.3.3 Capital increase upon closing of the Offering

Subject to and with effect as of the closing of the Offering, the Company's share capital will be increased as a result of the issuance of the Offered Shares placed in the Offering.

In view hereof, taking into account the Share Consolidation, the Reverse Share Split and the Profit Certificate Conversion, upon closing of the Offering, assuming a placement of the maximum number of Offered Shares in the Offering (but excluding the exercise of the Over-allotment Option and the Increase Option) and that the Offering Price is at the midpoint of the Price Range (i.e. €8.00), the Company's share capital will amount to €79,953,137.91 as of the closing of the Offering, represented by 30,020,387 ordinary Shares, each with a fractional value of ca. €2.66 and each representing the same pro rata fraction of the share capital. Assuming a placement of the maximum number of Offered Shares in the Offering (including the exercise of the Over-allotment Option and the Increase Option), the Company's share capital will amount to €85,392,912.03 as of the closing of the Offering, represented by 32,062,885 Shares, each with a fractional value of ca. €2.66 and each representing the same pro rata fraction of the share capital.

The aforementioned transactions have been approved by the extraordinary general shareholders' meeting of the Company held on 18 June 2021. The same extraordinary general shareholders' meeting also resolved, subject to and with effect of the closing of the Offering to issue a warrant, called "Over-allotment Option", which the Company may offer to the Stabilization Manager (see also section 13.3.4c) (– *Outstanding Warrants – Over-allotment Option*)).

13.3.4 Outstanding warrants

a) Incentive plans

Subject to and with effect as of the closing of the Offering, the Company will have outstanding ESOP Warrants equal to 10% of the Shares that will be outstanding as a result of the issuance of the Offered Shares placed in the Offering (including pursuant the exercise of the Increase Option and Over-allotment Option, as the case may be) pursuant to three outstanding incentive plans, i.e. the ESOP 2017 Warrants, the ESOP 2020 Warrants and the ESOP 2021 Warrants, as further described in section 10.10 (*Description of incentive plans*). The ESOP 2017 Warrants and the ESOP 2020 Warrants are subscription rights to profit certificates. The Articles of Association however provide that (i) in case of an IPO, if such is provided at the date of issue of the ESOP Warrants, the then existing profit certificates and warrants to profit certificates will automatically be converted into respectively Shares and warrants to Shares on a 1:1 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 Shares on a 1:1 basis each time they are issued. On 18 June 2021, an extraordinary general shareholders' meeting acknowledged the Profit Certificate Conversion and approved related amendments to the Articles of Association. The ESOP 2021 Warrants will be subscription rights to Shares.

b) Anti-Dilution warrants

On 7 January 2013, the Company issued 24 Preferred A AD Warrants to certain shareholders of the Company. All Preferred A AD Warrants have automatically lapsed on 7 January 2018, i.e. five years after the issuance of the Preferred A AD Warrants.

On 26 July 2016, the Company issued 42 Preferred B AD Warrants and 14 Preferred B2 AD Warrants to certain shareholders of the Company. The Preferred B AD Warrants have been granted free of charge and entitle their holders to subscribe for new Preferred B Shares, at an exercise price of €0.01 per Preferred B AD Warrant, in certain limited circumstances. The number of new Preferred B Shares to be issued pursuant to the exercise of the Preferred B AD Warrants is dependent on the transaction triggering their exercisability. The Preferred B AD Warrants automatically lapse on 26 July 2021, i.e. five years after the issuance of the Preferred B AD Warrants.

The Preference B2 AD Warrants have been granted free of charge and could only be exercised in the event that the second closing date of the series B round occurred and not for any other subsequent or future capital increase of the Company. The Preference B2 AD Warrants have lapsed on 21 February 2017.

On 21 February 2017, the Company issued six new Preferred B AD Warrants to certain shareholders of the Company. The Preferred B AD Warrants have been granted free of charge and entitle their holders to subscribe for new Shares, at an exercise price of €0.01 per Preferred B AD Warrant, in certain limited circumstances. The number of new Preferred B Shares to be issued pursuant to the exercise of the Preferred B AD Warrants is dependent on the transaction triggering their exercisability. The Preferred B AD Warrants also automatically lapse on 26 July 2021.

On 10 July 2019, the Company issued 85 Preferred C AD Warrants to certain shareholders of the Company. The Preferred C AD Warrants have been granted free of charge and entitle their holders to subscribe for new Shares, at an exercise price of €0.01 per Preferred C AD Warrant, in certain limited circumstances. The number of new Preferred C Shares to be issued pursuant to the exercise of the Preferred C AD Warrants is dependent on the transaction triggering their exercisability. The Preferred C AD Warrants automatically lapse on 10 July 2024, i.e. five years after the issuance of the Preferred C AD Warrants.

On 28 February 2020, the Company issued 65 new Preferred C AD Warrants to certain shareholders of the Company. The Preferred C AD Warrants have been granted free of charge and entitle their holders to subscribe for new Shares, at an exercise price of €0.01 per Preferred C AD Warrant, in certain limited circumstances. The number of new Preferred C Shares to be issued pursuant to the exercise of the Preferred C AD Warrants is dependent on the transaction triggering their exercisability. The Preferred C AD Warrants automatically lapse on 28 February 2025, i.e. five years after the issuance of the Preferred C AD Warrants.

On 28 February 2020, the Company issued 24 Preferred A AD Warrants to certain shareholders of the Company, pursuant to the provisions of the subscription agreement of 4 January 2013, upon the lapse of the previously issued Preferred A AD Warrants. The Preferred A AD Warrants have been granted free of charge and entitle their holders to subscribe for new Preferred A Shares, at an exercise price of €0.01 per Preferred A AD Warrant, in certain limited circumstances. The number of new Shares to be issued pursuant to the exercise of the Preferred A AD Warrants is dependent on the transaction triggering their exercisability. The Preferred A AD Warrants automatically lapse on 28 February 2025, i.e. five years after the issuance of the Preferred A AD Warrants.

The Preferred A AD Warrants, the Preferred B AD Warrants and the Preferred C AD Warrants have been cancelled pursuant to the decision of the extraordinary general shareholders' meeting of the Company held on 18 June 2021, subject to the closing of the Offering and with retroactive effect from the moment immediately prior to the signing of the Underwriting Agreement.

c) Over-allotment Option

On 18 June 2021, the extraordinary general shareholders' meeting of the Company resolved to issue the Over-allotment Option, in the form of a warrant. The Over-allotment Option has been granted to the Stabilization Manager, acting on behalf of the Underwriters, in connection with the Offering, subject to the closing of the Offering. The Over-allotment Option can only be exercised by the Stabilization Manager, acting on behalf of the Underwriters, to subscribe for additional new Shares for an aggregate number equal to up to 15% of the Offered Shares subscribed for in the Offering at the Offering Price to cover overallotments or short positions, if any, in connection with the Offering. The Over-allotment Option will be exercisable for a period of 30 calendar days

following the Listing Date, after which it will automatically expire, and is exercisable up to its cap even if the Offering has not been subscribed in full. See section 15.4 (*Plan of Distribution – Over-allotment Option and price*).

13.4 Currency

The Shares do not have a nominal value, but each reflect the same fraction of the Company's share capital, which is denominated in euro.

13.5 Form and transferability of the Shares

Upon closing of the Offering, all of the Shares will belong to the same class of securities and will be in registered or dematerialized form. A register of registered Shares (which may be held in electronic form) is maintained at the Company's registered office. It may be consulted by any holder of Shares. A dematerialized Share will be represented by an entry on a personal account of the owner or holder, with a recognized account holder or clearing and settlement institution. Holders of Shares may elect, at any time, to have their registered Shares converted into dematerialized Shares, and *vice versa*, at their own expense.

The Shares are freely transferable. This is without prejudice to certain restrictions that may apply pursuant to applicable securities laws requirements which are further described in section 13.7 (*Legislation and Jurisdiction*). In addition, certain existing securities holders entered into contractual restrictions. See section 15.3 (*Plan of distribution – Lock-up arrangements*).

13.6 Rights attached to the Shares

13.6.1 Voting rights attached to the Shares

Each shareholder of the Company is entitled to one vote per Share. Shareholders may vote by proxy, subject to the rules described below in subsection 13.6.2g) (*Right to Attend and Vote at Shareholders' Meetings – Voting by proxy or remote voting*). 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 has rights in rem, until a single person has been designated as the holder 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.

Pursuant to article 7:217 of the BCCA, the voting rights attached to Shares owned by the Company, as the case may be, are suspended.

Generally, the general shareholders' meeting has sole authority with respect to:

- the approval of the annual financial statements of the Company;
- the distribution of profits (except interim dividends (see subsection 13.6.3 (– *Dividend Rights*) below));
- the appointment (at the proposal of the Board of Directors and upon recommendation by the nomination and remuneration committee) and dismissal of directors of the Company;
- the appointment (at the proposal of the Board of Directors and upon recommendation by the audit committee) and dismissal of the statutory auditor of the Company;
- the granting of release from liability to the directors and the statutory auditor of the Company;
- the determination of the remuneration of the directors and of the statutory auditor for the exercise of their mandate;
- the advisory vote on the remuneration report included in the annual report of the Board of Directors, the binding vote on the remuneration policy the Company intends to submit for the first time to the general

shareholders' meeting approving the annual accounts for the financial year ending on 31 December 2021, and subsequently upon every material change to the remuneration policy and in any case at least every four years, and the determination of the following features of the remuneration or compensation of directors, members of the executive management and certain other executives (as the case may be): (i) in relation to the remuneration of executive and non-executive directors, members of the executive management and certain other executives (if any), an exemption from the rule that Share-based awards can only vest after a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors, members of the executive management and certain other executives (if any), an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years, (iii) in relation to the remuneration of non-executive directors, any variable part of the remuneration, and (iv) any provisions of the service agreements to be entered into with executive directors, members of the executive management and certain other executives (if any) providing for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration committee, eighteen months' remuneration);

- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other reorganizations of the Company; and
- the approval of amendments to the Articles of Association.

13.6.2 Right to Attend and Vote at Shareholders' Meetings

a) Annual General Shareholders' Meetings

The annual general shareholders' meeting is held at the registered office of the Company or at the place determined in the notice convening the general shareholders' meeting. The meeting is held every year on the third Friday of April at 10 a.m. If this day is a public holiday, the meeting will be held on the next business day. At the annual general shareholders' meeting, the Board of Directors submits to the shareholders the audited non-consolidated and consolidated annual financial statements and the reports of the Board of Directors and of the statutory auditor with respect thereto.

The general shareholders' meeting then decides on the approval of the statutory annual financial statements, the proposed allocation of the Company's profit or loss, the release from liability of the directors and the statutory auditor, the advisory vote on the remuneration report included in the annual report of the Board of Directors and, when applicable, the (re-)appointment or dismissal of the statutory auditor and/or of all or certain directors. In addition, as relevant, the general shareholders' meeting must also decide on the approval of the remuneration policy, the approval of the remuneration of the directors and statutory auditor for the exercise of their mandate, and on the approval of provisions of service agreements to be entered into with executive directors, members of the executive management and certain other executives (if any) providing (as the case may be) for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration committee, eighteen months' remuneration) (see also subsection 13.6.1 (*Voting rights attached to the Shares*)).

b) Special and extraordinary General Shareholders' Meetings

The Board of Directors or the statutory auditor (or the liquidators, if appropriate) may, whenever the interest of the Company so requires, convene a special or extraordinary general shareholders' meeting. Pursuant to article 7:126 of the BCCA, such general shareholders' meeting must also be convened every time one or more shareholders holding, alone or together, at least 10% of the Company's share capital so request. Shareholders that do not hold at least 10% of the Company's share capital do not have the right to have the general shareholders' meeting convened.

c) Right to request items to be added to the agenda and ask questions at the Shareholders' Meeting

Shareholders who hold alone or together with other shareholders at least 3% of the Company's share capital have the right to put additional items on the agenda of a general shareholders' meeting that has been convened and to table draft resolutions in relation to items that have been or are to be included in the agenda. This right does not apply to general shareholders' meetings that are being convened on the grounds that the quorum was not met at the first

duly convened meeting (see section 13.6.2h) (– *Quorum and majorities*)). Shareholders wishing to exercise this right must prove on the date of their request that they own at least 3% of the outstanding share capital. The ownership must be based, for dematerialized Shares, on a certificate issued by the applicable settlement institution for the Shares concerned, or by a certified account holder, confirming the number of Shares that have been registered in the name of the relevant shareholders and, for registered Shares, on a certificate of registration of the relevant Shares in the share register book of the Company. In addition, the shareholder concerned must register for the meeting concerned with at least 3% of the outstanding share capital (see also section 13.6.2e) (– *Formalities to attend the general shareholders' meeting*)). A request to put additional items on the agenda and/or to table draft resolutions must be submitted in writing, and must contain, in the event of an additional agenda item, the text of the agenda item concerned and, in the event of a new draft resolution, the text of the draft resolution. The request must reach the Company at the latest on the twenty second calendar day preceding the date of the general shareholders' meeting concerned. If the Company receives a request, it will have to publish at the latest on the fifteenth calendar day preceding the general shareholders' meeting an update of the agenda of the meeting with the additional agenda items and draft resolutions.

d) Notices convening the Shareholders' Meeting

The notice convening the general shareholders' meeting must state the place, date and hour of the meeting and must include an agenda indicating the items to be discussed and the proposed resolutions. The notice needs to contain a description of the formalities that shareholders must fulfil in order to be admitted to the general shareholders' meeting and exercise their voting right, information on the manner in which shareholders can put additional items on the agenda and table draft resolutions, information on the manner in which shareholders can ask questions during the general shareholders' meeting, information on the procedures and time periods to participate to the general shareholders' meeting by means of a proxy or to vote by means of remote participation, and, as applicable, the registration date for the general shareholders' meeting. The notice must also mention where shareholders can obtain a copy of the documentation that will be submitted to the general shareholders' meeting, the agenda with the proposed resolutions or, if no resolutions are proposed, a commentary by the Board of Directors, updates of the agenda if shareholders have put additional items or draft resolutions on the agenda, the forms to vote by proxy or by means of a remote vote, and the address of the webpage on which the documentation and information relating to the general shareholders' meeting will be made available. This documentation and information, together with the notice and the total number of outstanding voting rights, must also be made available on the Company's website at the same time as the publication of the notice convening the meeting, for a period of five years after the relevant general shareholders' meeting.

The notice convening the general shareholders' meeting has to be published at least 30 calendar days prior to the general shareholders' meeting in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur Belge*), in a newspaper that is published nation-wide in Belgium and in media that can be reasonably relied upon for the dissemination of information within the EEA in a manner ensuring fast access to such information on a non-discriminatory basis. A publication in a nationwide newspaper is not needed for annual general shareholders' meetings taking place on the date, hour and place indicated in the articles of association of the Company if the agenda is limited to the treatment of the financial statements, the annual report of the Board of Directors, the remuneration report and the report of the statutory auditor, the discharge from liability of the directors and statutory auditor, and the remuneration of directors. See also section 13.6.2a) (– *Annual General Shareholders' Meetings*) above. In addition to this publication, the notice has to be distributed at least 30 calendar days prior to the meeting via the website of the Company (www.biotalys.com). The term of 30 calendar days prior to the general shareholders' meeting for the publication and distribution of the convening notice can be reduced to 17 calendar days for a second meeting if, as the case may be, the applicable quorum for the meeting is not reached at the first meeting, the date of the second meeting was mentioned in the notice for the first meeting and no new item is put on the agenda of the second meeting. See also further below under section 13.6.2h) (– *Quorum and majorities*).

At the same time as its publication, the convening notice must also be sent to the holders of registered Shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the co-operation of the Company (if any), and, as the case may be, to the directors and statutory auditor of the Company.

e) Formalities to attend the general shareholders' meeting

All holders of Shares, profit certificates, non-voting Shares, convertible bonds or subscription rights issued by the Company, as the case may be, and all holders of certificates issued with the cooperation of the Company (if any) can attend the general shareholders' meetings insofar as the law or the Articles of Association entitles them to do so and, as the case may be, gives them the right to participate in voting.

In order to be able to attend a general shareholders' meeting, a holder of securities issued by the Company must satisfy two criteria: being registered as holder of securities on the registration date for the meeting, and notify the Company:

- Firstly, the right to attend general shareholders' meetings applies only to persons who are registered as owning securities on the fourteenth calendar day prior to the general shareholders' meeting at midnight (CET) via registration, in the applicable register book for the securities concerned (for registered securities) or in the accounts of a certified account holder or relevant settlement institution for the securities concerned (for dematerialized securities).
- Secondly, in order to be admitted to the general shareholders' meeting, securities holders must notify the Company at the latest on the sixth calendar day prior to the general shareholders' meeting whether they intend to attend the meeting and indicate the number of Shares in respect of which they intend to do so. For the holders of dematerialized securities, the notice should include a certificate confirming the number of securities that have been registered in their name on the record date. The certificate can be obtained by the holder of the dematerialized securities with the certified account holder or the applicable settlement institution for the securities concerned.

The formalities for the registration of securities holders, and the notification of the Company must be further described in the notice convening the general shareholders' meeting.

f) Electronic participation

The Board of Directors has the possibility to organize the general shareholders' meeting by means of electronic communication which must (i) allow the Company to verify the capacity and identity of the shareholders using it; (ii) at least enable (a) the securities holders to directly, simultaneously and continuously follow the discussions during the meeting and (b) the shareholders to exercise their voting rights on all points on which the general shareholders' meeting is required to take a decision; and (iii) allow the securities holders to actively participate to the deliberations and to ask questions during the meeting. As part of Belgian COVID-19 regulation, a transitional regime applies until 30 June 2021 (although it cannot be excluded that such regime is extended), during which the Board of Directors may motivate in the convening notice for the general shareholders' meeting why the Company does not have an electronic means of communication allowing the securities holders to actively participate to the deliberations and to ask questions during the meeting ((iii) above).

g) Voting by proxy or remote voting

Each shareholder has, subject to compliance with the requirements set forth above under subsection 13.6.2e) (– *Formalities to attend the general shareholders' meeting*), the right to attend a general shareholders' meeting and to vote at the general shareholders' meeting in person or through a proxy holder, who need not be a shareholder. A shareholder may designate, for a given meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper form or electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), through a form which shall be made available by the Company. The signed original paper or electronic form must be received by the Company at the latest on the sixth calendar day preceding the meeting. The appointment of a proxy holder must be made in accordance with the applicable rules of Belgian law, including in relation to conflicts of interest and the keeping of a register.

The notice convening the meeting may allow shareholders to participate remotely in relation to the general shareholders' meeting, by sending a paper form or, if specifically allowed in the notice convening the meeting, by sending a form electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law). These forms shall be made available by the Company. The original signed paper form must be received by the Company at the latest on the sixth calendar day preceding the date of the meeting. Voting through the signed electronic form may occur until the last calendar day before the meeting.

The Company may also organize a remote vote in relation to the general shareholders' meeting through other electronic communication methods, such as, among others, through one or several websites. The Company shall specify the practical terms of any such remote vote in the convening notice.

Holders of securities who wish to be represented by proxy or vote remotely must, in any case comply with the formalities to attend the meeting, as explained above under subsection 13.6.2e) (– *Formalities to attend the general shareholders' meeting*).

Holders of shares without voting rights, profit-sharing certificates without voting rights, convertible bonds, warrants or certificates issued with the cooperation of the Company may attend the general shareholders' meeting, but only with an advisory vote.

h) Quorum and majorities

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 of Directors 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 corporate purpose), 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 corporate purpose 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.

i) Right to ask questions

Within the limits of article 7:139 of the BCCA, holders of securities have a right to ask questions to the directors in connection with the report of the Board of Directors or the items on the agenda of such general shareholders' meeting. Holders of securities can also ask questions to the statutory auditor in connection with its report. Such questions can be submitted in writing prior to the meeting or can be asked at the meeting. The statutory auditor will immediately communicate any written questions to the Board of Directors. Written questions must be received by the Company no later than the sixth calendar day prior to the meeting. Written and oral questions will be answered during the meeting concerned in accordance with applicable law. In addition, in order for written questions to be considered, the shareholders who submitted the written questions concerned must comply with the formalities to attend the meeting, as explained above under subsection 13.6.2e) (– *Formalities to attend the general shareholders' meeting*).

13.6.3 Dividend rights

As of the closing of the Offering, all of the Shares, including the Offered Shares, will entitle the holder thereof to an equal right to participate in dividends declared after the Closing Date (if any), in respect of the financial year ending 31 December 2021 and future years. All of the Shares will participate equally in the Company's profits (if any). Pursuant to the BCCA, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with Belgian GAAP and based on a (non-binding) proposal of the Board of Directors. The shareholders shall lose their right to receive the dividends five years after the payment date of these dividends pursuant to Article 2277 of the Belgian Civil Code. From that date onwards, the Company shall no longer be required to pay such dividends. The Articles of Association also authorize the Board of Directors to declare interim dividends without shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law on the basis of the Company's stand-alone statutory accounts prepared in accordance with Belgian GAAP. In particular, dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory non-consolidated financial statements (i.e. summarized, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and extension and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves.

In addition, pursuant to Belgian law and the Articles of Association, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*netto-winst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts, until the legal reserve amounts to 10% of the Company's share capital. The Company's legal reserve currently does not meet this requirement nor will it meet the requirement at the time of the closing of the Offering. Accordingly, 5% of its Belgian GAAP annual net profit during future years will need to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders. Furthermore, additional financial restrictions and other limitations may be contained in future credit agreements.

For further information in relation to the Company's dividend policy, see section 5 (*Dividends and dividend policy*).

13.6.4 Rights regarding liquidation

The Company can only be dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes cast at an extraordinary general shareholders' meeting where at least 50% of the share capital is present or represented.

Pursuant to article 7:228 of the BCCA, if, as a result of losses incurred, the ratio of the Company's net assets (determined in accordance with Belgian legal and accounting rules for non-consolidated financial statements) to share capital is less than 50%, the Board of Directors must convene an extraordinary general shareholders' meeting within two months as of the date upon which the Board of Directors discovered or should have discovered this undercapitalization. At this general shareholders' meeting the Board of Directors needs to propose either the dissolution of the Company or the continuation of the Company, in which case the Board of Directors must propose measures to redress the Company's financial situation. The Board of Directors must justify its proposals in a special report to the shareholders. Shareholders representing at least 75% of the votes validly cast at this meeting have the right to dissolve the Company, provided that at least 50% of the Company's share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of the Company's net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in that event shareholders representing 25% of the votes validly cast at the meeting can decide to dissolve the Company.

Pursuant to article 7:229 of the BCCA, if the amount of the Company's net assets has dropped below €61,500, any interested party is entitled to request the competent court to dissolve the Company. The court can order the dissolution of the Company or grant a grace period within which the Company is to remedy the situation.

If the Company is dissolved for any reason, the liquidation shall, as the case may be, be carried out by one or more liquidators appointed by the general shareholders' meeting. In some cases, the appointment of such liquidator(s) must be ratified by the enterprise court (see article 2:84 of the BCCA). Any balance remaining after discharging all debts, liabilities and liquidation costs must first be applied to reimburse, in cash or in kind, the paid-up capital of the Shares not yet reimbursed. Any remaining balance shall be equally distributed amongst all the shareholders (see also section 2.8.1 (*Risk factors – 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.*)).

13.6.5 Changes to the share capital

a) Change to the share capital decided by the shareholders

In principle, changes to the share capital are decided by the shareholders. The general shareholders' meeting may at any time decide to increase or reduce the share capital of the Company. Such resolution must satisfy the quorum and majority requirements that apply to an amendment of the articles of association, as described above under section 13.6.2h) (*– Right to Attend and Vote at Shareholders' Meetings – Quorum and majorities*).

b) Capital increases decided by the Board of Directors

Subject to the same quorum and majority requirements, the general shareholders' meeting may authorize the Board of Directors, within certain limits, to increase the Company's share capital without any further approval of the

shareholders. This is the so-called authorized capital. This authorization needs to be limited in time (i.e. it can only be granted for a renewable period of maximum five years) and scope (i.e. the authorized capital may not exceed the amount of the registered capital at the time of the authorization).

On 18 June 2021, the Company's general shareholders' meeting authorized, subject to and with effect as from the closing of the Offering, the Board of Directors to increase the share capital of the Company within the framework of the authorized capital with a maximum of 100% of its amount as at the closing of the Offering. The Company's general shareholders' meeting decided that the Board of Directors, 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). See also subsection 13.6.5c) (– *Preferential subscription right*). 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/Moniteur belge*).

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 of Directors to increase the share capital in cash or in kind, while limiting or cancelling the preferential subscription right, is suspended. However, on 18 June 2021, the Company's general shareholders' meeting expressly authorized, subject to and with effect as from the closing of the Offering, the Board of Directors to increase the Company's capital after the FSMA's notification. This authorization is valid for a term of three years as from 18 June 2021 (see section 13.7.2 (– *Public takeover bids*)).

c) Preferential subscription right

In the event of a capital increase for cash with the issue of new Shares, or in the event of an issue of convertible bonds or subscription rights, the existing shareholders have a preferential right to subscribe, *pro rata*, to the new Shares, convertible bonds or subscription rights. These preferential subscription rights are transferable during the subscription period.

The general shareholders' meeting may decide to limit or cancel these preferential subscription rights, subject to special reporting requirements. Such decision by the general shareholders' meeting needs to satisfy the same quorum and majority requirements as the decision to increase the Company's share capital.

The shareholders may also decide to authorize the Board of Directors to limit or cancel the preferential subscription right within the framework of the authorized capital, subject to the terms and conditions set forth in the BCCA.

Generally, unless expressly authorized in advance by the general shareholders' meeting, the authorization of the Board of Directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Company by the FSMA of a public takeover bid on the financial instruments of the Company. However, on 18 June 2021, the Company's general shareholders' meeting expressly authorized, subject to and with effect as from the closing of the Offering, the Board of Directors to increase the Company's capital after the FSMA's notification. This authorization is valid for a term of three years as from 18 June 2021 (see section 13.7.2 (– *Public takeover bids*)).

d) Acquisition of own Shares

The Company may acquire, pledge and dispose of its own Shares, profit certificates or associated certificates at the conditions provided for by articles 7:215 and following of the BCCA. These conditions include a prior special shareholders' resolution approved by at least 75% of the votes validly cast at a general shareholders' meeting (whereby abstentions are not included in the numerator nor in the denominator) where at least 50% of the share capital and at least 50% of the profit certificates, if any, are present or represented.

Furthermore, Shares can only be acquired with funds that would otherwise be available for distribution as a dividend to the shareholders and the transaction must pertain to fully paid-up shares or associated certificates. Finally, an offer to purchase shares must be made by way of an offer to all shareholders under the same conditions. Shares can also be acquired by the Company without offer to all shareholders under the same conditions, provided that the acquisition of the shares is effected in the central order book of the regulated market of Euronext Brussels or, if the transaction is not effected via the central order book, provided that the price offered for the Shares is

lower than or equal to the highest independent bid price in the central order book of the regulated market of Euronext Brussels at that time.

Generally, the general shareholders' meeting or the Articles of Association determine the number of shares, profit certificates or certificates that can be acquired, the duration of such an authorization which cannot exceed five years as from the publication of the proposed resolution as well as the minimum and maximum price that the Board of Directors can pay for the shares.

The prior approval by the shareholders is not required if the Company purchases the shares to offer them to the Company's personnel, in which case the shares must be transferred within a period of 12 months as from their acquisition.

The Board of Directors may also expressly be authorized to dispose of the Company's own shares to one or more specific persons other than employees of the Company or its subsidiaries, in accordance with the provisions of the BCCA.

The authorizations referred to above (if any) shall extend to the acquisition and disposal of shares of the Company by one or more of its direct subsidiaries, within the meaning of the legal provisions relating to the acquisition of shares in their parent company by subsidiaries.

The Company's general shareholders' meeting did not grant such authorization to the Board of Directors. As of the date of this Prospectus, the Company does not hold any own Shares.

13.7 Legislation and Jurisdiction

13.7.1 Notification of significant shareholdings

Pursuant to the Belgian Act of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, as amended from time to time, a notification to the Company and to the FSMA is required by all natural persons and legal entities (i.e. legal person, enterprise without legal personality, or trust), in the following circumstances:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the reaching of a threshold by persons or legal entities acting in concert;
- the conclusion, modification or termination of an agreement to act in concert;
- the downward reaching of the lowest threshold;
- the passive reaching of a threshold;
- the holding of voting securities in the Company upon first admission thereof to trading on a regulated market;
- where a previous notification concerning the financial instruments treated as equivalent to voting securities is updated;
- the acquisition or disposal of the control of an entity that holds voting securities in the Company; and
- where the Company introduces additional notification thresholds in the articles of association,

in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on in increments of 5% or, as the case may be, the additional thresholds provided in the Articles of Association. The Company has not provided for additional thresholds in the Articles of Association that will enter into force subject to, and with effect as from, the closing of the Offering.

The notification must be made promptly and at the latest within four trading days following the moment on which the person who is subject to the notification obligation received knowledge or could be deemed to have received knowledge of the acquisition or disposal of the voting rights triggering the reaching of the threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification. No shareholder may cast a greater number of votes at a general shareholders' meeting than those attached to the rights or securities it has notified in accordance with the Belgian Act of 2 May 2007 at least 20 days before the date of the general shareholders' meeting, subject to certain exceptions.

The forms on which such notifications must be made, as well as further explanations, can be found on the website of the FSMA (www.fsma.be). Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The FSMA may also impose administrative sanctions. The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Company's securities, and must mention these notifications in the notes to its financial statements. A list as well as a copy of such notifications will be accessible on the Company's website (www.biotalys.com).

13.7.2 Public takeover bids

Public takeover bids for the Shares and other securities giving access to voting rights (such as warrants or convertible bonds, if any) are subject to supervision by the FSMA. Any public takeover bid must be extended to all of the Company's voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of 21 April 2004) by the Belgian Act of 1 April 2007 on public takeover bids, as amended (the "**Belgian Takeover Act**") and the Belgian Royal Decree of 27 April 2007 on public takeover bids, as amended (the "**Belgian Takeover Decree**"). The Belgian Takeover Act provides that a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for their account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by the Belgian Takeover Decree. The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in certain cases set out in the Belgian Takeover Decree such as (i) in case of an acquisition if it can be shown that a third party exercises control over the Company or that such party holds a larger stake than the person holding 30% of the voting securities or (ii) in case of a capital increase with preferential subscription rights decided by the Company's general shareholders' meeting.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose significant shareholdings (see section 13.7.1 (– *Notification of significant shareholdings*) above) and merger control, that may apply towards the Company and which may create hurdles to an unsolicited tender offer, merger, change in management or other change in control. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their Shares at a premium.

In addition, pursuant to Belgian company law, the board of directors of Belgian companies may in certain circumstances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the "authorized capital") or through share buy- backs (i.e. purchase of own shares). In principle, the authorization of the Board of Directors to increase the share capital of the Company through contributions in kind or in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Company by the FSMA of a public takeover bid on the securities of the Company. The general shareholders' meeting can, however, under certain conditions, expressly authorize the Board of Directors to increase the capital of the Company in such case by issuing Shares in an amount of not more than 10% of the existing Shares at the time of such a public takeover bid.

On 18 June 2021, the general shareholders' meeting expressly authorized the Board of Directors to increase the Company's capital after having been notified by the FSMA that the Company is the subject of a public takeover bid (see also section 13.6.5b) (– *Rights attached to the Shares – Changes to the Share Capital – Capital increases decided by the Board of Directors*)).

In addition, unless the Board of Directors decides otherwise, the ESOP Warrants are subject to accelerated vesting in the event of a change of control.

13.7.3 Squeeze-out

Pursuant to article 7:82 of the BCCA or the regulations promulgated thereunder, a person or legal entity, or different persons or legal entities acting alone or in concert, who own, together with the company, at least 95% of the securities with voting rights in a listed company are entitled to acquire the totality of the securities with voting rights in that company following a squeeze-out offer. The securities that are not voluntarily tendered in response to such an offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the squeeze-out procedure, the company is no longer deemed a listed company. The consideration for the securities must be in cash and must represent the fair value (verified by an independent expert) as to safeguard the interests of the transferring shareholders.

A squeeze-out offer is also possible upon completion of a public takeover bid, provided that the bidder holds at least 95% of the voting capital and 95% of the voting securities of the public company. In such a case, the bidder may require that all remaining shareholders sell their securities to the bidder at the price of the takeover bid, provided that, in case of a voluntary takeover offer, the bidder has also acquired 90% of the voting capital to which the offer relates. The shares that are not voluntarily tendered in response to any such offer are deemed to be automatically transferred to the bidder at the end of the procedure.

13.7.4 Sell-out right

Within three months after the end of an acceptance period related to a public takeover bid, holders of voting securities or of securities giving access to voting rights may require the offeror, acting alone or in concert, who owns at least 95% of the voting capital and 95% of the voting securities in a public company following a takeover bid, to buy their securities from them at the price of the bid, on the condition that, in case of a voluntary takeover offer, the offeror has acquired, through the acceptance of the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

13.7.5 Royal Decree on Primary Market Practices

Pursuant to Article 11 of the Royal Decree on Primary Market Practices, any natural or legal person who, in the year preceding the first admission of shares to trading on a Belgian regulated market or on a Belgian multilateral trading facility, has acquired shares outside the framework of a public offer at a price lower than the price of the public offer made at the same time as the admission of the shares concerned to trading, may not transfer those shares for one year after such admission, except in the case of a transfer leading to an obligation to launch a takeover bid, or if the shares are contributed or transferred in the framework of a takeover bid. This prohibition is subject to certain exemptions as further clarified in the aforementioned article.

14. THE OFFERING

14.1 Timetable

Certain key dates in connection with the Offering are summarized in the following table. These are all anticipated dates, which are subject to any unforeseen circumstances and to an early closing of the Offering Period.

Date	**Event**[(1)]
23 June 2021, before 9:00 a.m. CEST	Publication of Prospectus
23 June 2021, 9:00 a.m. CEST	Expected start of the Offering Period
30 June 2021, 4:00 p.m. CEST	Expected end of the Offering Period for Retail Investors
1 July 2021, 2:00 p.m. CEST	Expected end of the Offering Period for Institutional Investors
1 July 2021	Expected publication of the results of the Offering, the allocation for Retail Investors, the Offering Price and the allocation criteria (in case of over-subscription), latest date for announcement of decision to exercise the Increase Option and expected date of entry into the Underwriting Agreement
2 July 2021	Expected Listing Date (listing and start of "if-and-when-issued-and/or-delivered" trading)
5 July 2021	Expected Closing Date (payment, settlement and delivery of the Offered Shares)
1 August 2021	Expected last possible exercise date of the Over-allotment Option[(2)]

Notes:
[(1)] In the event of an early closing or extension of the Offering Period, these dates will be amended and published in the same manner as the announcement of the start of the Offering Period. If the Offering Period is extended with more than five business days, this will also be published in a supplement to the Prospectus.
[(2)] To enable the Stabilization Manager, acting on behalf of the Underwriters, to cover overallotments or short positions, if any, resulting from the overallotment, if any (for further information, see section 15.4 (Plan of distribution – Over-allotment Option and price stabilization)).

14.2 Conditions and nature of the Offering

The Offering consists of: (i) an initial public offering to retail and institutional investors in Belgium; (ii) a placement in the United States to persons that are reasonably believed to be QIBs as defined in Rule 144A under the US Securities Act; and (iii) a placement to certain qualified and/or institutional investors in the EEA, the United Kingdom and Switzerland. The Offering outside the United States will be made in compliance with Regulation S under the US Securities Act. The placement to institutional investors outside of Belgium in member states of the EEA will be made pursuant to an exemption under the Prospectus Regulation.

The Offering is an offering of up to 6,333,333 new Shares in the Company. In the event that the Offered Shares initially offered have been subscribed in full, this aggregate number of 6,333,333 initially offered new Shares sold in the Offering may, pursuant to an exercise of the Increase Option, be increased by up to 15% of the Shares offered in the Offering to 7,283,332 new Shares (see subsection 14.16 (*Increase Option*)).

The Stabilization Manager, acting on behalf of the Underwriters, has been granted by the Company, subject to the closing of the Offering, the Over-allotment Option, in the form of a warrant, which entitles the Stabilization Manager, acting on behalf of the Underwriters, to subscribe for additional new Shares for an aggregate number equal to up to 15% of the new Shares subscribed for in the Offering (including the new Shares subscribed for pursuant to the effective exercise of the Increase Option, if any, but capped at 15% of the actual number of shares subscribed in any event) at the Offering Price to cover overallotments or short positions, if any, in connection with the offering.

The Underwriters are Joh. Berenberg, Gossler & Co. KG, KBC Securities NV, Belfius Bank NV/SA, and Oppenheimer Europe Ltd. See section 15 (*Plan of distribution*).

The actual number of new Shares issued by the Company in the Offering will only be determined after the Offering Period and will be published in the financial press and by way of a press release of the Company, simultaneously with the publication of the Offering Price and the allocation of Shares to Retail Investors. Such publication is currently expected to be made on or about 1 July 2021 and in any event no later than the first business day after the end of the Offering Period.

There is no minimum amount for the Offering. As a result, the Company has the right to proceed with a capital increase in a reduced amount, corresponding to a number of Offered Shares that is lower than the maximum number of 6,333,333 Offered Shares (i.e., excluding the exercise, in part or in full, of the Increase Option and the Over-allotment Option) initially offered in the Offering, it being understood that, in a worst case scenario, the net proceeds of the Offering would be equal to the net proceeds from the Subscription Commitments of the Participating Investors (see section 14.3 (– *Subscription Commitments by the Participating Investors*)). The Company reserves the right to withdraw the Offering or suspend the Offering Period (see section 14.9 (– *Withdrawal of the Offering or suspension of the Offering Period*)) or to reduce the maximum number of Offered Shares at any time prior to the allocation of the Offered Shares, which reduction will not prevent the closing of the Offering (unless the Offering is withdrawn by the Company). Any withdrawal of the Offering will be published in the financial press, by means of a press release, through electronic information services such as Reuters or Bloomberg. To the extent required, also a supplement will be published. In the event of a withdrawal of the Offering, all orders received will automatically be cancelled and withdrawn, and investors will not have any claim to the delivery of the Offered Shares or any compensation. A reduction in the number of Offered Shares prior to expiry of the Offering Period will be published in the financial press, by means of a press release, through electronic information services such as Reuters or Bloomberg, and in a supplement to the Prospectus. A supplement to the Prospectus shall be published in case of an early closing of the Offering Period without placement of the total number of Offered Shares. In the event of a publication of a supplement to the Prospectus, investors will have the right to withdraw their orders made prior to the publication of the supplement in accordance with Article 23.2a of the Prospectus Regulation (see section 14.10 (*Right to withdraw*)). Investors withdrawing their order will not have any claim to the delivery of the Offered Shares or any compensation.

14.3 Subscription Commitments by the Participating Investors

The Participating Investors have irrevocably committed to subscribe for an aggregate amount of €27.86 million in the Offering at the Offering Price in exchange for a guaranteed allocation of the corresponding number of Offered Shares, subject only to (i) full allocation of their respective Subscription Commitment, and (ii) the closing of the Offering. In the event of over-subscription of the Offering, the Subscription Commitments of the Participating Investors shall not be reduced but be allocated entirely.

The following table presents the individual amounts of the Subscription Commitments of each Participating Investor and the number of new Shares allocated to each Participating Investor pursuant to its Subscription Commitment, assuming that (a) the Offering Price is at the mid-point of the Price Range, and (b) the Participating Investors will be allocated new Shares for the full amount of their Subscription Commitments. Existing shareholders of the Company holding less than 5% of the outstanding Shares prior to the closing of the Offering which are a Participating Investor have been presented under "Others".

Participating Investor[(1)]	**Amount of Subscription Commitment (€m)**	**New Shares allocated pursuant to Subscription Commitment**
Gimv NV	1.37	171,829
Adviesbeheer Gimv Venture Capital 2010 NV	0.20	24,546
Biotechfonds Vlaanderen NV	1.86	233,120
Sofinnova Industrial Biotech I	3.80	475,000
Ackermans & van Haaren NV	3.70	462,500
Participatie-maatschappij Vlaanderen NV	1.86	233,120
Agri Investment Fund CVBA	1.96	245,000
Biovest NV	1.50	187,500
Madeli participaties BV	0.75	93,750
K&E BV	0.50	62,500
Novalis LifeSciences Investments I-A, L.P.	0.25	31,250
Others[(2)]	0.10	12,500
Total from existing shareholders	**17.86**	**2,232,615**

Participating Investor[(1)]	Amount of Subscription Commitment (€m)	New Shares allocated pursuant to Subscription Commitment
Federale Participatie- en Investeringsmaatschappij NV	5.00	625,000
BNP Paribas Fortis Private Equity Belgium NV/SA	5.00	625,000
TOTAL	**27.86**	**3,482,615**

Note(s):

(1) *For more information on these shareholders, see section 11.1 (Major Shareholders – Overview).*

(2) *Existing shareholders whose shareholding does not or will not exceed 5%.*

The Subscription Commitments do not limit the ability of the Participating Investors to submit additional subscription orders in excess of the Subscription Commitments. If Participating Investors would submit such additional subscription orders for Offered Shares in addition to their respective Subscription Commitments, the number of Offered Shares allotted to the Participating Investors pursuant to such additional subscription orders will be subject to the same allocation criteria as applicable to Institutional Investors and will not benefit from the aforementioned guaranteed allocation.

14.4 Offering Price

The Offering Price will be a single price in euro, exclusive of the Belgian tax on stock exchange transactions, if applicable (see section 16.1.3 (*Taxation – Belgian taxation – Belgian tax on stock exchange transactions*)), and costs, if any, charged by financial intermediaries for the submission of applications, and will apply to all investors, whether Retail Investors or Institutional Investors.

The Offering Price will be determined within the Price Range on the basis of a book-building process in which only Institutional Investors can participate, taking into account various relevant qualitative and quantitative elements, including but not limited to the number of Offered Shares for which subscriptions are received, the size of subscription orders received, the quality of the investors submitting such subscription orders and the prices at which the subscription orders were made, as well as market conditions at that time.

The Price Range has been determined by the Company in agreement with the Underwriters, taking into account market conditions and factors including but not limited to:

- the condition of the financial markets;
- the Company's financial position;
- qualitative assessment of the demand for the Offered Shares; and
- all other factors deemed relevant.

The Company reserves the right to increase or decrease the lower limit of the Price Range or to decrease the upper limit of the Price Range. If the Price Range is narrowed through an increase of the lower limit and/or a decrease of the upper limit, or if the Price Range is narrowed to a single price, the change will be published in the financial press and by means of a press release, through electronic information services such as Reuters or Bloomberg. In the event the Offering Price is set below the lower end of the Price Range or if the Price Range is changed (other than in the event of a narrowing of the Price Range through an increase of the lower limit and/or a decrease of the upper limit of the Price Range), such will also be published in the financial press and by means of a press release, through electronic information services, as well as in a supplement to the Prospectus. Investors who have submitted subscription orders will not be notified individually by the Company. Although the Company has no obligation to notify the investors, the financial intermediaries are required to contact the investor individually. The Offering Price for investors shall not, however, exceed the higher end of the Price Range. In the event of a publication of a supplement to the Prospectus, investors will have the right to withdraw their orders made prior to the publication of the supplement (see subsection 14.10 (*Right to withdraw*)).

Retail Investors in Belgium can only acquire the Offered Shares at the Offering Price and are legally bound to acquire the number of Offered Shares indicated in their subscription order at the Offering Price, unless (i) the Offering has been withdrawn in which case the subscription orders will become null and void, or (ii) in the event

of the publication of a supplement to the Prospectus, in which case the Retail Investors will have the right to withdraw their orders made prior to the publication of the supplement (see subsection 14.10 (*Right to withdraw*)).

The results of the Offering, the allocation to Retail Investors, the Offering Price, and the allocation criteria (in the event of over-subscription) will be announced by the Company on or about 1 July 2021 and in any event no later than the first business day after the end of the Offering Period. In the event of an overallotment, the Underwriters will use reasonable efforts to deliver new Offered Shares to individual persons residing in Belgium and to investors subject to Belgian income tax on legal entities ("*impôt des personnes morales*"/"r*echtspersonenbelasting*"), in this order of priority. No tax on stock exchange transactions is due on the subscription for newly issued Shares, but such tax could be due on the subscription for existing Shares (see section 16.1.3 (*Taxation – Belgian taxation of dividends on Shares – Belgian tax on stock exchange transactions*)).

As set out in section 10.10 (*Management and corporate governance – Description of incentive plans*), certain ExCom members own ESOP 2017 Warrants and ESOP 2020 Warrants, pursuant to which they are entitled to subscribe to profit certificates at an issue price equal to €0.82 (rounded) and €1.29 (rounded) respectively, which profit certificates will automatically be converted into Shares at a 2:1 ratio (subject to the terms and conditions of the relevant ESOP Warrants), which conversion would result in the acquisition of Shares at a price that is significantly lower than the Price Range of €7.50 to €8.50 per Offered Share (namely €7.18 (rounded) and €6.71 (rounded) respectively assuming that the Offering Price is at the mid-point of the Price Range).

14.5 Dilution resulting from the Offering

See table in section 11.1 (*Major Shareholders – Overview*).

14.6 Offering Period

The Offering Period will begin on 23 June 2021 and is expected to close no later than 2:00 p.m. (CEST) on 1 July 2021, subject to the possibility of an early closing or extension, provided that the Offering Period will in any event be open for at least six business days. The Prospectus will be made available before 9:00 a.m. of the first calendar day of the Offering Period. The Offering Period can be closed, at the earliest, six business days after the start of the Offering Period and, hence, prospective investors can submit their orders at least during six business days after the start of the Offering Period. However, in accordance with the possibility provided for in Article 3, §2 of the Royal Decree on Primary Market Practices, it is expected that the subscription period for the retail offering will end at 4:00 p.m. CEST on 30 June 2021, the day before the end of the institutional bookbuilding period, due to the timing and logistical constraints associated with the centralization of the subscriptions placed by Retail Investors with the Underwriters and with other financial institutions.

Any extension or early closing of the Offering Period will be announced by means of a press release by the Company, and the dates for each of pricing, allocation, publication of the Offering Price and the results of the Offering, "as-if-and-when-issued-and/or-delivered" trading and closing of the Offering will in such case be adjusted accordingly.

In the event the Offering Period is extended with more than five business days, this will be published in a supplement to the Prospectus, in which case the investors will have the right to withdraw their orders made prior to the publication of the supplement (see subsection 14.10 (*Right to withdraw*)). The Offering Period can only be closed earlier in case of a coordinated action between the Underwriters. In the event the Offering Period is extended with five business days or less, this will only be announced by means of a press release by the Company. Prospective investors can submit their subscription orders during the Offering Period. Taking into account the fact that the Offering Period may be closed early, investors are invited to submit their applications as promptly as possible.

The timeline, validity and form of instructions to financial intermediaries in relation to the subscription for or purchase of Shares will be determined by each financial intermediary in accordance with its usual procedures or as otherwise notified to the investors. The Company is not liable for any action or failure to act by a financial intermediary in connection with any subscription or purchase, or purported subscription or purchase, of Shares.

Subscription orders by Retail Investors in Belgium may be submitted at the counters of KBC Securities NV and Belfius Bank NV/SA, at no cost to the investor or alternatively through other than the aforementioned intermediaries. Applications are not binding upon the Company or the Underwriters as long as they have not been accepted (see subsection 14.11 (*Allocation*)).

Investors wishing to place purchase orders for the Offered Shares through intermediaries other than KBC Securities NV and Belfius Bank NV/SA in Belgium should request details of the costs which these intermediaries may charge, which they will have to pay themselves.

To be valid, the subscription orders must be submitted no later than 4:00 p.m. (CEST) on 30 June 2021 (for Retail Investors) and no later than 2:00 p.m. (CEST) on 1 July 2021 for Institutional Investors, unless the Offering Period is closed earlier or extended, in which case the subscription orders must be submitted no later than 2:00 p.m. (CEST) at such earlier or extended closing date of the Offering Period.

14.7 Retail Investors

Retail Investor shall mean an individual person resident in Belgium or a legal entity located in Belgium that does not qualify as a qualified investor (*gekwalificeerde belegger/investisseur qualifié*) as defined in article 2, e) of the Prospectus Regulation.

Retail Investors must indicate in their subscription orders the number of Offered Shares they are committing to subscribe for. Every order must be expressed in number of Offered Shares with no indication of price and shall be deemed placed at the Offering Price. Only one application per Retail Investor will be accepted. If the Underwriters determine, or have reason to believe, that a single Retail Investor has submitted several subscription orders, through one or more intermediaries, they may disregard such subscription orders. There is no minimum or maximum amount or number of Offered Shares that may be subscribed for in one subscription order. Subscription orders are subject to a possible reduction as described below in subsection 14.11 (*Allocation*).

KBC Securities NV will act as centralization agent for subscription orders by Retail Investors.

14.8 Institutional Investors

Institutional Investors must indicate in their subscription orders the number of Offered Shares or an amount they are committing to subscribe for, and the prices at which they are making such subscription orders during the book-building period. There is no minimum or maximum amount or number of Offered Shares that may be subscribed for in one subscription order. Subscription orders are subject to a possible reduction as described below in subsection 14.11 (*Allocation*). Only Institutional Investors can participate in the book-building process during the Offering Period.

14.9 Withdrawal of the Offering or suspension of the Offering Period

The Company reserves the right to withdraw the Offering or suspend the Offering Period should the Underwriting Agreement not be signed. Furthermore, the Company reserves the right to withdraw or suspend the Offering if the Underwriting Agreement is terminated in the foreseen circumstances as described in the Underwriting Agreement (see section 15.1 (*Plan of Distribution – Underwriting*)). Such withdrawal of the Offering or the suspension of the Offering Period can occur up to the closing of the Offering. The Company also reserves the right to withdraw the Offering or suspend the Offering Period if the Board of Directors following recommendations from the Underwriters, acknowledges that the quality and quantity of the subscriptions received is such that the Offering cannot be closed in the interest of the Company. From the Listing Date until the Closing Date, the Shares will be listed and traded on an 'if-and –when-issued-and/or-delivered" basis, thus leaving the possibility for a withdrawal of the Offering after trading has begun. Any withdrawal of the Offering or suspension of the Offering Period will be published in the financial press, by means of a press release, through electronic information services such as Reuters or Bloomberg. To the extent required, a supplement will also be published. In the event of a withdrawal of the Offering, all orders received will automatically be cancelled and withdrawn, and investors will not have any claim to the delivery of the Offered Shares or any compensation. The amounts already paid by the prospective investors will be reimbursed within three business days, without, however, being entitled to interest on this amount or to any form of compensation for any reason whatsoever. In the event of withdrawal of the Offering or suspension of the Offering Period, the Company will also be able to withdraw the application for admission to trading of all Shares on the regulated market Euronext Brussels, and will immediately notify Euronext Brussels NV of this.

14.10 Right to withdraw

Retail Investors in Belgium can only acquire the Offered Shares at the Offering Price and are legally bound to acquire the number of Offered Shares indicated in their subscription order at the Offering Price, unless (i) the

Offering has been withdrawn in which case the subscription orders will become null and void, or (ii) in the event of the publication of a supplement to the Prospectus, in which case the investors will have the right to withdraw their orders made prior to the publication of the supplement.

In accordance with article 23 (1) of the Prospectus Regulation, in the event of a significant new development, or material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offered Shares during the period between the date of approval of the Prospectus and the Listing Date, a supplement to this Prospectus shall be published. Any supplement is subject to approval by the FSMA, in the same manner as this Prospectus and must be made public in the same manner as this Prospectus.

Investors who had already submitted an order before the supplement is published will have the right, exercisable within three business days after the publication of the supplement, to withdraw their subscription orders, provided that the significant new development, material mistake or inaccuracy referred to above arose or was noted before the closing of the Offering or the delivery of the Offered Shares, whichever occurs first. That period may be extended by the issuer or the offeror. The final date of the right of withdrawal shall be stated in the supplement. The financial intermediaries shall contact each investor individually by the end of the first business day following that on which the supplement is published. For investors who have submitted their orders through a financial intermediary, that financial intermediary shall inform those investors of the possibility of a supplement being published, where and when it would be published and that the financial intermediary would assist them in exercising their right to withdraw acceptances in such a case. The financial intermediary shall contact such investors who have the right of withdrawal as described above by the end of the first business day following that on which the supplement is published.

A supplement to this Prospectus will be published in accordance with article 23 of the Prospectus Regulation (i) in the event the Offering Price is set below the lower end of the Price Range, (ii) if the Price Range is changed (other than in the event of a narrowing of the Price Range through an increase of the lower limit and/or a decrease of the upper limit of the Price Range), (iii) if the Offering Period is extended with more than five business days, (iv) if the maximum number of Offered Shares is reduced, including due to an early closing of the Offering Period without placement of the total number of new Shares, (v) if the Underwriting Agreement is not executed or is executed but subsequently terminated or (vi) to the extent required, if the Offering is withdrawn.

14.11 Allocation

The number of Offered Shares allotted to investors will be determined at the end of the Offering Period by the Company in agreement with the Underwriters on the basis of the respective demand of both Retail Investors and Institutional Investors and on the quantitative, and, for Institutional Investors only, the qualitative analysis of the order book, in accordance with Belgian regulations relating to allocation to Retail Investors and Institutional Investors as set forth below.

In accordance with Belgian regulations, a minimum of 10% of the Offered Shares (including, for the avoidance of doubt, any Offered Shares offered pursuant to the exercise of the Increase Option and the Over-Allotment Option, if any) shall be allocated to Retail Investors, subject to sufficient retail demand. However, the proportion of Offered Shares allocated to Retail Investors may be increased or decreased in an equal manner if subscription orders received from them exceed or do not reach, respectively, 10% of the Offered Shares effectively allocated.

In case of over-subscription of the Offered Shares reserved for Retail Investors, the allocation to Retail Investors will be made on the basis of objective and quantitative allocation criteria, whereby all Retail Investors will be treated equally. The criteria used for this purpose are the preferential treatment of applications submitted by Retail Investors at the counters of the Underwriters in Belgium, and the number of Shares for which applications are submitted by Retail Investors. The respective allocation criteria will be applied in the same manner for (i) all retail subscriptions submitted at the counters of the Underwriters in Belgium and, although it may be different from the allocation criteria in (i), for (ii) all applications submitted by Retail Investors submitted through other financial intermediaries.

The results of the Offering, the allocation for Retail Investors, the Offering Price, and the allocation criteria (in case of over-subscription) will be announced by the Company on or about 1 July 2021 and in any event no later than the first business day after the end of the Offering Period. In the event of the overallotment of Offered Shares, the Underwriters will use reasonable efforts to deliver the newly issued Shares to individual persons residing in Belgium and to investors subject to Belgian income tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*), in this order of priority. No tax on stock exchange transactions is due on the subscription for

newly issued Shares, but such tax could be due on the subscription for existing Shares (see section 16.1.3 (*Taxation – Belgian taxation - Belgian tax on stock exchange transactions*)). The manner for refunding amounts paid in excess by financial intermediaries in relation to the subscription for or purchase of Shares will be determined by each financial intermediary in accordance with its usual procedures or as otherwise notified to the investors.

As set out in section 14.3 (– *Subscription Commitments by the Participating Investors*), in the event of over-subscription of the Offering, the Subscription Commitments of the Participating Investors shall not be reduced but be allocated entirely.

14.12 Payment and taxes

The Offering Price must be paid by the investors in full, in euro, together with any applicable stock exchange taxes and costs. No tax on stock exchange transactions is due on the subscription for newly issued Shares. For further information about applicable taxes, see section 16 (*Taxation*).

The payment date for the Offered Shares, which is also the Closing Date is expected to be 5 July 2021 unless the Offering Period is closed earlier or extended. The Offering Price must be paid by investors by authorizing their financial institutions to debit their bank accounts with such amount for value on the Closing Date.

14.13 Form of the Offered Shares and delivery

From their issue date, the Offered Shares will be subject to all provisions of the Articles of Association. The Offered Shares shall be of the same class as existing ordinary Shares, including as to voting and dividend rights, and will be profit sharing as from any distribution in respect of which the relevant record date or due date falls on or after the date of their issuance, including any distributions in relation to the financial year that started on and after 1 January 2021, as the case may be. The rights attached to the Shares are described in section 13.6 (*Description of share capital and Articles of Association – Rights attached to the Shares*).

All Offered Shares will be delivered in dematerialized (book-entry) form only, and will be credited on or around the Closing Date to investors' securities accounts via Euroclear Belgium.

Investors who, after delivery, wish to have their Shares registered, should request that the Company record the Shares in the Company's share register. Holders of registered Shares may request that their registered Shares be converted into dematerialized Shares and *vice versa*. Any costs incurred in connection with the conversion of Shares into another form will be borne by the shareholders.

All Offered Shares will be fully paid-up upon their delivery and freely transferable, subject to what is set forth under section 15 (*Plan of distribution*).

14.14 Trading and listing on Euronext Brussels

An application has been made for the listing and admission to trading on the regulated market of Euronext Brussels of all Shares, including the Offered Shares. The Shares are expected to be listed under the symbol "BTLS" with ISIN code BE0974386188.

Trading is expected to commence on or about 2 July 2021 (unless in case of early closing or extension of the Offering Period) and will start at the latest on the Closing Date, when the Offered Shares are delivered to investors.

As of the Listing Date until the Closing Date and delivery of the Offered Shares, the Shares will be traded on the regulated market of Euronext Brussels on an "as-if-and-when issued and/or delivered" basis. Investors who wish to effect transactions in Shares prior to the Closing Date, whether such transactions are effected on the regulated market of Euronext Brussels or otherwise, should be aware that the issuance and delivery of the Offered Shares may not take place on the expected Closing Date, or at all, if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or do not occur on or prior to such date.

Euronext Brussels may annul all transactions effected in the Shares if the Offered Shares are not delivered on the Closing Date. Euronext Brussels cannot be held liable for any damage arising from the listing and trading on an "if-and-when-issued-and/or-delivered" basis as of the Listing Date until the expected Closing Date.

14.15 Share Lending

Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV, Sofinnova Biotech Fund I and Ackermans & van Haaren NV are expected to agree to lend to the Stabilization Manager (acting on behalf of the Underwriters) a number of Shares equal to up to 15% of the number of new Shares subscribed for in the Offering (including the new Shares subscribed for pursuant to the effective exercise of the Increase Option, if any), in order to enable the Stabilization Manager to settle any overallotments.

14.16 Increase Option

In the event that the Offered Shares initially offered have been subscribed in full, the 6,333,333 initially offered new Shares sold in the Offering may be increased by up to 15% to 7,283,332 new Shares. Any decision to exercise the Increase Option will be communicated at the latest on the date of announcement of the Offering Price, which is currently expected to be on or around 1 July 2021. To the extent that the Increase Option has been exercised and subject to entering into the Underwriting Agreement, the Underwriters will severally (and not jointly, nor jointly and severally) subscribe to such additional new Shares in the same proportion as set forth in the table in section 15.1 (*Plan of distribution – Underwriting*).

14.17 Authorizations

This Prospectus and the participation of the Company in the Offering were approved by the Board of Directors of the Company on 18 June 2021. The issuance of the Offered Shares and required amendments to the Articles of Association, both of which are subject to the condition precedent of the closing of the Offering, were approved by the shareholders of the Company at its extraordinary general shareholders' meeting held on 18 June 2021.

14.18 Jurisdiction and Competent Courts

The Offering is subject to Belgian law and the courts of Brussels are exclusively competent to adjudicate any and all disputes with investors concerning the Offering.

15. PLAN OF DISTRIBUTION

15.1 Underwriting

The Underwriters are (i) Joh. Berenberg, Gossler & Co. KG, having its registered office at Neuer Jungfernstieg 20, 20354 Hamburg, Germany, registered with the commercial register (*Handelsregister*) at the local court (*Amstgericht*) of Hamburg under HRA 42659, (ii) KBC Securities NV, having its registered office at Havenlaan 2, 1080 Brussels, Belgium, registered with the Crossroad Bank for Enterprises under the number 0437.060.521 (Brussels), (iii) Belfius Bank NV/SA, having its registered office at Place Charles Rogier 11, 1210 Brussels, Belgium and registered with the Crossroad Bank for Enterprises under the number 0403.201.185 (Brussels), and (iv) Oppenheimer Europe Ltd., a private company limited by shares registered in England & Wales, with company number 06595648 and with its registered office and principal place of business located at 6 Gracechurch Street, London, EC3V 0AT, United Kingdom.

The Underwriters are expected (but have no obligation) to enter into an underwriting agreement (the "**Underwriting Agreement**"), upon the determination of the Offering Price, which is expected to take place on or about 1 July 2021. The entering into the Underwriting Agreement may depend on various factors including, but not limited to, market conditions and the results of the book-building process.

Subject to the terms and conditions to be set forth in the Underwriting Agreement, the Underwriters will severally (and not jointly, nor jointly and severally) agree to subscribe for the following percentage of the total number of new Shares (including the new Shares subscribed for pursuant to the effective exercise of the Increase Option, as the case may be) less those new Shares subscribed for by certain Participating Investors who are an existing shareholder of the Company pursuant to a Subscription Commitment (see section 14.3 (*The Offering – Subscription Commitments by the Participating Investors*)) (to which such Participating Investors will subscribe directly) (collectively, the "**Underwritten Shares**"), in their own name but for the account of the relevant subscribers in the Offering to whom those Underwritten Shares will be allocated:

Underwriters	**Percentage of Underwritten Shares to be subscribed for**
Joh. Berenberg, Gossler & Co. KG	35%
KBC Securities NV	35%
Belfius Bank NV/SA	15%
Oppenheimer Europe Ltd.	15%
Total percentage of the Underwritten Shares to be subscribed for	**100%**

The Underwriters shall have no obligation to underwrite any of the Underwritten Shares prior to the execution of the Underwriting Agreement (and then only in accordance with the terms and subject to the conditions set forth therein). The Underwriters have not committed to subscribe for any of the Shares that will not be subscribed for by investors in the Offering ("soft underwriting").

Immediately after receipt of the Underwritten Shares, the Underwriters will deliver such Underwritten Shares to the relevant subscribers in the Offering against payment of the Offering Price therefor.

In the Underwriting Agreement, the Company will make certain customary representations and warranties and the Company will agree to indemnify each of the Underwriters against certain liabilities in connection with the Offering, including liability under the US Securities Act. If the Underwriting Agreement is not entered into, a supplement to the Prospectus to this effect will be published.

The Underwriting Agreement will provide, amongst other things, that each Joint Global Coordinator (acting on behalf of the Underwriters) shall have the right to terminate the Underwriting Agreement before the realization of the capital increase in relation to the Offering, if: (i) any of the conditions precedent set out in the Underwriting Agreement has not been satisfied or waived, such as the performance of the Participating Investors pursuant to the Subscription Commitments or the delivery of the closing documents; (ii) any statement in any offering document is, or has become, or has been discovered to be, inaccurate or misleading in any material respect, or any

matter has arisen which would, if the offering documents were to be made public at such time, constitute a material inaccuracy or omission from such offering document; (iii) any matter has arisen which would, in the reasonable opinion of a Joint Global Coordinator, require the publication of a supplement to the Prospectus or a supplement or addendum to the other offer documents and the relevant Joint Global Coordinators (acting on behalf of the Underwriters) have not explicitly confirmed to the Company at the occasion of the publication of such addendum that they would waive such condition, (iv) there has been or it is likely that there will be a material adverse effect (whether or not foreseeable at the time of the Underwriting Agreement), (v) there has been a force majeure event, (vi) the approval of the admission of the Shares to listing and trading on Euronext Brussels has been withdrawn or refused, (vii) there has been a breach by the Company or its subsidiary of any of the representations and warranties given in relation to it or its subsidiaries and contained in the Underwriting Agreement, (viii) the Lock-up and Sale Coordination Agreement (as defined below) having been withdrawn, terminated or invalidated, (ix) any of the Underwriters would default in performing its underwriting obligations under the Underwriting Agreement (it being specified that the termination rights in that case accrue to the non-defaulting Underwriter(s) only, (x) the Company has not complied with its covenants and undertakings set forth in the Underwriting Agreement, or (xi) the Company fails to issue at the relevant date(s) the number of Shares that it is obliged to issue pursuant to the Underwriting Agreement. Following termination of the Underwriting Agreement by an Underwriter, the other Underwriter will be authorized but is not obliged to further proceed with the Offering and the performance of the Underwriting Agreement without the involvement of the Underwriter who terminated the Underwriting Agreement.

In the event that the Underwriting Agreement is not executed or is executed but subsequently terminated, a supplement to this Prospectus shall be published. After publication of the supplement, the subscriptions for the Offered Shares will automatically be cancelled and withdrawn, and subscribers will not have any claim to delivery of the Offered Shares or to any compensation.

Assuming that the Offering Price is at the midpoint of the Price Range, the fees and commissions payable to the Underwriters by the Company are expected to be maximum of (a) €3.04 million, assuming a placement of the maximum number of Offered Shares in the Offering (excluding the exercise of the Increase Option and the Over-allotment Option), (b) €3.51 million, assuming a placement of the maximum number of Offered Shares in the Offering (including the exercise in full of the Increase Option but excluding the exercise of the Over-allotment Option), or (c) €4.05 million, assuming a placement of the maximum number of Offered Shares in the Offering (including the exercise in full of the Increase Option and the Over-allotment Option).

15.2 Standstill

The Company is expected to agree pursuant to the Underwriting Agreement (which is expected to be entered into on or about 1 July 2021) that it will not, and it will procure that none of its affiliates will, for a period as from the Closing Date until 12 months after the date of the Underwriting Agreement, otherwise than with the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters) (which will not be unreasonably withheld or delayed) (i) issue, offer, pledge, sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, (attempt to) dispose of, lend, or solicit any offer to buy (or announce its intention to perform any such action), directly or indirectly, any Shares or other securities of the Company that are substantially similar to Shares, or any securities that are convertible or redeemable into or exchangeable for, or that represent the right to receive, Shares or any such substantially similar securities, (ii) enter into any derivative, swap, hedge or other arrangement having substantially similar economic effect with respect to the Shares or any such securities, whether any of the foregoing transactions in (i) or (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) announce its intent to effect any of the foregoing. The foregoing undertaking shall not apply in relation to (A) the issuance of the Offered Shares, the Over-allotment Option and the Shares to be issued upon exercise of the Over-allotment Option, (B) the acquisition of assets or businesses by contribution in kind (or the contribution of claims for payment arising from unpaid acquisitions of assets or businesses), merger and/or (partial) demerger, provided the related capital increase does not exceed 10% of the share capital of the Company immediately following the Closing Date and, upon exercise of the Over-allotment Option, the relevant Over-allotment Option settlement date, and provided that the party receiving such shares agrees to be bound by restrictions identical to those set forth in this paragraph for the remainder of the Company's lockup period, and (C) warrants, options and Shares in the Company issued or transferred to staff members, consultants or directors of the Company or its subsidiaries in the context of any new or existing incentive plan for a number of Shares not exceeding (directly or indirectly), together with all other outstanding Share based incentives for the staff members, consultants and directors of the Company or its subsidiaries on the date of the Prospectus, 10% of the number of

Shares outstanding immediately following the later of the Closing Date and, upon exercise of the Over-allotment Option, the relevant Over-allotment Option settlement date.

15.3 Lock-up arrangements

The current shareholders that hold 1% or more of the Shares at the date of this Prospectus and the members of the Board of Directors and ExCom have entered into a lock-up and sale coordination agreement (the "**Lock-up and Sale Coordination Agreement**") with the Underwriters and the Company in respect of the following securities of such shareholders and members of the Board of Directors and ExCom: (i) the Shares and all other equity securities as defined in article 2(b) of the Prospectus Regulation, issued by the Company, (ii) certificates and contractual rights (including options, futures, swaps and other derivatives) issued or contracted by, or in cooperation with, the Company or any of its subsidiaries and representing, giving right to or being convertible, redeemable or exchangeable for any of the financial instruments referred to in (i) that are issued by the Company; (iii) securities issued in exchange for the financial instruments referred to in (i) and (ii) in the framework of a merger, demerger or spin-off of the Company (together the "**Locked Financial Instruments**") in each case, as outstanding from time to time and whether held now by the relevant person or acquired in the future. In relation to the aforementioned shareholders, the Locked Financial Instruments that are subject to the restrictions described below only covers the Shares and other financial instruments that such shareholder holds in the Company on the date of the Lock-up and Sale Coordination Agreement and any of the new Shares subscribed for in the Offering (including pursuant to a Subscription Commitment, as the case may be) (together the "**New Locked Financial Instruments**"), , but excluding, for the avoidance of doubt, Shares and other financial instruments subscribed for or acquired after the closing of the Offering. In relation to the members of the Board of Directors and ExCom, the Locked Financial Instruments that are subject to the restrictions described below covers their Shares and other financial instruments on the date of the Lock-up and Sale Coordination Agreement, as well as the Shares and other financial instruments subscribed for or acquired during the Lock-up Period (as defined below).

Pursuant to the Lock-up and Sale Coordination Agreement, during a period of twelve months after the Closing Date (or, in respect of the New Locked Financial Instruments, during a period of three months after the Closing Date) (the "**Lock-up Period**"), the aforementioned shareholders and members of the Board of Directors and ExCom will not (i) directly or indirectly, conditionally or unconditionally, issue, offer, pledge, exchange, lend, assign by way of security, grant any right "in rem", deliver or market, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any of their relevant Locked Financial Instruments, (ii) enter into any swap, any arrangement, any derivative transaction (in each case whether or not settled in cash) or issue any instruments that transfer (conditionally or unconditionally, now or in the future) to a third party all or part of the economic risk, benefits, rights or ownership of any of their Locked Financial Instruments, or (iii) announce to effect any such transaction or announce intention thereto.

Subject to certain conditions, none of the restrictions referred to above apply to (i) Shares being lent to the Stabilization Manager, (ii) transfers to legal successors or other transferees in case of death of a natural person or in case of merger, liquidation, concursus, de-merger, transfer or contribution of a branch of activity, or transfer or contribution of a universality (provided that the legal successor or transferee of such person remains bound by the relevant transfer restrictions of the transferee for the remaining term thereof), (iii) transfers to affiliates, ascendants, descendants or spouses (provided that the transferee remains bound by the relevant transfer restrictions of the transferee for the remaining term thereof, and provided that if the transferee would cease to be an affiliate of the transferor during the Lock-up Period, the transferee shall prior thereto retransfer the relevant Locked Financial Instruments to the transferor), (iv) accepting a public tender offer made to all or substantially all holders of Shares (other than Shares already owned by the offeror or persons affiliated or acting in concert with such offeror) or making an irrevocable commitment (whether conditional or not) prior to the launch of a public tender offer to accept such an offer of such an offeror (or persons affiliated or acting in concert with such offeror), or transferring Locked Financial Instruments to an offeror or potential offeror during the period of such an offer or pursuant to a squeeze-out, (v) transferring Locked Securities to the person for the economic benefit of which the relevant holder holds the Locked Financial Instruments as escrow agent, trustee, partner or in a similar capacity (provided that the transferee remains bound by the relevant transfer restrictions of the transferee for the remaining term thereof), (vi) pledging Locked Financial Instruments to a financial institution securing a mortgage or loan entered into by the holder thereof provided that the beneficiary of the pledge over the Locked Financial Instruments remains bound by the relevant transfer restrictions for the remaining term thereof, or (vii) transferring Locked Financial Instruments further to an order from a court or as otherwise mandatorily required under any applicable laws or regulations.

Furthermore, during the Lock-up Period and, for the members of the Board of Directors and ExCom only during the period starting six months after the Closing Date and ending on the expiry of the Lock-up Period, the lock-up restrictions will not apply to a coordinated sale of the Locked Financial Instruments, provided that (i) one or more persons holding in the aggregate at least 5% of the Locked Financial Instruments that are subject to the applicable lock-up restrictions at the time the request is made, shall have requested and obtained the prior written consent of the Joint Global Coordinators, acting reasonably and taking into account the relevant market conditions, the proposed manner of sale and contemplated volume of Shares to be sold, and (ii) the transfer for which the consent has been given is effected through such a coordinated sale, coordinated or led by the Joint Global Coordinators if the Joint Global Coordinators so elect in their discretion. No request for a coordinated sale can be made prior to 45 days following the Closing Date.

15.4 Over-allotment Option and price stabilization

In connection with the Offering, Joh. Berenberg, Gossler & Co. KG will act as Stabilization Manager on behalf of the Underwriters and may engage in transactions that stabilize, maintain or otherwise affect the price of the Shares or any options, warrants or rights with respect to, or other interest in, the Shares or other securities of the Company for up to 30 calendar days from the Listing Date. These activities may support the market price of the Shares at a level higher than that which might otherwise prevail. Stabilization will not be executed above the Offering Price. Such transactions may be effected on the regulated market of Euronext Brussels, in the over-the-counter markets or otherwise. The Stabilization Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilization Manager or its agents may discontinue any of these activities at any time and they must terminate at the end of the 30-calendar day period mentioned above.

Under the possible stabilization measures, investors may, in addition to the new Shares being offered, be allocated up to 15% of the new Shares subscribed for in the Offering (including the new Shares subscribed for pursuant to the effective exercise of the Increase Option, if any, but capped at 15% of the actual number of shares subscribed in any event) as additional Shares as part of the allocation of the Shares to be placed. Within the scope of a possible overallotment, the additional Shares will be provided for the account of the Stabilization Manager, acting on behalf of the Underwriters, in the form of a securities loan from Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV, Sofinnova Biotech Fund I and Ackermans & van Haaren NV.

The Company has granted, subject to the closing of the Offering, to the Stabilization Manager, acting on behalf of the Underwriters, an Over-allotment Option, in the form of a warrant, which will entitle the Stabilization Manager, acting on behalf of the Underwriters, to subscribe for additional new Shares for an aggregate number equal to up to 15% of the new Shares subscribed for in the Offering at the Offering Price to cover overallotments or short positions, if any, in connection with the Offering.

The Stabilization Manager may elect to reduce any short position by exercising all or part of the Over-allotment Option. The Over-allotment Option is exercisable up to its cap even if the Offering has not been subscribed in full and will be exercisable for a period of 30 calendar days from the Listing Date. The Over-allotment Option will be exercisable in whole or in part, and in one or in several times, to cover overallotments or short positions, if any. The possibility to over-allot Shares in the Offering and to exercise the Over-allotment Option will exist whether or not the Offering is fully subscribed.

If the Stabilization Manager creates a short position in the Shares in connection with the Offering (i.e. over-allot additional Shares), they may reduce that short position by purchasing Shares or by exercising all or part of the Over-allotment Option. Purchases of Shares to stabilize the trading price or to reduce a short position may cause the price of the Shares to be higher than it might be in the absence of such purchases. Neither the Company, nor the Underwriters make any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares.

During the Stabilization Period, the details of all stabilization transactions will be made public no later than the end of the seventh daily market session following the date of execution of such transactions, in accordance with Article 6.2 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

Within five business days of the end of the Stabilization Period, the following information will be made public in accordance with Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16

April 2014 on market abuse and Article 6.3 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures, as well as Article 5, §2 of the Royal Decree on Primary Markets Practices: (i) whether or not stabilization was undertaken; (ii) the date at which stabilization started; (iii) the date on which stabilization last occurred; (iv) the price range within which stabilization was carried out, for each of the dates on which stabilization transactions were carried out; and (v) the final size of the Offering, including the result of the stabilization and the exercise of the Over-allotment Option, if any, and (vi) the place where the stabilization was undertaken including, where relevant, the name of the trading venue.

15.5 Interests in the Offering

In connection with the underwriting of the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offered Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Shares being offered or placed should be read as including any offering or placement of Offered Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares.

Certain of the Underwriters and/or their respective affiliates have engaged and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of which they may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interests that may not be aligned or could possibly conflict with the interests of investors.

See also section 4.1 (*Use of proceeds – Expenses of the Offering*) for a description of the fees and commissions payable to the Underwriters in respect of the Offering.

In addition, the members of the ExCom are entitled to a one-time success fee of in aggregate EUR 500,000 (of which the chief executive officer is entitled to EUR 150,000) and certain ESOP Warrants held by certain members of the ExCom will vest, in case the Offering meets certain pre-defined criteria.

15.6 No public offering outside Belgium

No public offer is being made and no action has been or will be taken that would, or is intended to, permit a public offering of the Offered Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offered Shares, in any country or jurisdiction, other than Belgium, where any such action for that purpose is required. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offered Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction. Purchasers of the Offered Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offering Price.

16. TAXATION

16.1 Belgian taxation

The paragraphs below present a summary of certain Belgian federal income tax consequences of the ownership and disposal of the Shares by an investor that acquires such Shares in connection with this Offering. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect. Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below. The tax legislation of the investor's EEA Member State may have an impact on the income received from the Shares.

This summary does not purport to address all tax consequences of the investment in, ownership in and disposal of the Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, Share repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the tax regime applicable to Shares held by Belgian tax residents through a fixed basis or a permanent establishment situated outside Belgium. This summary does in principle not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0% to 9% of the investor's income tax liability.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (i.e. an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (i.e. a corporate entity that has its statutory seat in Belgium (unless it can be demonstrated that the tax residence of the company is situated in another State than Belgium), or a corporate entity that has its main establishment, its administrative seat or seat of management in Belgium), an Organization for Financing Pensions subject to Belgian corporate income tax (i.e. a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (i.e. a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A non-resident is any person that is not a Belgian resident.

Investors should consult their own advisers regarding the tax consequences of an investment in the Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

16.1.1 Belgian taxation of dividends on Shares

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the BCCA is not treated as a dividend distribution to the extent that such repayment is imputed to the fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up issuance premiums and the cash amounts subscribed to at the time of the issue of profit sharing certificates. However, pursuant to Article 18 of the Belgian Income Tax Code ("**ITC**"), for any decision of capital reduction taken in accordance with the BCCA, the amount of the capital reduction will be deemed to be derived proportionally (a) from the fiscal capital of the Company, on the one hand and (b) on the other hand, from the total of (i) certain taxed reserves incorporated in the capital of the Company, (ii) certain taxed reserves not incorporated into the capital of the Company and (iii) certain untaxed reserves incorporated into the capital of the Company (it being understood that the imputation of the capital reduction on these different categories of reserves will be made in that order of priority). The part of the capital reduction that is deemed to be derived from the abovementioned taxed and untaxed reserves will be treated as a dividend distribution from a tax perspective and be subject to Belgian withholding tax, if applicable. The part of the capital reduction that is deemed to derive from the abovementioned untaxed reserves may additionally give rise to a corporate income tax charge at the level of the Company.

Belgian withholding tax of 30% is normally levied on dividends, subject to such relief as may be available under applicable domestic or tax treaty provisions.

In case of redemption of the Shares, the redemption gain (i.e. the redemption proceeds after deduction of the portion of fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax

of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if such redemption is carried out on Euronext or a similar stock exchange and meets certain conditions. In case of liquidation of the Company, the liquidation gain (i.e. the amount distributed in excess of the fiscal capital) will in principle be subject to Belgian withholding tax at a rate of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions.

a) Belgian resident individuals

For Belgian resident individuals who acquire and hold the Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report the dividends in their personal income tax return. Where such individual opts to report them, dividends will normally be taxable at the lower of the generally applicable 30% withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income (local surcharges will not apply). In addition, if the dividends are reported, the dividend withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. This condition is not applicable if the individual can demonstrate that he has held the Shares in full legal ownership for an uninterrupted period of twelve months prior to the attribution of the dividends.

If (and only if) the dividends are reported in the personal income tax return, an exemption from personal income tax could in principle be claimed by Belgian resident individuals for a first tranche of dividend income up to an amount of €800 (for income year 2021) per year and per taxpayer, subject to certain formalities. For the avoidance of doubt, all reported dividends (hence, not only dividends distributed on the Shares) are taken into account to assess whether said maximum amount is reached. This exemption is not applicable to redemption and liquidation dividends.

For Belgian resident individuals who acquire and hold the Shares for professional purposes, the Belgian withholding tax does not fully discharge their personal income tax liability. Dividends received must be reported by the investor and will, in such case, be taxable at the investor's personal income tax rate increased with local surcharges. Belgian withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership on the day the beneficiary of the dividend is identified and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of the Shares for an uninterrupted period of twelve months prior to the attribution of the dividends.

b) Belgian resident companies

(i) Withholding tax

Dividends distributed to a Belgian resident company will be exempt from Belgian withholding tax provided that the Belgian resident company holds, upon payment or attribution of the dividends, at least 10% of the share capital of the Company and such minimum participation is held or will be held during an uninterrupted period of at least one year. In order to benefit from this exemption, the Belgian resident company must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the required conditions. If the Belgian resident company holds the required minimum participation for less than one year, at the time the dividends are paid on or attributed to the Shares, the Company will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the Belgian resident company certifies its qualifying status, the date from which it has held such minimum participation, and its commitment to hold the minimum participation for an uninterrupted period of at least one year. The Belgian resident company must also inform the Company or its paying agent if the one-year period has expired or if its shareholding will drop below 10% of the share capital of the Company before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the dividend withholding tax which was temporarily withheld, will be refunded to the Belgian resident company.

(ii) Corporate income tax

For Belgian resident companies, the dividend withholding tax does not fully discharge the corporate income tax liability. For such companies, the gross dividend income (including the Belgian withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 25%. Subject to certain

conditions, a reduced corporate income tax rate of 20% may apply for small companies (as defined by Article 1:24, §1 to §6 of the BCCA) on the first bracket of €100,000 of taxable profits.

Any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership on the day the beneficiary of the dividend is identified, and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable (a) if the company can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of twelve months prior to the attribution of the dividends; or (b) if, during said period, the Shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a permanent establishment ("**PE**") in Belgium.

As a general rule, Belgian resident companies can (subject to certain conditions and limitations) deduct 100% of gross dividends received from their taxable income (dividend received deduction), provided that at the time of a dividend payment or attribution: (1) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least €2,500,000 (it being understood that only one out of the two tests must be satisfied); (2) the Shares have been held or will be held in full ownership for an uninterrupted period of at least one year; and (3) the conditions relating to the taxation of the underlying distributed income and the absence of abuse, as described in article 203 ITC (the "**Article 203 ITC Taxation Condition**") are met (together, the "**Conditions for the application of the dividend received deduction regime**"). The Conditions for the application of the dividend received deduction regime depend on a factual analysis, upon each distribution, and for this reason the availability of this regime should be verified upon each distribution.

c) Organizations for financing pensions

For organizations for financing pensions (the "**OFPs**"), i.e. Belgian pension funds incorporated under the form of an OFP *(organismen voor de financiering van pensioenen/organismes de financement de pensions*) within the meaning of Article 8 of the Belgian Law of 27 October 2006, the dividend income is generally tax exempt.

Subject to certain limitations, any Belgian dividend withholding tax levied at source may be credited against the OFPs corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due. However, such Belgian withholding cannot be credited by an OFP if the shares on which the dividends are paid have not been held uninterruptedly in full ownership for at least 60 days, unless the OFP demonstrates that the dividends are not connected to an arrangement (or a series of arrangements) that is not genuine (*kunstmatig*/*pas authentique*) and has been put in place for the main purpose or one of the main purposes of obtaining this withholding tax credit.

d) Other Belgian resident legal entities subject to Belgian legal entities tax

For taxpayers subject to the Belgian income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their Belgian income tax liability.

e) Non-resident individuals or non-resident companies

(i) Non-resident income tax

For non-resident individuals and companies, the dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian PE.

If the Shares are acquired by a non-resident in connection with a business in Belgium, the investor must report any dividends received, which will be taxable at the applicable non-resident personal or corporate income tax rate, as appropriate. Belgian withholding tax levied at source may be credited against non-resident personal or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if (a) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of twelve months prior to the attribution of the dividends or (b) with regard to non-resident companies only, if, during said period, the Shares have not belonged

to a taxpayer other than a resident company or a non- resident company which has, in an uninterrupted manner, invested the Shares in a Belgian PE.

Non-resident companies that have attributed the Shares to a Belgian PE may deduct 100% of the gross dividends received from their taxable income if, at the date the dividends are paid or attributed, the Conditions for the application of the dividend received deduction regime are met. See subsection (b) (Belgian resident companies). Application of the dividend received deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

(ii) Belgian dividend withholding tax relief for non-residents

Dividends distributed to non-resident individuals who do not use the Shares in the exercise of a professional activity, may be eligible for the tax exemption with respect to ordinary dividends in an amount of up to €800 (amount applicable for income year 2021) per year and per taxpayer. For the avoidance of doubt, all dividends paid or attributed to such non-resident individual (and hence not only dividends paid or attributed on the Shares) are taken into account to assess whether said maximum amount is reached. Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to the Shares, such non-resident individual may request in its Belgian non-resident income tax return that any Belgian withholding tax levied on dividends up to the amount of €800 (amount applicable for income year 2021) be credited and, as the case may be, reimbursed. However, if no Belgian non-resident income tax return has to be filed by the non-resident individual, any Belgian withholding tax levied on such an amount could in principle be reclaimed by filing a request thereto addressed to the general advisor of the foreign affairs department of the FPS Finance (*adviseur-generaal van het Centrum Buitenland/conseiller général du Centre Etrangers*). Such a request has to be made at the latest on 31 December of the calendar year following the calendar year in which the relevant dividend(s) have been received, together with an affidavit confirming the non-resident individual status and certain other formalities which are determined in Article 206/1 of the Belgian Royal Decree implementing the Belgian Income Tax Code.

Under Belgian tax law, withholding tax is not due on dividends paid to a foreign pension fund which satisfies the following conditions: (i) it is a non-resident saver within the meaning of Article 227, §3 ITC which implies that it has separate legal personality and has its tax residence outside of Belgium; (ii) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions; (iii) whose activity is limited to the investment of funds collected in the exercise of its corporate purpose, without any profit making aim; (iv) which is exempt from income tax in its country of residence; and (v) provided that it is not contractually obliged to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage the Shares, nor obliged to pay a manufactured dividend with respect to the Shares under a securities borrowing transaction. The exemption will only apply if the foreign pension fund provides a certificate confirming that it is the full legal owner or usufruct holder of the Shares and that the above conditions are satisfied. The organization must then forward that certificate to the Company or its paying agent.

However, a pension fund not holding the Shares – which give rise to dividends – for an uninterrupted period of 60 days in full ownership amounts to a rebuttable presumption that the arrangement or series of arrangements *(rechtshandeling of geheel van rechtshandelingen/acte juridique ou un ensemble d'actes juridiques*) which are connected to the dividend distributions, are not genuine (*kunstmatig/non authentique*). The withholding tax exemption will in such case be rejected, unless counterproof is provided by the OFP that the arrangement or series of arrangements are genuine.

Dividends distributed to non-resident qualifying parent companies established in a Member State of the EU or in a country with which Belgium has concluded a double tax treaty that includes a qualifying exchange of information clause, will, under certain conditions, be exempt from Belgian withholding tax provided that the Shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10% of the share capital of the Company and such minimum participation is held or will be held during an uninterrupted period of at least one year. A non-resident company qualifies as a parent company provided that (i) for companies established in a Member State of the EU, it has a legal form as listed in the annex to the EU Parent-Subsidiary Directive, as amended from time to time, or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty, it has a legal form similar to the ones listed in such annex; (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the double tax treaties concluded between such country and third countries; and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime. In order to benefit from this exemption, the non-resident company must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the required conditions.

If the non-resident company holds a minimum participation for less than one year at the time the dividends are attributed to the Shares, the Company must levy the withholding tax but does not need to transfer it to the Belgian Treasury provided that the non-resident company provides the Company or its paying agent with a certificate confirming, in addition to its qualifying status, the date as of which it has held the minimum participation, and its commitment to hold the minimum participation for an uninterrupted period of at least one year. The non-resident company must also inform the Company or its paying agent when the one-year period has expired or if its shareholding drops below 10% of the Company's share capital before the end of the one-year holding period. Upon satisfying the one-year holding requirement, the dividend withholding tax which was temporarily withheld, will be refunded to the non-resident company.

Please note that the above withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements *(rechtshandeling of geheel van rechtshandelingen/acte juridique ou un ensemble d'actes juridiques*) for which the Belgian tax administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine (*kunstmatig/non authentique*) and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the Parent-Subsidiary Directive in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

Dividends distributed by a Belgian company to non-resident companies on a share participation of less than 10% will under certain conditions be subject to an exemption from withholding tax, provided that the non-resident companies (i) are either established in another Member State of the EEA or in a country with which Belgium has concluded a double tax treaty, where that treaty, or any other treaty concluded between Belgium and that jurisdiction, includes a qualifying exchange of information clause; (ii) have a legal form as listed in Annex I, Part A to the Parent-Subsidiary Directive as amended from time to time, or a legal form similar to the legal forms listed in the aforementioned annex and which is governed by the laws of another Member State of the EEA or a similar legal form in a country with which Belgium has concluded a double tax treaty; (iii) hold a share participation in the Belgian dividend distributing company, upon payment or attribution of the dividends, of less than 10% of the Company's share capital but with an acquisition value of at least €2,500,000; (iv) hold or will hold the Shares which give rise to the dividends in full legal ownership during an uninterrupted period of at least one year; and (v) are subject to the corporate income tax or a tax regime similar to the corporate income tax without benefiting from a tax regime which deviates from the ordinary regime. The exemption from withholding tax is only applied to the extent that the Belgian withholding tax, which would be applicable absent the exemption, could not be credited nor reimbursed at the level of the qualifying, dividend receiving, company. The non-resident company must provide the Company or its paying agent with a certificate confirming, in addition to its full name, legal form, address and fiscal identification number (if applicable), its qualifying status and the fact that it meets the required conditions mentioned under (i) to (v) above, and indicating to which extent the withholding tax, which would be applicable absent the exemption, is in principle creditable or reimbursable on the basis of the law as applicable on 31 December of the year preceding the year during which the dividend is paid or attributed.

Belgian dividend withholding tax is subject to such relief as may be available under applicable tax treaty provisions. Belgium has concluded tax treaties with more than 95 countries, reducing the dividend withholding tax rate to a rate between 0% to 20% for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities. Such reduction may be obtained either directly at source or through a refund of taxes withheld in excess of the applicable treaty rate.

Prospective holders of Shares should consult their own tax advisers to determine whether they qualify for a reduction in withholding tax upon payment or attribution of dividends, and, if so, to understand the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

16.1.2 Belgian taxation of capital gains and losses on Shares

a) Belgian resident individuals

In principle, Belgian resident individuals acquiring the Shares as a private investment should not be subject to Belgian capital gains tax on the disposal of the Shares and capital losses are in principle not tax deductible.

However, capital gains realized by a Belgian resident individual are taxable at 33% (plus local surcharges) if the capital gain on the Shares is deemed to be realized outside the scope of the normal management of the individual's private estate (e.g. in case of speculation). Capital losses are, however, not tax deductible.

Moreover, capital gains realized by Belgian resident individuals on the disposal of the Shares, outside the exercise of a professional activity, to a non-resident company (or body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the EEA, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (i.e. a shareholding of more than 25% in the Company). Capital losses are, however, not tax deductible in such event.

Capital gains realized by Belgian resident individuals upon redemption of the Shares or upon liquidation of the Company will generally be taxable as a dividend. See section above (*Belgian taxation of dividends on Shares*). In the case of a redemption of the Shares followed by their annulment, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if such redemption is carried out on a stock exchange and meets certain conditions. In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to a 30% withholding tax, subject to such relief as may be available under applicable domestic or treaty provisions.

Belgian resident individuals who hold the Shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realized upon the disposal of the Shares, except for: (i) capital gains on Shares realized in the framework of the cessation of activities, which are taxable at a separate rate of 10% or 16.5% (depending on the circumstances); or (ii) Shares held for more than five years, which are taxable at 16.5% plus local surcharges. Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are, in principle, tax deductible.

b) Belgian resident companies

Belgian resident companies are in principle not subject to Belgian corporate income tax on capital gains realized upon the disposal of the Shares provided that the Conditions for the application of the dividend received deduction regime are met.

If one or more of the Conditions for the application of the dividend received deduction regime are not met, the capital gains realized upon the disposal of the Shares by Belgian resident companies are taxable at the standard corporate income tax rate of 25% or, if applicable, the reduced rate of 20% for small companies, as defined by Article 1:24 of the BCCA.

Capital gains realized by Belgian resident companies upon the redemption of Shares by the Company or upon the liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

Capital losses on the Shares incurred by Belgian resident companies are as a general rule not tax deductible.

Shares held in the trading portfolios of Belgian qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains on such Shares are taxable at the ordinary corporate income tax rate of 25%, unless the reduced corporate income tax rate of 20% applies (*supra*), and the capital losses on such Shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realization.

c) Belgian resident organizations for financing pensions

Capital gains on the Shares realized by OFPs within the meaning of Article 8 of the Belgian Act of 27 October 2006 are in principle exempt from corporate income tax and capital losses are not tax deductible.

Capital gains realized by Belgian OFPs upon the redemption of ordinary Shares or upon the liquidation of the Company will in principle be taxed as dividends.

d) Other Belgian resident legal entities subject to Belgian legal entities tax

Capital gains realized upon disposal of the Shares by Belgian resident legal entities are in principle not subject to Belgian income tax.

Capital gains realized upon disposal of (part of) a substantial participation in a Belgian company (i.e., a participation representing more than 25% of the share capital of the Company at any time during the last five years prior to the disposal) may, however, under certain circumstances be subject to income tax in Belgium at a rate of 16.5%.

Capital gains realized by Belgian resident legal entities upon the redemption of Shares or upon the liquidation of the Company will, in principle, be taxed as dividends (see above).

Capital losses on Shares incurred by Belgian resident legal entities are generally not tax deductible.

e) Non-resident individuals

Capital gains realized on the Shares by a non-resident individual that has not held the Shares in connection with a business conducted in Belgium through a fixed base in Belgium are in principle not subject to taxation, unless in the following cases if such capital gains are obtained or received in Belgium:

- the gains are deemed to be realized outside the scope of the normal management of the individual's private estate. In such case, the capital gains have to be reported in a non-resident tax return for the income year during which the gain has been realized and may be taxable in Belgium; or
- the gains originate from the disposal of (part of) a substantial participation in a Belgian company (being a participation representing more than 25% of the share capital of the Company at any time during the last five years prior to the disposal) to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside of the EEA. Then, the realized capital gains may, under certain circumstances, give rise to a 16.5% tax (plus local surcharges).

However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realized by residents of those countries. Capital losses are generally not tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

Capital gains will be taxable at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realized on Shares by a non-resident individual that holds Shares in connection with a business conducted in Belgium through a fixed base in Belgium.

f) Non-resident companies or entities

Capital gains realized by non-resident companies or other non-resident entities that hold the Shares in connection with a business conducted in Belgium through a PE are generally subject to the same regime as Belgian resident companies or other Belgian resident legal entities subject to Belgian legal entities tax.

Capital gains realized by non-resident companies or non-resident entities upon redemption of the Shares or upon liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

16.1.3 Belgian tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration of the Shares (secondary market transactions) is subject to the tax on stock exchange transactions as mentioned in articles 120 and following of the Belgian Code of 2 March 1927 on miscellaneous duties and taxes (*wetboek van 2 maart 1927 diverse rechten en taksen*/*Code du 2 mars 1927 des droits et taxes divers* ("**CMDT**")) (hereafter referred to as the "**Tax on Stock Exchange Transactions**") if (i) it is executed in Belgium through a professional intermediary, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities

for the account of their seat or establishment in Belgium (both, a "**Belgian Investor**"). No Tax on Stock Exchange Transactions is due on the issuance of the Shares (i.e. primary market transactions).

The Tax on Stock Exchange Transactions is levied at a rate of 0.35% of the purchase price. This tax is however limited to a maximum of €1,600 per transaction and per party.

The Tax on Stock Exchange Transactions is due separately by each party to the transaction, i.e. the seller (transferor) and the purchaser (transferee), and is collected by the professional intermediary.

However, if the intermediary is established outside of Belgium, the tax will in principle be due by the Belgian Investor, unless that Belgian Investor can demonstrate that the tax has already been paid. In such a case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderel/bordereau*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the professional intermediary. The duplicate can be replaced by a qualifying day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could, subject to certain conditions and formalities, appoint a stock exchange tax representative in Belgium in accordance with article 126/3 CMDT ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the Tax on Stock Exchange Transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and for complying with the reporting obligations and the obligations relating to the order statement (*borderel/bordereau*) in that respect. If such a Stock Exchange Tax Representative would have paid the Tax on Stock Exchange Transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

An exemption is available for exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126[1], 2º CMDT for the tax on stock exchange transactions.

The EU Commission adopted on 14 February 2013 the Draft Directive on a Financial Transaction Tax, or FTT (see below). The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The Draft Directive regarding the FTT is still subject to negotiation between the Participating Member States and therefore may be changed at any time.

16.1.4 Belgian annual tax on securities accounts

The law of 17 February 2021 has introduced an annual tax on securities accounts in articles 201/3 and following CMDT (the "**Annual Tax on Securities Accounts**"), which entered into force on 26 February 2021. The Annual Tax on Securities Accounts is a subscription tax, levied on securities accounts and not on the holders thereof. A securities account is defined as an account on which financial instruments can be credited and debited.

The tax applies to securities accounts held both in Belgium and abroad when the account holder is a Belgian resident or when the account forms part of the assets of a Belgian establishment of a non-Belgian resident. The tax applies to natural persons residing in Belgium, as well as to companies and legal entities (subject to the tax for legal entities) that are established in Belgium.

The tax is also applicable to securities accounts held by non-Belgian residents (both natural persons and legal persons) if the securities account is held in Belgium. If the applicable double tax treaty however allocates the right to tax capital to the jurisdiction of residence, Belgium would be prevented from applying the Annual Tax on Securities Accounts to the Belgian securities accounts held by non-Belgian residents. As described above, the tax applies whether or not the account is held in Belgium if the account forms part of the assets of a Belgian establishment of a non-Belgian resident.

The Annual Tax on Securities Accounts is applicable to securities accounts of which the average value of the assets amounts to more than €1,000,000 during the reference period. In principle, this reference period starts on 1 October and ends on 30 September of the following year, except for the first reference period which starts on 26

February 2021 and ends on 30 September 2021. The aforementioned threshold is assessed on the average value of the assets in the securities account at reference points within the reference period (in principle 31 December, 31 March, 30 June and 30 September). The threshold is assessed per securities account and not per account holder.

The applicable tax rate is 0.15%, which is levied on the average value of the assets held in the securities account that exceeds the €1,000,000 threshold. It is however limited to 10% of the difference between the average value and the threshold of €1,000,000, in order to avoid that the Annual Tax on Securities Accounts would result in reducing the value of the securities account below the €1,000,000 threshold.

The Annual Tax on Securities Accounts is in principle withheld, reported and paid by the Belgian intermediary. If the intermediary is established outside of Belgium, the tax must in principle be reported and paid by the account holder, unless the account holder can demonstrate that the tax has already been reported and paid by an intermediary. Intermediaries established outside of Belgium can appoint a representative in Belgium in accordance with article 201/9/1 CMDT (the "**Annual Tax on Securities Accounts Representative**"), which will be liable for reporting and paying the tax in respect of securities accounts in scope of the tax that are managed by such intermediaries. If the Annual Tax on Securities Accounts Representative would have reported and paid the tax, the relevant account holder will, as per the above, no longer be the debtor of the tax.

The Annual Tax on Securities Accounts is however not applicable to securities accounts held by certain categories of account holders active in the financial or fund sector, as listed in Article 201/4 CMDT. These exemptions do however not apply if a non-qualifying third party has a direct or indirect claim on the value of the securities account.

The law provides for both a general anti-abuse provision, as well as specific anti-abuse provisions targeting (i) the splitting of a securities account in multiple securities accounts held at the same intermediary and (ii) the conversion of taxable financial instruments, included in a securities account, into registered financial instruments. These anti-abuse provisions have retroactive effect as from 30 October 2020.

Prospective investors are strongly advised to seek their own professional advice in relation to the possible impact of the new Annual Tax on Securities Accounts on their own personal tax position.

16.1.5 Common Reporting Standard

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard ("**CRS**").

On 20 December 2020, 110 jurisdictions had signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country (more than 80 jurisdictions) are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2**"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

Belgium has implemented the DAC2 and respectively the CRS by the Act of 16 December 2015 regulating the exchange of financial account information between Belgian financial institutions and the FPS Finances in the framework of automatic information exchange at the international level and for tax purposes ("**Act of 16 December 2015**").

The Shares are subject to DAC2 and to the Act of 16 December 2015. Under DAC2 and the Act of 16 December 2015, Belgian financial institutions holding the Shares for tax residents in another CRS contracting state shall report financial information regarding the Shares (e.g. in relation to income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

As a result of the Act of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the United States and (iii), with respect to any other non-EU States that have signed the MCAA, as of the respective date determined by Royal Decree.

In a Royal Decree of 14 June 2017, as amended, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of eighteen foreign jurisdictions, as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions, as from 2019 (for the 2018 financial year) for another jurisdiction and as from 2020 (for the 2019 financial year) for a fourth list of 6 jurisdictions.

Investors who are in any doubt as to their position should consult their professional advisers.

16.1.6 The proposed Financial Transaction Tax

On 14 February 2013, the European Commission adopted a Draft Directive implementing enhanced cooperation in the area of financial transaction tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, on 16 March 2016 Estonia formally withdrew from the group of states willing to introduce the FTT.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Shares in certain circumstances. It is a tax on derivatives transactions (such as hedging activities) as well as on securities transactions, i.e. it applies to trading in instruments such as shares and bonds. The initial issue of instruments is exempt from financial transaction tax in the current Draft Directive. This means that the issuance and subscription of the Shares should not become subject to financial transaction tax. The target date of 30 June 2016, for expected full agreement on a proposed FTT, mentioned in a statement dated 3 June 2016, has not been met and there is no specification available of a new target adoption date.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Shares where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

As a result, investors may be faced with additional transaction costs if the FTT is introduced in its current form. The rate for financial instruments is a minimum of 0.1% of the purchase price (or market value if greater). Nevertheless, the effective rate will be higher as each financial institution party is separately liable for the tax, so transactions between two financial institutions will be taxed twice.

The Draft Directive provides that the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). As a consequence, Belgium should abolish the tax on stock exchange transactions once the FTT enters into force.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective investors are strongly advised to seek their own professional advice in relation to the FTT.

16.2 Certain United States Federal Income Tax Considerations

The following discussion is a general summary based on present law of certain US federal income tax considerations relevant to the acquisition, ownership and disposition of Offered Shares. The summary is not a complete description of all tax considerations that may be relevant to a prospective investor and is not a substitute for tax advice. It applies only US Holders (as defined below) that purchase Offered Shares in the Offering, will hold Offered Shares as capital assets and use the US dollar as their functional currency. In addition, this discussion does not describe all of the tax considerations that may be relevant in light of the US Holder's particular circumstances, including tax consequences applicable to US Holders subject to special rules, such as banks or other financial institutions, insurance companies, dealers in currencies and securities, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, tax-exempt entities, US expatriates, partnerships or other pass-through entities or arrangements for US federal income tax purposes (including S-corporations), persons that own, directly, indirectly or constructively, 10% or more of the total combined voting power of the Company's voting stock or of the total value of the Company's equity interests, investors liable for alternative minimum tax, investors that will hold Offered Shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction or investors that will hold Offered Shares in connection with a permanent establishment or fixed base outside the United States. This summary also does not address US federal taxes other than the income tax (such as the Medicare surtax on net investment income or estate or gift taxes) or US state and local tax or non-US tax considerations.

As used in this section, "**US Holder**" means a beneficial owner of Offered Shares that, for US federal income tax purposes, is (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organized under the laws of the United States or its political subdivisions, (iii) a trust that is subject to the control of one or more US persons and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds the Offered Shares generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships for US federal income tax purposes should consult their own tax advisors concerning the US federal income tax considerations relevant to them and to their partners of the acquisition, ownership and disposition of the Offered Shares.

16.2.1 Passive Foreign Investment Company Rules

Based on the composition of the Company's current gross assets and income and the manner in which the Company currently operates its business, the Company believes that it may be classified as a PFIC for US federal income tax purposes for the Company's current taxable year. In general, a non-US corporation is a PFIC for any taxable year in which, taking into account a pro-rata portion of the income and assets of certain 25% or more owned subsidiaries, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held to produce passive income. For purposes of the PFIC rules, passive income generally includes interest, rents, dividends, royalties and certain capital gains, and cash is considered to be an asset that produces passive income. Until the Company or its non-US subsidiaries achieve commercialization and derive gross receipts from sales of products or services, the Company expects that at least 75% of its gross income may be comprised of passive income. The PFIC determination is made annually, and the Company's status could change depending, among other things, upon changes in the Company's activities (including when the Company achieves commercialization), composition and relative value of gross receipts and assets subsequent to the Offering, which may depend on the market value of the Offered Shares.

If the Company is a PFIC for any taxable year during which a US Holder held the Offered Shares (whether or not the Company continued to be a PFIC), gain recognized by a US Holder on a sale or other taxable disposition (including certain pledges) of the Offered Shares would be allocated ratably over the US Holder's holding period for the Offered Shares. The amounts allocated to the taxable year of the sale or other taxable disposition and to any year before the Company became a PFIC would be taxed as ordinary income in the year of sale or other taxable disposition. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations for that year, as appropriate, and an interest charge would be imposed. Further, to the extent that any distribution received by a US Holder on its Offered Shares exceeds 125% of the average of the annual distributions on the Offered Shares received during the preceding three years or the US Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, as described immediately above and would not be eligible for the reduced rate of tax on qualified dividend income of certain non-corporate US Holders described below under section 16.2.2 (*Dividends*).

A US Holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark the Offered Shares to market annually. The election is available only if the Offered Shares are considered "marketable stock," which generally includes stock that is regularly traded in more than *de minimis* quantities on a qualifying exchange. If a US Holder makes the mark-to-market election, any gain from marking the Offered Shares to market or from disposing of them would be ordinary income. Any loss from marking the Offered Shares to market would be recognized only to the extent of unreversed gains previously included in income. Loss from marking the Offered Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the Offered Shares will be traded in sufficient frequency and quantity to be considered "marketable stock" or whether Euronext Brussels is or will continue to be considered a qualifying exchange for purposes of the PFIC mark-to-market election. A valid mark-to-market election cannot be revoked without the consent of the US Internal Revenue Service ("**IRS**") unless the Offered Shares cease to be marketable stock.

A US Holder would not be able to avoid the tax consequences described above by electing to treat the Company as a qualified electing fund ("**QEF**") because the Company does not intend to provide US Holders with the information that would be necessary to make a QEF election with respect to the Offered Shares.

If the Company were a PFIC for any taxable year in which a US Holder owned Offered Shares and subsequently ceased to be a PFIC, a US Holder could avoid continued application of the tax treatment described above by electing to be treated as if it sold its Offered Shares on the last day of the last taxable year in which the Company was a PFIC (a "deemed sale election"). The effect of the deemed sale is generally to "purge" the PFIC status of stock of a former PFIC held by a US person. Accordingly, if a US Holder makes a deemed sale election such US Holder's Offered Shares would no longer be treated as stock of a PFIC with respect to such US Holder, provided that the Company does not become a PFIC again in a subsequent taxable year. Upon making a deemed sale election with respect to Offered Shares, a US Holder would be treated as having sold all of such US Holder's Offered Shares on the last day of the last taxable year in which the Company was a PFIC at their fair market value on such date. Any gain would be recognized and subjected to tax under the PFIC rules described above. Loss would not be recognized. The US Holder's basis in its Offered Shares would be increased by the amount of gain recognized on the deemed sale and its holding period would be treated as beginning on the day following the deemed sale for purposes of the PFIC rules.

US Holders should consult their own tax advisors concerning the Company's possible PFIC status and the consequences to them if the Company were a PFIC for any taxable year or holds an interest in a Lower-tier PFIC, including the availability and effects of any elections to mitigate any adverse tax consequences thereof.

16.2.2 Dividends

Subject to the discussion above under section 16.2.1(*Passive Foreign Investment Company Rules*), the gross amount of any distribution of cash or property with respect to the Offered Shares (including the amount of Belgian tax withheld therefrom, if any) will be included in a US Holder's gross income as ordinary income from foreign sources when actually or constructively received. The dividends will not be eligible for the dividends-received deduction generally available to US corporations. Dividends received by eligible non-corporate US Holders that satisfy a minimum holding period and certain other requirements generally will be taxed at the preferential rate applicable to qualified dividend income if the Company is eligible for benefits under the income tax treaty between the United States and Belgium (the "**Treaty**") and the Company is not a PFIC as to the US Holder in the Company's taxable year of distribution or the preceding taxable year. So long as the Company's principal class of shares is regularly and primarily traded on Euronext Brussels or regularly traded on Euronext Brussels and the Company's primary place of management and control is in Belgium, the Company believes that it will qualify for benefits under the Treaty.

Subject to generally applicable limitations, a US Holder may claim a deduction or a foreign tax credit only for any non-refundable Belgian tax withheld at the appropriate rate. If a US Holder chooses to deduct Belgian withholding tax on dividends received on the Offered Shares, such US Holder must deduct, rather than credit, all eligible foreign income taxes for the relevant taxable year. In computing foreign tax credit limitations, non-corporate US Holders eligible for the preferential tax rate applicable to qualified dividend income may take into account only the portion of the dividend effectively taxed at the highest applicable marginal rate. For purposes of the US foreign tax credit limitation, dividends received with respect to the Offered Shares generally will constitute "passive category income" or "general category income", depending on the US Holder's particular circumstances. The rules governing foreign tax credits or deductions are complex and each prospective investor is urged to consult its own tax advisor regarding the availability of foreign tax credits or deductions for Belgian taxes withheld from

dividends under its particular circumstances. US Holders may be able to claim a refund of or reclaim for Belgian tax withheld from a dividend under Belgian law or under the Treaty and certain corporate US Holders may be eligible for an exemption under Belgian law. See section 16.1.1e)(ii)(*Belgian taxation of dividends on Offered Shares - Belgian Income Tax – Non-resident individuals or non-resident companies — Belgian dividend withholding tax relief for non-residents*) above. No foreign tax credit will be allowed for the amount of Belgian withholding that is refundable or for which an exemption is available under Belgian law.

Dividends paid in a currency other than US dollars will be includable in income in a US dollar amount based on the exchange rate in effect on the date of receipt whether or not the currency is converted into US dollars or otherwise disposed of at that time. A US Holder's tax basis in the non-US currency will equal the US dollar amount included in income. Any gain or loss realized on a subsequent conversion or other disposition of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss. If dividends paid in a currency other than US dollars are converted into US dollars on the day they are received, the US Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

16.2.3 Dispositions

Subject to the discussion above under section 16.2.1(*Passive Foreign Investment Company Rules*), a US Holder generally will recognize capital gain or loss on the sale or other taxable disposition of Offered Shares in an amount equal to the difference, if any, between the amount realized on the sale or other taxable disposition and the US Holder's tax basis in the Offered Shares, in each case, determined in US dollars. Any gain or loss generally will be treated as arising from sources within the United States for foreign tax credit limitation purposes and will be long-term capital gain or loss if the US Holder's holding period in the Offered Shares sold exceeds one year. A loss may nonetheless be a long-term capital loss regardless of a US Holder's actual holding period to the extent the US Holder has received, within a specified time period, an aggregate amount of qualified dividends eligible for reduced rates of tax prior to a sale or other disposition of its Offered Shares that exceeded 10% of such US Holder's basis in the Offered Shares. Long-term capital gains of non-corporate US Holders are subject to tax at reduced rates. The deductibility of capital loss is subject to significant limitations. The initial tax basis of a US Holder's Offered Shares generally will be the US dollar value of the Euro paid in the Offering determined on the date of purchase.

If the Offered Shares are treated as traded on an "established securities market" at the time of the Offering, a cash basis US Holder (or, if it elects, an accrual basis US Holder) will determine the US dollar value of the cost of such Offered Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. A US Holder that receives a currency other than US dollars on the sale or other disposition of Offered Shares will realize an amount equal to the US dollar value of the currency received at the spot rate on the date of sale or other disposition (or, if the Offered Shares are traded on an "established securities market" at the time of disposition, in the case of cash basis and electing accrual basis US Holders, the settlement date). A US Holder that does not determine the amount realized using the spot rate on the settlement date will recognize currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realized. A US Holder will have a tax basis in the currency received equal to its US dollar value at the spot rate on the settlement date. Any currency gain or loss realized on the settlement date or on a subsequent conversion of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss.

16.2.4 Reporting and Backup Withholding

Dividends on the Offered Shares and proceeds from the sale or other disposition of Offered Shares may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments unless the holder makes the required certification, including providing its taxpayer identification number or otherwise establishes a basis for exemption. Any amount withheld may be credited against a US Holder's US federal income tax liability or refunded to the extent it exceeds the holder's liability, provided the required information is timely furnished to the IRS.

Certain non-corporate US Holders are required to report information with respect to Offered Shares not held through an account with a US financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in Offered Shares.

US Holders may be required to file IRS Form 926 reporting the payment of the Offering Price for an Offered Share to the Company. Substantial penalties may be imposed upon a US Holder that fails to comply. Each US Holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE OFFERED SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

17. TRANSFER RESTRICTIONS

See section 3.4 (*Important information – Selling restrictions and transfer restrictions*).

18. LEGAL MATTERS

Certain legal matters in connection with this Offering have been passed upon for the Company by Freshfields Bruckhaus Deringer LLP, with respect to the laws of the United States and Belgium. Certain legal matters in connection with this Offering have been passed upon for the Underwriters by Baker & McKenzie CVBA/SCRL with respect to the laws of Belgium and by Baker & McKenzie LLP with respect to the laws of the United States.

19. GENERAL INFORMATION

19.1 Legal and commercial name

The legal and commercial name of the Company is Biotalys. It carries out its business (including through its subsidiary) under the name of Biotalys and associated registered trademarks.

19.2 Legal form and incorporation

The Company has the legal form of a limited liability company (*naamloze vennootschap/société anonyme*) incorporated under the laws of Belgium. Pursuant to the provisions of the BCCA, the liability of the shareholders of the Company is in principle limited to the amount of their respective committed contribution to the capital of the Company.

The Company was incorporated on 4 January 2013 under the name "Agrosavfe". The Company is registered with the legal entities register (Gent, Gent division) under enterprise number 0508.931.185 and its legal entity identifier ("**LEI**") is 69940040QC7E3C0G3X07.

19.3 Registered office

The Company's registered office is located at Buchtenstraat 11, 9051 Sint-Denijs-Westrem, Belgium with telephone number (+32) (0)9 274 54 00. The Company's website is www.biotalys.com.

The Board of Directors is authorized to transfer the registered office to any other location in Belgium by simple decision, except in cases where the transfer would require the translation of the Articles of Association to another language in accordance with the Belgian language legislation. Any transfer of the registered office will be made public by the Board of Directors in the Annexes to the Belgian Official Gazette. Further to a decision of the Board of Directors, the Company may set up administrative offices, subsidiaries, branches and agencies, both in Belgium and abroad.

19.4 Financial year

The financial year of the Company starts on 1 January and ends on 31 December.

19.5 Statutory Auditor

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 Gert Vanhees, auditor. The Company's statutory auditor has been reappointed effective as from 19 April 2019 for the statutory term of three years by the Company's extraordinary general shareholders' meeting held on 19 April 2019. Belgian law limits the auditor's liability to €3 million (for a non-listed company) and €12 million (for a listed company) for tasks reserved to auditors by Belgian law or in accordance with Belgian law, such as auditing financial statements such as those described above, other than liability due to fraud or other deliberate breach of duty.

The Consolidated Financial Statements and its statutory financial statements as of 31 December 2018 have been audited by Deloitte Bedrijfsrevisoren BV, who issued an unqualified opinion on these financial statements. The Condensed Consolidated Interim Financial Statements have been reviewed by Deloitte Bedrijfsrevisoren BV, who issued an unqualified review opinion on these financial statements.

Deloitte Bedrijfsrevisoren BV has consented to the inclusion of its report on the Consolidated Financial Statements and the Condensed Consolidated Interim Financial Statements in this Prospectus and the incorporation by reference in the Prospectus of its reports on the statutory financial statements as of 31 December 2018 in the form and context in which they appear and has at the date of this Prospectus not withdrawn its consent.

19.6 No Significant change

As at the date of this Prospectus, there has been no significant change in the financial performance, the financial position and the trading position of the Group since 31 December 2020. See section 8 (*Operating and financial review*) for further information on the Company's current trading and recent developments.

19.7 Options or preferential rights in respect of shares

Save as disclosed in sections 10.10 (*Management and corporate governance – Description of the share incentive plans*) and 13.3.4 (*Description of share capital and Articles of Association – Share capital and shares – Outstanding warrants*), the Company is not a party to any contract or arrangement (or contemplated contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in the Company.

19.8 Financial service

From the Listing Date, the financial service for the Shares of the Company will be provided by Caisse Interprofessionelle de Dépôts et de Virements de Titres SA / Interprofessionele Effectendepositen Girokas NV (C.I.K.) (Euroclear), the Belgian central securities depository, located at Koning Albert II Iaan 1, B-1210 Brussels, Belgium. Should the Company alter its policy in this respect, this will be announced in accordance with applicable law.

19.9 Available Documents

Subject to any applicable securities laws, copies of the following documents will be available and can be obtained free of charge from the Company's website (www.biotalys.com) and, during their normal business hours, at the registered office of the Company from the date of this Prospectus until at least the Closing Date:

- this Prospectus;
- the Articles of Association;
- the Corporate Governance Charter;
- the Consolidated Financial Statements; and
- the statutory accounts of the Company as of 31 December 2020, 2019 and 2018.

19.10 Incorporation by Reference

The Articles of Association (the official Dutch version and an English translation thereof) and the statutory accounts of the Company as of 31 December 2018 are incorporated in this Prospectus by reference and, as such, form part of this Prospectus and are available on the Company's website (www.biotalys.com). The Articles of Association can be obtained free of charge from the Company's website (www.biotalys.com).

19.11 No Incorporation of Website

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of the Company's website (www.biotalys.com), including any websites accessible from hyperlinks on such website or any websites of any subsidiary, associated company and joint venture of the Company, form part of, and/or are incorporated by reference into, this Prospectus. The information on the Company's website has not been scrutinized or approved by the FSMA.

20. GLOSSARY OF SELECTED TERMS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

Act of 16 December 2015	the Act of 16 December 2015 regulating the exchange of financial account information between Belgian financial institutions and the FPS Finances in the framework of automatic information exchange at the international level and for tax purposes;
AgTech	Agricultural Technology;
Annual Tax on Securities Accounts	the annual tax on securities accounts as mentioned in articles 201/3 and following CMDT;
Annual Tax on Securities Accounts Representative	annual tax on securities accounts representative in Belgium in accordance with article 201/9/1 CMDT;
Article 203 ITC Taxation Condition	conditions relating to the taxation of the underlying distributed income and the absence of abuse, as described in article 203 ITC;
BCCA	Belgian Code of Companies and Associations;
Belgian Code on Corporate Governance	the 2020 Belgian Code on Corporate Governance;
Belgian GAAP	generally accepted accounting principles in Belgium;
Belgian Investor	private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium;
Belgian Offering	initial public offering to retail and institutional investors in Belgium;
Belgian Takeover Act	the Belgian Act of 1 April 2007 on public takeover bids, as amended;
Belgian Takeover Decree	the Belgian Royal Decree of 27 April 2007 on public takeover bids, as amended;
biocontrols	biological crop protection products and post-harvest protection products;
Board of Directors	Biotalys' board of directors;
BPPD	Biopesticides and Pollution Prevention Division of the EPA;
CDPR	California Department of Pesticide Registration;
CISA	Swiss Federal Act on Collective Investment Schemes;
Closing Date	on or around 5 July 2021;
CMDT	Belgian Code of 2 March 1927 on miscellaneous duties and taxes (*wetboek van 2 maart 1927 diverse rechten en taksen/Code du 2 mars 1927 des droits et taxes divers*);
CMO	contract manufacturing organization;
Company	Biotalys NV;
Condensed Consolidated Interim Financial Statements	the Company's unaudited condensed consolidated interim financial statements for the three months ended 31 March 2021 and 2020;
Conditions for the application of the dividend received deduction regime	(1) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation

	in the Company with an acquisition value of at least €2,500,000 (it being understood that only one out of the two tests must be satisfied); (2) the Shares have been held or will be held in full ownership for an uninterrupted period of at least one year; and (3) the Article 203 ITC Taxation Condition;
Consolidated Financial Statements	the Company's audited consolidated financial statements as of and for the years ended 31 December 2020 and 2019;
Corporate Governance Charter	the Company's corporate governance charter;
CRO	contract research organization;
CRS	Common Reporting Standard;
DAC2	Directive 2014/107/EU on administrative cooperation in direct taxation;
DAR	Draft Assessment Report;
DoE	Design of Experiment;
ECB	European Central Bank;
ECB Daily Reference Rate	the daily reference exchange rate published by the ECB;
EEA	European Economic Area;
EFSA	European Food Safety Authority;
EP	end-use product;
EPA	Environmental Protection Agency;
ESOP Warrants	the ESOP 2017 Warrants, the ESOP 2020 Warrants and the ESOP 2021 Warrants;
ESOP 2017 Warrants	ESOP warrants that were granted to employees, consultants or directors of the Company pursuant to the ESOP 2017 plan;
ESOP 2020 Warrants	ESOP warrants that were granted to employees, consultants and directors of the Company or an affiliated company pursuant to the ESOP 2020 plan;
ESOP 2021 Warrants	ESOP warrants that may be granted to employees, consultants and directors of the Company or an affiliated company pursuant to the ESOP 2021 plan that was approved by the general shareholders' meeting of the Company on 18 June 2021;
ETA	Evaluation Transfer Agreement;
EU	European Union;
EURL ECVAM	EU Reference Laboratory for alternatives to animal testing;
ExCom	Biotalys' executive committee;
FAO	Food and Agriculture Organization;
FIFRA	EPA Regulation Federal Insecticide, Fungicide, and Rodenticide Act;
FRAC	Fungicide Resistance Action Committee;
FSMA	Belgian Financial Services and Market Authority;
F&V	fruits and vegetables;
GLP	Good Laboratory Practice;

GM	genetically modified;
GMM	genetically modified micro-organisms;
GtM	go-to-market strategy;
HSE	Health, Safety and Environment;
Increase Option	the option to increase the aggregate number of new shares offered in the Offering by up to 15% of the aggregate number of new shares initially offered to a number of 7,283,332 new shares, in the event that the Offered Shares initially offered have been subscribed in full;
Institutional Investors	certain qualified and/or institutional investors in the EEA, the United Kingdom and Switzerland together with the QIBs;
IPM	integrated pest management;
IRS	US Internal Revenue Service;
ITC	Belgian Income Tax Code;
LEI	Legal Entity Identifier;
Listing Date	on or about 2 July 2021;
Lock-up and Sale Coordination Agreement	the lock-up and sale coordination agreement entered into between the current shareholders that hold 1% or more of the Shares at the date of this Prospectus and the members of the Board of Directors and ExCom, the Underwriters and the Company;
Lock-up Period	a period of twelve months after the Closing Date;
Locked Financial Instruments	(i) the Shares and all other equity securities as defined in article 2(b) of the Prospectus Regulation, issued by the Company, (ii) certificates and contractual rights (including options, futures, swaps and other derivatives) issued or contracted by, or in cooperation with, the Company or any of its subsidiaries and representing, giving right to or being convertible, redeemable or exchangeable for any of the financial instruments referred to in (i) that are issued by the Company; (iii) securities issued in exchange for the financial instruments referred to in (i) and (ii) in the framework of a merger, demerger or spin-off of the Company;
mAbs	monoclonal antibodies;
MAFF	Ministry of Agriculture, Forestry and Fisheries;
MCAA	multilateral competent authority agreement;
MRL	the limit of authorized pesticide residues;
MTA	Material Transfer Agreement;
NBB	National Bank of Belgium;
Offered Shares	the Shares being offered by the Company during the Offering, including, as the case may be, pursuant to the Increase Option and the Over-allotment Option;

Offering	initial offering up to 6,333,333 new shares, with no nominal value, of the Company;
Offering Period	period beginning on 23 June 2021 that is expected to end no later than 2:00 pm (CEST) on 1 July 2021, subject to early closing, provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus;
Offering Price	the price per Offered Share;
OFPs	organizations for financing pensions;
Order	Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
Over-allotment Option	a warrant to purchase additional new Shares in a number equal to up to 15% of actual the number of Shares subscribed for in the Offering (i.e., including the new Shares subscribed for pursuant to the effective exercise of the Increase Option, if any, but capped at 15% of the actual number of shares subscribed in any event) at the Offering Price to cover overallotments or short positions, if any, in connection with the Offering; such warrant is exercisable up to its cap even if the Offering has not been subscribed in full and will be exercisable for a period of 30 days following Listing Date;
Participating Investors	certain existing shareholders of the Company, including all of the Company's existing shareholders holding more than 5% of the outstanding Shares prior to the closing of the Offering as mentioned under section 11.1 (*Major shareholders – Overview*), as well as Federale Participatie- en Investeringsmaatschappij NV and BNP Paribas Fortis Private Equity Belgium NV/SA;
Participating Member States	Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia;
PCT	Patent Cooperation Treaty;
PE	permanent establishment;
PHI	Pre-Harvest Interval;
PIP	plant-incorporated-protectants
PPP	plant protection products;
Price Range	between €7.50 and €8.50 per Offered Share;
Prospectus	this prospectus detailing the initial offering of up to 6,333,333 new shares, with no nominal value, of the Company;
Prospectus Law	the Belgian Law of 11 July 2018 on the public offering of securities and the admission of securities to trading on a regulated market;
Prospectus Regulation	Regulation 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;
QA/QC	Quality Assessment and Quality Control;
QEF	qualified electing fund;

QIBs	qualified institutional buyers;
Regulation S	Regulation S under the US Securities Act;
RMS	Rapporteur Member State;
Royal Decree on Primary Market Practices	the Belgian Royal Decree of 17 May 2007 on primary market practices;
Rule 144A	Rule 144A under the US Securities Act of 1933, as amended;
Shares	the shares, with no nominal value, of the Company;
Share Consolidation	the conversion of all existing Preferred A Shares, Preferred B Shares and Preferred C Shares into ordinary Shares;
Reverse Share Split	the reverse split of all Shares existing after the Share Consolidation into several Shares at a 2:1 ratio to increase the value per individual Share of the Company in view of the Offering;
Shareholders' Agreement	the shareholders' agreement that the existing shareholders of the Company and the Company entered into, but that will be terminated subject to the closing of the Offering;
SIX	SIX Swiss Exchange;
SMEs	small and medium sized enterprises;
Stabilization Manager	Joh. Berenberg, Gossler & Co. KG;
Stabilization Period	30 days from the Listing Date;
Stock Exchange Tax Representative	stock exchange tax representative in Belgium in accordance with article 126/3 CMDT;
Subscription Commitments	an aggregate amount of €27.86 million that the Participating Investors have irrevocably committed to subscribe for in the Offering at the Offering Price, subject only to (i) full allocation of their respective Subscription Commitment, and (ii) the closing of the Offering;
Tax on Stock Exchange Transactions	tax on stock exchange transactions as mentioned in articles 120 and following the CMDT;
TGAI	Technical Grade Active Ingredient;
Treaty	the income tax treaty between the United States and Belgium;
UK Prospectus Regulation	Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 and underlying legislation;
UK Qualified Investors	persons in the United Kingdom who are "qualified investors" within the meaning of Article 2 of the UK Prospectus Regulation;
UN	United Nations;
Uniform Principles	the uniform principles contained in Commission Regulation (EU) No 546/2011;
US Exchange Act	US Securities Exchange Act of 1934, as amended;
US Holder	a beneficial owner of Offered Shares that, for US federal income tax purposes, is (i) a citizen or individual resident of the United

	States, (ii) a corporation or other business entity treated as a corporation created or organized under the laws of the United States or its political subdivisions, (iii) a trust that is subject to the control of one or more US persons and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source;
US Securities Act	US Securities Act of 1933, as amended;
VHH	a single variable domain;
VIB	Flemish Institute of Biotechnology;
VLAIO	Flanders Innovation & Entrepreneurship.

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22. CONSOLIDATED FINANCIAL STATEMENTS

Biotalys NV

Consolidated Financial Statements
For the years ended 31 December 2020 and 2019

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STATEMENT OF THE BOARD OF DIRECTORS

On 30 March, 2021, the Directors of Biotalys NV certify 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.

INDEPENDENT AUDITORS' REPORT

Deloitte.

Biotalys NV

Auditor's report on the consolidated financial statements as of and for the years ended 31 December 2020 and 2019

Auditor's report to the board of directors of Biotalys NV on the consolidated financial statements as of and for the years ended 31 December 2020 and 2019

We report on the consolidated financial statements for the years ended 31 December 2020 and 2019 set out in the prospectus of Biotalys NV (the "Company" and, together with its subsidiary, the "Group") (the "Prospectus"). This report is required by Annex 1 item 18.3.1 of Commission delegated regulation (EU) No 2019/980 (the "Prospectus Delegated Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Company and the Group as of and for the years ended 31 December 2020 and 2019, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The consolidated statement of financial position shows total assets of 36 262 (000) EUR as of 31 December 2020 and 27 513 (000) EUR as of 31 December 2019 and the consolidated income statement shows a consolidated loss (Group share) of 10 750 (000) EUR for the year ended 31 Decembe 2020 and 7 670 (000) EUR for the year ended 31 December 2019.

In our opinion, the consolidated financial statements of Biotalys NV give a true and fair view, for the purposes of the Prospectus, of the Group's net equity and financial position as of 31 December 2020 and 2019, and of its results, its cash flows and changes in equity for the years then ended, in accordance with IFRS as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw your attention to section 3.1 'Critical accounting estimates and judgments—Going concern' of the consolidated financial statements, in which the board of directors mentions the importance of attracting additional funding in order to be able to continue as a going concern.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union 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.

Auditor's responsibility

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 an 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 those charged with governance 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.

Our work has been carried out in accordance with ISA and not with other auditing standards and practices generally accepted in jurisdictions outside Belgium, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Other legal and regulatory requirements

Declaration

For the purposes of art. 26 § 1 of the Law of 11 July 2018, we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 11 item 1.2 of the Prospectus Delegated Regulation and for no other purpose.

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.

Signed at Zaventem.

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Gert Vanhees

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS in € thousands	Note	31 December 2020	31 December 2019	1 January 2019
Non-current assets		***10,757***	***3,636***	***2,606***
Intangible assets	8	792	742	799
Property, plant and equipment	9	4,617	927	395
Right-of-use assets	10	4,344	1,406	1,126
Other non-current assets	11	1,004	562	286
Current assets		***25,505***	***23,877***	***8,273***
Receivables	12	226	488	444
Other financial assets	13	2,100	-	-
Other current assets		76	32	59
Cash and cash equivalents	13	23,103	23,358	7,770
TOTAL ASSETS		**36,262**	**27,513**	**10,879**

EQUITY AND LIABILITIES in € thousands	Note	31 December 2020	31 December 2019	1 January 2019
Equity attributable to owners of the parent		***25,648***	***21,073***	***2,219***
Share capital	14	62,822	47,822	17,500
Share premium	14	675	540	49
Accumulated losses		(34,117)	(23,362)	(15,685)
Other reserves	14	(3,732)	(3,927)	355
Total equity		**25,648**	**21,073**	**2,219**
Non-current liabilities		***4,468***	***597***	***623***
Borrowings	15	4,332	568	604
Employee benefit liabilities	16	50	30	19
Provisions	9	86	-	-
Current liabilities		***6,146***	***5,844***	***8,036***
Borrowings	15	888	625	4,195
Other financial liabilities	15	1,302	3,623	2,804
Trade and other liabilities	17	3,301	1,596	1,037
Other current liabilities	18	655	-	-
Total liabilities		**10,613**	**6,441**	**8,660**
TOTAL EQUITY AND LIABILITIES		**36,262**	**27,513**	**10,879**

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	2020	2019
Other operating income	20	1,402	813
Research and development expenses	21	(11,488)	(7,851)
General and administrative expenses	21	(2,348)	(1,523)
Sales and marketing expenses	21	(834)	(679)
Other operating expenses	21	(9)	(1)
Operating loss		**(13,276)**	**(9,242)**
Financial income	23	2,710	2,393
Financial expenses	23	(171)	(820)
Loss before taxes		**(10,737)**	**(7,669)**
Income taxes	24	(13)	(1)
LOSS FOR THE PERIOD		**(10,750)**	**(7,670)**
Other comprehensive income (OCI)			
Items of OCI that will not be reclassified subsequently to profit or loss			
Remeasurement gains (losses) on defined benefit plans		(6)	(7)
Items of OCI that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		20	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(10,736)**	**(7,677)**
Basic and diluted loss per share (in €)	25	(7.17)	(5.11)
Loss for the period attributable to the owners of the Company		(10,750)	(7,670)
Total comprehensive loss for the period attributable to the owners of the Company		(10,736)	(7,677)

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**	**Anti-dilution warrants reserves**	**Cumulative translation reserves**	**Accumulated losses**	**Total Equity**
Balance at 1 January 2019	**17,500**	**49**	**355**	**-**	**-**	**(15,685)**	**2,219**
Loss for the period	-	-	-	-	-	(7,670)	(7,670)
Other comprehensive income	-	-	-	-	-	(7)	(7)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(7,677)**	**(7,677)**
Issuance of shares (note 14)	20,000	(65)	-	-	-	-	19,935
Convertible bond (note 15)	10,322	556	-	-	-	-	10,878
Issue of anti-dilution warrants (note 15)	-	-	-	(4,439)	-	-	(4,439)
Share-based payments (note 26)	-	-	157	-	-	-	157
Balance at 31 December 2019	**47,822**	**540**	**512**	**(4,439)**	**-**	**(23,362)**	**21,073**
Loss for the period	-	-	-	-	-	(10,750)	(10,750)
Other comprehensive income	-	-	-	-	20	(6)	14
Total comprehensive loss	**-**	**-**	**-**	**-**	**20**	**(10,756)**	**(10,736)**
Issuance of shares (note 14)	15,000	136	-	-	-	-	15,136
Issue of anti-dilution warrants (note 15)	-	-	-	(375)	-	-	(375)
Share-based payments (note 26)	-	-	550	-	-	-	550
Balance at 31 December 2020	**62,822**	**675**	**1,062**	**(4,813)**	**20**	**(34,117)**	**25,648**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

in € thousands	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		(13,276)	(9,242)
Adjustments for:			
Depreciation, amortization and impairments		1,037	594
Equity-settled share-based payment expense		550	157
Provisions		13	2
R&D tax credit		(444)	(275)
Other		20	-
Operating cash flows before movements in working capital		**(12,099)**	**(8,764)**
Changes in working capital:			
Trade and other receivables		262	(43)
Other current assets		(42)	26
Trade and other payables		1,692	559
Other current liabilities		655	(1)
Cash generated from operations		**(9,533)**	**(8,224)**
Taxes paid		-	-
Net cash used in operating activities		**(9,533)**	**(8,224)**
CASH FLOW FROM INVESTING ACTIVITIES			
Interests received		15	1
Purchases of property, plant and equipment		(3,817)	(645)
Purchases of intangible assets		(114)	-
Proceeds from disposal of property, plant and equipment		-	3
Investments in other financial assets		(2,100)	-
Net cash used in investing activities		**(6,016)**	**(641)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings and other financial liabilities	15	(1,022)	(565)
Proceeds from issuance of convertible bond	15	-	5,105
Proceeds from borrowings	15	1,220	-
Interests paid		(39)	(22)
Proceeds from issue of equity instruments of the Company (net of issue costs)	14	15,136	19,935
Net cash provided by financing activities		**15,295**	**24,452**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(255)**	**15,588**
CASH AND CASH EQUIVALENTS at beginning of year		23,358	7,770
CASH AND CASH EQUIVALENTS at end of year		23,103	23,358

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. As of the date these consolidated financial statements were authorized for issuance, the address of its registered office is Buchtenstraat 11, 9051 Gent, Belgium.

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

The consolidated financial statements were authorized for issue by the Board of Directors on 30 March 2021.

Since the outbreak of the COVID-19 pandemic in March 2020 in Europe, Biotalys has put in place all the internal measures to protect its employees according to the rules and regulations established by the Belgian and European authorities. Home working has been strongly encouraged and IT infrastructure and security has been upgraded to allow efficient remote working. Shifts have been established for essential laboratory personnel to maintain essential activities while optimizing the number of employees working on site.

The main impact has been on the ability of Biotalys to work with service partners where the partners have been more impacted than it and are required to delay certain services (e.g. immunization) or delivery of scientific studies which have impacted Biotalys's delays and milestones. With the experience gained in 2020, Biotalys expects to be able to continue its activities under the most restrictive lock-down conditions established so far.

Further proactive engagement with Biotalys's business critical partners like CROs, CMOs and regulatory authorities is expected so as to limit the risk of the pandemic impacting the future key milestones of Biotalys.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

These consolidated financial statements of the Group for the year ended 31 December 2020 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 2020. 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 3.1 below).

The Group has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position on 1 January 2019 throughout all periods presented.

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 to be adopted as from 2021 onwards

The following IFRS standards, interpretations and amendments that have been issued but that are not yet effective, have not been applied to the first IFRS financial statements closed on 31 December 2020:

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as current or non-current* (effective 1 January 2022, but not yet endorsed in EU), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.
- Amendments to IFRS 3 *Business Combinations*; IAS 16 *Property, Plant and Equipment*; IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as well as Annual Improvements (effective 01/01/2022, but not yet endorsed in EU). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

- Amendments to IFRS 3 *Business Combinations* update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 *Property, Plant and Equipment* prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements make minor amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and the Illustrative Examples accompanying IFRS 16 *Leases*.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* (effective 01/01/2021, but not yet endorsed in EU). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

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 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on 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 2020	1.2271	1.1421
31 December 2019	1.1234	1.1196
1 January 2019	1.1450	N/A

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 2020, 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. GOVERNMENT GRANTS

The Group recognizes government 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 from the government

Government 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 the Other current liabilities. In the statement of comprehensive income, government grants are presented as other operating income, except for the deduction of the withholding taxes for researchers which are presented as deduction of the costs that are compensated.

Government 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 government 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 "Other non-current assets".

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 the case of items recognized in other comprehensive income or in equity, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of management supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than in a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

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 tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

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.

Hybrid financial instruments

The component parts of hybrid instruments (convertible notes) issued by the Company are classified separately in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. However, the hybrid instrument issued by the Company in 2018 was an instrument which is not settled by the exchange of a fixed amount for a fixed number of equity instruments. As such, the second component is not considered an equity instrument and was considered an embedded derivative recognized as a financial liability.

At the date of issue, the fair value of the liability component (host debt) is estimated using the prevailing market interest rate for similar non-convertible and non-prepayable instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option (embedded derivative) is recognized as a derivative liability and is subsequently remeasured at fair value. Its fair value at inception is determined by deducting the amount of the host debt component from the fair value of the hybrid instrument as a whole. The conversion option classified as derivative liability is transferred to equity upon the exercise of the conversion option. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized will be transferred to profit or loss.

Transaction costs that are directly attributable to the bond offering and incremental, are allocated between the components of the hybrid instrument based on their relative values at the date of issue. The part allocated to the debt component (host debt) is included in the calculation of the amortized cost, using the effective interest method, and are amortized through the income statement over the life of the instrument.

Embedded derivatives

Embedded derivative financial instruments are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative financial instrument are not closely related, a separate instrument with the same terms as the embedded derivative financial instrument would meet the definition of a derivative financial instrument, and the combined instrument is not measured at fair value through profit or loss.

Anti-dilution warrants

During several financing rounds, the Company granted shareholders anti-dilutive warrants. The warrants are instruments which give the holder the right, but not an obligation, to purchase the Company’s shares at a specified price and date. The warrants include anti-dilution features to protect the right of the holder of the instrument from the possible impact of dilution caused due to issue of shares. The warrants give right to a variable number of shares based on the number of shares issues and the issue price of the relevant shares.

Considering that the holders will receive a variable number of shares based on the issue price indicates that the warrants are not “equity” but financial liabilities. The “fixed-for-fixed” requirement is not met.

At initial recognition, the anti-dilution warrants are recognized as derivative financial liabilities at fair value against equity, as it is considered as a transaction with shareholders. After initial recognition, the warrants are recognized at fair value through profit or loss.

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.

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

A share-based payment is a transaction in which the Group receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the Company’s shares or other equity instruments of the Company. The accounting for share-based payment transactions depends on how the transaction will be settled, that is, by the issuance of equity, cash, or either equity or cash.

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.

2.15. PROVISIONS

Provisions are recognized in the balance sheet when:

- there is a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The only provision currently recognized relates to the dismantling obligation of the leasehold improvements carried out in our headquarters. Whenever the Group incurs an obligation for costs to dismantle and remove an asset, restore the site on which it is located or restore the asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The provision is measured at the present value of the expenditures expected and initially recognized against the cost of the asset. The increase in the provision due to passage of time is recognized as finance cost.

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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The followings are areas where 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:

3.1. GOING CONCERN

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. Since its incorporation in 2013, the Group has financed its operations primarily through equity and debt financings. As of 31 December 2020, the Group had an accumulated deficit of €34,174 thousands and cash and cash equivalents of €21,103 thousands. For the years ended 31 December 2020 and 2019, the Group had net losses of €10,784 thousands and €7,674 thousands, respectively, and net cash used in operations of €9,533 thousands and €8,224 thousands, respectively. The Company believes that its existing cash and cash equivalents will be insufficient to meet its anticipated cash requirements beyond the first quarter of 2022, and thus raises doubt about the Company's ability to continue as a going concern without raising additional funds through debt or equity financings. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company may seek to raise additional funds through debt or equity financings. The Company may also consider entering into partner arrangements. The sale of additional equity would result in dilution to the Company's stockholders. The incurrence of debt would result in debt service obligations, and the instruments governing such debt could provide for additional operating and financing covenants that would restrict operations. If the Company does require additional funds and is unable to secure adequate additional funding at terms agreeable to the Company, the Company may be forced to reduce spending, extend payment terms with suppliers, liquidate assets, or suspend or curtail planned development programs. Any of these actions could materially harm the business, results of operations and financial condition.

In light of the above, the Company has started the process for a next financing round through an equity financing which is scheduled to provide additional funds to the Company by the end of 2021 and that is expected to secure the Group's financial future and operations at least until the Annual General Meeting of Shareholders to be held in 2022. On this basis, the Board of Directors is confident in the Group's ability to continue as a going concern.

3.2. SHARE-BASED PAYMENTS

In accordance with IFRS 2 *Share-based Payment*, the fair value of the warrants at grant date is recognized as an expense in the consolidated statement of comprehensive income over the vesting period, the period of service. Subsequently, the fair value is not re-measured.

The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions, which are detailed in note 26.

3.3. ANTI-DILUTION WARRANTS

The fair value of the instruments granted is calculated using a pricing model which requires the input of subjective assumptions, such as the probability of a down round financing and the probability of an IPO. These are detailed in note 5.

3.4. RECOGNITION OF DEFERRED TAX ASSETS

Deferred tax assets are recognized only if management assesses that these tax assets can be offset against taxable income within a foreseeable future. This judgment is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.

Since inception, the Group has reported losses, and as a consequence, the Group has unused tax losses. Management has concluded that deferred tax assets relating to tax losses should not be recognized as of 31 December 2020 considering the uncertainties regarding future taxable profits relating to the commercialization of the development projects.

4. TRANSITION TO IFRS

The consolidated financial statements for the period ended 31 December 2020 of the Group are prepared for the first time in accordance with International Financial Reporting Standards as endorsed in the European Union ('IFRS'). Considering that the Company established a subsidiary in the United States, the first-time adoption of IFRS consists also of the preparation of consolidated financial statements for the first time.

The first consolidated IFRS financial statements include comparative information for the period ended 31 December 2019. Therefore, an opening IFRS statement of financial position has been prepared as per 1 January 2019, which is the date of transition in accordance with IFRS. On this date, the impacts of changes in accounting policies from BeGAAP to IFRS are recognized against equity (retained earnings) in accordance with IFRS 1 *First-time Adoption of IFRS*.

The objective of this note is to provide a reconciliation of the effects of the first-time adoption of IFRS on the Group's financial statements, including:

- A reconciliation of the equity under BeGAAP at 1 January 2019 (i.e., date of transition to IFRS) and 31 December 2019 to the equity under IFRS at the same dates (see note 4.1. below); and
- A reconciliation of the result under BeGAAP to the result under IFRS for the year 2019 (see note 4.1. below).

The source of each adjustment is explained in the note below.

4.1. OVERVIEW OF IFRS ADJUSTMENTS ON THE EQUITY AND RESULT 2019

(in thousands of euros)	Foot-note	Equity per 1 January 2019	Result 2019	OCI 2019	Other movements 2019	Equity per 31 December 2019
BeGAAP		**2,803**	**(9,523)**	**-**	**30,322**	**23,603**
Intangible assets	(1)	797	(57)			740
Property, plant and equipment	(2)	113	(1)			113
Leases	(3)	100	131			231
Employee benefits	(4)	(19)	(3)	(7)		(30)
Share-based payments	(5)	-	(157)		157	-
Convertible bond	(6)	-	(556)		556	-
Anti-dilution warrants	(7)	(1,575)	2,391		(4,439)	(3,623)
Other	(8)	-	105		(65)	40
Deferred Taxes	(9)	-	-	-	-	-
Total IFRS adjustments		**(584)**	**1,853**	**(7)**	**(3,791)**	**(2,530)**
IFRS		**2,219**	**(7,670)**	**(7)**	**26,531**	**21,073**

The application of IFRS on the financial statements resulted in a decrease of equity for an amount € 584 thousands as per 1 January 2019 and € 2,530 thousands per 31 December 2019. The result of the year 2019 increased by € 1,853 thousands.

The nature of each IFRS adjustment is further explained below.

4.2. IFRS ADJUSTMENTS

For the preparation of the opening statement of financial position as per 1 January 2019, the Group did not apply any specific exemptions that are available to first-time adopters of IFRS in accordance with IFRS 1.

The statement of financial position prepared under BeGAAP as per 1 January 2019 has been adjusted for the preparation of the opening statement of financial position in accordance with IFRS effective on 31 December 2020, which is the closing date of the first IFRS financial statements. In accordance with IFRS, the impacts resulting from the application of the new accounting framework have been recognized against the opening equity as per 1 January 2019. However, certain adjustments did not have an impact on equity. These are also disclosed below.

(1) Intangible assets

In the context of the first-time adoption of IFRS, the Group reviewed its amortization policy. As such, useful lives have been determined which align to the economical usage of the underlying assets as intended by the Group and have been applied from the original acquisition date of the asset.

(2) Property, plant and equipment

Similar to the intangible assets, the Group reviewed its depreciation policy upon the first-time adoption of the IFRS accounting rules. As such, useful lives have been determined which align to the economic usage of the underlying assets as intended by the Group, mainly for lab equipment.

(3) Leases

In accordance with BeGAAP, rental agreements are classified as finance or operating leases.

Operating leases

Rental agreements for a building and company cars did not contain purchase options and were classified as operating leases. As a result of the application of IFRS 16, the Group recognized lease liabilities relating to leases previously classified as operating leases under BeGAAP. These liabilities were measured as of the opening balance sheet date at the present value of the lease payments, discounted using the Group's incremental borrowing rate. The related right-of-use assets were measured at the amount equal to the lease liability.

The low-value lease exemption is applied for IT equipment.

Finance leases

The Group also leases lab equipment which were classified as finance leases under BeGAAP. However, the carrying amounts of both the asset and the liability did not include the purchase option. The assets were depreciated over the lease term.

Considering that it is reasonably certain that the purchase option on leased lab equipment would be exercised, the right-of-use asset and the lease liability should include the purchase option. Under IFRS, the right-of-use asset is also depreciated over its useful life.

(4) Employee benefits

The pension plans offered by the Group is classified as a defined contribution plan, which are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

However, defined contribution plans in Belgium require companies to guarantee a minimum return, which triggers such plans to be classified as defined benefit plans. As such, the plans have been recognized as provisions in the statement of financial position based on the projected unit credit method in accordance with IAS 19 *Employee Benefits.*

(5) Share-based payments

The Group issues share-option schemes to its employees. Under BeGAAP, share options are not recognized until the exercise date. Accordingly, no amounts are recognized in the financial statements prior to this date.

Instruments issued by the Group need to be measured at fair value at grant date and expensed over the vesting period. The share option scheme granted by the Group meets the definition of an equity-settled share-based payment in accordance with IFRS 2 *Share-based Payment*. As such, the fair value of the option has been measured using the Black-Scholes valuation model, using parameters such as exercise price, duration, share price, volatility, etc.

The recognition of the share-based payment transaction has no impact on net equity, but only impacts the classification within equity, i.e., result of the period (employee benefits expenses) vs. the equity-settled share-based payment reserve.

(6) *Convertible bond*

In December 2018, the Company issued convertible bonds (the "Bonds") for an aggregate amount of €10,104 thousands which was issued in two tranches of €5,052 thousands. The first tranche was received in two installments in December 2018 (€5,000 thousands) and in January 2019 (€52 thousand), while the second tranche was received in July 2019 (€5,052 thousands).

The Bonds bear interest as from their issue date, at a rate of 8 per cent per annum. Interest is not compounding and is accrued. The accrued interest will also be converted into equity upon conversion of the bond unless repayment in cash would be required.

The fact that the final conversion price was not contractually fixed at inception of the bond contract already suffices to conclude that the share conversion clauses do not meet the requirements for an own equity instrument in IAS 32.16.

The share conversion clauses in the bonds did not constitute an equity component that should be separately accounted for as an equity instrument, apart from the host financial debt contract. IFRS 9 *Financial Instruments* requires an entity to separate an embedded derivative (that is, a component of a combined instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative) if the embedded derivative is not closely related to the host contract. The equity conversion obligations have equity instruments as underlying, and therefore are not closely related to a debt host contract.

Based on the contractual provisions and the requirements of IAS 32, the Bonds as a whole are not own equity instruments of the issuer (Biotalys), nor do they contain an own equity component.

Because the Company has not voluntarily designated the whole combined contract (the Bonds) as at fair value through profit or loss, the Company has separated the not-closely-related embedded derivative and account for as if it were a stand-alone derivative, at fair value through profit or loss.

Under Belgian GAAP, the convertible bond is recognized as one single liability without separating the embedded derivative options.

(7) Anti-dilution warrants

During several financing rounds, Biotalys granted shareholders anti-dilutive warrants. The warrants are instruments which give the holder the right, but not an obligation, to purchase the Company's shares in certain limited circumstances at a specified price and date. The warrants include anti-dilution features to protect the right of the holder of the instrument from the possible impact of dilution caused due to issue of shares.

Considering that the holders will receive a variable number of shares based on the number of shares to be issued and the issue price indicates that the warrants are not "equity" but financial liabilities in accordance with IAS 32 *Financial instruments: presentation* as the "fixed-for-fixed" requirement is not met. The anti-dilution warrants are recognized initially as derivative financial liabilities against equity as this is considered to be a transaction with shareholders. However, the subsequent remeasurement at fair value is recognized through profit or loss.

Under Belgian GAAP, the anti-dilution warrants have not been recognized.

(8) Other

"Other' relates to some minor IFRS adjustments which have been aggregated, including transactions costs relating to an equity transaction, such as a capital increase, which have been immediately expensed under BeGAAP. In accordance with IAS 32 *Financial Instruments: Presentation*, these costs are immediately accounted for as a deduction from equity.

(9) Deferred taxes

On the contrary to BeGAAP, deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities, and their tax base according to IAS 12 *Income Taxes*. For deductible temporary differences and tax losses carried forward, a deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available.

Considering that Group entities do not expect to generate a taxable profit in the foreseeable future, no deferred tax assets are recognized on tax losses carried-forward and deductible temporary differences triggered by the above detailed IFRS adjustments.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. OVERVIEW OF FINANCIAL INSTRUMENTS

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

in € thousands	IFRS 9 Category	31 December 2020	31 December 2019	1 January 2019
Other financial assets	At amortized cost	2,100	-	-
Cash and cash equivalents	At amortized cost	23,103	23,358	7,770
Total financial assets		**25,203**	**23,358**	**7,770**
Non-current borrowings				
Bank borrowings	At amortized cost	1,137	-	-
Lease liabilities	At amortized cost	3,195	568	604
Current financial liabilities				
Bank borrowings	At amortized cost	83	-	-
Lease liabilities	At amortized cost	805	625	424
Convertible bond	At amortized cost	-	-	3,771
Other current financial liabilities				
Anti-dilution warrants	At fair value through P&L	1,302	3,623	1,575
Embedded derivative relating to convertible bond	At fair value through P&L	-	-	1,229
Trade and other liabilities				
Trade payables	At amortized cost	2,484	1,205	836
Total financial liabilities		**9,006**	**6,020**	**8,440**

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

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

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

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

in € thousands	Anti-dilution warrants	Embedded derivative - Convertible bond
As at 1 January 2019	**1,575**	**1,229**
Issues	4,439	-
Redemptions	-	(1,263)
Fair value changes	(2,391)	34
As at 31 December 2019	**3,623**	**-**
Issues	375	-
Fair value changes	(2,696)	-
As at 31 December 2020	**1,302**	**-**

The only financial liability subsequently measured at fair value on Level 3 fair value measurement at closing 2020 is the anti-dilution warrants. The most significant inputs in measuring the fair value of the instruments are the discount rate, the probability of a down round and the probability of an IPO.

The anti-dilution warrants have been measured using a probability weighted valuation model based on significant unobservable inputs, such as the probability that a down-round financing would occur, an IPO would occur based on facts and circumstances at issue date (ranging from 20% to 75%), volatility of the shares (ranging between 60.9% and 82.8%), and discount rate (15%). See also note 3.3 of these consolidated financial statements on significant judgements.

If the above unobservable input linked to the volatility rate was 10% higher/lower while all the other variables were held constant, the carrying amount of the anti-dilution warrants at 31 December 2020 would increase/decrease by € 241 thousands (2019: € 368 thousands).

If the above unobservable input linked to the probability of an IPO were 10% higher/lower while all the other variables were held constant, the carrying amount of the anti-dilution warrants at 31 December 2020 would decrease/increase by € 520 thousands (2019: € 725 thousands).

5.2. 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.

5.2.1. 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 2020	31 December 2019	1 January 2019
Assets	112	-	-
Liabilities	443	144	-

At 31 December 2020, if the EUR had strengthened/weakened 1% against the USD with all other variables held constant, the impact on the consolidated statement of comprehensive income would have been +/- €3 thousand respectively. In 2020 and 2019, no hedge accounting has been applied.

5.2.2. 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.

5.2.3. 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.

5.2.4. Liquidity risk

The Group’s main sources of cash inflows are currently obtained through capital increases and external financing through loans from its shareholders and banks. As the 2020 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. The Group plans to take mitigating measures to ensure the going concern of the Group as further disclosed in note 3.1.

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.

31/12/2020 In € thousands	Within one year	>1 and <5 years	>5 and <10 years	>10 years	Total
Bank borrowings	107	592	642	-	1,341
Lease liabilities	899	2,463	910	-	4,272
Derivative financial liabilities					
Anti-dilution warrants	1,302	-	-	-	1,302
Total	**2,308**	**3,055**	**1,552**	**-**	**6,915**

31/12/2019 In € thousands	Within one year	>1 and <5 years	>5 and <10 years	>10 years	Total
Lease liabilities	743	1,624	-	-	2,367
Derivative financial liabilities					
Anti-dilution warrants	3,623	-	-	-	3,623
Total	**4,366**	**1,624**	**-**	**-**	**5,990**

01/01/2019 In € thousands	Within one year	>1 and <5 years	>5 and <10 years	>10 years	Total
Lease liabilities	538	2,025	333	-	2,896
Convertible bond	3,771	-	-	-	3,771
Derivative financial liabilities					
Anti-dilution warrants	1,575				1,575
Embedded derivative relating to convertible bond	1,229	-	-	-	1,229
Total	**7,114**	**2,025**	**333**	**-**	**9,471**

6. 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 Makers, being the Executive Committee, review the operating results and operating plans and makes resource allocation decisions on a company wide basis.

Currently, no revenue is generated, and all non-current assets recorded in the consolidated statement of financial position are located in Belgium, country of domicile of the Company.

7. LIST OF CONSOLIDATED COMPANIES AS AT 31 DECEMBER 2020

Company name	Company number	Location	% financial interest
Biotalys NV	BE 508.931.185	Buchtenstraat 11, 9051 Gent, Belgium	Parent
Biotalys Inc.		15 TW Alexander Drive, Durham, NC 27709, United States	100.00%

The voting rights equal the percentage of financial interest held.

8. INTANGIBLE ASSETS

in € thousands	Platform Technology	Software	Total
Year ended 31 December 2020			
Cost	1,138	6	1,144
Accumulated amortization	(398)	(4)	(402)
Opening carrying amount	**740**	**2**	**742**
Additions	-	114	114
Amortization expense	(57)	(7)	(64)
Closing carrying amount	**683**	**109**	**792**
Cost	1,138	119	1,258
Accumulated amortization	(455)	(11)	(466)

in € thousands	Platform Technology	Software	Total
Year ended 31 December 2019			
Cost	1,138	6	1,144
Accumulated amortization	(341)	(3)	(344)
Opening carrying amount	**797**	**3**	**799**
Amortization expense	(57)	(1)	(58)
Closing carrying amount	**740**	**2**	**742**
Cost	1,138	6	1,144
Accumulated amortization	(398)	(4)	(402)

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.

9. PROPERTY, PLANT AND EQUIPMENT

in € thousands	Lab equipment	Other	Construction in Progress	Total
Year ended 31 December 2020				
Cost	991	220	104	1,315
Accumulated depreciation and impairment	(307)	(81)	-	(388)
Opening carrying amount	**684**	**139**	**104**	**927**
Additions	836	361	2,705	3,903
Depreciation expense	(147)	(65)	-	(212)
Closing carrying amount	**1,373**	**435**	**2,810**	**4,617**
Cost	1,827	569	2,810	5,205
Accumulated depreciation and impairment	(454)	(134)	-	(568)

in € thousands	Lab equipment	Other	Construction in Progress	Total
Year ended 31 December 2019				
Cost	512	134	-	**646**
Accumulated depreciation and impairment	(211)	(40)	-	**(251)**
Opening carrying amount	**301**	**94**	**-**	**395**
Additions	451	90	104	645
Transfers	17	-	-	17
Disposals	(3)	-	-	(3)
Depreciation expense	(81)	(46)	-	(127)
Closing carrying amount	**684**	**139**	**104**	**927**
Cost	991	220	104	1,315
Accumulated depreciation and impairment	(307)	(81)	-	(388)

The construction in progress relates to the leasehold improvements of the new headquarters in Sint-Denijs-Westrem which the Company moved into in January 2021. In this amount is included the cost of removal of these improvements at the end of the lease of the building, which was recognized against a provision (€ 86 thousand).

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.

10. RIGHT-OF-USE ASSETS

in € thousands	Buildings	Lab equipment	Vehicles	Total
Year ended 31 December 2020				
Cost	573	1,192	120	1,885
Accumulated depreciation and impairment	(266)	(184)	(29)	(478)
Opening carrying amount	**308**	**1,007**	**91**	**1,406**
Additions	2,417	1,162	120	3,699
Depreciation expense	(533)	(182)	(46)	(760)
Closing carrying amount	**2,192**	**1,987**	**166**	**4,344**
Cost	2,990	2,353	240	5,583
Accumulated depreciation and impairment	(798)	(366)	(74)	(1,239)

in € thousands	Buildings	Lab equipment	Vehicles	Total
Year ended 31 December 2019				
Cost	515	650	40	1,206
Accumulated depreciation and impairment	-	(81)	-	(81)
Opening carrying amount	**515**	**570**	**40**	**1,126**
Additions	58	569	79	706
Transfers	-	(17)	-	(17)
Depreciation expense	(266)	(115)	(29)	(409)
Closing carrying amount	**308**	**1,007**	**91**	**1,406**
Cost	573	1,192	120	1,885
Accumulated depreciation and impairment	(266)	(184)	(29)	(478)

The Group leases its headquarters building, 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 building is 9 years, for the company cars the lease term ranges between 4 and 5 years and for the lab equipment, this is 4 years.

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

In € thousands	2020	2019
Depreciation expense of right-of-use assets	760	409
Interest expense on lease liabilities	78	33
Total amount recognized in profit or loss	**839**	**442**
of which as:		
Research and development expenses	709	409
General and administrative expenses	52	-
Sales and marketing expenses	-	-
Financial expenses	78	33

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 € 2,731 thousands.

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

11. OTHER NON-CURRENT ASSETS

in € thousands	31 December 2020	31 December 2019	1 January 2019
R&D tax credit receivable (note 20)	973	531	257
Other	31	31	29
Other non-current assets	**1,004**	**562**	**286**

12. RECEIVABLES

in € thousands	31 December 2020	31 December 2019	1 January 2019
VAT receivable	217	256	186
Government grants receivable	-	218	247
Other amounts receivable	9	14	12
Receivables - Current	**226**	**488**	**444**

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

Government 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.

13. OTHER FINANCIAL ASSETS AND CASH AND CASH EQUIVALENTS

13.1. OTHER FINANCIAL ASSETS

At the end of 2020, an amount of € 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 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 2020, the balance of loan outstanding at that bank did not exceed the pledged amount. The pledged cash is recognized under "Other financial assets" in the consolidated statement of financial position.

13.2. CASH AND CASH EQUIVALENTS

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

in € thousands	31 December 2020	31 December 2019	1 January 2019
Cash at bank and in hand	5,903	23,358	7,770
Short-term bank deposits	17,200	-	-
Total cash and cash equivalents	**23,103**	**23,358**	**7,770**

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

14. SHARE CAPITAL

14.1. 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.

14.2. SHARE CAPITAL

The share capital of the Company amounts to €62,822 thousands and is fully paid-up. It is represented by 47,079,602 Shares, as detailed below by class of shares, each without nominal value and representing the same pro rata fraction of the share capital. The holders of the Preferred Shares vote together with the holders of Common Shares, except in certain limited circumstances.

Each holder of Preferred Shares has the right to convert all or part of its shares, at any time, into Common Shares at a conversion ratio of 1:1. The Preferred Shares will automatically convert on a 1:1 basis into Common Shares (i) upon written consent of the holders of two-thirds of the Preferred Shares, or (ii) upon the occurrence of an IPO meeting certain conditions (such as minimum amount raised at a minimum share issue price).

In the event of an exit, including dissolution or liquidation, following the payment of the Company's debts and other defined expenses, the holders of the Preferred C Shares would be entitled to receive an amount equal to the paid-up Preferred C Shares increased with an IRR of 8 per cent. Subsequently, the holders of the Preferred B Shares and then the Preferred A shares would be entitled to payments following the same calculation before any payments are made to holders of the Common Shares or Profit Certificates.

The following table provides an overview of the transactions of share capital that have taken place since 1 January 2019:

		Subscribed Capital								
		Ordinary Shares	Preferred A Shares	Preferred B Shares	Preferred C Shares	Total Shares	Value €	Value €	Uncalled Preferred C Shares (€)	Subscribed and Paid Capital (€)
1-Jan-2019		**1,500,000**	**5,272,301**	**12,428,762**	**-**	**19,201,063**	**17,500,000**	**17,500,000**	**0**	**17,500,000**
10-Jul-2019	Capital increase Series C1	-	-	-	14,961,095	34,162,158	25,000,000	42,500,000	-12,500,000	30,000,000
10-Jul-2019	Capital increase via conversion of Tranche 1 of the convertible bond	-	-	-	3,779,391	37,941,549	5,052,296	47,552,297	0	35,269,695
10-Jul-2019	Capital increase via conversion of Tranche 2 of the convertible bond and accrued interest	-	-	-	3,153,613	41,095,162	5,269,695	52,821,991	0	40,321,991
27-Dec-2019	Called capital Series C1 tranche 2	-	-	-	-	41,095,162	-	52,821,991	7,500,000	47,821,991
31-Dec-2019		**1,500,000**	**5,272,301**	**12,428,762**	**21,894,099**	**41,095,162**	**52,821,991**	**52,821,991**	**-5,000,000**	**47,821,991**
28-Feb-2020	Capital increase Series C2	-	-	-	5,984,440	47,079,602	9,999,999	62,821,991	-2,000,000	55,821,991
1-Dec-2020	Called capital Series C1 tranche 3 and C2 tranche 2	-	-	-	-	47,079,602	-	62,821,991	7,000,000	62,821,991
31-Dec-2020		**1,500,000**	**5,272,301**	**12,428,762**	**27,878,539**	**47,079,602**	**62,821,991**	**62,821,991**	**0**	**62,821,991**

15. BORROWINGS AND OTHER FINANCIAL LIABILITIES

15.1. BORROWINGS

in € thousands	31 December 2020	31 December 2019	1 January 2019
Lease liabilities	4,000	1,192	1,028
Bank loan	1,220	-	-
Convertible bond issued to related parties	-	-	3,771
Total borrowings	**5,220**	**1,192**	**4,800**
of which as:			
Non-current borrowings	4,332	568	604
Current borrowings	888	625	4,195

Lease liabilities

The weighted average incremental borrowing rate used for the measurement of the lease liabilities is 1.99% at closing 2020 (2019: 2.50%). The underlying leased assets act as pledge in the context of the lease liabilities. For more details on the leases, we refer to note 10 on “Right-of-use assets”. Certain restrictive convents 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 2020.

Bank loan

On 20 May 2020, the Group entered into a bank loan for leasehold improvements of its new facilities in Belgium (the “Bank Loan”). The Bank Loan is for a maximum committed amount of €4,000 thousands that can be drawn down during the construction period through May 2021 at which time it will turn into an amortizing loan over a period of 9 years. The interest rate is fixed at 1.95% per annum. Certain restrictive convents 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 2020. See note 13.1. The Bank Loan is secured by a pledge of the related financed assets and certain restrictions on cash (currently presented as “Other financial assets”).

Convertible bonds

In December 2018, the Company issued convertible bonds (the “Bonds”) for an aggregate amount of €10,104 thousands which was issued in two tranches of €5,052 thousands. The first tranche was received in two installments in December 2018 (€5,000 thousands) and in January 2019 (€52 thousands), while the second tranche was received in July 2019 (€5,052 thousands). The Bonds bear interest as from their issue date, at a rate of 8 per cent per annum. Interest is not compounding and is accrued. The accrued interest was also converted into equity upon conversion of the bond in July 2019.

The bonds were converted on 10 July 2019 into shares resulting in the issuance of 6,933,004 preferred C shares with a total value of €10,322 thousand (see note 14 above). The remaining value of €556 thousand was treated as share premium and is comprised of €34 thousand for the change in the fair value of the embedded derivative and €522 thousand for the difference between the interest expense calculated using the effective interest rate and the coupon rate.

The following table reconciles the carrying amounts of the host debt and the embedded derivative at issuance and at the date of conversion:

In € thousands	Host debt	Embedded derivative relating to convertible bond	Total convertible bond
At issuance - December 2018	3,771	1,229	5,000
Balance per December 31, 2018	**3,771**	**1,229**	**5,000**
Fair value measurement	-	34	34
Accrued interests - Amortized cost	739		739
Additional bonds issued	5,105	-	5,105
Balance per July 2019 - Conversion date	**9,615**	**1,263**	**10,878**

The additional bonds issued in 2019 have been issued at their nominal amounts and have immediately been converted into preference shares, without discount. Therefore, the related embedded derivative was deemed to be zero.

15.2. OTHER FINANCIAL LIABILITIES

The other financial liabilities can be detailed as follows:

in € thousands	31 December 2020	31 December 2019	1 January 2019
Anti-dilution warrants (note 5.1)	1,302	3,623	1,575
Embedded derivative related to convertible bond (note 4.1)	-	-	1,229
Other financial liabilities	**1,302**	**3,623**	**2,804**
of which as:			
Non-current other financial liabilities	-	-	-
Current other financial liabilities	1,302	3,623	2,804

The embedded derivative related to the convertible bond consists of the embedded conversion option of the convertible bond issued in December 2018.

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

The following table provides an overview of the issuances of anti-dilution (AD) warrants that have taken place since 1 January 2019:

Date	Transaction	Expiration	Preferred A AD Warrants	Preferred B AD Warrants	Preferred C AD Warrants	Total Warrants
1 January 2019		26 July 2021	**-**	**48**	**-**	**48**
10 July 2019	Warrant issuance	10 July 2024			85	133
31 December 2019			**-**	**48**	**85**	**133**
28 February 2020	Warrant issuance	28 February 2025			65	198
28 February 2020	Warrant issuance	28 February 2025	24			222
31 December 2020			**24**	**48**	**150**	**222**

All of the outstanding Preferred AD Warrants have been granted to certain shareholders of the Company free of charge and entitle their holders to subscribe for new Preferred Shares of the same class, at an exercise price of €0.01 per Preferred AD Warrant, in certain limited circumstances. The number of new Preferred Shares to be issued pursuant to the exercise of the Preferred AD

Warrants is dependent on the transaction triggering their exercisability. The Preferred AD Warrants automatically lapse five years after the issuance of the Preferred AD Warrants.

15.3. Liquidity and cash flow reconciliation

The maturity table of the borrowings and the other financial liabilities is presented in note 5 on the liquidity risk.

The following tables reconcile the movements of the financial liabilities to the cash flows arising from financing activities:

			Non-cash movements				
31 December 2020 **In € thousands**	**Opening carrying amount**	**Cash flows**	**Conversion to equity**	**New leases**	**Reclasses**	**Other**	**Closing carrying amount**
Non-current financial liabilities							
Bank borrowings	-	1,137	-	-	-	-	1,137
Lease liabilities	568	-	-	3,699	(1,071)	-	3,195
Current financial liabilities							
Bank borrowings	-	83	-	-	-	-	83
Lease liabilities	625	(1,022)	-	-	1,071	131	805
Total liabilities from financing activities	**1,192**	**198**	**-**	**3,699**	**-**	**131**	**5,220**
Presented in the statement of cash flows (financing activities) as follows:							
Proceeds from borrowings		1,220					
Reimbursements of borrowings and other financial liabilities		(1,022)					

			Non-cash movements				
31 December 2019 **In € thousands**	**Opening carrying amount**	**Cash flows**	**Conversion to equity**	**New leases**	**Reclasses**	**Other**	**Closing carrying amount**
Non-current financial liabilities							
Lease liabilities	604	-	-	706	(766)	23	568
Current financial liabilities							
Lease liabilities	424	(565)			766		625
Convertible bond	3,771	5,105	(9,615)			739	-
Total liabilities from financing activities	**4,800**	**4,539**	**(9,615)**	**706**	**-**	**(763)**	**1,192**
Presented in the statement of cash flows (financing activities) as follows:							
Proceeds from issuance of convertible bond		5,105					
Reimbursements of borrowings and other financial liabilities		(565)					

16. POST-EMPLOYMENT EMPLOYEE BENEFIT LIABILITIES

Post-employment benefit plans are classified as “defined contribution” plans if the Group pays fixed contributions into a separate fund or to a third-party financial institution and has no further legal or constructive obligation to pay further contributions. Therefore, no assets or liabilities are recognized in the Group balance sheet in respect of such plans, apart from regular prepayments and accruals of contributions. 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 2020**	**31 December 2019**	**1 January 2019**
Defined benefit obligation	528	338	186
Plan assets	(478)	(308)	(167)
Net non-current employee benefit obligation	**50**	**30**	**19**

The total service cost of €156 thousand (2019: €92 thousand) is included as employee benefit expenses and the net interest expense of €1 thousand (2019: €1 thousand) as financial expenses in the consolidated income statement. The net effects of remeasurement on the net defined benefit liability of €6 thousand (2019: €7 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 2020, the Group contributed €11 thousand (2019: €0) to the 401(k) Plan.

17. TRADE AND OTHER LIABILITIES

in € thousands	31 December 2020	31 December 2019	1 January 2019
Trade payables	2,484	1,205	836
Employee benefit liabilities	809	391	201
Other	8	-	-
Trade and other liabilities – Current	**3,301**	**1,596**	**1,037**

The fair value of trade payables approximates their carrying amount.

Employee benefit liabilities also include the management fees to key management (note 28).

Liquidity and currency risk are detailed in note 5 above.

18. OTHER CURRENT LIABILITIES

Certain government grants totaling €655 thousand as of 31 December 2020 (31 December 2019 and 1 January 2019: €0) have been deferred as VLAIO, a Flemish governmental agency, has advanced funds for new projects before the related costs have been incurred. The grant is amortized to Other operating income as the related project expenses are incurred.

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 2020		31 December 2019		1 January 2019	
in € thousands	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Intangible assets	-	(171)	-	(185)	-	(199)
Property, plant and equipment	-	(40)	-	(28)	-	(28)
Leases	-	(95)	-	(58)	-	(25)
Employee benefit liabilities	13	-	7	-	5	-
Tax losses	8,462	-	5,693	-	4,004	-
Total deferred tax assets & liabilities	**8,475**	**(306)**	**5,701**	**(271)**	**4,009**	**(253)**
Net deferred tax assets not recognized	(8,169)	-	(5,430)	-	(3,756)	-
Offsetting	(306)	306	(271)	271	(253)	253
Total deferred tax assets & liabilities	**-**	**-**	**-**	**-**	**-**	**-**

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 2020	31 December 2019	1 January 2019
Taxable temporary differences	(1,173)	(1,053)	(991)
Tax losses	33,849	22,774	16,015
Total	**32,676**	**21,720**	**15,024**

The tax losses carried forward are available indefinitely.

20. OTHER OPERATING INCOME

in € thousands	2020	2019
R&D tax incentives	930	558
Government grants	447	238
Other income	26	17
Total	**1,402**	**813**

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. The increase is due to an overall increase in the research and development expenses.

21. 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	2020	2019
Employee benefit expense	6,550	4,146
R&D materials and external services	5,213	3,548
Depreciation expense of property, plant and equipment	212	127
Depreciation expense of right-of-use assets	760	409
Amortization expense of intangible assets	64	58
Other	1,878	1,766
Total operating expenses	**14,678**	**10,054**
of which as:		
Research and development expense	11,498	7,870
Sales and marketing expenses	834	679
General and administrative expenses	2,338	1,505
Other operating expenses	9	1

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 busines development projects to promote the Group's activities to different stakeholders.

22. EMPLOYEE BENEFIT EXPENSES

in € thousands	2020	2019
Wages and salaries	3,203	1,718
Management and consultant fees	1,693	1,597
Social security costs	712	455
Defined benefit costs	176	97
Defined contribution costs	11	-
Equity-settled share-based payment expenses (note 26)	550	157
Other employee benefit expenses	203	123
Total employee benefit expense	**6,550**	**4,146**

The total employee benefit expense has been allocated along functional lines within the income statement and includes both employees and contractors.

Headcount in full-time equivalents	2020	2019
Average number of total employees	56	38

23. FINANCIAL RESULT

The various items comprising the net finance cost are as follows:

in € thousands	2020	2019
Change in fair value of anti-dilution warrants (note 15.2)	2,696	2,391
Other	15	1
Financial income	**2,710**	**2,393**
Interest expense on lease liabilities	78	33
Interest expense on bank borrowings	8	1
Interest expense on convertible bond	-	739
Interest expense	**86**	**774**
Change in fair value of embedded derivative (note 15.2)	-	34
Exchange differences	64	9
Other	21	2
Total financial expense	**171**	**820**

24. INCOME TAX EXPENSE

24.1. AMOUNTS RECOGNIZED TO PROFIT AND LOSS

The income tax (charged)/credited to the income statement during the year is as follows:

in € thousands	2020	2019
Current tax (expense)/income	(13)	(1)
Deferred tax (expense)/income	-	-
Total income taxes	**(13)**	**(1)**

24.2. RECONCILIATION OF EFFECTIVE TAX

The income tax expense can be reconciled as follows:

in € thousands	2020	2019
Loss before income tax	**(10,737)**	**(7,669)**
Income tax expense calculated at domestic tax rates	2,684	1,917
Disallowed expenses	(905)	(993)
Tax-exempt income	927	742
Effect of unused tax losses and temporary differences not recognized as deferred tax assets	(2,737)	(1,672)
Other	18	5
Total income taxes	**(13)**	**(1)**

25. EARNINGS PER SHARE

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

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

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

in € thousands	2020	2019
Basic earnings		
Loss from continuing operations attributable to owners of the parent	(10,750)	(7,670)
Diluted earnings		
Dilution effect of share-based payments	-	-
Loss from continuing operations attributable to owners of the parent, after dilution effect	**(10,750)**	**(7,670)**

Number of shares	2020	2019
Weighted average number of ordinary shares outstanding during the period for basic and diluted earnings per share	1,500,000	1,500,000
Weighted average number of preferred shares outstanding during the period for basic and diluted earnings per share	44,614,897	28,166,924

in €	2020	2019
Ordinary shares		
Basic earnings per share	(7.17)	(5.11)
Diluted earnings per share	(7.17)	(5.11)

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

Earnings per share in case of an IPO

As mentioned in note 14 above, Preferred Shares will automatically convert on a 1:1 basis into Common Shares upon the occurrence of an IPO meeting certain conditions (such as minimum amount raised at a minimum share issue price).

For information purposes, the following table presents the impact of a conversion of the preference shares into ordinary shares if an IPO would occur:

in €	2020	2019
Ordinary shares and preferred shares		
Basic earnings per share in case of an IPO	(0.23)	(0.26)
Diluted earnings per share in case of an IPO	(0.23)	(0.26)

26. SHARE-BASED PAYMENTS

The Group currently has outstanding ESOP warrants pursuant to two outstanding incentive plans, namely (i) ESOP warrants that were granted to employees, consultants or directors of the Group pursuant to the 2017 ESOP II plan (the "ESOP II Warrants") and (ii) ESOP warrants that were granted to employees, consultants and directors of the Group or an affiliated company pursuant to the 2020 ESOP III Plan (the "ESOP III Warrants") (together, the "ESOP Warrants"). The ESOP II Warrants are subscription rights to profit certificates. The ESOP III Warrants are subscription rights to profit certificates. In case of an IPO, the then existing profit certificates and warrants to profit certificates will automatically be converted into respectively Ordinary Shares and subscription rights to Ordinary Shares on a 1:1 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 1:1 basis each time they are issued.

In accordance with the terms of the plan, 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 share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Fair value at grant date (€)	Options per 31 December 2020	Options per 31 December 2019	Options per 1 January 2019
PLAN ESOP I						
Options	7/01/2020	0.90		-	344,999	344,999
PLAN ESOP II						
Options	09/05/2027	0.82	0.61	1,174,364	1,260,539	1,365,644
PLAN ESOP III						
Options	31/12/2027	1.29	0.89	1,890,000	-	-

The following reconciles the options outstanding at the beginning and end of the year:

	Average exercise price (€)	Number of options	Exercisable at the end of the year
Opening balance at 1 January 2019	**0.84**	**1,710,643**	**344,999**
Forfeited	0.82	(105,105)	
Closing balance at 31 December 2019	**0.84**	**1,605,538**	**344,999**
Granted	1.29	1,935,000	
Forfeited	0.94	(253,952)	
Exercised	0.90	(222,222)	
Closing balance at 31 December 2020	**1.11**	**3,064,364**	**-**

The fair value of the stock options has been determined based on the Black-Scholes model. Expected volatility is based on the historical share price volatility over the past 5 years of listed peer companies.

Below is an overview of all the parameters used in this model:

	PLAN ESOP II	PLAN ESOP III
Share Price (€)	0.82	1.29
Exercise Price (€)	0.82	1.29
Expected volatility of the shares (%)	72%	74%
Expected dividends yield (%)	0%	0%
Risk free interest rate (%)	0.60%	-0.18%
Expected life (in years)	10	7

27. COMMITMENTS AND CONTINGENCIES

Capital Expenditures

At 31 December 2020, the Group has committed to spend €450 thousand (2019: €0) for capital expenditures for leasehold improvements for its new lab and office space in Gent, in addition to what has already been accrued. All amounts are expected to be paid within one year.

Contractual Agreements

The Group has concluded various agreements with Contract Manufacturing Organizations ("CMOs") to provide manufacturing services related to the production of Biotalys' developmental products, including costs to be incurred by the CMOs for modifications of their production facilities. Total outstanding non-cancelable purchase commitments under these agreements amount to €440 thousand as per the end of 2020 (2019: € 183 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 €385 thousand as per the end of 2020 (2019: €1,147 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 AGROGROBODY™ 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 AGROGROBODY™ bioactives.

Legal Proceedings

The Group is currently involved in small number of legal actions that arise in the ordinary course of business, but it is not currently party to any material legal proceedings. At each reporting date, the Group evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Group does not believe that there are any claims that would have a material adverse effect of the Group's business, financial condition or results of operations. All costs related to such legal proceedings are expensed as incurred.

28. RELATED PARTY TRANSACTIONS

28.1. TRANSACTIONS WITH RELATED PARTIES

Certain shareholders of the Group invested in convertible bonds issued by the Company in December 2018. As of 1 January 2019, the outstanding convertible bonds totaled €3,771 thousands, including principal and interest, and the embedded derivative totaled €1,229 thousands. As further explained in note 15.1, the convertible bonds were converted for Series C Preference Shares during 2019.

Prior to moving to its new facilities in January 2021, the Group had a finance lease for its lab and office facilities in Belgium with the VIB, a shareholder of the Company, under which it paid €302 thousand in 2020 for the rent (2019: €268 thousand). Additionally, the VIB performed certain R&D services for the Group. The total expense for these services was €63 thousand in 2020 (2019: €15 thousand). Total outstanding non-cancelable purchase commitments for R&D services, excluding amounts accrued for services already performed, amount to €18 thousand as per the end of 2020 (2019: €84 thousand for the non-cancelable term of the finance lease).

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	2020	2019
Short-term benefits	1,171	796
Post-employment benefits	56	20
Share-based payments	558	114
Total	**1,785**	**930**

Furthermore, as of 31 December 2020, key management holds 2,274,444 options in the context of the share-based payment plans further explained in note 26.

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

There have been no events after the balance sheet date.

30. AUDIT FEES

The Company's statutory auditor is Deloitte Bedrijfsrevisoren CVBA, with statutory seat at Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem, Belgium, represented by Gert Vanhees, auditor. The Company's statutory auditor has been reappointed effective as from 19 April 2019 for the statutory term of three years by the Company's extraordinary general shareholders' meeting held on 19 April 2019.

The Company expensed fees to the auditor of €24 thousand in 2020 and €13 thousand in 2019. The fees are broken down as follows:

- Audit fee for statutory and consolidated financials: €9 thousand in 2020 and €8 thousand in 2019.
- Tax consulting services: €4 thousand in 2020 and €0 thousand in 2019.
- Capital increase and other related reports: €11 thousand in 2020 and €5 thousand in 2019.

23. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Biotalys NV

Condensed Consolidated Interim Financial Statements
For the 3 months ended 31 March 2021

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STATEMENT OF THE BOARD OF DIRECTORS

On 11 June 2021, the Directors of Biotalys NV certify in the name and on behalf of Biotalys NV, that to the best of their knowledge,

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

INDEPENDENT AUDITORS' REPORT

Deloitte.

Biotalys NV

Report on the review of the consolidated interim financial information for the three-month period ended 31 March 2021

Auditor's report on the review of the consolidated interim financial information of Biotalys NV for the three-month period ended 31 March 2021

We report on the consolidated condensed interim financial statements for the three month period ended 31 March 2021 set out in the prospectus of Biotalys NV (the "Company" and, together with its subsidiary, the "Group") (the "Prospectus"). These consolidated condensed interim financial statements comprise the consolidated condensed statement of financial position as at 31 March 2021, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of three months then ended, as well as the notes to the condensed consolidated financial statements.

This report is required by Annex 1 item 18.2.1 of Commission delegated regulation (EU) No 2019/980 (the "Prospectus Delegated Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Report on the consolidated interim financial information

We have reviewed the consolidated condensed interim financial statements of the Company and the Group as of and for the period ended 31 March 2021, prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 33 224 (000) EUR and the consolidated condensed statement of profit or loss and other comprehensive income shows a consolidated loss (Group share) for the period then ended of 3 690 (000) EUR.

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

Scope of review

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

Conclusion

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

Other legal and regulatory requirements

Declaration

For the purposes of art. 26 § 1 of the Law of 11 July 2018, we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 11 item 1.2 of the Prospectus Delegated Regulation and for no other purpose.

Signed at Zaventem.

The statutory auditor

Digitally signed by
Gert Vanhees
Signed By: Gert Vanhees (Signature)
Signing Time: 21-jun-2021 | 17:49 CEST
DocuSign
C: BE
Issuer: Citizen CA
92EEDC0858E54E5A8907D387A722ABFB

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Gert Vanhees

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in thousands of euros)	Note	31 March 2021	31 December 2020
Non-current assets		***11,438***	***10,757***
Intangible assets		782	792
Property, plant and equipment	6	5,327	4,617
Right-of-use assets	7	4,240	4,344
Other non-current assets		1,089	1,004
Current assets		***21,786***	***25,505***
Trade and other receivables		290	226
Other financial assets	8	2,100	2,100
Other current assets		623	76
Cash and cash equivalents		18,773	23,103
TOTAL ASSETS		**33,224**	**36,262**

EQUITY AND LIABILITIES (in thousands of euros)	Note	31 March 2021	31 December 2020
Equity attributable to owners of the parent		***22,072***	***25,648***
Share capital		62,822	62,822
Share premium		690	675
Accumulated losses		(37,807)	(34,117)
Other reserves		(3,632)	(3,732)
Total equity		**22,072**	**25,648**
Non-current liabilities		***5,965***	***4,468***
Non-current borrowings	8	5,822	4,332
Employee benefits obligations		57	50
Provisions		86	86
Current liabilities		***5,187***	***6,146***
Current borrowings	8	1,080	888
Other current financial liabilities	8	968	1,302
Trade and other liabilities		2,636	3,301
Other current liabilities		502	655
Total liabilities		**11,151**	**10,613**
TOTAL EQUITY AND LIABILITIES		**33,224**	**36,262**

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3 MONTHS ENDED 31 MARCH

in € thousands	Note	2021	2020
Other operating income	9	335	132
Research and development expenses	10	(2,803)	(2,326)
General and administrative expenses	10	(1,114)	(690)
Marketing expenses	10	(394)	(98)
Other operating expenses	10	-	(7)
Operating loss (EBIT)		**(3,976)**	**(2,989)**
Financial income	11	346	1,109
Financial expenses		(56)	(23)
Loss before taxes		**(3,686)**	**(1,904)**
Income taxes		(4)	-
LOSS FOR THE PERIOD		**(3,690)**	**(1,904)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS OF THE PERIOD		**(3,690)**	**(1,904)**
Basic and diluted loss per share (in €)	12	(2.46)	(1.27)
Loss for the period attributable to the owners of the Company		(3,690)	(1,904)
Total comprehensive loss for the period attributable to the owners of the Company		(3,690)	(1,904)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3 MONTHS ENDED 31 MARCH

	Attributable to equity holders of the Company						
			Other reserves				
(in thousands of euros)	Share capital	Share premium	Share-based payment reserve	Anti-dilution reserve	Currency translation reserve	Accumulated losses	Total Equity
Balance at December 31, 2019	**47,822**	**540**	**512**	**(4,439)**	**-**	**(23,362)**	**21,073**
Issuance of shares	8,000	136					8,136
Anti-dilution warrants				(375)			(375)
Share-based payments			59				59
Total comprehensive loss						(1,904)	(1,904)
Balance at March 31, 2020	**55,822**	**675**	**570**	**(4,813)**	**-**	**(25,266)**	**26,989**

	Attributable to equity holders of the Company						
			Other reserves				
(in thousands of euros)	Share capital	Share premium	Share-based payment reserve	Anti-dilution reserve	Currency translation reserve	Accumulated losses	Total Equity
Balance at December 31, 2020	**62,822**	**675**	**1,062**	**(4,813)**	**20**	**(34,117)**	**25,648**
Issuance of shares		15					15
Share-based payments			99				99
Total comprehensive loss					(0)	(3,690)	(3,690)
Balance at March 31, 2021	**62,822**	**690**	**1,161**	**(4,813)**	**20**	**(37,807)**	**22,072**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3 MONTHS ENDED 31 MARCH

in € thousands	Note	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		(3,976)	(2,989)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation, amortization and impairments		329	233
Share-based payment expense		99	59
Changes in provisions		7	3
R&D tax credit		(85)	(44)
Loss on disposal of fixed assets		6	-
Changes in working capital:			
Trade and other receivables		(64)	294
Other current assets		(534)	6
Trade and Other Payables		(677)	(529)
Other current liabilities		(153)	-
Cash generated from operations		**(5,048)**	**(2,966)**
Taxes paid		-	-
Net cash used in operating activities		**(5,048)**	**(2,966)**
CASH FLOW FROM INVESTING ACTIVITIES			
Interests received		-	2
Purchases of property, plant and equipment	6	(882)	(11)
Purchases of Intangible assets		(8)	-
Proceeds from disposal of PPE		3	-
Investments in other financial assets		-	(76)
Net cash used in investing activities		**(887)**	**(85)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings and other financial liabilities	8	1,845	-
Repayment of lease liabilities		(212)	(168)
Interests paid		(43)	(20)
Proceeds from issue of equity instruments of the Company (net of issue costs)		15	8,136
Net cash provided by/(used in) financing activities		**1,606**	**7,948**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(4,330)**	**4,897**
CASH AND CASH EQUIVALENTS at beginning of period		23,103	23,358
CASH AND CASH EQUIVALENTS at end of period, calculated		18,773	28,255

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 11 June 2021. This condensed consolidated interim financial information has been reviewed, not audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the 3-month period ended March 31, 2021 have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as endorsed by the European Union ("IAS 34").

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

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

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

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

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

Relevant IFRS accounting pronouncements adopted as from 2021 onwards

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

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

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

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

The following IFRS standards, interpretations and amendments that have been issued but that are not yet effective and have not been applied to the IFRS financial statements closed on 31 March 2021:

- Amendments to IFRS 16 – Covid 19-Related Rent Concessions beyond June 30, 2021 (effective April 1, 2021, but not yet endorsed in EU): If certain conditions are met, the amendments would permit lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective January 1, 2023, but not yet endorsed in EU): The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.
- Amendments to IAS 1 and Practice Statement 2 – Disclosure of Accounting Policies (effective January 1, 2023, but not yet endorsed in EU). The amendments provide more guidelines on which accounting policies to disclose in the financial statements.
- Amendments to IAS 8 – Definition of Accounting Estimates (effective January 1, 2023, but not yet endorsed in EU). The amendments clarify the distinction between accounting policies and accounting estimates.
- Amendments to IAS 16 – Proceeds before Intended Use (effective January 1, 2022, but not yet endorsed in EU): The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective January 1, 2022, but not yet endorsed in EU): The amendments clarify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- Annual Improvements 2018-2020 (effective January 1, 2022, but not yet endorsed in EU): The annual improvements package includes the following minor amendments: Subsidiary as a First-time Adopter (Amendment to IFRS 1); Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9); Lease Incentives (Amendment to Illustrative Example 13 of IFRS 16); Taxation in Fair Value Measurements (Amendment to IAS 41).

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

2.2. MEASUREMENT IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

3.1. GOING CONCERN

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. Since its incorporation in 2013, the Group has financed its operations primarily through equity and debt financings. As of 31 March 2021, the Group had an accumulated deficit of €37,807 thousands and cash and cash equivalents of €18,773 thousands. For the quarters ended 31 March 2021 and 2020, the Group had net losses of €3,690 thousands and €1,904 thousands, respectively, and net cash used in operations of €5,076 thousands and €2,966 thousands, respectively. The Company believes that its existing cash and cash equivalents will be insufficient to meet its anticipated cash requirements beyond the first quarter of 2022, and thus raises doubt about the Company's ability to continue as a going concern without raising additional funds through debt or equity financings. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company may seek to raise additional funds through debt or equity financings. The Company may also consider entering into partner arrangements. The sale of additional equity would result in dilution to the Company's stockholders. The incurrence of debt would result in debt service obligations, and the instruments governing such debt could provide for additional operating and financing covenants that would restrict operations. If the Company does require additional funds and is unable to secure adequate additional funding at terms agreeable to the Company, the Company may be forced to reduce spending, extend payment terms with suppliers, liquidate assets, or suspend or curtail planned development programs. Any of these actions could materially harm the business, results of operations and financial condition.

In light of the above, the Company has started the process for a next financing round through an equity financing which is scheduled to provide additional funds to the Company by the end of 2021 and that is expected to secure the Group's financial future and operations at least until the Annual General Meeting of Shareholders to be held in 2022. On this basis, the Board of Directors is confident in the Group's ability to continue as a going concern.

4. FINANCIAL INSTRUMENTS

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

in € thousands	IFRS 9 Category	31 March 2021	31 December 2020
Other financial assets	At amortized cost	2,100	2,100
Cash and cash equivalents	At amortized cost	18,773	23,103
Total financial assets		**20,873**	**25,203**
Non-current borrowings			
Bank borrowings	At amortized cost	2,777	1,137
Lease liabilities	At amortized cost	3,045	3,195
Current financial liabilities			
Bank borrowings	At amortized cost	288	83
Lease liabilities	At amortized cost	792	805
Other current financial liabilities			
Anti-dilution warrants	At fair value through P&L	968	1,302
Trade and other liabilities			
Trade payables	At amortized cost	1,759	2,484
Total financial liabilities		**9,629**	**9,006**

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

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

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

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

in € thousands	Anti-dilution warrants
As at 1 January 2020	**3,623**
Issuances	375
Fair value changes	(2,696)
As at 31 December 2020	**1,302**
Fair value changes	(334)
As at 31 March 2021	**968**

The only financial liability subsequently measured at fair value on Level 3 fair value measurement at closing March 2021 is the anti-dilution warrants. The most significant inputs in measuring the fair value of the instruments are the discount rate, the probability of a down round and the probability of an IPO.

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

If the above unobservable input linked to the volatility rate was 10% higher/lower while all the other variables were held constant, the carrying amount of the anti-dilution warrants at 31 March 2021 would increase/decrease by € 84 thousands (2020: € 241 thousands).

If the above unobservable input linked to the probability of an IPO were 10% higher/lower while all the other variables were held constant, the carrying amount of the anti-dilution warrants at 31 March 2021 would decrease/increase by € 387 thousands (2020: € 520 thousands).

5. OPERATING SEGMENTS

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 Makers, being the Executive Committee, review the operating results and operating plans and makes resource allocation decisions on a company wide basis.

Currently, no revenue is generated, and all non-current assets recorded in the consolidated statement of financial position are located in Belgium, country of domicile of the Company.

6. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment totaling €882 thousand related primarily to the improvements and installation of equipment and furniture in our new headquarters in Sint-Denijs-Westrem which the Company moved into in January 2021.

Certain assets that have been financed by the Bank Loan described in note 9 have been pledged as collateral. No other items of property, plant and equipment have been pledged in the context of financial liabilities.

7. RIGHT-OF-USE ASSETS

The Group leases its headquarters building, 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 building is 9 years, for the company cars the lease term ranges between 4 and 5 years and for the lab equipment, this is 4 years.

8. BORROWINGS AND OTHER FINANCIAL LIABILITIES

8.1. BORROWINGS

In € thousands	31 March 2021	31 December 2020
Bank borrowings	3,065	1,220
Lease liabilities	3,836	4,000
Total borrowings	**6,901**	**5,220**
of which as:		
Non-current borrowings	5,822	4,332
Current borrowings	1,080	888

Lease liabilities

The weighted average incremental borrowing rate used for the measurement of the lease liabilities is 2.00% at closing March 2021 (2020: 1.99%). The underlying leased assets act as pledge in the context of the lease liabilities. For more details on the leases, we refer to note 8 on "Right-of-use assets". Certain restrictive convents 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 March 2021.

Bank loan

On 20 May 2020, the Group entered into a bank loan for leasehold improvements of its new facilities in Belgium (the "Bank Loan"). The Bank Loan is for a maximum committed amount of €4,000 thousands that can be drawn down during the construction period through May 2021 at which time it will turn into an amortizing loan over a period of 9 years. The interest rate is fixed at 1.95% per annum.

The Bank Loan is secured by a pledge of € 2,100 thousands which is not available for use by the Group and is presented as "Other financial assets". The Bank Loan contains certain restrictive covenants including a clause that requires the Group to increase the amount of cash held as a pledge to an amount at least equal to the outstanding balance of the loan if the overall cash balance at the bank falls below €10,000 thousands. The Group was in compliance with such covenants as of 31 March 2021.

In 2021, the Company has drawn an additional tranche from the bank loan to finance the leasehold improvements performed in 2021.

8.2. OTHER FINANCIAL LIABILITIES

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

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

The movement during the first quarter of 2021 relates only to the fair value remeasurement using updated assumptions as per 31 March 2021 (see note 4 on "Financial instruments").

9. OTHER OPERATING INCOME

For the three months ended In € thousands	2021	2020
Government grants	154	-
R&D tax incentives	93	86
R&D tax credits and other income	88	46
Total other operating income	**335**	**132**

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 (2021: €85 thousands; 2020: €44 thousands) will be paid to the Group in cash after a five-year period, if not offset against the taxable basis over the respective period.

10. 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 three months ended In € thousands	2021	2020
Employee benefit expense	1,954	1,446
R&D materials and external services	973	898
Depreciation expense of property, plant and equipment	163	50
Depreciation expense of right-of-use assets	148	169
Amortization expense of intangible assets	18	14
Other	1,056	544
Total operating expenses	**4,311**	**3,121**
of which as:		
Research and development expense	2,803	2,362
Sales and marketing expenses	394	98
General and administrative expenses	1,114	690
Other operating expenses	-	7

The other expenses relate to facility management, recruitment, legal and expert fees and other miscellaneous expenses. The increase compared to the first quarter of 2020 relates to the expenses incurred in the context of the on-going financing process that the Company is investigating.

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

11. FINANCIAL INCOME

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

12. EARNINGS PER SHARE

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

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

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

For the three months ended in € thousands	**2021**	**2020**
Basic earnings		
Loss from continuing operations attributable to owners of the parent	(3,690)	(1,904)
Diluted earnings		
Dilution effect of share-based payments	-	-
Loss from continuing operations attributable to owners of the parent, after dilution effect	**(3,690)**	**(1,904)**

For the three months ended Number of shares	**2021**	**2020**
Weighted average number of ordinary shares outstanding during the period for basic and diluted earnings per share	1,500,000	1,500,000
Weighted average number of preferred shares outstanding during the period for basic and diluted earnings per share	45,579,602	41,722,963
Weighted average number of profit certificates outstanding during the period for basic and diluted earnings per share	368,773	133,179

For the three months ended in €	**2021**	**2020**
Ordinary shares		
Basic earnings per share	(2.46)	(1.27)
Diluted earnings per share	(2.46)	(1.27)

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

Earnings per share in case of an IPO

Preferred Shares and Profit Certificates will automatically convert on a 1:1 basis into Common Shares upon the occurrence of an IPO meeting certain conditions (such as minimum amount raised at a minimum share issue price).

For information purposes, the following table presents the impact of a conversion of the preference shares and profit certificates into ordinary shares if an IPO would occur:

For the three months ended in €	**2021**	**2020**
Ordinary shares, preferred shares and profit certificates		
Basic earnings per share in case of an IPO	(0.08)	(0.04)
Diluted earnings per share in case of an IPO	(0.08)	(0.04)

13. SHARE-BASED PAYMENTS

The Group currently has outstanding ESOP warrants pursuant to two outstanding incentive plans, namely (i) ESOP warrants that were granted to employees, consultants or directors of the Group pursuant to the 2017 ESOP II plan (the "ESOP II Warrants") and (ii) ESOP warrants that were granted to employees, consultants and directors of the Group or an affiliated company pursuant to the 2020 ESOP III Plan (the "ESOP III Warrants") (together, the "ESOP Warrants"). The ESOP II Warrants are subscription rights to profit certificates. The ESOP III Warrants are subscription rights to profit certificates. In case of an IPO, the then existing profit certificates and warrants to profit certificates will automatically be converted into respectively Ordinary Shares and subscription rights to Ordinary Shares on a 1:1 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 1:1 basis each time they are issued.

In accordance with the terms of the plan, 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 share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Fair value at grant date (€)	Options per 31 March 2021	Options per 31 December 2020
PLAN ESOP II					
Options	09/05/2027	0.82	0.61	1,147,072	1,174,364
PLAN ESOP III					
Options	31/12/2027	1.29	0.89	1,890,000	1,890,000

The following reconciles the options outstanding at the beginning and end of the period:

	Average exercise price (€)	Number of options	Exercisable at the end of the period
Opening balance at 1 January 2020	**0.84**	**1,605,538**	**344,999**
Granted	1.29	1,935,000	
Forfeited	0.94	(253,952)	
Exercised	0.90	(222,222)	
Closing balance at 31 December 2020	**1.11**	**3,064,364**	**-**
Forfeited	0.82	(9,167)	
Exercised	0.82	(18,185)	
Closing balance at March 31, 2021	**1.11**	**3,037,072**	**634,965**

The fair value of the stock options has been determined based on the Black-Scholes model. Expected volatility is based on the historical share price volatility over the past 5 years of listed peer companies. The profit certificates issued upon the exercise of the ESOP warrants are included together with any other issuances of shares in the Statement of Changes in Equity.

Below is an overview of all the parameters used in this model:

	PLAN ESOP II	PLAN ESOP III
Share Price (€)	0.82	1.29
Exercise Price (€)	0.82	1.29
Expected volatility of the shares (%)	72%	74%
Expected dividends yield (%)	0%	0%
Risk free interest rate (%)	0.60%	-0.18%
Expected life (in years)	10	7

14. COMMITMENTS AND CONTINGENCIES

Capital Expenditures

At 31 March 2021, the Group has committed to spend €75 thousand for capital expenditures for leasehold improvements and additional equipment, in addition to what has already been accrued. All amounts are expected to be paid within one year.

Contractual Agreements

The Group has concluded various agreements with Contract Manufacturing Organizations ("CMOs") to provide manufacturing services related to the production of Biotalys' developmental products, including costs to be incurred by the CMOs for modifications of their production facilities. Total outstanding non-cancelable purchase commitments under these agreements amount to €195 thousand as per the end of March 2021 (December 2020: € 440 thousand).

The Group has also entered into development agreements with various Contract Research Organizations ("CROs") and field trial operators. These arrangements are service agreements which only require payment dependent on the completion of the service and delivery of the final reports. Total outstanding non-cancelable purchase commitments under these agreements, excluding amounts accrued for services already performed, amount to €1,815 thousands as per the end of March 2021 (December 2020: €385 thousand).

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 AGROGROBODY™ 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 AGROGROBODY™ bioactives.

Legal Proceedings

The Group is currently involved in small number of legal actions that arise in the ordinary course of business, but it is not currently party to any material legal proceedings. At each reporting date, the Group evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Group does not believe that there are any claims that would have a material adverse effect of the Group's business, financial condition or results of operations. All costs related to such legal proceedings are expensed as incurred.

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no events after the balance sheet date.

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