

“Statutory Report of Biotalys NV in respect of the accounting year ended on 31 December 2024 in accordance with article 3:6 of the Belgian Code on Companies and Associations (the “Statutory Report”)

On 18 March 2025, the Directors of Biotalys NV certified in the name and on behalf of Biotalys NV, that to the best of their knowledge:

- The statutory financial statements, established in accordance with Belgian applicable regulation, give a true and fair view of the equity, financial position and financial performance of Biotalys NV.
- The annual report on the statutory financial statements includes a fair overview of the development and the performance of the business and the position of Biotalys NV, together with a description of the principal risks and uncertainties to which it is exposed.

1. Business Overview

Operation

The Company did not generate revenue during the financial year 2024, as the focus remained on further developing the AGROBODY™ technology platform and the product development of AGROBODY™ biocontrols. Reference is made to the chapter “Our AGROBODY technology platform and product pipeline” of the part “Company Highlights and Activities” of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

Other operating income amounted to €2,534 thousands (€1,926 thousands in 2023), which comprised the exemption from the payment of payroll tax for scientific research amounting to €799 thousands (€827 thousands in 2023), as well as VLAIO subsidies of €77 thousands (€203 thousands in 2023) and a grant from the Bill and Melinda Gates Foundation of €1,452 thousands (€820 thousands in 2023).

The operating costs amounted to €24,105 thousands (€36,263 thousands in 2023). These costs include staff costs of €7,341 thousands (€8,393 thousands in 2023) as well as costs for external scientific research and various services. The amortization in 2024 amounted to €8,798 thousands (€14,867 thousands in 2023), including €7,395 thousands for internal R&D.

As a result, the Company closed the financial year with an operating loss of €-14,150 thousands (€-20,969 thousands in 2023).

Financial result

The financial result amounts to €389 thousands (€509 thousands in 2023) and contains mainly interest received from bank deposits (€534 thousands), offset by €-24 thousands costs for foreign exchange differences, and interests paid in the scope of the leasing and loan obligations entered into (€-111 thousands).

As a result, the loss resulting from normal business operations in 2024 amounted to €-13,761 thousands (€-20,461 thousands in 2023).

Net Result

An amount of €647 thousands (€451 thousands in 2023) tax credit has been posted, which leads to a total loss for the period of €-13,136 thousands (€-20,015 thousands in 2023).

Appropriation of the net result

The Company ended the financial year 2024 with a loss to be appropriated for an amount of €-13,136 thousands. We therefore propose to the General Meeting to carry this loss forward.

Valuation rules

The loss to be carried forward per 31/12/2024 amounts to €-13,136 thousands.

As the Company incurred a net loss during (at least) two consecutive financial years, the Board of Directors applies article 3:6,6° of the Belgian Code of Companies and Associations.

Article 7:228 of the Belgian Code of Companies and Associations is also applicable and the relevant procedures referred to in article 7:228 of the Belgian Code of Companies and Associations (former article 633 of the Belgian Companies Code) were applied at 4 April 2017.

The Board of Directors justifies the application of the valuation rules on a going concern basis as follows:

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business.

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

The Company has incurred operating losses since its inception and operating losses and negative cash flows from operations are expected to continue for the foreseeable future. As of 31 December 2024, the Company had €22.5 million in cash and cash equivalents and it had no committed source of additional funding from either debt or equity financings.

Management has prepared detailed budgets and cash flow forecasts for the years 2025 and 2026, taking into account available financial resources. The Board of Directors believes that the measures that can safeguard the continuity of the Group are related to continuing the Group's operations combined with and obtaining additional financing through equity, grants, partnerships or other sources of financing. There is no assurance that new financings or other transactions will be available to the Company on commercially acceptable terms, or at all.

The Board of Directors implemented a number of measures to extend the financial runway of the Group and Management continues to exercise control over the level of spending. There are few or no other significant long-term financial commitments besides labor agreements, a bank loan and lease obligations. While mitigating actions are not forecasted to be required to support the going concern basis, Management and the Board of Directors can timely and adequately reduce budgeted expenditures should this be necessary in the context of the Company's going concern or should it be necessary to have more time to obtain additional financing.

Management acknowledges that uncertainty remains in these cash flow forecasts (such as delays in development or regulatory approval) but believes that the cash position of €22.5 million at year end 2024 is sufficient to cover the cash needs of the Company for at least the 12-month period following the approval of this report. The Company expects the financial runway to extend to May 2026 under the current operating plan without considering any mitigation actions or additional financing through equity, newly awarded grants, partnerships or other sources of financing.

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

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

Reference is made to the chapter “Description of the principal risks and uncertainties associated with the activities of the Company” in the part “Legal and Financial Information” of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

3. Information regarding important events that occurred after the end of the accounting year 2024

Reference is made to item “12.11 Information regarding important events that occurred after the end of the accounting year 2024” of the chapter “Legal Information” of the part “Corporate Governance” of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

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

Reference is made to: (i) the chapter “Description of the principal risks and uncertainties associated with the activities of the Company” in the part “Legal and Financial Information” of the Consolidated Report that is included in this Statutory Report in its entirety by reference; and (ii) item “12.12 Information regarding circumstances that could have a material impact on the development of the Company” of the chapter “Legal Information” of the part “Corporate Governance” of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

5. Information regarding research and development activities

Reference is made to the chapter “Our AGROBODY technology platform and product pipeline” of the part “Company Highlights and Activities” of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

6. Information regarding the existences of branches of the Company.

On 31 December 2024, the Company closed its branch in France located at 1 Route du Pérollier, 69570 Dardilly. The Company had no other branches.

7. Legal information required under article 3:6, 7° of the Belgian Code on Companies and Associations

Reference is made to: (i) the chapters “Conflicts of interest” and “Related party transactions” in the part “Corporate Governance” of the Consolidated Report that are included in this Statutory Report in their entirety by reference; and (ii) the item “11.8 Authority of the Board regarding the issue of shares or the buy-in of own shares” in the chapter “Legal information” of the part “Corporate Governance” of the Consolidated Report that are included in this Statutory Report in its entirety by reference.

8. Use of financial instruments

Reference is made to note 4 under the Notes to the Consolidated Financial Statements in the Financial Statements part of the Consolidated Report that are included in this Statutory Report in its entirety by reference.

9. Independence and expertise of a member of the audit committee

Reference is made to the bios of the members of the audit committee in the item “2.1 Composition” of the chapter “Board of Directors” in the part “Corporate Governance” of the Consolidated Report that are included in this Statutory Report in their entirety by reference. Moreover, two of the members, including the chairperson, of the audit committee meet the requirement for independent director as contained in the Belgian Code on Corporate Governance.

10. Corporate Governance statement including remuneration report and remuneration policy

Reference is made to the part “Corporate Governance” of the Consolidated Report that is included in this Statutory Report in its entirety by reference.

11. Information regarding the use of the authorised capital (article 7:203 WVV)

Reference is made to section 13.8 - “ Authority of the Board regarding the issue of shares or the buy-in of own shares”, chapter “Legal Information” in the part “Corporate Governance” of the Consolidated Report, that is included in its entirety by reference into this Statutory Report.

12. Going concern

Reference is made to the statement on the application of the valuation rules on a going concern basis within note 1 of this Statutory Report.

13. Extraordinary activities and special assignment carried out by the auditor

The auditor issued a report in accordance with articles 7:178 juncto 7:179,7:191 and article 7:193 of the BCCA in connection with the private placement of 5,300,352 new shares on 16 October 2024.

14. Discharge to the directors and the auditor

In accordance with the law and articles of association, the shareholders will be requested at the general shareholders meeting of 22 April 2024 to grant discharge to the directors and the statutory auditor of their responsibilities assumed in the financial year 2025.

Furthermore, the Board has proposed to the general shareholders meeting of 22 April 2025, the renewal of the mandate of Deloitte Bedrijfsrevisoren BV, represented by Mr. Pieter-Jan Van Durme as auditor of the Company for a period of three years.

15. Information regarding key intangible resources (article 3:6/2 BCCA)

Reference is made to section 6.6 – “Information regarding key intangible resources (article 3:6/2 BCC) in the part “Legal and financial information” of the Consolidated Report, that is included in its entirety by reference in this Statutory Report.