Interim Financial Report

H1 2023 – 30/06/2023

This interim financial report is prepared in accordance with article 13 of the Royal Decree on the obligations of issuers of financial instruments admitted to trading on a regulated market.

BioSenic SA publishes its interim financial report in English. A French translation of the report will also be made available. In the event of differences between the English and the French versions of the report, the French version will prevail.

BioSenic's Interim Financial Report Half-Year 2023 (30/06/2023)

1. REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We are pleased to present to you our half-year report including the consolidated financial statements for the accounting period that ended 30 June 2023 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Operational and Corporate Highlights

- In January 2023, BioSenic strengthened its scientific team with the appointment of Dr. Carole Nicco, as Chief Scientific Officer (CSO).
- In January 2023, BioSenic appointed Yves Sagot as a member of the Board of Directors and Independent Director.
- In March 2023, BioSenic re-evaluated the results of its Phase 3 trial of its enhanced viscosupplement JTA-004 targeting knee osteoarthritis (OA). The Company indeed announced that it has used the statistical analysis capabilities of Artialis to study the results of the Phase 3 JTA-004 trial in the subset of patients with the most painful and inflammatory form of knee osteoarthritis (OA). This allows BioSenic to distinguish a group of patients, representing about one third of the total patients, who show a pain-relieving effect of JTA-004 not only superior to placebo but also to the active comparator. This new post-hoc analysis changes the therapeutic profile of the molecule and potentially allows for the possibility of stratifying patients for a new, optimized Phase 3 clinical study.
- In March 2023, BioSenic published new data on the mechanism of action of arsenic trioxide (ATO) to prevent autoimmune diseases has now been published in a peer-reviewed paper (Frontiers in Immunology). This new data shows that combination of ATO with copper salts can allow BioSenic to work towards reducing the dosage of ATO in future trials overall and maintain efficacy. This new formulation data has been completed following pre-clinical activities and does not constitute data validated through clinical trial.
- In April 2023, BioSenic appointed Lieven Huysse, MD, as permanent Chief Medical Officer (CMO).
- In April 2023, BioSenic received European patent from EPO, for further therapeutic development in cancer, infectious and immune diseases. The patent covers the therapeutic use of a new composite formulation of anti-inflammatory compounds with unique advantages. This new formulation lowers the dosage of arsenic trioxide by combining it with copper salts to maintain therapeutic efficacy, with the potential of administration through multiple routes, including intravenous, oral and other novel routes of administration.
- In May 2023, BioSenic identified key biomarkers for cGvHD and submitted patent to EPO. The technology covered by the patent applies to a method and kit for diagnosing and monitoring cGvHD in an individual who has undergone an allogeneic hematopoietic stem cell transplantation. The patent describes biomarkers to be used to determine if the condition of a patient worsens or improves following standard or new treatments for cGvHD. This international patent could allow the development of an industrial biomarker analysis kit which could generate a turnover of 30 to 40 million euros globally.
- In June 2023, BioSenic put Phase 2b ALLOB trial on hold. This decision follows negative results obtained for the primary endpoint in the exploratory Phase 2b trial (ALLOB 2b), which focused on safety and treatment timing efficacy.

Financial Highlights for the 6-month period ended 30 June 2023

- In February 2023, BioSenic received EUR 1 million from Pregene in accordance with terminated license agreement.
- In June 2023, BioSenic has obtained an official appointment of Yves Brulard to reach a negotiated agreement with certain main creditors to preserve the value of BioSenic for the benefit of all stakeholders.
- In June 2023, BioSenic entered into an agreement with the ABO Securities subsidiary, Global Tech Opportunities 15, to secure short term financing based on the existing convertible bond program. Subject to the terms and conditions of the agreement, BioSenic shall be entitled to draw down three tranches of each EUR 0.3 million in June, July, and August under the existing convertible bond program, for an aggregate principal amount of EUR 0.9 million.
- In July 2023, BioSenic has achieved a standstill agreement from the main historical creditors for a period of 3 to 4 months. Given this agreement with the main creditors and the one obtained on 30 June 2023 with Global Tech Opportunities 15 to secure short-term financing based on the existing convertible bond program, BioSenic anticipates having sufficient cash to carry out its business objectives until October 2023.
- During the first six months of 2023, total operating income amounted to EUR 0.37 million, a slight increase compared to the same period in 2022 (EUR 0.13 million).
- Operating loss for the period amounted to EUR 3.90 million, compared to EUR 0.48 million in H1 2022.
- BioSenic ended the first six months of 2023 with EUR 0.52 million in cash and cash equivalents. Net cash used for the period amounted to EUR 1.33 million, compared to EUR 0.39 million over the same period of 2022.

Subsequent events

- In August 2023, BioSenic received a Chinese patent protecting the combined use of metal ions and arsenic salts. This patent (ZL202080040613.1) covers the use of its ATO platform in combination with metal ions like copper, which has the potential to improve the treatment of autoimmune diseases.

Income statement

The income statement for 2023 comprises the consolidated accounts of Medsenic and BioSenic. Conversely, in 2022, only Medsenic’ s accounts are included.

During the first six months of 2023, total operating income amounted to € 0.37 million compared to € 0.13 million for the first half of 2022. Income resulted mainly on tax credit on investments (for € 0.29 million) and from partial exemption of withholding tax payable on R&D salaries and other income (€ 0.08 million).

The research and development expenses for the first six months amounted to € 2.45 million compared to € 0.27 million over the same period last year. The increase in expenses is mainly related to the fact that the expenses for the previous period only include that of Medsenic as the reverse acquisition only occurred in October 2022. The expenses are mainly related to the ALLOB clinical trial.

General and administrative expenses for the first six months amounted to € 1.81 million compared to € 0.34 million over the same period last year. The increase is mainly explained by the expenses occurred in the realization of the Prospectus and the preparation of the fund raise. This increase is also explained by the fact that, as a listed company, BioSenic has a certain number of expenses linked to legal obligations (such as communications or financial reporting).

As a result, the operating loss amounted to € 3.90 million in the first half of 2023, compared to € 0.48 million in the same period in 2022.

The net financial loss amounted to € 1.07 million compared with a net financial loss of € 0.05 million over the same period last year. The large increase in the financial expenses during the period was mainly due to interests on the various financial convertible and non-convertible bonds.

The company also recognized the impairment of the ALLOB, the allogeneic bone cell therapy intangible asset, for an amount of € 14.91 million and the impairment of goodwill for an amount of € 1.80 million.

The net loss for the period amounted to € 21.09 million during the first six months ended 30 June 2023 compared to € 0.53 million in 2022.

Balance sheet

The Group's total assets amounted to € 10.39 million on 30 June 2023 compared with € 29.32 million at the end of December 2022 mainly explained by the decrease of the non-current assets. Non-Current assets decreased by 68% to € 7.85 million at the end of June 2023 (€ 24.70 million in 2022).

On 19 June 2023, the Company announced its decision to suspend its interventional trial on fracture healing using the allogeneic bone cell therapy intangible asset, ALLOB. As a result, the goodwill and the ALLOB intangible asset was fully impaired during the period, which contributed to the recognition of an impairment expense of € 16.09 million.

At the beginning of the period, the Company commenced a sub-leasing contract with Vesale Biosciences for part of the offices and laboratories in Mont-Saint-Guibert. The contract has a duration of 4 years, until 31 December 2026.

The current assets decreased from € 4.63 million to € 2.54 million. The decrease is mainly explained by the decrease of the cash and cash equivalents of € 1.33 million showing a cash position of € 0.52 million on 30 June 2023.

The decrease of the current assets is also impacted by the receipt of € 0.94 million in relation to the license agreement with Link Health-Pregene.

The Group's equity decreased from € 3.12 million at the end of December 2022 to a negative amount of € 17.53 million on 30 June 2023, as a result of the incorporation of the loss for the period (amounting to € 21.09 million).

Liabilities amounted to € 27.92 million in 2023 compared with € 26.20 million at the end of December 2022 representing an increase of € 1.72 million.

The non-current liabilities remained stable compared to last year and amounted to € 15.76 million. The non-current liabilities are mainly composed by the non-convertible bonds for an amount of € 10.43 million, the debts to be repaid to the Walloon Region in relation of Recoverable cash advances for € 2.80 million, the bank debt for € 0.95 million, the leasing debts for € 0.88 million and the interest-free advances for € 0.64 million.

Current liabilities increased by € 1.80 million and amounted to € 12.16 million on 30 June 2023 (compared to € 10.35 million at the end of 2022). The interest-bearing borrowings increased with € 1.33 million mainly explained by the convertible bonds with ABO Securities subsidiary, Global Tech Opportunities 15 with € 0.82 million. The current liabilities are mainly composed by the non-convertible bonds for an amount of € 3.79 million, the convertibles bonds from ABO and the Insurance company for € 3.89 million, the debts to be repaid to the Walloon Region in relation of Recoverable cash advances for € 0.80 million, the bank debt for € 0.29 million, the leasing debts for € 0.29 million and the interest-free advances for € 0.25 million.

Cash flow statement

The table in section 2.4 (see below) sets forth the Group's consolidated cash flow statement for the six-month periods ended 30 June 2023 and 30 June 2022.

Cash used for operating activities amounts to € 1.93 million for the first six months of 2023 compared to €0.25 million for the first six months of 2022.

Total operating loss for the period amounts to € 3.90 million compared to a loss of € 0.48 million over the same period in 2022. The net positive impact of adjustments for non-cash items and working capital amounted to € 0.33 million compared to € 0.04 million during the previous year relating to depreciation and recognition of tax credits.

The company also received an amount of € 0.94 million in relation to the license agreement with Link Health and an amount of € 0.70 million in relation to the tax credit.

The company has very limited **Cash flow from investing activities**.

Cash flow generated from financing activities amounts to a cash in of € 0.60 million for the first six months of 2023 compared with a use of cash of € 0.14 million for the first six months of 2022.

Financial cash inflows during H1 2023 are as follows:

- Convertible Bonds from ABO for an amount of € 1.00 million.

Financial cash outflows during H1 2023 are as follows:

- Repayment of the borrowings for € 0.15 million in 2023 (€0.05 million in 2022);
- Transactions costs for € 0.08 million in 2023;
- Other reimbursements (lease contracts and other financial liabilities) for an amount of € 0.16 million in 2023.

Outlook for the remainder of 2023 and 2024

- In March 2023, BioSenic has obtained new statistical analysis results from the JTA-004 Phase 3 clinical trial data. BioSenic, which does not intend to allocate R&D resources to support the clinical development of JTA-004, is seeking to collaborate with existing and potential partners to explore options for the future development of JTA-004 based on this new post-hoc analysis. Following disappointing Phase 3 clinical results, Biosenic terminated the agreement with the Walloon Region and Mr Bastianelli in 2022. The agreement with the Walloon Region has since been resumed, but there is still no agreement with Mr Enrico Bastianelli, which could give rise to co-ownership problems.
- The Medsenic Phase 2 clinical study with arsenic trioxide in the first-line treatment of cGvHD has been completed and provided positive results. A Phase 3 study with oral arsenic trioxide in the first-line treatment of cGvHD, for which Medsenic received positive pre-IND response from the FDA, is currently anticipated to start in 2024. A Phase 2a clinical trial for systemic lupus erythematosus ("**SLE**") had previously established safety for the patient and efficacy on the course of the autoimmune disease. Positive preclinical work gives good grounds for a Phase 2 clinical trial on systemic sclerosis ("**SSc**"). Phase 2b clinical trials for SLE and SSc are in the planning stage with the protocols for both studies being ready.
- BioSenic is currently preparing a fundraising to be organized in Q3/Q4 2023. BioSenic Group expects for 2024 to use the proceeds of anticipated future fundraisings in priority for progressing the Phase 3 clinical trial in cGvHD. As a result, it will only be possible to start the SLE and SSc Phase 2b clinical trials if the BioSenic Group succeeds in concluding a strong partnership with a biopharmaceutical company or if it manages to successfully out-license some of its technology. The start of SLE and SSc Phase 2 clinical trials is therefore not envisioned before 2024.

Risks and uncertainties

For a detailed description of the risks associated to the activities of the Group, we refer to the Annual Report 2022 available on the Company's website.

2. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

2.1. Unaudited Interim Condensed Consolidated Statement of Financial Position

Consolidated Assets IFRS per: *(in thousands of euros)*	**Note**	**30/06/2023**	**31/12/2022**
Non-current assets		**7,848**	**24,698**
Goodwill	**13**	0	1,802
Intangible assets	**13**	2,995	17,293
Property, plant and equipment	**14**	786	1,419
Finance lease receivable	**14**	469	0
Investments in associates		12	12
Other non-current assets		135	136
R&D Tax Credits	**1**	3,452	4,036
Current assets		**2,544**	**4,626**
Trade and other receivables	**2**	1,676	2,490
Other current assets		214	290
Finance lease receivable	**14**	135	0
Cash and cash equivalents	**3**	519	1,846
TOTAL ASSETS		**10,392**	**29,324**

Consolidated Equity & Liabilities IFRS per: *(in thousands of euros)*	**Note**	**30/06/2023**	**31/12/2022**
Equity attributable to owners of the parent		**(16,882)**	**3,526**
Share capital		5,224	4,774
Share premium		4,594	4,517
Accumulated losses and other reserves		(26,652)	(5,723)
Other reserves		(48)	(42)
Non-controlling interests		(646)	(402)
Total Equity	**4**	**(17,528)**	**3,124**
Non-current liabilities		**15,764**	**15,847**
Interest bearing borrowings	**5**	15,696	15,779
Other non-current liabilities	**7**	68	68
Current liabilities		**12,156**	**10,353**
Interest bearing borrowings	**5**	9,339	8,013
Trade and other payables	**6**	2,728	2,236
Other current liabilities	**7**	89	104
Total liabilities		**27,920**	**26,200**
TOTAL EQUITY AND LIABILITIES		**10,392**	**29,324**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

2.2. Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	For the six-months period ended	
		30/06/2023	30/06/2022
Revenues		0	0
Other operating income	**8**	365	125
Total revenues and operating income		**365**	**125**
Research and development expenses	**9**	(2,452)	(267)
General and administrative expenses	**10**	(1,813)	(336)
Other operating expenses		(1)	0
Operating profit/(loss)		**(3,900)**	**(478)**
Financial Income	**11**	35	0
Interest income	**11**	30	0
Impairment expenses	**13**	(16,094)	0
Financial expenses	**11**	(1,136)	(49)
Exchange gains/(losses)		1	0
Result Profit/(loss) before taxes		**(21,063)**	**(527)**
Income taxes		(24)	-
Result Profit/(loss) for the Period		**(21,087)**	**(527)**
Thereof attributable to:			
Owners of the Company		(20,843)	(527)
Non-controlling interests		(244)	0
Other comprehensive income		**0**	**0**
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD		**(21,087)**	**(527)**
Thereof attributable to:			
Owners of the Company		**(20,843)**	**(527)**
Non-controlling interests		**(244)**	**0**
Basic and diluted loss per share (in euros)	12	**(0,17)**	**(7,49)**

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

2.3. Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

	Attributable to owners of the parent					
(in thousands of euros)	Share capital	Share premium	Accumulated Losses & other reserves	Other elements of comprehensive income	Non-controlling interests	TOTAL EQUITY
BALANCE AT 1 JANUARY 2022	**664**	**3,969**	**(7,298)**	**(5)**	**0**	**(2,670)**
Total comprehensive income of the period	0	0	(527)	0	0	**(527)**
Issue of share capital	74	3,837	0	0	0	**3,911**
BALANCE AT 30 JUNE 2022	**738**	**7,806**	**(7,825)**	**(5)**	**0**	**714**
BALANCE AT 1 JANUARY 2023	**4,774**	**4,517**	**(5,723)**	**(42)**	**(402)**	**3,124**
Total comprehensive income of the period	0	0	(20,843)	0	(244)	(21,087)
Issue of share capital	450	158	0	0	0	609
Transaction costs for equity issue	0	(81)	0	0	0	(81)
Other	0	0	(85)	(6)	0	(91)
BALANCE AT 30 JUNE 2023	**5,224**	**4,594**	**(26,652)**	**(48)**	**(646)**	**(17,528)**

The above condensed consolidated statement of changes in shareholders' equity should be read in conjunction with the accompanying notes.

2.4. Unaudited Interim Condensed Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows *(in thousands of euros)*	**For the six-month period ended 30 June**	
	2023	**2022**
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(3,900)	(478)
Adjustments for:		
Depreciation and Amortisation	101	5
Grants income related to tax credit	(115)	0
Grants income related to withholding tax	(47)	
Other	(68)	0
Movements in working capital:		
(Increase)/Decrease in Trade and other receivables (excluding government grants)	(34)	14
Increase/(Decrease) in Trade and other Payables	492	22
Cash used by operations	**(3,570)**	**(438)**
Cash received from license agreement	940	0
Cash received from grants related to tax credit	700	187
Net cash used in operating activities	**(1,930)**	**(251)**
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of intangible assets	17	0
Disposal of property, plant and equipment	3	0
Purchases of property, plant and equipment	(12)	0
Purchases of intangible assets	(1)	0
Net cash generated from investing activities	**7**	**0**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(150)	(45)
Proceeds from convertible borrowings	550	0
Repayment of lease liabilities	(84)	(2)
Repayment of other financial liabilities	(75)	(75)
Interests paid	(13)	(16)
Transaction costs	(81)	
Proceeds from issue of equity instruments	450	0
Net cash generated from financing activities	**596**	**(137)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,327)**	**(388)**
CASH AND CASH EQUIVALENTS at beginning of the period	**1,846**	**759**
CASH AND CASH EQUIVALENTS at end of the period	**519**	**371**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

2.5. Notes to Interim Condensed Consolidated Financial Statements

2.5.1. General information

BioSenic SA (the "**Company**" alone or the "**Group**" together with Medsenic) is a limited liability company governed by Belgian law. The address of its registered office is Rue Granbonpré 11 - Bâtiment H (bte 24), 1435 Mont-St-Guibert, Belgium. The shares of the Company are publicly listed on NYSE Euronext Brussels and Paris since 6 February 2015.

The Company is registered with the legal entities register (Walloon Brabant) under number 0882.015.654 and was incorporated in Belgium on 16 June 2006 (under the name Bone Therapeutics), for an indefinite period of time.

BioSenic SA is an innovative company with the objective of addressing important unmet medical needs in the areas of innate immunity, inflammation and organ/function repair. The Company is a biopharmaceutical startup that aims to exploit the new possibilities offered by the therapeutic use of arsenic trioxide (As203) and through this, to provide a treatment to patients with autoimmune diseases. BioSenic has a broad and diverse portfolio of solutions in clinical development in a variety of therapeutic areas targeting markets characterized by significant unmet medical needs and limited innovation.

The interim consolidated financial statements of BioSenic SA for the six-month period ended 30 June 2023 were authorized for issue by the Board of Directors on 6 September 2023.

Basis of preparation of interim consolidated financial statements

BioSenic had acquired 51% of the shares of Medsenic SAS ("**Medsenic**") on 24 October 2022. Medsenic is a privately held, clinical stage biopharmaceutical company incorporated in France and specialized in the development of optimized formulations of arsenic salts and their application in inflammatory conditions and other potential new indications.

Acquisitions of 51% of shares in Medsenic from the shareholders of Medsenic was completed based on the exchange of 90,668,594 new shares, issued by BioSenic (Bone Therapeutics at the time). In addition, the Subscription Agreement also stipulated that BioSenic shall benefit from a call option right over the remaining 49% of the shares in Medsenic (i.e., the non-controlling interest), which may be exercised within a period of 3 years as from the completion of this transaction. The call option exercise price will be redetermined in case of a material adverse change in the assets, liabilities, or clinical trial of Medsenic, or if Medsenic obtains extended development and commercialisation rights for e.g., US, UK, Japan from Phebra under economically favorable terms for Medsenic before the execution of the call option.

This acquisition qualifies as a reverse acquisition under IFRS (IFRS3.B19), as by issuing 90,668,594 new shares in exchange for 51% of the shares in Medsenic, the original shareholders of Bone Therapeutics no longer control the combined entity as their shares represent only 19% of the total number of shares in the combined entity and 51% of the shareholders of Medsenic hold 81% of the shares of the combined entity. Therefore, under IFRS, the legal acquirer (Bone Therapeutics) is considered to be the accounting acquiree and the legal acquiree (Medsenic) is considered to be the accounting acquirer. Therefore, the interim consolidated financial statements represent the continuation of the financial statements of the former company Medsenic SAS (legal acquiree, accounting acquirer), and the interim consolidated financial statements as of and for the six-month period ended 30 June 2023 are prepared on the basis of the accounting policies of Medsenic. The comparative information as of and for the six-month period ended 30 June 2022 is of Medsenic only.

<u>Non-controlling interest</u>

In accordance with IFRS 3.B23 owners of the legal acquiree (the accounting acquirer) that do not exchange their equity interest for the equity interests of the legal parent (the accounting acquiree) are treated as a non-controlling interest in the interim consolidated financial statements after the reverse acquisition. In the Transaction the shareholders of the legal acquiree/accounting acquirer (Medsenic) exchanged 51% of their Medsenic shares in exchange for the new shares issued by BioSenic (the legal acquirer/accounting acquiree).

2.5.2. Summary of significant accounting policies

The Group's interim consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**") and with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 financial statements.

The same accounting policies and methods of computation are followed in these interim consolidated financial statements as were applied in the consolidated financial statements of the Group for the year ended 31 December 2022.

Applicable IFRS Standards and Interpretation

New Standards, Interpretations and Amendments adopted by the Group

During the current financial period, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the European Union and effective for the accounting year starting on 1 January 2023. The Group has not applied any new IFRS requirements that are not yet effective as per 30 June 2023.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC as adopted by the European Union are effective for the financial period:

- *IFRS 17 Insurance Contracts*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*
- *Definitions of Accounting Estimates – Amendments to IAS 8*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The adoption of these new standards and amendments has not led to major changes in the Group's accounting policies.

Standards and Interpretations issued but not yet effective in the current period

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued by the IASB and the IFRIC but are not yet effective as per 30 June 2023 and/or not yet adopted by the European Union as per 30 June 2023 and for which the impact might be relevant:

- *Non-current liabilities with covenants – Amendments to IAS 1*
- *Lease liability in sale and leaseback transactions – amendments to IFRS 16*
- *Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28*

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2023 which have been issued by the IASB and the IFRIC but are not yet effective as per 30 June 2023 and/or not yet adopted by the European Union as per 30 June 2023, are expected to have a material effect on the Group's future financial statements.

Basis of preparation

The consolidated financial statements are presented in thousands of euros, unless otherwise stated. Euro is also the functional currency of the Company and the Group. The functional currency is the currency of the economic environment in which an entity operates. The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated.

2.5.3. Going concern statement

In June 2023, BioSenic entered into an agreement with the ABO Securities subsidiary, Global Tech Opportunities 15, to secure short term financing on the basis of the existing convertible bond program. Subject to the terms and conditions of the agreement, BioSenic was entitled to draw down three tranches of each EUR 0.3 million in June, July and August under the existing convertible bond program, for an aggregate principal amount of EUR 0.9 million. The parties will discuss how to draw down the remaining EUR 0.6 million of the existing program and have initiated discussions with a view to a possible renewal of the program.

In July 2023, BioSenic has obtained an official appointment of Yves Brulard to reach a negotiated agreement with certain main creditors to preserve the value of BioSenic for the benefit of all stakeholders. This will enable BioSenic to find the optimal route to continue delivering therapies to patients as quickly as possible. Confidential negotiations with certain main creditors are ongoing.

Given these ongoing discussions with the main creditors, the agreement obtained in June 2023 with Global Tech Opportunities 15 to secure short-term financing on the basis of the existing convertible bond program and the remaining EUR 0.6 million available for drawdown under this program, BioSenic anticipates having sufficient cash to carry out its business objectives until November 2023.

BioSenic ended the first six months of 2023 with EUR 0.52 million in cash and cash equivalent. The Company is in the process of closing the program ALLOB, with many actions to be carried out to follow up the last patients recruited at the end of last year and the beginning of 2023, as well as the regulatory closure of the 24 European centers involved. BioSenic is making every effort to launch Phase 3 clinical trials in cGvHD. BioSenic anticipates having sufficient cash to carry out its main short term strategic objective, considering the following relevant assumptions:

- An agreement with the main historical creditors of the Company with respect to the terms of the ongoing loans that felt due in June 2023.
- A successful fundraising or the negotiation of a renewed convertible bond program.
- A reinforced strict policy of cost management.

The assumptions made above comprise various risks and uncertainties.

As the cash runway of the Company is currently expected into November 2023, BioSenic Group will continue to require additional financing to continue its operations in the longer turn. BioSenic Group therefore continues to evaluate other options with a potential positive impact on going concern, including as follows:

- *Fundraising.* BioSenic is currently preparing a fundraising to be organized in Q3/Q4 2023. Securing this fundraising will be a condition to a successful deal with the main creditor. BioSenic Group expects for 2024 to use the proceeds of anticipated future fundraisings in priority for progressing the Phase 3 clinical trial in cGvHD. As a result, it will only be possible to start the SLE and SSc Phase 2b clinical trials if the BioSenic Group succeeds in concluding a strong partnership with a biopharmaceutical company or if it manages to successfully out-license some of its technology. The start of SLE and SSc Phase 2 clinical trials is therefore not envisioned before 2024.
- *Potential partnership to develop and commercialize of JTA.* In March 2023, BioSenic has obtained new statistical analysis results from the JTA-004 Phase 3 clinical trial data. This new post-hoc analysis changes the therapeutic profile of the molecule and potentially allows for the possibility of stratifying patients for a new, optimized Phase 3 clinical study. BioSenic, which does not intend to allocate R&D resources to support the clinical development of JTA-004, is seeking to collaborate with existing and potential partners to explore options for the future development of JTA-004 based on this new post-hoc analysis. Following disappointing Phase 3 clinical results, Biosenic terminated the agreement with

the Walloon Region and Mr Bastianelli in 2022. The agreement with the Walloon Region has since been resumed, but there is still no agreement with Mr Enrico Bastianelli, which could give rise to co-ownership problems.

- *Potential partnership to develop and commercialize of ALLOB.* In October 2022, BioSenic regained worldwide rights to develop, manufacture and commercialised ALLOB following the termination by Shenzhen Pregene Biopharma Co., Ltd ("**Pregene**") of the exclusive license agreement entered into between BioSenic, Pregene and Link Health Pharma Co., Ltd ("**LinkHealth**") in October 2020. Following the recovery of the worldwide rights to ALLOB, BioSenic received a final payment of € 1.00 million from Pregene linked to the achievement of a development milestone which represents a significant impact for BioSenic. Although regulatory changes in China have halted establishment of ALLOB in the Chinese market, BioSenic continues preliminary discussions with Pregene, LinkHealth and other potential partners to reach an agreement for the development and commercialization of ALLOB in other geographies, including in the U.S.

In case part or/all the above options were to materialize, the cash runway of the Company would be expected at least into Q1 2024, or even further depending on the size of the fundraising.

However, all of the above circumstances and events are however subject to material uncertainties, which may cast significant doubt about the Company's ability to continue as a going concern.

Nevertheless, the interim financial statements for the period from 1 January to 30 June 2023 have been prepared on a going concern basis. This is based on an assessment of liquidity risk in relation to the 2023 cash flow forecasts, and on the assumption that BioSenic's financial restructuring will be satisfactorily implemented, so that it will have sufficient financing to meet its estimated cash requirements for the next 12 months. In view of the legal steps still to be taken to implement the financial restructuring, the situation as of today is uncertain as to the Company's ability to continue as a going concern.

2.5.4. Operating segment information

The Group does not make the distinction between different operating segments, neither on a business or geographical basis in accordance with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors of the Company.

2.5.5. Disclosures to the interim condensed consolidated financial statements

Note 1 – R&D tax credits

The R&D tax credits are detailed as follows:

R&D tax credits	**Total**	
(in thousands of euros)	**30/06/2023**	**31/12/2022**
Non-current assets portion	3,452	4,036
Current assets portion	0	0
Total R&D tax credits	**3,452**	**4,036**

The total of the R&D tax credits amount to € 3.52 million and show a decrease of € 0.58 million, which is due to the receipt in February 2023 of an amount of € 0.70 million from the tax authorities and offset by the recognition of the amount relating to the 1st half of the year.
Note 2 – Trade and other receivables

The trade and other receivables are detailed as follows:

Trade and other receivables	**Total**	
(in thousands of euros)	**30/06/2023**	**31/12/2022**
Trade receivables		
Trade receivables	67	1,036

Write-downs on trade receivables	0	0
Total trade receivables	**67**	**1,036**
Other receivables		
Receivable related to taxes	207	255
Receivable related to tax credit	1,119	946
Receivable related to recoverable cash advances	82	82
Receivable related to Non-refundable subsides	0	0
Receivable related to patent grants	171	171
Others	30	0
Total other receivables	**1,609**	**1,454**
Total trade and other receivables	**1,676**	**2,490**

Trade and other receivables amounted to € 1.68 million showing a decrease of € 0.81 million compared to the end of December 2022. The main reason for the decrease was due to the cash receipt of € 0.94 million in relation to the license agreement with Link Health-Pregene.

Note 3 - Cash and cash equivalents

The cash position at the end of June 2023 amounted to € 0.52 million compared to € 1.85 million on 31 December 2022. The Company has used € 1.93 million in operating, generated € 7K in investing, and generated € 0.60 million in financing activities.

Note 4 – Equity

The Group's equity decreased from a positive amount of € 3.12 million at the end of December 2022 to a negative amount of € 17.53 million on 30 June 2023. The variation is mainly explained by the recognition of impairment expenses on the ALLOB intangible asset and on goodwill during the period.

Share capital and Share premium

The Group's share capital increased from € 4.77 million at the end of December 2022 to € 5.22 million on 30 June 2023. The difference is due to € 0.45 million of ABO Securities convertible bonds that were converted into shares for a total of 5,236,111 shares. Following the capital increase, the share capital of € 5.22 million is represented by 127,133,857 shares. There has been no change to the share capital or share premium of MedSenic since 31 December 2022.

The share premium increased from € 4.52 million at the end of December 2022 to € 4.59 million on 30 June 2023 due to the ABO bond conversion into shares during the period.

Note 5 – Financial liabilities

The evolution of the financial liabilities is detailed as follows:

(in thousands of euros)	31/12/2022	Cash flows (net)	Non-cash changes	30/06/2023
Finance lease liabilities	1,232	(84)	23	1,171
Government loans	3,593	0	15	3,608
Loans from related parties	25	(25)	12	12
Public Investment Bank borrowings	1,114	(200)	112	1,026
Bank debt	250	(13)	(24)	213

Convertible bonds – ABO	952	919	(94)	1,776
Convertible bonds - Integrale	2,004	0	115	2,119
Non-convertible bonds	13,671	0	545	14,216
Interest-free advances	949	0	(56)	893
Total financial liabilities	**23,790**	**596**	**649**	**25,035**

Financial liabilities amounted to € 25.03 million as of 30 June 2023 compared to € 23.79 million at the end of December 2022, representing an increase of 5.2%.

Non-current financial liabilities amounted to € 15.70 million compared to € 15.78 million on 31 December 2022 and are mainly composed of non-convertible bonds (€ 10.43 million).

Current financial liabilities amounted to € 9.34 million representing an increase of € 1.32 million. The current financial liabilities are also mainly composed of convertible and non-convertible bonds (€ 7.68 million). The variation is mainly explained by the receipt of two tranches of € 0.5 million each from ABO Securities of which € 0.45 million was converted into shares. During the period, the Company also settled the outstanding Novallia loans of K€ 25.

Note 6 – Trade and other payables

Trade and other payables are detailed as follows:

(in thousands of euros)	**30/06/2023**	**31/12/2022**
Trade payables	2,491	1,990
Other payables	237	246
Total	**2,728**	**2,236**

Trade payables (composed of supplier's invoices and accruals for supplier's invoices to receive at reporting date) are non-interest bearing and are in general settled 30 days from the date of invoice.

The increase of € 0.5 million is mainly related to important invoices related to the Contract Research Organizations ("CRO") for the ongoing clinical studies (ALLOB) and some costs for the ongoing preparation of possible fundings.

Note 7 – Other liabilities

Other liabilities consist of long-term employee benefits and deferred income related to the government grants as detailed in the following table:

	Non-current		**Current**		**Total**	
(in thousands of euros)	**30/06/2023**	**31/12/2022**	**30/06/2023**	**31/12/2022**	**30/06/2023**	**31/12/2022**
Long-term employee benefits	68	68	44	44	112	112
Deferred income on grants related to recoverable cash advances RW	0	0	0	16	0	16
Deferred income on grants related to patents	0	0	45	44	45	44
Total other liabilities	**68**	**68**	**89**	**104**	**157**	**172**

Note 8 – Other operating income

The other operating income relate to the different grants received by the Group:

(in thousands of euros)	30/06/2023	30/06/2022
Grants income related to recoverable cash advances	0	0
Grants income related to exemption on withholding taxes	47	0
Grants income related to tax credit	288	125
Grants income related to patents	0	0
Other grants income	30	0
Total	**365**	**125**

Note 9 – Research and development expenses

The research and development expenses are described as follows:

(in thousands of euros)	30/06/2023	30/06/2022
Staff cost	(662)	(136)
Studies	(1,259)	(125)
Other external costs	(316)	(7)
Patent costs	(123)	0
Building and equipment amortization	(91)	(0)
Total	**(2,452)**	**(267)**

The research and development expenses for the first six months amount to € 2.45 million compared to € 0.27 million over the same period last year. The increase in expenses is mainly related to the fact that the expenses for the previous period only include that of Medsenic as the reverse acquisition only occurred in October 2022.

Note 10 – General and administrative expenses

The general and administrative expenses are described as follow:

(in thousands of euros)	30/06/2023	30/06/2022
Staff Cost	(595)	(159)
Fees	(394)	(109)
Other external costs	(75)	(42)
Depreciation and amortization	(9)	(5)
Other operation costs	(740)	(21)
Total	**(1,813)**	**(336)**

General and administrative expenses for the first six months amount to € 1.81 million compared to € 0.34 million over the same period last year. The increase is mainly explained by the expenses occurred in the realization of the Prospectus and the preparation of the fund raise. This increase is also explained by the fact that, as a listed company, BioSenic has a certain number of expenses linked to legal obligations (such as communications or financial reporting).

Note 11 – Finance result

The net financial loss amounted to € 1.07 million compared with a net financial loss of € 0.05 million over the same period last year. The large increase in the financial expenses during the period was mainly due to interests on the various financial convertible and non-convertible bonds.

Note 12 – Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(in thousands of euros)	30/06/2023	30/06/2022
Profit/(loss) for the period attributable to the owners of the Company	(20,843)	(527)
Weighted average number of ordinary shares for basic loss per share (in number of shares)	124 495 582	70 382
Basic/diluted loss per share (in euros)	**(0.17)**	**(7.49)**

Note 13 – Goodwill, intangible assets and impairment expense

On 19 June 2023, the Company announced its decision to suspend its interventional trial on fracture healing using the allogeneic bone cell therapy intangible asset, ALLOB. As a result, the goodwill and the ALLOB intangible asset were fully impaired during the period, which contributed to the recognition of an impairment expense of € 16.09 million.

Note 14 – Property, plant and equipment and net investment in sublease

At the beginning of the period, the Company commenced a sub-leasing contract with Vesale Biosciences for part of the offices and laboratories in Mont-Saint-Guibert. The contract has a duration of 4 years, until 31 December 2026.

The sub-lease is classified as a finance lease and the Company recognised a net investment in sublease equivalent to the lease payments receivable from Vesale discounted at the interest rate implicit in the lease. During the six months to 30 June 2023, the Company recognised interest income of K€ 30 and other income of K€ 92 representing the difference between the portion of the head right-of-use asset derecognised (€ 0.5 million) and the net investment in sublease recognised.

2.5.6. Financial instruments

The following table provides the category in which financial assets and financial liabilities are classified in accordance with IFRS 9 – *Financial Instruments: Recognition and Measurement.* There were no changes in the classification of financial instruments.

(in thousands of euros)	IFRS 9 Category	30/06/2023	31/12/2022
Non-current financial assets			
Other non-current assets	At amortised cost	135	136
R&D Tax credits	At amortised cost	3,451	4,036
Current financial assets			
Trade and other receivables	At amortised cost	1,676	2,490
Cash and cash equivalents	At amortised cost	519	1,846
Total financial assets		**5,781**	**8,507**
Non-current financial liabilities			
Finance lease liabilities	At amortised cost	879	1,000
Government loans (RCA)	At amortised cost	2,803	2,788
Bank debt	At amortised cost	144	176
Public Investment Bank borrowings	At amortised cost	801	938
Non-Convertible Bonds – EIB & Patronale	At amortised cost	10,426	10,125
Interest-free advances	At amortised cost	643	749
Current financial liabilities			
Finance lease liabilities	At amortised cost	292	232
Government loans (RCA)	At amortised cost	805	805

Loans from related parties	At amortised cost	13	25
Bank debt	At amortised cost	69	74
Public Investment Bank borrowings	At amortised cost	225	176
Non-Convertible Bonds – EIB & Patronale	At amortised cost	3,790	3,546
Convertible Bonds - ABO	At fair value through profit and loss	1,775	952
Convertible Bonds - Integrale	At fair value through profit and loss	2,119	2,004
Interest-free advances	At amortised cost	250	200
Trade and other payables			
Trade payables	At amortised cost	2,728	2,236
Total financial liabilities		**27,764**	**26,026**

The fair value of financial instruments can be classified into three levels (1 to 3) based on the degree to which the inputs to the fair value measurements are observable:

- Fair value measurements of level 1 are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- fair value measurements of level 2 are based on inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (through prices) or indirectly (through input derived from prices);
- fair value measurements of level 3 are based on valuation techniques comprising inputs which are unobservable for the asset or liability.

The following table presents the financial assets and liabilities for which the fair value differs from the carrying amount. The non-convertible bonds include warrants which are measured at fair value in the consolidated statement of the financial position. The government loans related to the recoverable cash advances are measured at amortized cost (fair value is disclosed below and is also a Level 3 measurement). The carrying amounts of the remaining financial assets and financial liabilities approximate their fair values.

(in thousands of euros)	**30/06/2023**		
	Carrying amount	**Fair value**	**Fair value level**
Non-current financial liabilities			
Government loans (RCA)	2,803	2,786	Level 3
Non-Convertible Bonds	10,426	11,591	Level 2

(in thousands of euros)	**31/12/22**		
	Carrying amount	**Fair value**	**Fair value level**
Non-current financial liabilities			
Government loans (RCA)	2,788	4,090	Level 3
Non-Convertible Bonds	10,125	10,558	Level 2

Non-convertible bonds

The fair value of the non-convertible bonds has been measured based on a discounted cash-flow methodology, using a market interest rate reflecting the current market conditions and the risk profile of the Company.

Government loans (RCA):

The following table presents the changes in the government loans (RCA) for the half-year ended 30 June 2023:

Reconciliation ***(in thousands of euros)***	**30/06/2023**
Opening balance 31 December 2022	3,593
Other	15
Closing balance	**3,608**

The fair value has been calculated as the weighted average of a best case, base case, and worst-case scenario for each project. The weight given to each scenario is as follows:

- Best case given the weight of the probability of success (PoS) determined by the Management based on the new analysis (up to 16%) to each project whereby the project is successfully commercialized and a maximum of the commitments vis-à-vis the Walloon Region are honored.
- Worst case: the Company stops all activity in 2023 and will only honor its fixed commitments up to that date. Probability for this scenario has been set at 10% for all projects.
- Base case: the Company honors only the fixed commitments (non-turnover related reimbursements) for each of the projects. The probability for this scenario has been set between 50% and 70%.

Based on those scenarios, the fair value, after discounting fixed commitments at rates between 1.08% and 2,91% and the turnover dependent reimbursements at a rate of 17.10% (average rate used by the analysts following the Company) amounts to € 3.42 million.

When applying a sensitivity analysis on the above varying the ponderations between the best and base case scenario (decreasing/increasing the PoS of the projects) and varying the discount rate used for discounting the turnover dependent reimbursements (using a discount rate for a more mature biotech company) we obtain the following results:

in thousands €	**Impact of PoS***				
	-40%	**-20%**	**0**	**+20%**	**+40%**
DCF with discount rate of 17,10% used for turnover dependent reimbursement	3,390	3,404	3,423	3,446	3,470
DCF with discount rate used for turnover dependent reimbursement reduced to 12,5%**	3,463	3,485	3,516	3,554	3,591
** decrease/increase of best case versus increase/decrease of base case with the worst-case scenario remaining at the same level*					
*** DCF used for turnover dependent reimbursements*					

2.5.7. Related party transactions

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

2.5.7.1. Transactions with the Walloon Region

As a result of the relationship of the government (i.e., Walloon Region) with some shareholders of the Group and the extent of financing received, the Group judges that the government is a related party. In total up to 30 June 2023, an amount of € 35.30 million was granted by the Walloon Region in recoverable cash advances ("*avances récupérables*"), patent subsidies and other operational subsidies (no change compared to last year). Next to the government grants, government agencies granted loans to the Group for a total amount of € 3.97 million.

2.5.7.2. Remuneration of Key Management and Transactions with the Non-Executive Directors

The remuneration of key management personnel has been described as follows:

(in thousands of euros)	**Period ended 30 June**	
	2023	**2022**
Number of management members	5*	2**
Short-term benefits as member of the executive committee	450	129
Short-term benefits as executive director	43	0

Share-based payments	0	0
Total	**493**	**129**
Cumulative number of warrants granted (in units) on 30 June	0	0
Shares owned (in units) on 30 June	39,895,482	0

*the Executive Committee is composed by François Rieger (CEO), Véronique Pomi (Deputy CEO), Carole Nicco (CSO), Lieven Huysse (CMO) and Alexia Rieger (IR).

**the Executive Committee at Medsenic was composed of François Rieger et Véronique Pomi.

Transactions with the non-executive directors can be summarized as follows:

	Period ended 30 June	
(in thousands of euros)	**2023**	**2022**
Share-based payments	0	0
Management fees	58	0
Total	**58**	**0**
Number of warrants granted (in units) on 30 June	64,498	0
Shares owned (in units) on 30 June	112,418	0

2.5.8. Events and updates after 30 June 2023

The interim financial report of 30 June 2023 was authorized for issue by the Board of Directors of the Company on 6 September 2023. Accordingly, events after the reporting period are those events that occurred between 1 July 2023 and 6 September 2023.

In August 2023, BioSenic received a Chinese patent protecting the combined use of metal ions and arsenic salts. This patent (ZL202080040613.1) covers the use of its ATO platform in combination with metal ions like copper, which has the potential to improve the treatment of autoimmune diseases.

From 1 June 2023 till 6 September 2023, a total of € 0.45 million was converted into shares for a total of 10,214,284 shares. Following the conversions, the total of shares as of 6 September 2023 amounted to 137,348,141 shares and the total of share capital amounted to EUR 34.5 million.

3. RESPONSIBILITY STATEMENT

The Board of Directors, represented by all its members, declares that, to the best of its knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2023, which have been prepared in accordance with IAS 34 'Interim Financial reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the undertakings included in the consolidation as a whole, and that the interim report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

On behalf of the Board of Directors,

François Rieger,
CEO

Véronique Pomi,
Deputy CEO

Certain statements, beliefs and opinions in this report are forward-looking; they reflect the Company or, as appropriate, the Company directors' current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. A multitude of factors including, but not limited to, changes in demand, competition and technology, can cause actual events, performance or results to differ significantly from any anticipated development. Forward looking statements contained in this report regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. As a result, the Company expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements in this report as a result of any change in expectations or any change in events, conditions, assumptions or circumstances on which these forward-looking statements are based. Neither the Company nor its advisers or representatives nor any of its subsidiary undertakings or any such person's officers or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does either accept any responsibility for the future accuracy of the forward-looking statements contained in this document or the actual occurrence of the forecasted developments. The reader is advised not to place any undue reliance on forward-looking statements, which speak only as of the date of this document.