BioSenic

2023

FINANCIAL REPORT

FINANCIAL REPORT 2023

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1. GENERAL INFORMATION

1.1 Language of this Annual Report

BioSenic SA ("**BioSenic**" or the "**Company**") publishes its Annual Report in French in accordance with the Belgian Code on Companies and Associations. The Company has also prepared an English version of this Annual Report and is responsible for the consistency between the French and English version of this Annual Report. In case of difference in interpretation, the French version shall prevail.

1.2 Statutory Auditor

The Company's statutory auditor is BDO Bedrijfsrevisoren – Réviseurs d'entreprises BV/SRL, a company having the form of a private limited liability company organised and existing under the laws of Belgium, with registered office at Elsinore Building - Corporate Village, Da Vincilaan 9/E6, 1930 Zaventem, Belgium, represented by Mr Rodrigo Abels, member of the Belgian *Institut des Réviseurs d'Entreprises/Instituut voor Bedrijfsrevisoren*, for a term of three years ending immediately following the annual general shareholders' meeting of BioSenic to be held in 2025, resolving upon the financial statements for the fiscal year ended on 31 December 2024.

1.3 Forward-looking Statements

Certain statements in this Annual Report are not historical facts and are forward-looking statements. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditure, research and development, financing needs, plans or intentions relating to partnership or acquisitions, competitive strengths and weaknesses, business strategy and the trends which the Company anticipates in the industries and the political, economic, financial, social and legal environment in which it operates and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, amongst other things, those listed in the Section "Risk Factors".

1.4 Market and Industry Information

Information relating to markets and other industry data pertaining to the BioSenic's business included in this Annual Report has been obtained from internal surveys, scientific publications, section association studies and government statistics. Where information has been sourced from third parties, this information has been accurately reproduced. As far as BioSenic is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The market, economic and industry data have primarily been derived and extrapolated from reports, datasets and articles provided by third parties such as GlobalData, IQVIA, BiotechFinances, Les Echos and The Lancet.

The third-party sources BioSenic 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 BioSenic 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, BioSenic is unable to verify such information. Hence, while the information has been accurately reproduced, and as far as BioSenic is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading, and BioSenic believes it to be reliable, BioSenic cannot guarantee its accuracy or completeness. 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 BioSenic shares or the advisability of investing in the shares of BioSenic.

In addition, certain information in this Annual Report is not based on published data obtained from independent third parties or extrapolations therefrom, but rather is based upon BioSenic'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 BioSenic operates, information published by BioSenic's competitors and BioSenic's own experience and knowledge of conditions and trends in the markets in which it operates.

BioSenic cannot assure that any of the assumptions it has made while compiling this data from third party sources are accurate or correctly reflect BioSenic's position in the industry and none of BioSenic's internal estimates have been verified by any independent sources. BioSenic does not make any representation or warranty as to the accuracy or completeness of this information. BioSenic has not independently verified this information and, while BioSenic believes it to be reliable, BioSenic cannot guarantee its accuracy.

1.5 Other Available Information

The Company has filed its deed of incorporation and must file its restated articles of association and all other deeds and resolutions that are to be published in the Belgian Official Gazette (*Moniteur Belge*) with the clerk's office of the the enterprise court of the Walloon Brabant (Belgium), where such documents are available to the public. The Company is registered with the register of legal entities of Walloon Brabant (Belgium) under company number 0882.015.654. A copy of the most recent restated articles of association, the reports of the Board of Directors and the minutes of the shareholders' meeting, as well as other documents, valuations and statements prepared by any expert at BioSenic's request any part of which is included or referred to in the Annual Report, are also available on BioSenic's website (https://biosenic.com/investors) or can be provided upon request to BioSenic SA, Investor Relations, rue Granbonpré 11, Building H, 1435 Mont-Saint-Guibert, Belgium (Tel: +32 493 09 73 66 and e-mail: investorrelations@biosenic.com).

The Company prepares annual audited and consolidated financial statements. All financial statements, together with the reports of the Board of Directors and the statutory auditor are filed with the National Bank of Belgium, where they are available to the public. Furthermore, as a company with shares listed and admitted to trading on Euronext Brussels and Paris, the Company publishes an annual financial report (including its financial statements and the reports of the Board of Directors and the statutory auditor) and an annual announcement prior to the publication of the annual financial report, as well as a half-yearly financial report on the first six months of its financial year. Copies of these documents will be made available on the Company's website (https://biosenic.com/investors) and STORI, the Belgian central storage platform which is operated by the FSMA and can be accessed via its website (www.fsma.be).

The Company must also disclose price-sensitive information and certain other information relating 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 (*Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis à la négociation sur un marché réglementé*), such information and documentation will be made available through the Company's website (https://biosenic.com/investors), press releases and the communication channels of Euronext Brussels.

1.6 Availability of the Annual Report

The Annual Report is available in English and in French. The Annual Report will be made available, free of charge, for the public upon request to:

BioSenic SA
To the attention of Investor Relations
Rue Granbonpré 11 - Building H (bte 24)
1435 Mont-St-Guibert
Belgium
Tel: +32 493 09 73 66

E-mail: investorrelations@biosenic.com

An electronic version of the Annual Report is also available on the Company's website (https://biosenic.com/investors). The posting of this Annual Report on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the shares to 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. Other information on the website of the Company or on another website does not form part of the Annual Report.

2. ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BIOSENIC SA FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

2.1. Letter to shareholders

2023 was a year of transformation and restructuring, as well as a year of accurate and realistic asset valuation, following the creation of BioSenic from the merger between Bone Therapeutics and Medsenic. This merger gave rise to a biotechnology company characterized by dense technical, scientific and intellectual property contributions in three areas: the treatment of osteoarthritis of the knee, cell therapy and the treatment of autoimmune diseases. Medsenic's specialization in severe autoimmune/inflammatory diseases came with major achievements in successful Phase 2 clinical trials (Systemic Lupus Erythematosus -SLE- and Chronic Graft versus Host Disease (cGvHD). On the other hand, in the field inherited from Bone Therapeutics, these were development programs for osteoarthritis of the knee. It was important to understand and learn from the biostatistical failure of the JTA004 clinical trial, which led to a fall in the BIOS share price and a total halt to research. It was also necessary to continue the phase 2b trial begun in 2021 by Bone Therapeutics on the treatment of difficult tibia fractures by injection of bone marrow mesenchymal cells prepared and characterized for use in a hospital setting to repair severely accidentally damaged bone tissue. Continuing this clinical trial - extremely costly (with a cash burn varying between 0.5 and 1 million Euros per month) - had been an exercise imposed by the contractual conditions of the Reverse Merger of October 2022, when some forty patients had already been included and five European clinical centers were active and two others were about to begin recruitment, at the end of the "COVID" era. This trial carried all the hopes of Bone's historic shareholders, encouraged by a number of previous clinical studies involving the repair of long bones (tibia, femur, fibula, etc.) and tissue repair operations on the spine, with results considered to be suitable for a placebo-controlled clinical phase (phase 2b).

For its arsenic trioxide (ATO) platform, which targets autoimmune and inflammatory diseases, BioSenic over the course of 2023 carefully collected many of the technical elements required for the submission of its clinical trial to regulatory authorities to submit its confirmatory Phase III study in chronic graft-versus-host disease (cGvHD), focused on the clinical documentation of a market access procedure to regulatory agencies in the USA and Europe. The forthcoming clinical trial required further research into the technical batches of the new oral drug adopted for this new trial, as well as into ATO's mechanism of action, to maximize its efficacy in outstanding effects on the active phenomena of sustained autoimmunity, and parallel research into reducing the side effects of the active ingredient, arsenic trioxide.

For the ongoing Phase IIb clinical trial with the allogeneic bone cell therapy product ALLOB, BioSenic has optimized radiological research into the evolution of tissue repair after treatment (single injection of ALLOB cells) by integrating into the trial a combination of technical advances in radiological assessments. Taking into account new scientific knowledge on fracture healing, it was decided early on to initiate a statistical analysis during the course of this trial - in February-March 2023 - to reduce the number of patients required for an initial analysis of the expected results, and to obtain a more rapid reading of relevant results for assessing the benefit of the treatment. The results of the decisive statistical analysis on the trial's primary endpoint were validated in June 2023 by our team of biostatisticians on an intermediate cohort of 57 patients. The results were totally negative (no difference between placebo and treated cases). A posteriori analysis of the conditions of the 2019 protocol convinced us that the conditions under which the cells were injected far too early in the natural repair process, with very high inflammatory activity at the time of the injections (three days after the accident), explained the failure observed. We had overlooked an essential aspect of the preliminary clinical trials, which had prescribed and practiced injections at three months, when the defects in "natural" repair (standard of care) were becoming noticeable.

With regard to licensing negotiations, by early October 2022 Bone Therapeutics had recovered all worldwide rights to ALLOB, following the termination of the Chinese licensing agreement signed with Pregene in February 2021. Nevertheless, BioSenic continued to discuss new licensing conditions with Pregene, in order to advance the development and commercialization of ALLOB in other geographical areas, including the United States. These discussions came up against Pregene's refusal to pay any "downpayment" whatsoever, insisting on recovering exclusive worldwide rights with a return of payments when the product is brought to market some time in the future, and after a new phase 3 to be jointly financed, for very vague commercial prospects up to 2030.

To conclude on our clinical development front, BioSenic has also reassessed the results of the Phase III trial of its improved viscosupplement JTA-004 targeting osteoarthritis of the knee, originally published as a clinical failure in August 2021. Having identified subsets of patients, BioSenic called on a specialist statistical analysis company in Liège to reanalyze the results in the context of three subtypes of osteoarthritis of the knee, as newly identified in 2022 and essentially different in their clinical course, severity and above all the physiological phenomena involved. This seemed to open up new clinical development or partnership options for JTA-004, and therefore a good clinical opportunity for BioSenic. However, the need to finance a new clinical trial on new bases in phase 3 (targeted patient recruitment) and the classification originally proposed by Bone Therapeutics as a medical device - an untenable position for the last two or three years for the regulatory authorities - have led us to an impasse, as no licensee has been identified. In addition, a difficult situation created by Bone Therapeutics' approval of co-ownership of the main patents with one of its ex-CEOs, is leading to the discouragement of any takeover due to difficulties in obtaining a property settlement.

BioSenic has also expanded and developed its team, including the appointment of Dr Carole Nicco as Scientific Director and Lieven Huysse, MD, as Medical Director (CMO) from April 2023.

With an updated Board of Directors and Executive Committee, BioSenic is well placed to establish value-added commercial collaborations and further strengthen its financial position in the broad context of autoimmunity. This will enable us to advance our therapies into clinical development and offer treatment options to patients suffering from a range of diseases for which there are no decisive therapeutic options. However, the weight of past debts, both from bondholders and certain unsecured creditors linked to Allob and JTA, and to costly operating expenses incurred by Bone Therapeutics but inherited by BioSenic, led us in June 2023 to request the intervention of a mediator, appointed by the Nivelles court, in a silent PRJ procedure, with the aim of bringing the debt under control, with the agreement of the creditors. This restructuring procedure, which takes account of the above-mentioned factors, has received a positive vote of the majority of creditors on 27 May 2024.

At the same time, we need to raise funds to finance BioSenic's Phase 3 lead project, and are currently preparing a private placement.

We estimate that, after a period of severe re-evaluation (with a return to spending and cost control) and intelligent restructuring lasting around 18 months following the Reverse Merger, we will be in a position by autumn to maintain the business and drive BioSenic's positive development in its core assets.

Sincerely,

Prof. François Rieger, Chairman of the Board of Directors and CEO

Véronique Pomi-Schneiter, Director and Deputy CEO

2.2. Business overview

Important recent events in the development of BioSenic Group's business

Key Milestones of BioSenic	
YEAR 2023	
Corporate	• Appointment of Dr Carole Nicco as Chief Scientific Officer. • Appointment of Mr Yves Sagot as Independent Director. • BioSenic received EUR 1 million (minus 6% taxes) Pregene as a settlement following the termination by Pregene of the exclusive license agreement entered into between BioSenic, Pregene and Link Health Pharma. • Appointment of Lieven Huysse, MD as Chief Medical Officer. • Agreement with Patronale, Monument and the European Investment Bank for the restructuring of BioSenic's key financial debts.
ALLOB	• Optimization of ongoing Phase IIb clinical trial ALLOB and completion of patient recruitment. • BioSenic and Pluristyx sign term sheet for market availability of ALLOB mesenchymal cells. • BioSenic puts Phase IIb ALLOB trial on hold following negative results obtained for the primary endpoint (mid-June).
JTA	• Post-hoc analysis of the results of its Phase III trial of JTA-004 targeting knee osteoarthritis in the subset of patients with the most painful and inflammatory form of knee osteoarthritis shows a pain-relieving effect of JTA-004 not only superior to placebo but also to the active comparator. • BioSenic reacquired intellectual property rights to JTA-004 from the Walloon region.
Immune diseases	• Publication of data providing additional details about the mechanism of action of its lead API arsenic trioxide (ATO) to prevent autoimmune diseases published in the peer-reviewed paper *Frontiers in Immunology*[1]. • BioSenic received a key European patent from EPO, for further therapeutic development in cancer, infectious and immune disease covering the therapeutic use of a new composite formulation of anti-inflammatory compounds with unique advantages. • BioSenic identifies key biomarkers for cGvHD and submits patent to EPO. • Amendment of the license agreement between Medsenic SAS and Phebra Pty Ltd to extend the deadline for the launch of the phase 3 clinical trial of OATO for the treatment of cGvHD from 31 May 2023 to 31 May 2024. • BioSenic received a Chinese patent protecting the combined use of metal ions and arsenic salts to treat a wide range of serious diseases. • Publication of data providing additional key indications of arsenic trioxide (ATO) to treat systemic sclerosis (SSc) in a peer-reviewed international journal[2]. • BioSenic completed a post-hoc analysis of its phase 2 clinical trial of ATO, finding the best scheme for administration of oral arsenic trioxide for an efficient treatment of cGvHD.

[1] Charlotte Chêne, Dominique Rongvaux-Gaïda, Marine Thomas, François Rieger, Carole Nicco, Frédéric Batteux "Optimal combination of arsenic trioxide and copper ions to prevent autoimmunity in a murine HOCl-induced model of systemic sclerosis", in *Front. Immunol.*, 30 March 2023, Volume 14. Link: https://www.frontiersin.org/articles/10.3389/fimmu.2023.1149869/full.

[2] Anne Cauvet, Arthur Decellas, Christophe Guignabert, Dominique Rongvaux-Gaïda, Raphaël Thuillet, Mina Ottaviani, Ly Tu, François Rieger, Jérôme Avouac and Yannick Allanore, "Arsenic trioxide demonstrates efficacy in a mouse model of preclinical systemic sclerosis". *Arthritis Res Ther* 25, 167 (2023). https://doi.org/10.1186/s13075-023-03143-2.

	• BioSenic signed (end of H2) a term sheet with Singapore based TrialCap Pte. Ltd. and/or other lenders for a proposed debt and equity financing. BioSenic is seeking the funds to continue its clinical development, backed by previous encouraging Phase 2 and pre-clinical results of arsenic trioxide (ATO).
YEAR 2024	
Corporate	• BioSenic signed a new subscription agreement for a maximum EUR 1.2 million convertible bonds facility, arranged by ABO Securities through its affiliated entity GTO 15. • Promotion of Dr Carole Nicco to Chief Operating Officer (COO) in addition to her position as Chief Scientific Officer (CSO). • BioSenic raises €500,000 in private placement of new shares with established new investors.
JTA	• BioSenic filed a U.S. patent for JTA-004, a viscosupplement in late-stage clinical development, following new evidence of its efficacy in a recently defined subtype of osteoarthritis (OA).
Immune diseases	• BioSenic signed a binding term sheet with Phebra Pty Ltd. related to the adaptation of the License Agreement and the MDA signed in May 2021. • BioSenic received a patent by the Canadian Intellectual Property Office to expand protection of the arsenic trioxide (ATO) platform.

The BioSenic Group at a glance

The BioSenic Group is a biotech company with operations in Belgium and in France focused on the development of new treatments for autoimmune diseases using arsenic trioxide (As(2)O(3)).

Through its subsidiary Medsenic, the BioSenic Group focuses on clinical trials in two selected autoimmune diseases. Two successful clinical trials were Phase II trials, which provided encouraging results for both safety of use and efficacy in moderate to severe SLE, first, and chronic GvHD second. These trials were allowed by the regulatory body in France (the *Agence Nationale de Sécurité du Médical et des produits de santé*) in multiple clinical sites, specialized in each given disease. Medsenic continues to gather scientific and medical data to enable the future launching of a new Phase II clinical trial on Systemic sclerosis on the basis of the latest research data and scientific findings for this indication.

Medsenic did not need to invest in lengthy preclinical and clinical (Phase I) studies since the arsenic trioxide used as the investigational drug was an intravenous formulation already used in cancer treatment (acute promyelocytic leukaemia (APL)) and was accepted by FDA and EMA not only for research purposes but also for human use in this particular oncologic indication, with good pharmacovigilance since its market authorizations in the year 2002. BioSenic Group foresees that the clinical data this has created during the last two decades will be acceptable for its trial submissions of new indications in the field of autoimmunity and inflammatory diseases and of new formulations of ATO, including OATO (with proven bioavalability and bioequivalence with IV formulation). However, any formulation of arsenic trioxide involving a combination of matter with another element, will in principle require a Phase I clinical trial to establish the safety and bioavalability and bioequivalence.

Medsenic devoted its efforts to preclinical studies on cells in vitro and animal models of diseases of the immune system, targets of its clinical development, with the particular objective to understand its mechanisms of action, in order to better define the dosage necessary for positive therapeutic action and the best route of administration given the sites of the lesions of each disease considered. Over ten years, the clinical development has been accompanied by the successive completion of animal studies on SLE (with three different animal models, including studies developed with the University of Louvain. Profs Houssiau and Lauwerys; internal Medicine), Crohn's disease, Multiple sclerosis with a recognized Experimental Allergic Encephalomyelitis, chronic GvHD, an animal model quasi identical to the human disease, and a model for Systemic Sclerosis (Fra 2 and HOCI mice models, in Hospital Cochin; Prof Y. Allanore, 3 articles published in 2022 abd 2023). All these studies provide encouraging results regarding the treatment of these autoimmune

diseases by arsenic trioxide and justify Medsenic's efforts to set up the conditions for using oral arsenic trioxide for patients' and clinicians' benefit (lower dosage and lower reversible adverse effects, at our chosen levels of medication).

BioSenic also proceeded to past clinical development in the field of orthopaedics through its JTA-004 and ALLOB assets. At the date of this Registration Document, the trials are ended, the data is further analysed, and partnerships are being searched in this respect.

BioSenic Group's mission and strategy

BioSenic Group (through its subsidiary Medsenic) aims to exploit the new possibilities offered by the therapeutic use of arsenic trioxide (As(2)O(3)) and thereby provide treatment for patients with autoimmune diseases. To achieve this objective, Medsenic is pursuing the following strategies:

- Find funding in order to recruit patients and perform the Phase III randomized, on top of standard care, against placebo clinical trial for the use of oral arsenic trioxide for cGvHD, its lead project, over the next four years.

- Search for solid partnerships with interested biopharmaceutical companies for performing the clinical trials ready to start for two Phase II randomized, on top of standard care, against placebo for SLE and SSc.

- Get deeper into the mechanisms of action of arsenic trioxide to prove to the medical community at large (KOLs and leading clinicians in the field of inflammation/autoimmunity) its quality of first-in-class medication of a series of closely related autoimmune diseases.

- Focus on the US market as BioSenic Group believes that US patients and clinicians will more readily accept the premises of arsenic trioxide in its applicability to cGvHD. Moreover, BioSenic believes that the FDA is quick to appreciate new ways to treat a disease with unmet medical needs in the field of immuno-oncology. Finally, approval of a new drug application by the FDA will ensure central market access throughout the U.S.

- BioSenic is also looking for partnership opportunities allowing the further development of its existing assets JTA-004 and ALLOB, for which BioSenic no longer envisages conducting the clinical development itself.

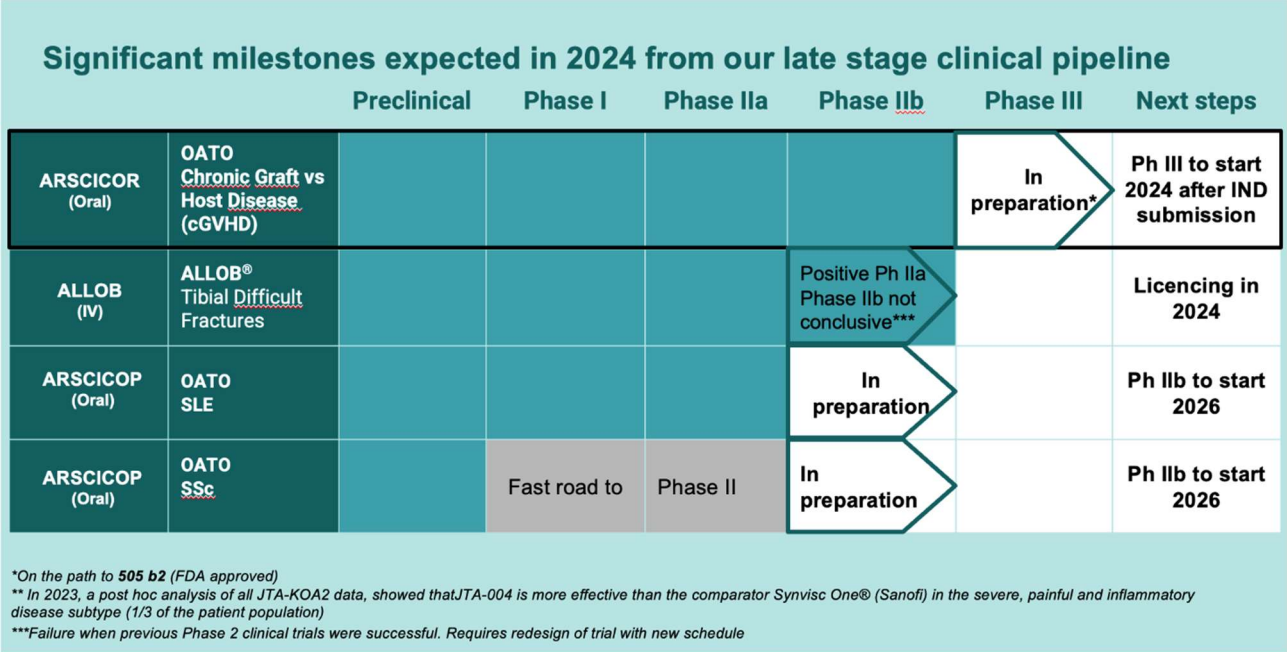
BioSenic Group also applies for the following European Innovation Council fundings:

- In 2024: EIC Accelerator Grant funding which is in two periods. First a non-dilutive, up to € 2.5 million, for innovation activities only (TRL 5-8), to be completed within 24 months (2025-2027) to develop an improved arsenic trioxide oral formulation. Second a dilutive, up to € 15 million, for market deployment (TRL 9), «patient capital» principle with a 7-10 years perspective, to finance a clinical trial with the new formulation for systemic sclerosis patients.

- In 2025: EIC Pathfinder Open provides funding for projects, based on high-risk/high-gain science-towards-technology breakthrough interdisciplinary research. BioSenic will apply for up 3.5 million euro to support early-stage development of future technologies to treat severe inflammatory osteoarthritis.

Product portfolio and clinical pipeline

Currently BioSenic Group is concentrating specifically on the preparation of a Phase III clinical trial for the use of oral arsenic trioxide for the treatment of cGvHD, which is expected to take approximately 4 years to complete the last patient visit.

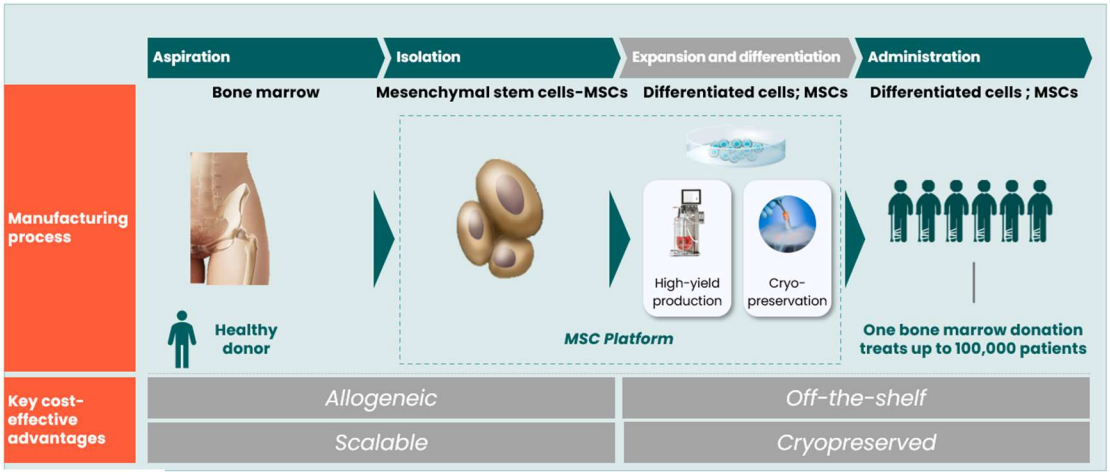


BioSenic's subsidiary Medsenic has completed the set-up of the technical conditions (regulatory, CRO designation and clinical centers identification) for the Phase III clinical trial for the use of oral arsenic trioxide to treat cGvHD. BioSenic started the process to formally engage the CRO and is currently expecting to treat the first recruited patient in Q1 2025, subject to BioSenic finding additional equity or debt financing for the start of the clinical trial.

ALLOB: allogeneic cell product *(clinical trial activities discontinued; search for partnership opportunities)*

ALLOB is Company's off-the-shelf, allogeneic cell therapy platform consisting of human allogeneic bone-forming cells derived from ex-vivo cultured bone marrow mesenchymal stromal cells (MSC) from healthy adult donors, offering numerous advantages in product quality, injectable quantity, production, logistics and cost as compared to an autologous approach.

To address critical factors for the development and commercialization of its cell therapy products, BioSenic has established a proprietary, optimized production process that improves consistency, scalability, cost effectiveness and ease of use of ALLOB or its possible innovative derivatives, whenever they will be deemed necessary in the course of BioSenic's business development. This optimized production process increased the production yield, generating 100,000 of doses of ALLOB per bone marrow donation. Additionally, the final ALLOB product will be cryopreserved, enabling easy shipment and the capability to be stored in a frozen form at the hospital level. The process will therefore substantially reduce overall production costs, simplify supply chain logistics, improve patient accessibility, and facilitate global commercialization.



The above scheme shows the manufacturing process of BioSenic's allogeneic cell therapy platform (ALLOB) starting with bone marrow harvesting from healthy donors to obtain the mesenchymal stem cells that are expanded and differentiated into bone-forming cells and implanted at the bone defect site. The finished product is delivered in an off-the-shelf cryopreserved formulation.

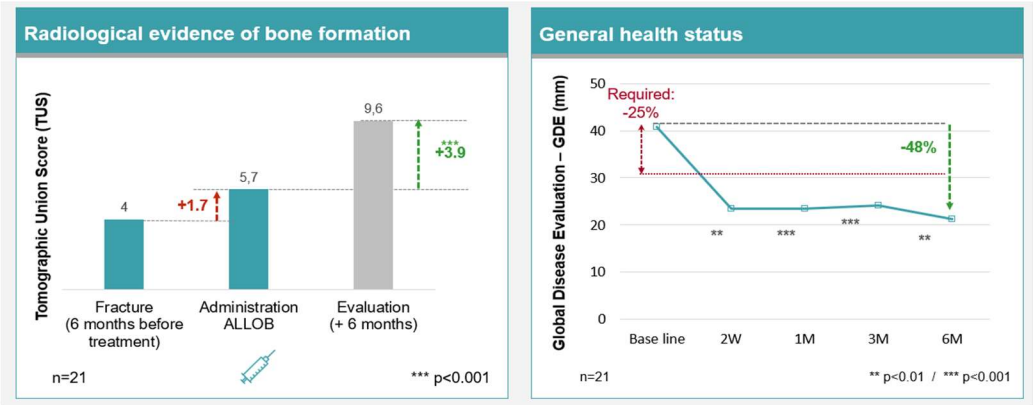
Currently, ALLOB targets one indication: difficult tibial fractures and could be further developed for lumbar spinal fusion.

a) ALLOB - Difficult fractures

Although most fractures heal normally, some fractures may not heal within the usual time frame and is known as delayed bone healing within 4 to 6 months and absence of bone healing within 9 to 12 months in the most severe cases. Several factors can increase the risks of delayed healing complications like, for example, smoking, violent shocks (for example, due to a road accident) or even the type of fracture (an open fracture). The location of the fracture is also an important factor: among the bones of the arms and legs, the tibia is known for being the most at risk for complications. Tibial fractures with several risk factors could lead to complications such as delayed union and greatly reduce the quality of life. To date, there is no treatment for fractures considered at risk of delayed complications. The current practice on diagnosis of complications is to wait at least 6-12 months before considering alternative interventions to promote fracture healing.

Constituted of bone cells produced from the bone marrow of healthy adult donors, ALLOB cells, have shown to be capable of forming bone and repairing fractures after injection in preclinical studies. When directly injected into a fracture, ALLOB cells should therefore promote the healing of the fracture by re-establishing a healthy environment, stimulating bone healing, reducing healing time, reducing repair complications, and thus to lead to improvement of the quality of life for the patient.

ALLOB has shown preliminary evidence of effectiveness in the treatment of delayed bone healing fractures in a Phase I/IIa study involving 21 patients. The study demonstrated efficacy in bone formation and improvement of general health status, when injected three months after the fracture. At six months post administration, 100% of the patients met the primary endpoint, defined as an increase of at least two points on the radiological Tomographic Union Score (TUS) or an improvement of at least 25% of the clinical Global Disease Evaluation (GDE) score vs. baseline. Radiological evaluation of fracture healing showed an improvement of 3.9 points on average on the TUS scale, nearly twice the required minimum of 2.0 points. This minimum two-point increase was achieved by 16 out of 21 patients (76%). The Global Disease Evaluation (GDE) score to assess the general health condition of the patient, improved 48% on average. The minimum 25% improvement was achieved by 16 out of 21 patients (76%). The Global Disease Evaluation (GDE) score to assess the general health condition of the patient, improved 48% on average. The minimum 25% improvement was achieved by 16 out of 21 patients (76%).



ALLOB has been evaluated in a Phase IIb study in patients with expected difficult-to-heal tibial fracture. The Phase IIb study was a randomized, double-blind, placebo-controlled study. In this study, the potential of ALLOB to accelerate fracture healing and prevent late-stage complications in patients with difficult fractures in the shinbone (tibia), was tested and compared to placebo, on top of standard of care after a follow-up period of 6 months. ALLOB was applied – at variance to the first study – by a single percutaneous injection 24-96 hours post reduction surgery in patients with fresh tibial fractures, thought to be at risk for delayed or non-union. The study has been approved in 7 European countries (Belgium, Czech Republic, France, Germany, Hungary, Poland and Spain). The study had been expected to enrol 178 patients in over 40 sites. However, BioSenic managed to improve the statistical analysis of the study via an optimal radiological assessment of the acceleration of bone formation at 3 months following an intra-fracture administration of ALLOB, compared to standard practice alone. This allowed BioSenic to reduce the number of required patients to 132 evaluable patients while maintaining the same statistical power. In addition, BioSenic also introduced an interim analysis based on the assessment of radiological data from approximately 66 evaluable patients at 3 months post-administration. Following the CTA approval by regulatory authorities in Europe, BioSenic had initiated patient recruitment in January 2021 and reached the inclusion of 56 patients, in January 2023. In June 2023, BioSenic announced that it decided to suspend the Phase IIB study in light of the negative results obtained for the study's primary endpoint. BioSenic is currently looking for partnership opportunities allowing the further development of ALLOB, for which BioSenic no longer envisages conducting the clinical development itself.

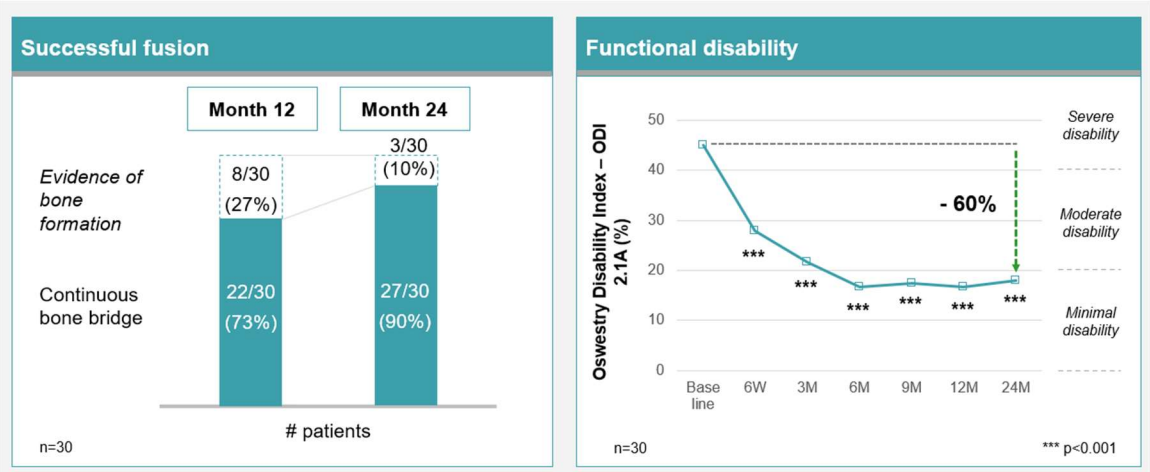
b) ALLOB – Lumbar spinal fusion

Due to ageing populations and sedentary lifestyles, the number of people suffering from degenerative spine disorders continues to increase. Today, spinal fusion procedures are performed to relieve pain and improve patient daily functioning in a broad spectrum of degenerative spine disorders. Spinal fusion consists of bridging two or more vertebrae with the use of a cage and graft material, traditionally autologous bone graft or demineralized bone matrix – placed into the intervertebral space – for fusing an unstable portion of the spine and immobilizing a painful intervertebral motion segment.

Over 1,000,000 spinal fusion procedures are performed annually in the US and EU, of which half at lumbar level and the market is growing at a rate of 5% per year. Although spinal fusion surgery is routine, non-fusion, slow progression to fusion and failure to eliminate pain are still frequent with up to 35% of patients not being satisfied with their surgery.

A multi-center, open-label proof-of-concept Phase IIa study was designed to evaluate the safety and efficacy of ALLOB administered in addition to the standard of care procedure in which an interbody cage with bioceramic granules is implanted into the spine to achieve fusion of the lumbar vertebrae. The main endpoints of the 24-month follow-up analysis included safety and radiological assessments to evaluate vertebrae fusion (continuous bone bridges) and clinical assessments to evaluate improvement in patients' functional disability as well as reduction in back and leg pain. The study evaluated 30 patients treated with ALLOB, 29 patients attended the 24-month visit.

In the Phase IIa study, ALLOB Lumbar Spinal Fusion showed promising 24-month results in bone formation and disability reduction. The 24-month data showed a high percentage of successful lumbar vertebrae fusion of 90%. Patients also continued to experience important clinical improvements in function and pain, from as early as six months after treatment, up to the 24-month follow-up period.

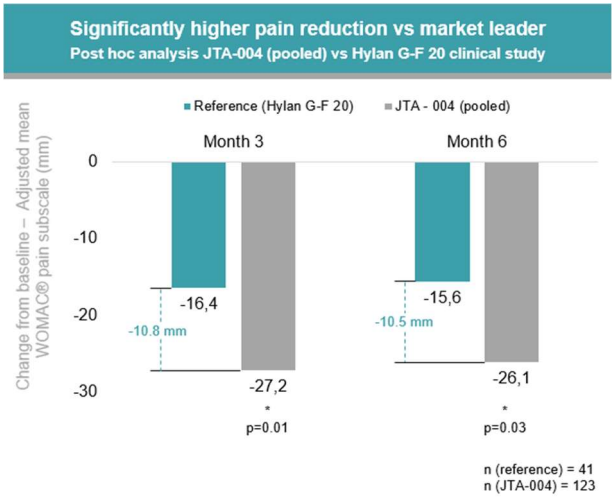


JTA-004: off-the-shelf protein solution *(clinical trial activities discontinued; search for partnership opportunities)*

JTA-004 is a next generation of intra-articular injectable for the treatment of osteoarthritic pain in the knee. Consisting of a unique patented mix of plasma proteins, hyaluronic acid (a natural component of knee synovial fluid), and a fast-acting analgesic, JTA-004 intends to provide added lubrication and protection to the cartilage of the arthritic joint and to alleviate osteoarthritic pain.

Osteoarthritis (OA), also known as degenerative joint disease, is the most common chronic joint condition in which the protective cartilage in the joints progressively break down resulting in joint pain, swelling, stiffness and limited range of motion. The knee is one of the joints that are mostly affected by osteoarthritis, with an estimated 250 million cases worldwide. The prevalence of knee osteoarthritis (KOA) is expected to increase in the coming years due to increasingly aging and obese population. Currently, there is no cure for KOA and treatments focus on relieving and controlling pain and symptoms, while preventing disease progression, minimizing disability, and improving quality of life. Most drugs prescribed to KOA patients are topical or oral analgesics and anti-inflammatory drugs. Ultimately, severe KOA led to highly invasive surgical interventions such as total knee replacement.

In a completed Phase IIb study involving 164 patients, JTA-004 showed an improved pain relief at 3 and 6 months compared to Hylan G-F 20, the global market leader in osteoarthritis treatment.



In August 2021, BioSenic announced the topline results from the multicentre, randomized, double-blind, placebo- and active-controlled Phase III study. The study was conducted in 7 European countries and Hong Kong and included a total of 743 patients. Despite JTA-004's favourable safety profile, the study did not achieve its main objectives as no statistically significant difference in pain reduction could be observed between any of the treatment, placebo and comparator groups, with all treatment arms showing similar efficacy. A statistically significant difference in favour of JTA-004 and the active comparator versus placebo was seen in a post-hoc analysis in a subset of patients with higher pain scores at entry. This is still under investigation and may justify further work on a particular subtype of patients with very active knee osteoarthritis.

In March 2022, BioSenic announced it was redefining its strategic priorities and all activities related to the development of the pre-clinical iMSCg platform as well as all other non ALLOB related activities, including the further development or reshaping of JTA-004, were put, transiently at least, on hold. Although the primary and consequently key secondary endpoints of the Phase III trial with JTA-004 were not reached, BioSenic announced in March 2023 that a post-hoc analysis indicated that a statistically significant difference in favour of JTA-004 and the active comparator versus placebo was seen in a subset of patients with higher pain scores at entry. BioSenic is therefore 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.

Arsenic trioxide (ATO)

ATO is currently classified as an antineoplastic agent (ATC code L01XX27: Anti immunomodulating agents – other antineoplastic agents). The classification as chemotherapy results from its first established properties as an anti-cancer agent. In the case of a successful outcome of the envisaged clinical trials of the BioSenic Group based on ATO, it can be expected that ATO will also become classified as anti-inflammatory or immunomodulatory agent.

ATO in Oncology

Arsenic derivatives have been identified as compounds with therapeutic potential for over 2000 years in Greek and Chinese medicine. Orally administered arsenic, in the form of Fowler's Solution was first discovered to have leuco-reductive properties and used in the treatment of leukaemia in 1878. Since then, ATO (Trisenox®) has been investigated and used in the treatment of various types of leukaemia including chronic myeloid leukaemia (CML) and acute promyelocytic leukaemia (APL).

ATO in autoimmune and inflammatory indications

Pre-clinical studies

Although ATO can potentially be widely used in many auto-immune diseases that benefit from its dual mechanism of action (induction of apoptosis in activated, pathogenic cells and regulatory action on pro-inflammatory cytokine levels), Medsenic focus on Chronic Graft versus Host Disease (cGvHD), moderate to severe Systemic Lupus erythematosus (SLE) and Systemic Sclerosis (SSc) is based on preclinical studies which provided good preliminary data for the ensuing clinical studies in human patients.

The role of ATO has also been explored in murine models of autoimmune and inflammatory diseases (Bobe et al., 2006)[3].

Intraperitoneal administration of ATO was able to achieve quasi total regression of antibody and cell mediated manifestations in MRL lymphoproliferative strain (MRL/*lpr*) mice. ATO was also shown to eliminate, through activation of caspases, activated autoreactive T lymphocytes responsible for lymphoproliferation and skin, lung and kidney lesions, leading to significant prolonged survival rates. ATO markedly reduced anti-DNA autoantibodies, rheumatoid factor, Interleukin 18 (IL-18), interferon gamma (IFN-γ), nitric oxide metabolite, Tumor necrosis factor alpha (TNF-α), Fas ligand, and Interleukin – 10 (IL-10) levels. Furthermore, ATO

[3] Bobé P, Bonardelle D, Benihoud K, Opolon P, Chelbi-Alix MK. Arsenic trioxide: A promising novel therapeutic agent for lymphoproliferative and autoimmune syndromes in MRL/lpr mice. Blood. 2006 Dec 15;108(13):3967–75.

restored cellular reduced glutathione levels, thereby limiting the toxic effect of nitric oxide overproduced in MPR/*lpr* mice. Overall, ATO protected young mice from developing the syndrome and induced almost total disease disappearance in older affected mice (Bobe et al., 2006).

In a Trinitrobenzene sulfonic acid (TNBS) induced colitis model of inflammatory bowel disease, ATO used either in a preventive or curative mode markedly reduced the induced colitis, leading to prolonged mice survival. In addition, intraperitoneal ATO was able to inhibit NF-κB expression and DNA-binding in colon extracts, leading to decreased cytokine gene expression (i.e., TNFα, IL-1β, IL-12, IL-17, IL-18 and IL-23). Furthermore, ATO reduced nitric oxide synthase and highly enhanced procaspase-3 and activated caspase-3, leading to neutrophil elimination by probably inducing apoptosis (Singer et al., 2011)[4].

In a murine model of scleroderma (hypochlorite induced), (Kavian et al., 2012)[5], intraperitoneal ATO inhibited the production of autoantibodies and was associated with a clinical benefit, as shown by the reduced skin and lung fibrosis. These beneficial effects were mediated through reactive oxygen species (ROS) generation that selectively killed activated pathogenic fibroblast containing low levels of glutathione.

In the direct murine model of sclerodermatous cGvHD (Kavian et al., 2012), the ATO effect was reportedly mediated through the depletion of glutathione and the overproduction of Hhat killed activated CD4 T cells, in particular Th17 cells, and plasmacytoid dendritic cells, two key cell types in cGvHD pathophysiology initiation.

The above studies show arsenic trioxide is an active medication for a series of autoimmune disorders and may be used in clinical trials since it gives positive data at the preclinical level to substantiate promising expectations for clinical studies at the proof of concept or observatory levels (Phase II type studies).

Clinical studies

Medsenic is first developing the use of arsenic trioxide (ATO) for the treatment of Chronic Graft versus Host Disease (cGvHD), moderate to severe Systemic Lupus erythematosus (SLE) and Systemic Sclerosis (SSc). The initial clinical work of Medsenic with ATO was based on the development of an IV formulation, ArsciMed. Given the challenges with the IV administration for both patients and hospitals, Medsenic is now focussing on the use of a patented oral formulation of ATO. The bioequivalence of oral ATO with IV ATO has been shown by Medsenic in a bioavailability study APML5.

a) cGvHD

Graft versus Host Disease is one of the most common and clinically significant complications affecting long-term survivors of allogeneic hematopoietic stem cell transplantation. GvHD is divided into two main categories: acute and chronic. GvHD is primarily mediated by the transplanted immune system that can lead to severe multiorgan damage, and represents one of the major limitations of allogeneic hematopoietic cell transplantation, with substantial morbidity and mortality. It is estimated that 30% to 70% of patients surviving more than 100 days will develop chronic GvHD (cGvHD)[6]. GvHD is the cause of death in up to one third of all long-term survivors after transplantation for leukaemia. Furthermore, cGvHD is consistently associated with decreased quality of life, impaired functional status, ongoing need for immunosuppressive medications and infectious complications. The cGvHD condition is a challenge clinically because it is a systemic disease, affecting several organs and functions and corticosteroids remain the primary therapy available at present.

Medsenic already completed two Phase II clinical trials with ATO in relation to cGvHD. The first clinical trial (Study GMED16-001) investigated the overall response rate to treatment with ATO in combination with prednisone with or without cyclosporine. As this trial was conducted with an IV formulation of ATO developed

[4] Singer M, Trugnan G and Chelbi-Alix M.K. Arsenic trioxide reduces 2,4,6-trinitrobenzene sulfonic acid-induced murine colitis via nuclear factor- κB down-regulation and caspase-3 activation, in *Innate Immunity*, 2011 Aug;17(4):365-74. doi: 10.1177/1753425910371668. Epub 2010 Aug 6. Abstract.

[5] Kavian N, Marut W, Servettaz A, et al. Reactive oxygen species-mediated killing of activated fibroblasts by arsenic trioxide ameliorates fibrosis in a murine model of systemic sclerosis. Arthritis Rheum. 2012 Oct;64(10):3430–3440. Abstract.

[6] Cooke et al., The Biology of Chronic Graft-versus-Host Disease: A Task Force Report from the National Institutes of Health Consensus Development Project on Criteria for Clinical Trials in Chronic Graft-versus-Host Disease, Biol Blood Marrow Transplant 23 (2017) 211–234.

by Medsenic and given that the envisaged Phase III trial will be using an oral formulation of ATO rather than IV ATO, a bioavailability study (Study APML5) was also carried out, which successfully confirmed the bioequivalence of the two formulations. The clinical protocol of phase II is now easily extrapolated to a planned Phase III clinical trial for a confirmatory treatment of cGvHD and essentially involves a limited course of daily administration of arsenic trioxide in an oral form, executed over a limited period of time, i.e. three to four weeks, with a possible additional course of equivalent time of administration (that is possibly two cycles of treatment) in the case of a positive, long term result, justified by the mode of action of arsenic trioxide, which has been found to change the pathological immune system, giving some type of immune tolerance to the treated organism and thus return to homeostasis and normal functioning.

b) SLE

Systemic lupus erythematosus (SLE) is the most common type of lupus. SLE is an autoimmune disease in which the immune system attacks its own tissues, causing widespread inflammation and tissue damage in the affected organs. It can affect the joints, skin, brain, lungs, kidneys, and blood vessels. The seriousness of SLE can range from mild to life-threatening. SLE can limit a person's physical, mental, and social functioning. These limitations experienced by people with SLE can impact their quality of life, especially if they experience fatigue. Fatigue is the most common symptom negatively affecting the quality of life of people with SLE. Based on available data on incidence, it is estimated that each year 16,000 to 17,000 persons are newly diagnosed with lupus in the United States, of which approximately 70% suffer from SLE. An estimated number of 1.5 million Americans, and at least 5 million people worldwide have a form of lupus[7]. There is currently no cure for lupus, in spite of many clinical trials, some reaching some positive results in delaying the disease or decreasing symptoms.

The same scheme of treatment as for cGvHD will be applied to SLE patients. A Phase IIa clinical trial for SLE conducted by Medsenic on a limited cohort of SLE patients has previously established proof of concept of safety for the patient and efficacy on the course of the autoimmune disease, published in 2021.[8]

c) SSc

Systemic sclerosis (SSc) is an autoimmune rheumatic disease characterized by excessive production and accumulation of collagen, called fibrosis, in the skin and internal organs and by injuries to small arteries. SSc is often categorized as "limited" or "diffuse" referring to the degree of skin involvement. The limited form affects areas below, but not above, the elbows and knees with or without involvement of the face. The diffuse form also affects the skin above the elbows and knees and can also spread to the torso. Visceral organs, including the kidneys, heart, lungs, and gastrointestinal tract can also be affected by the fibrotic process. Prognosis is determined by the form of the disease and the extent of visceral involvement. Patients with limited systemic sclerosis have a better prognosis than those with the diffuse form. Death is most often caused by lung, heart, and kidney involvement. Overall 10-year survival is 90% for limited systemic sclerosis and is 70% for diffuse systemic sclerosis.[9] Predictors of early mortality include male sex, late onset, diffuse disease, pulmonary arterial hypertension, and renal crisis. There is currently no cure for SSc.

Also for systemic sclerosis patients BioSenic Group intends to apply the same scheme of treatment as described in paragraph a. above, with the limitation that only preclinical data are available on two different models of SSc in the mouse. These preclinical data are positive and highly encouraging to proceed towards human clinical trials.

Given that the safety of ATO has been well established in the framework of human cancer patients studies and recognized by the FDA and EMA, this will allow the BioSenic Group to enter into clinical trials for SSc at

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[7] Best estimates of the Lupus Foundation of America, https://www.lupus.org/resources/lupus-facts-and-statistics.

[8] Mohamed Hamidou, Antoine Néel, Joel Poupon, Zahir Amoura, Mikael Ebbo, Jean Sibilia, Jean-Francois Viallard, Benjamin Gaborit, Christelle Volteau, Jean Benoit Hardouin, Eric Hachulla and François Rieger, Safety and efficacy of low-dose intravenous arsenic trioxide in systemic lupus erythematosus: an open-label phase IIa trial (Lupsenic), Arthritis Res Ther. 2021, Mar 3, 23(&):70. Doi: 10.1186/s13075-021-02454-6. Abstract.

[9] BioSenic's estimation.

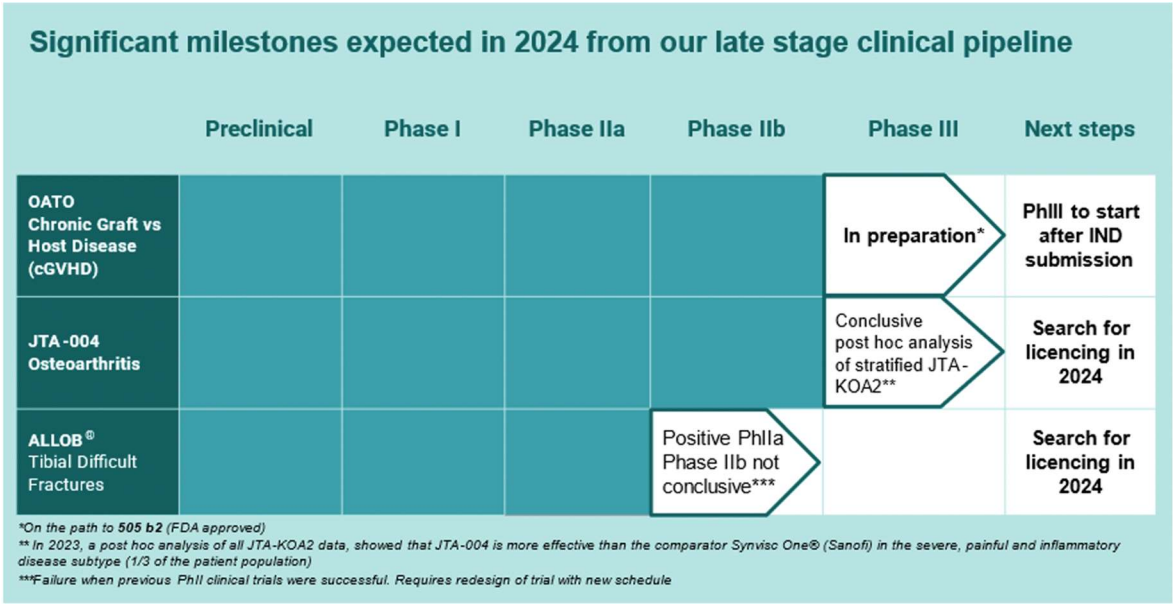
the level of Phase II. The protocol for the Phase II trial is largely finalized, before an IND meeting can be submitted and the trial can start.

d) Septic shock and other indications

Preclinical data validating the positive action of ATO on animal models show that septic shock is potentially also amenable to treatment with ATO. The same could apply for other diseases such as Crohn's disease, rheumatoid arthritis, multiple sclerosis and COVID 19 (Long COVID). However, given the current phase of development of the BioSenic Group and the funding available, the Group is currently concentrating on cGvHD, SLE and SSc. Although direct preclinical work for septic shock (on the bacteria most commonly found in sepsis in humans) still needs to be carried out by the BioSenic Group in complex and potentially dangerous experiments in a high safety L4 laboratory, the consequences of a septic shock are however known, with specific cytokines released in excessive quantities. These cytokines are indeed established targets of arsenic in the recent preclinical experiments of BioSenic Group. Sepsis is thus the most likely next candidate for the further expansion of the clinical pipeline of BioSenic Group (funding permitting).

Future Pipeline Development

BioSenic Group will continue to prepare for the start of its Phase III for the use of oral arsenic trioxide for cGvHD and, in parallel, BioSenic Group will search for partnerships with interested biopharmaceutical companies for performing the two Phase II clinical trials, randomized, on top of standard care, against placebo for SLE and SSc. BioSenic Group expects to use the existing cash and the proceeds of anticipated future fundraisings (via shares or (convertible) bonds) in priority for progressing the Phase III clinical trial in cGvHD. As a result, it will only be possible to start the SLE and SSc Phase II 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 II clinical trials is therefore not envisioned before end of 2024.



2.3. Operational and Corporate and Financial Highlights of 2023

Dear Shareholders,

We are pleased to present you our annual report including the consolidated financial statements for the accounting year that ended 31 December 2023 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Clinical and Corporate highlights 2023

- 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.

- 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.

- In September 2023, BioSenic published data providing additional key indications of its lead API (Active Pharmaceutical Ingredient) arsenic trioxide (ATO) to treat systemic sclerosis (SSc) in a peer-reviewed international journal.

- In September 2023, completed of a post-hoc analysis of its phase 2 clinical trial of ATO, finding the best scheme for administration of an efficient treatment of cGvHD. The analysis will be used to decide on the best oral ATO's posology for BioSenic's forthcoming phase 3 clinical trial.

Financial highlights 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.

- In September 2023, BioSenic reached an agreement with Patronale, Monument and the European Investment Bank for the restructuring of its key financial debts.

- In October 2023, BioSenic reached a definitive agreement with Global Tech Opportunities 15 (GTO15) with respect to the finalization of the existing convertible bonds program. GTO15 funder two tranches of EUR 300,000 each (minus a commission of 10%) of the existing convertible bonds program.

- In December 2023, BioSenic signed a term sheet with Singapore based TrialCap Pte. Ltd. and/or other lenders for a proposed debt and equity financing. BioSenic is seeking the funds to continue its clinical development, backed by previous highly promising Phase 2 and pre-clinical results of arsenic trioxide (ATO).

- In 2023, total operating income amounted to € 0.54 million, a slight increase compared to the same period in 2022 (€ 0.27 million). Operating loss for the period amounted to € 7.04 million, compared to € 2.32 million in 2022.

- BioSenic ended 2023 with € 0.12 million in cash and cash equivalents. Net cash used for the period amounted to € 1.73 million, compared to an increase of € 1.09 million over the same period of 2022.

2.4. Financial Review of the Year Ending 31 December 2023

2.4.1. Analysis of the Consolidated Statement of Comprehensive Income

The following table includes information relating to the Company's audited consolidated statement of comprehensive income for the years ended 31 December 2023 and 31 December 2022.

(in thousands of euros)	For the year ended 31 December	
	2023	2022
Other Operating income	543	266
Total revenues and operating income	**543**	**266**
Research and development expenses	(3,931)	(1,030)
General and administrative expenses	(3,651)	(1,554)
Operating profit/(loss)	**(7,040)**	**(2,318)**
Financial income	59	11
Impairment expenses	(16,094)	0
Financial expenses	(5,954)	(741)
Result Profit/(loss) before taxes	**(29,028)**	**(3,049)**
Income taxes	7	0
Result Profit/(loss) for the period	**(29,021)**	**(3,049)**
Thereof attributable to:		
Owners of the Company	(28,778)	(2,041)
Non-controlling interests	(243)	(1,008)
Other comprehensive income		
Remeasurements of post-employment benefit obligations	(6)	(4)
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD	**(29,027)**	**(3,053)**
Thereof attributable to:		
Owners of the Company	(28,781)	(2,043)
Non-controlling interests	(246)	(1,010)
Basic and diluted loss per share (in euros)	**(0.21)**	**(0.02)**

Following the reverse merger on 24 October 2022, the consolidated statement of comprehensive income of 2022 includes 2 months of BioSenic and 12 months of Medsenic, compared with a full year for both companies in 2023.

The total revenues and operating income for 2023 amounted to € 0.54 million compared to € 0.27 million in 2022 or an increase of € 0.27 million.

The increase in other operating income for 2023 is mainly driven by the increase of the income related to the sublease of the labs and the offices (representing € 0.20 million). The other operating revenues also include revenue from tax credit (for € 0.28 million) and grants income related to the exemption on withholding taxes (for € 0.06 million).

Research and development expenses in 2023 were at € 3.93 million compared to € 1.03 million in 2022. The increase in expenses is mainly related to the fact that the expenses for the previous period only include that majority of Medsenic as the reverse acquisition only occurred in October 2022. Most of the research and development cost are related to the ALLOB Phase IIb ongoing clinical trial finalization.

General and administrative expenses for the full year 2023 amounted to € 3.65 million compared to € 1.55 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 increase is also 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).

The operating loss in 2023 was at € 7.04 million versus an operating loss of € 2.32 million in the prior year.

The net financial loss amounted to € 5.89 million compared with a net financial loss of € 0.74 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 and the fair value impact on the convertible bonds from ABO Securities subsidiary, Global Tech Opportunities 15 for € 3.19 million. The company also recognized an amount of € 1.07 million for the recovery of JTA's rights from the Walloon Region.

The company also recognized the impairment of the ALLOB, the allogeneic bone cell therapy intangible asset, for an amount of € 14.29 million and the impairment of goodwill for an amount of € 1.80 million.

The reported net loss in 2023 amounted to € 29.02 million or €0.21 loss per share compared to € 3.05 million or €0.02 loss per share in the prior year.

2.4.2. Analysis of the Consolidated Statement of Financial Position

The table below shows the audited consolidated balance sheet on 31 December 2023 and 2022.

Consolidated Assets IFRS per: (in thousands of euros)	31/12/23	31/12/22
Non-current assets	**7,713**	**24,698**
Goodwill	0	1,802
Intangible assets	2,989	17,293
Property, plant and equipment	698	1,419
Finance lease receivable	398	0
Investments in associates	12	12
Other non-current assets	135	136
R&D Tax Credits	3,480	4,036
Current assets	**1,846**	**4,626**
Trade and other receivables	1,315	2,490
Other current assets	272	290
Finance lease receivable	141	0
Cash and cash equivalents	117	1,846
TOTAL ASSETS	**9,559**	**29,324**

Total assets at the end of December 2023 amounted to € 9.56 million compared to € 29.32 million at the end of December 2022, mostly impacted by the non-current assets. Non-Current assets decreased by 69% to € 7.71 million at the end of December 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 4.5 years, until 30 June 2027.

The non-current assets are also composed of a non-current R&D tax credits totaling € 3.48 million which represents a tax credit on investment in R&D reimbursable in the foreseeable future (spread over the next seven years), of the license agreement provided by PHEBRA in February 2022 (the license agreement has an undefined life and is not subject to amortization in accordance with IAS 38, but there is an important obligation. Medsenic has a limited time to start cGvHD Phase 3, which is before May 2026) and by the Property, plant and equipment, which are mainly composed of the offices and labs in Mont-Saint-Guibert.

The current assets decreased from € 4.63 million to € 1.85 million. The decrease is mainly explained by the decrease of the cash and cash equivalents of € 1.73 million showing a cash position of € 0.12 million on 31 December 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.

Consolidated Equity & Liabilities IFRS per: *(in thousands of euros)*	**31/12/23**	**31/12/22**
Share capital	6,275	4,774
Share premium	5,720	4,517
Accumulated losses	(34,887)	(5,723)
Other reserves	(20)	(42)
Equity attributable to owners of the parent	**(22,912)**	**3,526**
Non-controlling interests	207	(402)
Total Equity	**(22,705)**	**3,124**
Non-current liabilities	**16,420**	**15,847**
Interest bearing borrowings	16,340	15,779
Other non-current liabilities	80	68
Current liabilities	**15,844**	**10,353**
Interest bearing borrowings	11,821	8,013
Trade and other payables	3,871	2,236
Current tax liabilities	5	0
Other current liabilities	147	104
Total liabilities	**32,264**	**26,200**
TOTAL EQUITY AND LIABILITIES	**9,559**	**29,324**

The Group's equity decreased from € 3.12 million at the end of December 2022 to a negative amount of € 22.71 million on 31 December 2023. The equity is impacted by the issuance of shares from the conversion of bonds for ABO and from the conversions of the BioSenic's bonds into Medsenic' shares for a total net amount of € 4.00 million by the acquisition of NCI without a change in control for € 0.81 million and offset by the loss of the period for € 29.02 million and by other amounts for € 0.81 million.

Liabilities amounted to € 32.26 million in 2023 compared with € 26.20 million at the end of December 2022 representing an increase of € 6.06 million.

The non-current liabilities slightly increased compared to last year and amounted to € 16.42 million. The non-current liabilities are mainly composed by the non-convertible bonds for an amount of € 10.73 million, the debts to be repaid to the Walloon Region in relation of Recoverable cash advances for € 3.51 million, the bank debt for € 0.76 million, the leasing debts for € 0.77 million and the interest-free advances for € 0.57 million.

Current liabilities increased by € 5.49 million and amounted to € 15.84 million on 31 December 2023 (compared to € 10.35 million at the end of 2022). The interest-bearing borrowings increased with € 3.81 million mainly explained by the convertible bonds with ABO Securities subsidiary, Global Tech Opportunities 15 with € 2.39 million. The current financial liabilities are mainly composed by the convertible bonds from ABO and the

Insurance company for € 5.64 million, by the non-convertible bonds for an amount of € 4.08 million, the debts to be repaid to the Walloon Region in relation of Recoverable cash advances for € 1.12 million, the bank debt for € 0.35 million, the leasing debts for € 0.36 million and the interest-free advances for € 0.27 million.

Trade and other payables amounted to € 3.87 million compared to € 2.24 million at the end of 2022.

2.4.3. Analysis of the Consolidated Cash Flow Statement

The following table sets forth the Company's consolidated cash flow statement for the years ended 31 December 2023 and 2022. This table is presented in further detail under the Section "Consolidated statement of cash flows" of the consolidated financial statements for the period ended 31 December 2023.

Consolidated Statements of Cash Flows (in thousands of euros)	For the 12-months period ended 31 December	
	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(7,040)	(2,318)
Adjustments non-cash	(65)	59
Movements in working capital	1,688	219
Cash received from grants/licenses	1,948	130
Net cash used in operating activities	**(3,470)**	**(1,910)**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of business combination	0	1,956
Other	6	(4)
Net cash generated from investing activities	**6**	**1,952**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	0	26
Proceeds from convertible borrowings	1,000	1,000
Repayment of loans and interests paid	(628)	(459)
Net Proceeds from equity instruments/convertible bonds	1,363	478
Net cash generated from financing activities	**1,735**	**1,045**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,729)**	**1,087**
CASH AND CASH EQUIVALENTS at beginning of the period	**1,846**	**759**
CASH AND CASH EQUIVALENTS at end of the period	**117**	**1,846**

Cash used for operating activities amounted to €3.47 million for the full year 2023 compared to €1.91 million for the full year 2022.

Total operating loss for the period amounted to a loss of €7.04 million compared to a loss of €2.32 million over the same period in 2022. The increase of the net loss in 2023 is mainly explained by the business combination between BioSenic and Medsenic in October 2022. The movement in working capital is mainly explained by the increase in the trade and other payables position.

Actual cash received in 2023 for the grants and license amounted to €1.95 million mainly from tax credit and license agreement.

Cash flow from investing activities in 2022 was positively impacted by the acquisition of BioSenic through the reverse merger. The total of €1.96 million corresponds to the cash position at the acquisition date.

Cash flow from financing activities amounted to €1.73 million for 2023 compared with €1.05 million in 2022.

Financial cash inflows during 2023 are as follows:

- net cash in from the conversion of convertible bonds for a total net amount of €1.36 million.
- Additional cash in of €1.00 million from ABO Securities subsidiary, Global Tech Opportunities 15

Financial cash outflows during 2023 are mainly composed of reimbursements of loans and interests for an amount of €0.63 million in 2023 compared to €0.46 million in the prior year.

2.5. Headcount Evolution

As of 31 December 2023, BioSenic employs 6 people (2 employees and 4 consultants) and Medsenic employs 5 people. The table below shows the evolution of employment since 2021. In 2023, only BioSenic employed 1 temporary employee for an administrative position.

As of 31 December	2023		2022		2021	
	BioSenic	Medsenic	BioSenic	Medsenic	BioSenic	Medsenic
R&D	4	3	6	2	15	2
Administration	2	2	1	2	5	1
Total	6	5	7	4	20	3
Total of BioSenic and Medsenic	**11**		**11**		**23**	

66% of employees have obtained a doctorate and 34% a master's degree. Scientific specialization domains include cellular and molecular biology, pharmaceutical sciences, veterinary medicine, physiology and life sciences.

With regard to Medsenic, 70% have obtained a doctoral degree, 50% have a master or equivalent degree.

2.6. Risks

Reference is made to Section 4.5.2 "Risks Analysis".

2.7. Going Concern

The consolidated financial statements for the period from 1 January to 31 December 2023 have been prepared on a going concern basis. This is based on an assessment of liquidity risk in relation to projected cash flows for 2024, on the positive vote of the majority of creditors in favor of the global restructuring plan of BioSenic as communicated on 27 May 2024, of a sufficient capital raising under advanced discussion with a financial partner as well as the conclusion of a new conditional convertible bond program of up to 2.1M EUR currently under discussion with GTO 15, such that it will have sufficient funding to meet its estimated cash requirements for the next 12 months.

Regarding the overall plan for BioSenic's financial restructuring, it should be noted that it is still subject to approval/validation by the Court, and that this consequently leads to material uncertainty as to the company's ability to continue these activities. Management is nonetheless confident of the Court's final and definitive approval of the plan, thereby justifying the application of going-concern valuation rules.

Given that the €2.1 million convertible bond program is subject to a number of conditions for tranches beyond the second, including the completion of a capital raising with the participation of TrialCap / SPRIM Global Investing as part of the fourth tranche, the current situation is nevertheless uncertain as to the company's ability to meet its needs over a 12-month horizon.

BioSenic Group currently has sufficient working capital to meet its current needs by the start of the fourth quarter of 2024 but cannot cover its working capital requirements for a period of at least 12 months at the date of this report. On 31 December 2023, BioSenic had a cash position of €0.15 million. On 31 May 2024, BioSenic had 1.15 million euros in cash and cash equivalents thanks to the receipt of the tax credit.

The Company is in the process of closing the ALLOB Phase 2b clinical trial, with many actions to be carried out to follow up the last patients recruited at the end of 2022 and the beginning of 2023, as well as the regulatory closure of the 24 European centers involved. BioSenic anticipates having sufficient cash to complete the IND application with the FDA and to start the CRO preparation, sites selection and data collection for the Phase 3 clinical trials in cGvHD, considering the following relevant assumptions:

- A partial use of the new convertible bonds funding program with GTO 15 in 2024. There are no liquidity conditions under the last funding program with GTO 15, other than that for the second tranche, the 20-day average daily value traded – trimmed for 10% of the outliers (meaning the data points from the top and bottom tails) – must be greater than EUR 20,000 prior to the disbursement of the tranche. For the fourth tranche, BioSenic's successful fundraising is a key condition for receiving 300,000 euros. GTO 15 may also terminate the financing program in the event of a significant negative impact.

- BioSenic signed a term sheet in December 2023 with TrialCap Pte. Ltd. for a proposed debt and equity financing. In accordance with the term sheet, two term loan facilities of each up to USD 4,000,000 will be provided to BioSenic, as well as an equity investment of USD 800,000 in new shares of BioSenic. BioSenic is seeking the funds to continue its clinical development. The USD 800,000 equity investment will be completed by TrialCap Pte. Ltd. Completion of the debt financing transactions set out in the term sheet is subject to the following conditions: (i) the successful completion of a new equity raise round of 2-3 million, (ii) the satisfactory completion of due diligence by the lender, (iii) the signing of the definitive agreements for the debt financing and (iv) the signing with a Clinical Research Organization ("CRO").
- A reinforced strict policy of cost management.

The assumptions made above comprise various risks and uncertainties. Given that the company is expected to have sufficient cash until the beginning of the fourth quarter of 2024 (assuming partial use of the new convertible bonds program with GTO 15 but without the potential proceeds of a new equity raise), BioSenic Group will need to raise additional financing to continue its operations in the longer term. BioSenic Group is therefore continuing to evaluate other options with a potential positive impact on going concern, and plans for 2024 to use the proceeds of a new capital raising and possible additional capital raisings later in 2024-2025 as a priority to gain regulatory approval and enroll patients for the Phase 3 clinical trial in cGvHD.

Consequently, it will only be possible to start Phase 2b clinical trials on SLE and SSc if BioSenic Group succeeds in concluding a solid partnership with a biopharmaceutical company, or if it succeeds in in-licensing some of its technologies. The organization of Phase II clinical trials for LED and SSc is therefore not envisaged before mid-2025.

BioSenic Group plans to secure its 12-month working capital deficit (of around 7 million euros) through one or more future capital raisings, in combination with the use of its new convertible bond program.

BioSenic Group's ability to achieve OATO development milestones with cGvHD within the 12-month period from the date of this report would be jeopardized if it is unable to raise additional funds of around 7 million euros on acceptable terms within this 12-month period (through the placement of new securities, additional non-dilutive financing), which is uncertain. If the BioSenic Group is unable to implement the new equity and debt financing with TrialCap Pte. Ltd as currently planned, the working capital deficit over the 12-month period commencing on the date of this report and to be covered by additional financing would amount to 1.6 million euros, which increases the uncertainty.

2.8. Events Occurred after the End of the Financial Year

The annual consolidated financial statements on 31 December 2023 were authorized for issue by the Board of Directors of the Company on 6 June 2024. Accordingly, events after the reporting period are those events that occurred between 1 January 2024 and 6 June 2024.

In January 2024, BioSenic signed a new subscription agreement for a maximum EUR 1.2 million convertible bonds facility, arranged by ABO Securities through its affiliated entity Global Tech Opportunities 15 ("GTO 15").

In January 2024, Dr Carole Nicco has been promoted to Chief Operating Officer (COO) in addition to her position as Chief Scientific Officer (CSO).

In January 2024, BioSenic's subsidiary, Medsenic SAS, signed a binding term sheet with Phebra PTY Ltd. related to an adaptation of the License Agreement and the MDA signed in May 2021.

In January 2024, BioSenic filed for a U.S. patent for JTA-004, a viscosupplement in late-stage clinical development, following new evidence of its efficacy in a recently defined subtype of osteoarthritis (OA).

In January 2024, BioSenic has been granted a patent by the Canadian Intellectual Property Office to expand protection of the arsenic trioxide (ATO) platform. The patent, titled "Use of metal ions to potentiate the therapeutic effects of arsenic," covers the use of ATO platform in combination with metal ions such as copper.

In February 2024, BioSenic raised EUR 500,000 via a private placement.

In March 2024, BioSenic published an open-access article describing an optimized schedule for administration of oral arsenic trioxide (OATO) treatment for chronic graft-versus-host disease (cGvHD), based on an earlier post-hoc analysis of Phase II data.

In April 2024, BioSenic filed a debt restructuring plan with the clerk's office of the Nivelles Enterprise Court, with a view to requesting the Court to open private judicial reorganization proceedings by collective agreement and to obtain the agreement of creditors on a plan to reorganize BioSenic's debt. Please refer to the press releases of 11 April 2024, 12 April 2024 and 26 April 2024 on this subject for further information.

In April 2024, in view of the debt restructuring plan, BioSenic postponed its annual general meeting of the shareholders.

In May 2024, BioSenic provided its business update for the first quarter, ended the 31 March 2024.

In May 2024, the Enterprise Court of Nivelles registered the positive votes of the majority of BioSenic's creditors on the debt restructuring plan.

2.9. Outlook for the Remainder of 2024

In accordance with the BioSenic's debt restructuring plan, BioSenic envisages to retrocede its rights to the JTA and ALLOB technologies to the Walloon Region and to stop all activities in relation to such technologies.

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. 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

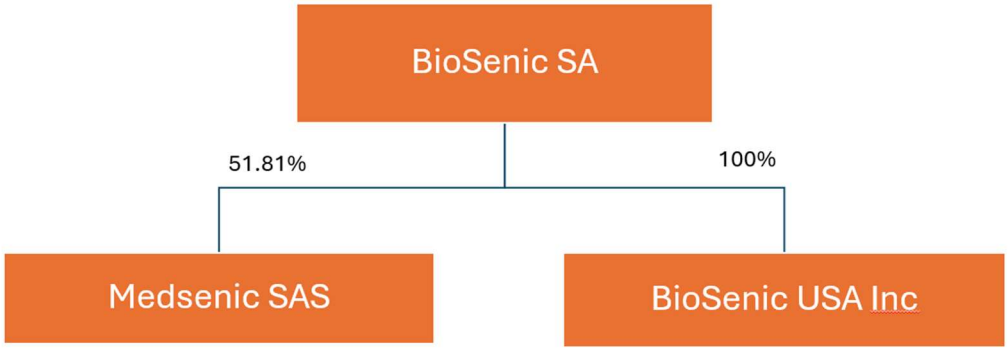
in the planning stage with the protocols for both studies being ready.

BioSenic is currently preparing a fundraising. 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 II clinical trials is therefore not envisioned before 2025.

Disciplined cost and cash management will remain a key priority. The operating cash burn for the full year 2024 is in the range of € 7.00 million and a financing cash burn of approximately EUR 0.80 million. The situation will be actively and closely monitored. BioSenic anticipates having sufficient cash to carry out its business objectives until Q3 2024, assuming amongst other full issuance of the Convertible Bonds and the renegotiation of the terms of the ongoing loans.

3. ORGANIZATIONAL STRUCTURE

At the date of this Annual Report, the Company has the following affiliates:



France

- Medsenic, a simplified joint-stock company (*société par actions simplifiée*), with registered office at no. 204 Avenue de Colmar, 67100 Strasbourg, France and registered with the commercial register of Strasbourg under number 527 761 530. Medsenic was incorporated on 21 October 2010 for a duration of 99 years, unless dissolved earlier or unless the duration is extended.

United States of America

- BioSenic USA, an incorporation company with registered office at 10 Milk Street, Suite 1055, 02108 MA Boston and with identification number 001166538. BioSenic USA Inc. was incorporated on 26 March 2015.

BioSenic's voting power held in Medsenic SAS and in BioSenic USA Inc is identical to the proportion of ownership interest held.

4. CORPORATE GOVERNANCE

4.1. General

This Section summarizes the rules and principles on the basis of which the corporate governance of BioSenic has been organized pursuant to Belgian Code on Companies and Associations, and BioSenic's corporate governance charter (the "**Corporate Governance Charter**") adopted by the Board of Directors on 25 August 2020 in accordance with the new Belgian Corporate Governance Code 2020 (the "**Corporate Governance Code**" or "**CGC**") by the Royal Decree of 12 May 2019 designating the corporate governance code to be complied with by listed companies published on 17 May 2019 in the Belgian Official Gazette (*Moniteur belge*). The Corporate Governance Charter is available on BioSenic's website (https://biosenic.com/investors). A copy of the Corporate Governance Charter can be obtained free of charge at the registered office of BioSenic.

The text of the Corporate Governance Code is available on the website of the Corporate Governance Committee at https://www.corporategovernancecommittee.be/en/over-de-code-2020/2020-belgian-code-corporate-governance.

4.2. Compliance with the Corporate Governance Code

The Board of Directors intends to comply with the provisions of the Corporate Governance Code but believes that the size and the current state of development of the Company justifies certain deviations. These deviations are further detailed hereinafter.

The Corporate Governance Charter includes the following main chapters:

- Definitions;
- Structure and organisation;
- Shareholders;
- Transactions between the Company and its Board Members or the Members of the Management Team;
- Transactions involving Shares of the Company;
- Application of the CGC; and
- Miscellaneous.

The Appendices to the Corporate Governance Charter include the following:

- Terms of Reference of the Board;
- Policy for Transactions and other Contractual Relationships between the Company and its Board Members or Members of the Management Team;
- Rules for the Prevention of Market Abuse;
- Terms of Reference of the Audit Committee;
- Terms of Reference of the Nomination and Remuneration Committee; and
- Terms of Reference of the Management Team.

The Board of Directors of BioSenic complies with the Corporate Governance Code. However, BioSenic deviates from the following principles:

- *Remuneration of Non-Executive Directors in BioSenic's shares (principle 7.6):* given the legal constraints under Belgian law to purchase own shares in order to grant these to relevant beneficiaries, the Non-Executive Directors of BioSenic do not receive a portion of their remuneration in BioSenic's shares.

- *No grant of stock options to Non-Executive Directors (principle 7.6):* given the technical impossibility for BioSenic to purchase its own shares and grant such existing shares of BioSenic to Non-Executive Directors, those Directors can receive warrants (subscription rights) to subscribe for new shares under the template 2020 Warrants Plan. This plan provides that the warrants shall vest and be exercisable at any time and without restriction unless BioSenic decides that these warrants may not be exercised before the end of the third calendar year following the calendar year during which the warrants were offered and indicates

this in the offer thereof. Those grants can attract profiles with high potential, incentivize the beneficiaries in the development of BioSenic, and play a role as retention tool of the teams.

- *Minimum threshold of shares to be held by the executives (principle 7.9):* at the date hereof, BioSenic has not fixed any minimum threshold for the detention of shares by the Executive Directors. However, warrants on BioSenic's shares were granted to the ex-CEO and ex-CFO on 28 May 2020. These warrants shall vest and be exercisable at any time and without restriction unless BioSenic decides that these warrants may not be exercised before the end of the third calendar year following the calendar year during which the warrants were offered and indicates this in the offer thereof (which was not done for the warrants granted on 28 May 2020).

- *Appointment of a company secretary (principle 3.19):* At the date hereof, no company secretary has been appointed by the Board. Since the IPO (6 February 2015), the Board of Directors has assigned the law firms Allen & Overy (Belgium) LLP (until March 2019) and Osborne Clarke SCRL / CVBA (since March 2019) to provide services in this respect, including the drafting of minutes of Board meetings. Given the limited size of BioSenic, the Board of Directors is of the opinion that there is no need to appoint a full time Company secretary.

- *The audit committee, the remuneration committee and the nomination committee should be composed of at least three board members (principle 4.3):* At the date hereof, the Audit Committee and the Nomination and Remuneration Committee of BioSenic are only composed of 2 members. The Board of Directors is of the opinion that the current members of these two committees have the necessary independence, skills, knowledge, experience and capacity to execute their duties effectively.

- *Promotion of diversity (principle 4.23):* BioSenic has not adopted a diversity policy yet. However, BioSenic ensures that it meets the minimum gender diversity requirement at the level of the Board of Directors of BioSenic.

Article 7:86 of the Belgian Code on Companies and Associations imposes that at least one third of the board members are of a different gender than the other board members. The minimum is rounded to the closest unit and if the director is a legal person, his or her gender shall be determined by that of its permanent representative. The Board of Directors of BioSenic complies with Belgian laws on gender as it is currently composed of 7 Directors, out of which two are of a different gender.

In addition, except for the Audit Committee, one third of the members of the Executive Committee are of a different gender and half of the members of the Remuneration and Nomination Committee are of a different gender.

As regards the employees not included above, BioSenic records 66% female employees and 34% male employees.

In accordance with the Corporate Governance Code, the Board of Directors will review the Corporate Governance Charter from time to time and adopt such amendments thereto as it deems necessary and appropriate. The Corporate Governance Charter and BioSenic's articles of association are available at BioSenic's website and at its registered office and can be obtained free of charge.

4.3. Board of Directors

4.3.1. Composition of the Board of Directors

The Board of Directors is the main decision-making body of the Company and has full power to perform all acts that are necessary or useful to accomplish the Company's corporate purpose, save for those acts for which only the shareholders' meeting of the Company has the required powers in accordance with applicable laws or the Company's articles of association. The responsibility for the management of the Company is entrusted to the Board of Directors as a collegial body.

The Board of Directors pursues the long-term success of the Company by providing entrepreneurial leadership, while assessing and managing the risks of the Company.

The Board of Directors is composed of at least three members as set out in the articles of association and the Corporate Governance Charter.

At least half of the members of the Board of Directors are Non-Executive Directors, and at least three members of the Board of Directors are Independent Directors, within the meaning of *inter alia* Article 7:87 §1 of the Belgian Code on Companies and Associations.

The members of the Board of Directors are appointed by the shareholders' meeting of the Company for a renewable term of maximum four years. If a director mandate becomes vacant, the remaining members of the Board of Directors will have the right to temporarily appoint a new director to fill the vacancy. The shareholders' meeting can revoke the mandate of any director at any time.

In principle the Board of Directors meets at least four times a year and whenever a meeting is deemed necessary or advisable for its proper functioning. A meeting of the Board of Directors is validly constituted if there is a quorum, which requires that at least half of the members of the Board of Directors or present or represented during the board meeting. In any event, the Board of Directors can only validly deliberate if at least two Directors are present in person.

The table below provides an overview of current mandate at the date of the Annual Report:

Name	Position	Start or renewal of mandate	End of mandate	Nature of mandate	Professional address
François Rieger	Chairman	2022	2026	Executive	27, rue des Délices, 1203 Geneva, Switzerland
Véronique Pomi-Schneiter	Executive Director	2022	2026	Executive	26, route de la Robardière, 44120 Vertou, France
Finsys Management SRL, represented by Jean-Luc Vandebroek	Director	2022	2026	Non-Executive	Rue Charles Plisnier 25, 1420 Braine l'Alleud, Belgium
Capital Grand Est, represented by Jean-François Rax	Director	2022	2026	Non-Executive	Avenue de l'Europe 16, Immeuble Sxb1, 67300 Schiltigheim, France
Innoste SA, represented by Jean Stéphenne	Director	2018	2025	Independent	Avenue Alexandre 8, 1330 Rixensart, Belgium
Revital Rattenbach	Director	2022	2026	Independent	Rue des Ecouffes 1, 75004 Paris, France
Yves Sagot	Director	2023	2026	Independent	Chemin de la Combe, 73100 Tresserve, France

A brief overview of the relevant experience of the current members of the Board of Directors is set out below:

- **Mr. François Rieger** holds a PhD in Neurobiology, which he completed in 1973 at the Ecole Normale Supérieure de Paris, rue d'Ulm. His work allowed him to purify and characterize the structure of acetylcholinesterase, the main current target of Alzheimer's disease treatments. He then went on to study the cholinergic synapse and neuromuscular pathologies related to deficient functioning of nerve impulse transmission. He was appointed Visiting Assistant Professor of Neuropathology at

Harvard University from 1975 to 1978, and upon his return to France, he developed a research team in a joint INSERM/CNRS unit at the Pitié-Salpêtrière Hospital on the role of ion channels in the function and morphogenesis of mammalian nerve and muscle. A stay from 1985 to 1988, at the Rockfeller University in New-York, in the laboratory of Professor Gerald Edelman, Nobel Prize, as Senior Associate Researcher, allowed him to extend his field of investigation to the field of Cellular Adhesion Proteins and to demonstrate the implication of N-CAM and cytotactin/tenascin in synaptic morphogenesis and innervation-reinnervation phenomena. In 1990, he established in his laboratory a new line of research on the primary factors of Multiple Sclerosis, an autoimmune demyelinating disease in humans, which led his laboratory to characterize a gliotoxic protein factor in MS patients and, later, in 1998, to discover in humans a fossil retrovirus still active through its envelope protein, and involved in the triggering of the autoimmune cascade in the disease. In 2007, F. Rieger created in Geneva a Binational Scientific Interest Group on the Broader Theme of Aging and Longevity, with the participation of several Franco-Swiss scientific leaders, intended to take into account both the molecular and societal aspects of this largely unexplored field. F. Rieger is Director of Research at the CNRS and author or co-author of more than 175 international publications in the field of Life Sciences and Neurosciences. F. Rieger is currently leading an Innovative Project concerning the therapeutics of Autoimmune Diseases and a co-Founder of the biotech Medsenic. He has led two successful Phase II clinical trials on Systemic Lupus erythematosus and Graft-versus Host Disease, opening a solid path towards the use of several formulations of active arsenic for the treatment of chronic, autoimmune diseases.

- **Ms. Véronique Pomi-Schneiter** has 30 years of experience in operational leadership, human resource management, resource utilisation and organisational development in highly decentralised organisations. Graduated of the IFG Lorraine Business School, she has been a consultant, manager and director of companies in the consulting and human resources sector. In 2010, Véronique decided to found Medsenic with Prof François Rieger, to bring her expertise in business development and fundraising. Her experience includes streamlining operations, developing, and implementing organisational solutions and applying global HR expertise to influence the achievement of strategic objectives.

- **Mr. Jean-Luc Vandebroek (permanent representative of Finsys Management SRL)** is a seasoned finance executive with extensive international finance experience at major public and privately-owned companies. Jean-Luc has built a successful career spanning 15 years at the Belgian-US retailer, Delhaize Group (now Ahold Delhaize). During this period, he held various senior financial positions with increasing responsibility, including roles as Corporate Director Finance Europe and US and Vice President Finance BeLux. He later became Group Chief Financial Officer at Fluxys, a listed, pan-European gas infrastructure group, where he was responsible for the financing of large infrastructure investments using diverse forms of funding on capital markets. Prior to joining BioSenic, Jean-Luc served as Director and Chief Financial Officer of Moteo Two Wheels and Bihr Europe, the motorcycle division of Alcopa Group, a Belgian family holding with an annual revenue of around € 1.7 billion. Until 2021 Jean-Luc was active within BioSenic as CFO. Today he is Chief Financial Officer at Hyloris Pharmaceuticals.

- **Mr. Jean Stéphenne (permanent representative of Innoste SA)** is a highly experienced life sciences executive, who has served in senior leadership roles at a large number of biotechnology and pharmaceutical companies, most recently as Chairman of BioSenic. Together with the Board of BioSenic, he oversaw the clinical development and European marketing authorization of its most advanced allogeneic cell therapy product for the treatment of complex perianal fistulas in Crohn's disease. Jean Stéphenne was also previously a Member of the Corporate Executive Team of GlaxoSmithKline (GSK) and Chief Executive of GSK Biologicals (now GSK Vaccines). During his 40-year tenure, he grew a company of 50 people into a fully integrated worldwide leader in vaccine development, with 12,000 employees. Jean Stéphenne currently serves on the Board of various life sciences companies including OncoDNA, CureVac and Bepharbel. Previous board positions include Besix Group, BNP Paribas Fortis, GBL and IBA. For his contribution to the Belgian economy and global public health, he has received diverse business recognitions and was honored with various titles by the Belgian and British governments.

- **Mr. Jean-François Rax** graduated as a Biochemistry and Biotechnology engineer from INSA Lyon and joined Capital Grand Est in 2014, an independent regional private equity firm approved by the AMF with more than €180M of assets under management and which has been supporting more than 60 SMEs and start-ups in the French Grand Est Region since 2012. With 12 years of experience in venture capital & seed financing and before that 4 years in consulting and technology transfer (Inserm Transfert Initiative, Alcimed, Inra Transfert, Inserm Transfert), Jean-François is now a member of the Executive Board / Director of Investments at Capital Grand Est.

- **Ms. Revital Rattenbach** is a seasoned entrepreneur in biotech with 15+ years of experience, Revital Rattenbach is the founding CEO of 4P pharma, a clinical stage biotech specialized in drug regeneration for treating severe diseases including osteoarthritis and acute and chronic pulmonary complications of viral infections (for more information, see https://4p-pharma.com/). Under her CEOship, 4P Pharma assembled a unique circular drug development platform which delivered 2 programs in clinical stage while nurturing a furnished preclinical pipeline. She signed multiple academic and pharma collaborations worldwide and closed series of fundraising since 4P incorporation 8 years ago. Prior to her role at 4P, Revital was the founding CEO of PharmaSeed Europe (2013-2014) a research organization specialized in early development where she supervised all BD activities, finance and operations. Prior to PharmaSeed, Revital started her entrepreneurship path by co-founding Astem, a spin-off of Sorbonne University to activate endogenous adult stem cells. She holds a PhD in Biology from University of Paris VI and an MBA from Sorbonne University.

- **Mr. Yves Sagot** co-founded Relief Therapeutics in 2013 to develop a clinical asset acquired from Merck Serono. In 2016, Relief Therapeutics went public on the Swiss stock exchange (SIX) after a reverse merger with THERAMetrics. Whilst maintaining his activities as Chief Scientific Officer at Relief Therapeutics, Yves Sagot created MBS Sagot Consulting in 2018 to provide to the life science market senior expertise covering research and early clinical development. Subsequently, after leaving Relief Therapeutics, he is a private investor in biotechnology via MBS Invest & Consult Sàrl. He is also one of the ambassadors of the Léon Bérard Cancer Center, an internationally recognized research center in Lyon, France. He has authored 25 papers that have been published in international peer-reviewed journals, holds three granted patents and received the Serono CEO Award in 2001 and the Merck Serono Reward and Recognition Award in 2008. Yves received a Certificate of Advanced Studies in Management of Medtech, Biotech & Pharma Ventures from the Management of Technology EPFL in Lausanne, Switzerland., holds a Ph.D in Neurobiology and a Masters in Pharmacology and Fundamental Toxicology from the Université Paul Sabatier (UPS), Toulouse, France.

At the date of this Annual Report, none of the Directors and the members of the Executive Committee have at any time within at least the past five years:

- had any conviction in relation to fraudulent offences; or

- been adjudged bankrupt or entered into an agreement with creditors to pay all or part of its debts; or

- been a director, member of the administrative, management or supervisory bodies and/or senior manager of any company at any time of, or within 12 months preceding, any bankruptcy, receivership, liquidation or administration; or

- had his assets be the subject of any receivership or has been a partner of a partnership at the time of, or within 12 months preceding, any assets thereof being the subject of a receivership; or

- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority or by designated professional bodies; or

- ever been disqualified by a court from acting as a director member of the administrative, management or supervisory bodies and/or senior manager of a company or from acting in the management or conduct of the affairs of any company.

4.3.2. Other mandates

Other than set out in the table below, no member of the Board of Directors or member of the Executive Committee of BioSenic has, at any time in the previous five years, been a member of the administrative, management or supervisory bodies or partner of any companies or partnerships. Over the five years preceding the date of this Registration Document, the members of the Board of Directors and the members of the Executive Committee hold or have held in addition to their function with BioSenic, the following main directorships of administrative, management or supervisory bodies and partnerships:

Board of Directors and/or Executive Committee Members	Current Mandates	Past Mandates
François Rieger	Chairman of Medsenic Member and Chairman of the CS	None
Véronique Pomi-Schneiter	Executive Director Medsenic	None
Jean-Luc Vandebroek (permanent representative of Finsys Management SRL)	CFO Hyloris	Director of Bihr Europe SA Director of Moteo Two Wheels Europe NV Director at SISE SA
Jean Stéphenne (permanent representative of Innosté SA)	Chairman at Vesalius Biocapital Chairman at Nanocyl Chairman at Bepharbel Chairman at OncoDNA Director at NSide Chairman at Curevac	Director at Ronveaux Chairman at BioSenic Chairman of BioWin Director at Merieux Development Chairman at Vaxxilon Chairman at BESIX Director at Belgian Foundation against Cancer President of Welbio and Foundation University Louvain
Jean-François Rax (permanent representative of Capital Grand Est)	Director of the following companies: Anagenesis Biotechnologies Defymed Emosis Diagnostics Exeliom Biosciences Fibermetrix Fizimed Peptimimesis Pims Technology Syndivia Urania Therapeutics VistaCare Medical Wizzvet	None
Revital Rattenbach	President of the following companies: 4P-Pharma 4moving Biotech 4Living biotech	None
Yves Sagot	Manager of MBS Sagot Consulting	Managing Partner of Relief Therapeutics S.A.
Lieven Huysse	None	CMO for Anaconda Biomed S.L. Senior director of medical affairs at Intrinsic Therapeutics, Inc.

Board of Directors and/or Executive Committee Members	Current Mandates	Past Mandates
		Director of clinical and regulatory affairs at Wright Medical EMEA (now Microport®) Medical director for Menarini Group Global brand medical manager for UCB Farchim Manager clinical Affairs EMEA at Stryker Corp. Medical Advisor EMEA at Janssen
Carole Nicco	President of Redox Medicine Society	Research engineer at Paris Cité University Vice-president of the international non-profit International Society of Antioxidants in Nutrition and Health

4.3.3. Activity Report

In 2023, the Board of Directors met 11 times discuss and decide on specific matters. Below is the detail of the attendance:

BOARD OF DIRECTORS	Number of attendances[10]
François Rieger	11/11
Véronique Pomi-Schneiter	11/11
Finsys Management SRL, represented by Jean-Luc Vandebroek	11/11
Innoste SA, represented by Jean Stéphenne	7/11
Capital Grand Est, represented by Jean-François Rax	10/11
Revital Rattenbach	10/11
Yves Sagot	8/11

4.3.4. Performance Evaluation of the Board

Out of the activity report included above, it is clear that the Board as a Company organ has been very active with a strong participation and contribution of all its members during the course of 2023.

It was decided that when board seats become available in the years to come, special efforts will be done to attract new board members of the other gender in accordance with Article 3:6 § 2, 6° of the Belgian Code on Companies and Associations (and with the law of 28 July 2011) to assure that by 01/01/2021 (for newly listed companies, the legal quota is applicable as from their sixth year on the stock market) the appropriate quorum will be reached. This quota applies to the board as a whole, comprising both executive and non-executive directors. The Company's board currently counts 7 board members of which 2 women. As one third of the board must be female and the minimum is rounded to the closest unit, BioSenic is currently compliant with the gender diversity requirement.

[10] Number of attendances compared to the maximum number of attendances considering time of appointment and conflicts of interest. All Directors who were not present, were excused.

The Board is responsible for a periodic assessment of its own effectiveness with a view to ensuring continuous improvement in the governance of the Company. The contribution of each director is evaluated periodically in order to, taking into account changing circumstances, be able to adapt the composition of the Board. In order to facilitate such evaluation, the directors give their full assistance to the Nomination and Remuneration Committee and any other persons, whether internal or external to the Company, entrusted with the evaluation of the Directors.

Furthermore, the Board will assess the operation of the Committees at least every two to three years. For this assessment, the results of the individual evaluation of the Directors are taken into consideration. The Chairman of the Board and the performance of his role within the Board are also carefully evaluated. The Nomination and Remuneration Committee should, where appropriate and if necessary, in consultation with external experts, submit a report commenting on the strengths and weaknesses to the Board and make proposals to appoint new Directors or to not re-elect Directors. A director not having attended half the number of meetings of the Board will not be considered for re-election at the occasion of the renewal of his mandate.

4.3.5. Committees within the Board of Directors

4.3.5.1. General

The Board of Directors has established a nomination and remuneration committee (the "**Nomination and Remuneration Committee**") and an Audit Committee (the "**Audit Committee**"). These committees (the "**Committees**") have a mere advisory role.

The Board of Directors has determined the terms of reference of each Committee with respect to its respective organization, procedures, policies and activities.

4.3.5.2. Audit Committee

4.3.5.2.1. Role

The Audit Committee supports the Board of Directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense.

4.3.5.2.2. Composition

The Corporate Governance Charter of the Company states that the Audit Committee is composed out two members, all its members being Non-Executive Directors. At least one of the members of the Audit Committee is an independent Director, who has accounting and auditing expertise. This expertise in accounting and auditing implies a degree of higher studies in economics or finance or relevant professional experience in those matters.

The Audit Committee is chaired by one of its members, who may not be the chairman of the Board of Directors.

The duration of the mandate of a member of the Audit Committee will not exceed the duration of his/her mandate as director of the Company.

The composition of the Audit Committee is currently as follows:

Name	Position	Professional address
Finsys Management SRL, represented by Jean-Luc Vandebroek	Chairman - Non-executive Director	Rue Charles Plisnier 25, 1420 Braine-l'Alleud, Belgium
Revital Rattenbach	Member - Independent Director	Rue des Ecouffes 1, 75004 Paris

Currently the Audit Committee is counting 2 members. Jean-Luc Vandebroek (as permanent representative of Finsys Management SRL) and Revital Rattenbach qualify both in respect of having the necessary competences and qualifications in respect of accounting and audit matters as well as both of the members having an extensive experience in the management of biotech companies.

4.3.5.2.3. Operation

The Audit Committee will meet at least four times a year and whenever a meeting is deemed necessary or advisable for its proper functioning. Decisions are taken by a majority vote. The Chairman of the Board of Directors has a permanent invitation to attend the meetings of the Audit Committee. The Audit Committee may also invite other persons to attend its meetings.

The Audit Committee meets with the external auditor and the internal auditor (if any) at least twice a year, to discuss matters relating to its terms of reference, issues falling within the powers of the Audit Committee and any issues arising from the audit process and, in particular, any material weaknesses in the internal audit.

During 2023, the Audit Committee met 3 times.

4.3.5.3. Nomination and Remuneration Committee

4.3.5.3.1. Role

The Nomination and Remuneration Committee makes recommendations to the Board of Directors with respect to the appointment of Directors, the Executive Directors and other members of the Executive Committee. In addition, the Nomination and Remuneration Committee makes recommendations to the Board of Directors on the Company's remuneration policy, on any remuneration whatsoever granted to the Directors and members of the Executive Committee and on any agreements or provisions relating to the early termination of employment or collaboration with the Directors and members of the Executive Committee.

4.3.5.3.2. Composition

The Nomination and Remuneration Committee is composed of at least two Directors. All members of the Nomination and Remuneration Committee are Non-Executive Directors, with a majority being independent Directors. The majority of the members has the necessary expertise with regard to remuneration policies, i.e. has a degree in higher education and has at least three years' experience in personnel management matters or matters related to the remuneration of Directors and managers of companies. The Board of Directors considers that all members of the Nomination and Remuneration Committee have sufficient experience in personnel management and matters related to remuneration.

The Nomination and Remuneration Committee is chaired by the chairman of the Board of Directors or by another non-executive member of the Nomination and Remuneration Committee. The chairman of the Board of Directors has a permanent invitation to attend the meetings of the Nomination and Remuneration Committee, except for meetings at which his own appointment, removal or remuneration is discussed. The chairman of the Board of Directors does not chair the Nomination and Remuneration Committee when dealing with the designation of his or her successor.

The duration of the term of a member of the Nomination and Remuneration Committee will not exceed the duration of his mandate as director of BioSenic.

The following Directors are members of the Nomination and Remuneration Committee:

Name	Position	Professional address
François Rieger	Chairman - Executive Director	27, rue des Délices, 1203 Geneva, Switzerland
Innoste SA, represented by Jean Stéphenne	Member - Independent Director	Avenue Alexandre 8, 1330 Rixensart, Belgium
Revital Rattenbach	Member - Independent Director	Rue des Ecouffes 1, 75004 Paris, France

4.3.5.3.3. Operation

The Nomination and Remuneration Committee meets at least twice a year, and whenever a meeting is deemed necessary and advisable for its proper functioning. Decisions are taken by a majority vote. The chairman of the Board of Directors has a permanent invitation to attend the meetings of the Nomination and Remuneration Committee, except for meetings at which his own appointment, removal or remuneration is discussed. The Nomination and Remuneration Committee may invite other persons to attend its meetings (it being understood that a member of the Board of Directors may not attend the meeting of the Nomination and Remuneration Committee which handles his remuneration).

During 2023, the Nomination and Remuneration Committee did not meet.

No variable remuneration was granted for the year 2023 to any member of the Board of Directors or Executive Committee.

4.4. Executive Committee

4.4.1. General

The Board of Directors has established an Executive Committee (the "**Executive Committee**"), which advises the Board of Directors, and which therefore does not constitute a management committee (*comité de direction*) under article 7:104 of the Belgian Code on Companies and Associations. The terms of reference of the Executive Committee have been determined by the Board of Directors.

4.4.2. Executive Committee

4.4.2.1. Role

The Executive Committee assists the Executive Directors in the management of the Company. The Executive Committee reports to and is accountable to the Board of Directors for the discharge of its responsibilities.

4.4.2.2. Composition

The Executive Directors (CEO and Deputy-CEO) together with the CSO/COO, the Chief Investor Relation Officer and the CMO are members of the Executive Committee. The Executive Committee is chaired by the CEO of BioSenic and in his absence by the Deputy-CEO. The members of the Executive Committee are appointed and may be dismissed by the Board of Directors at any time. The Board of Directors appoints them on the basis of the recommendations of the Nomination and Remuneration Committee.

The duration and the conditions of the resignation of the members of the Executive Committee are governed by the agreements entered into between BioSenic and each member of the Executive Committee in respect of their function within BioSenic.

The current members of the Executive Committee are listed in the table below:

Name	Title
François Rieger	Chief Executive Officer and Executive Director
Véronique Pomi-Schneiter	Deputy Chief Executive Officer and Executive Director
Carole Nicco	Chief Scientific Officer
Alexia Rieger	Chief Investor Relation Officer
Lieven Huysse	Chief Medical Officer

A brief overview of the relevant experience of the Executive Committee members in place is set out below.

- **Mr. François Rieger** (80), **(CEO)** holds a PhD in Neurobiology, which he completed in 1973 at the *Ecole Normale Supérieure de Paris, rue d'Ulm*. His work allowed him to purify and characterize the structure of acetylcholinesterase, the main current target of Alzheimer's disease treatments. He then went on to study the cholinergic synapse and neuromuscular pathologies related to deficient functioning of nerve impulse transmission. He was appointed Visiting Assistant Professor of Neuropathology at Harvard University from 1975 to 1978, and upon his return to France, he developed a research team in a joint INSERM/CNRS unit at the Pitié-Salpêtrière Hospital on the role of ion channels in the function and morphogenesis of mammalian nerve and muscle. A stay from 1985 to 1988, at the Rockfeller University in New-York, in the laboratory of Professor Gerald Edelman, Nobel Prize, as Senior Associate Researcher, allowed him to extend his field of investigation to the field of Cellular Adhesion Proteins and to demonstrate the implication of N-CAM and cytotactin/tenascin in synaptic morphogenesis and innervation-reinnervation phenomena. In 1990, he established in his laboratory a new line of research on the primary factors of Multiple Sclerosis, an autoimmune demyelinating disease in humans, which led his laboratory to characterize a gliotoxic protein factor in MS patients and, later, in 1998, to discover in humans a fossil retrovirus still active through its envelope protein, and involved in the triggering of the autoimmune cascade in the disease. In 2007, F. Rieger created in Geneva a Binational Scientific Interest Group on the Broader Theme of Aging and Longevity, with the participation of several Franco-Swiss scientific leaders, intended to take into account both the molecular and societal aspects of this largely unexplored field. F. Rieger is Director of Research at the CNRS and author or co-author of more than 175 international publications in the field of Life Sciences and Neurosciences. F. Rieger is currently leading an Innovative Project concerning the therapeutics of Autoimmune Diseases and a co-Founder of the biotech Medsenic. He has led two successful Phase II clinical trials on Systemic Lupus erythematosus and Graft-versus Host Disease, opening a solid path towards the use of several formulations of active arsenic for the treatment of chronic, autoimmune diseases.

- **Ms. Véronique Pomi-Schneiter** (59), **(Deputy CEO)** has 30 years of experience in operational leadership, human resource management, resource utilisation and organisational development in highly decentralised organisations. Graduated of the IFG Lorraine Business School, she has been a consultant, manager and director of companies in the consulting and human resources sector. In 2010, Véronique decided to found Medsenic with Prof François Rieger, to bring her expertise in business development and fundraising. Her experience includes streamlining operations, developing, and implementing organisational solutions and applying global HR expertise to influence the achievement of strategic objectives.

- **Dr Carole Nicco** (51), **(CSO)** obtained a Ph.D. in human physiology and physiopathology from Denis Diderot University of Paris in 2000. After two years working for the startup Protexel, she obtained a full-time position as a research engineer at Paris Cité University. From 2005 to 2023 she was one of the PI's and the lab manager of the research team now called "Pathogeny and innovative treatments for chronic fibro-inflammatory diseases" at Cochin Institute, a biomedical research center affiliated

with INSERM (Unit 1016), CNRS (UMR 8104) and the Paris Cité University. She was head of the conventional pré-clinical facility of the Cochin Institute for 10 years. Dr. Nicco brings research experience in cancer biology, inflammation, immunity, new target identification, and drug discovery. she has directed dozens of preclinical studies for pathologies ranging from cancer to endometriosis, as well as in autoimmune diseases (systemic lupus erythematous, systemic sclerosis, chronic graft versus host disease) or pathologies implicating the immune system, including wound healing, uveitis, sepsis, hepatitis, and endometriosis. Additionally, she has led numerous therapeutic projects from initial inception to preclinical development in cancer, gynecologic and autoimmune diseases for academic projects but also in collaboration with Vertex, Boiron, IPRAD, GYNOV and Medsenic. She has more than 110 articles published in international referenced journals. Dr. Nicco was vice-president of the international non-profit International Society of Antioxidants in Nutrition and Health for 2 years and becomes president of Redox Medicine Society in 2023. Since 2016, she has been a member of the scientific committees and advisory board of four international congresses: Paris Redox, Targeting Mitochondria, Targeting Microbiota, Skin challenges.

- **Ms. Alexia Rieger** (28), **(Chief Investor Relation Officer)** Alexia Rieger graduated from the Ecole Hotelière of Lausanne and pursued her studies in the field of the finance by getting a Master degree in Financial Markets and Investments at Skema Business School. She cumulated professional experiences in different financial fields such as in portfolio management for Architas (AXA subsidiary) and in an M&A boutique focused on helping startups to raise funds (VC: Seed to Serie B), based in Geneva. More recently, Alexia joined Medsenic SAS as Business and Financial Officer. She works on the strategy and the finances of BioSenic to develop the entity in the future, in addition to working, since the beginning, on the reverse merger between BioSenic and Medsenic. Alexia is the daughter of Executive Director and CEO François Rieger.

- **Lieven Huysse** (55), **(CMO)**. Lieven Huysse obtained his medical degree from the University in Gent, graduating in 1995. After an internship of 2.5 years, part of a training plan in orthopaedic surgery, he switched to the healthcare industry. Lieven gained sound experience both in the medical device (17 years- endovascular catheters, trauma products, hip, knee, spine) and in the pharma industry (8 years, psychiatry, cardiovascular, allergy/immunology, diabetes). In 2003 he finished an executive MBA at the Swiss Business school. Lieven has held different positions in senior leadership in both national and mainly international positions, including eleven years working abroad (Switzerland, Spain and the Netherlands). His expertise includes managing multi-center international clinical studies, including pre-market approval studies for submission to the U.S. Food and Drug Administration, working with reimbursement authorities and Key Opinion Leader management. He previously served as CMO for Anaconda Biomed S.L., senior director of medical affairs at Intrinsic Therapeutics, Inc., director of clinical and regulatory affairs at Wright Medical EMEA (now Microport®), medical director for Menarini Group, global brand medical manager for Switzerland-based UCB Farchim, manager clinical Affairs EMEA at Stryker Corp. and Medical Advisor EMEA at Janssen. Lieven is a Belgian national with mother tongue Dutch and is also fluent in English, French and German**.**

4.4.3. Operation

The Executive Committee meets regularly whenever it is required for its proper functioning.

The CEO and the Deputy CEO have been appointed as Executive Directors of BioSenic and can be removed by the Board of Directors of BioSenic. The CEO and the Deputy CEO are entrusted by the Board of Directors with the day-to-day management of BioSenic.

4.5. Internal Control and Risk Management Systems

4.5.1. Internal Mechanism

The role of the Executive Directors & Executive Committee is to develop and maintain adequate control system to assure:

- the realization of company objectives;
- the reliability of financial information;
- the adherence to applicable laws and regulations;
- monitor the internal and external impact of the risks identified by its Committees, and the management of the risks identified.

The Audit Committee has guiding, supervisory and monitoring role with respect to the Executive Directors & Executive Committee, as regards the development, maintenance and execution of internal controls and:

- assists the Board of Directors in respect of control issues in general;
- acts as the interface between the Board of Directors and the external auditors of the Company.

No internal audit role has been assigned at this point in time as the size of the business does not justify a permanent role in this respect—typical internal audit activities will be outsourced from time to time whereby the Audit Committee will determine frequency of these audits and select topics to be addressed.

4.5.2. Risk Analysis

Risk Factors Related to the Company

The risks and uncertainties that BioSenic believes to be material are described below. The occurrence of one or more of these risks may have a material adverse effect on BioSenic's cash flows, results of operations, financial condition and/or prospects and may even endanger BioSenic's ability to continue as a going concern. Moreover, BioSenic's share price could fall significantly if any of these risks were to materialize. However, these risks and uncertainties may not be the only ones faced by BioSenic. Additional risks, including those currently unknown or deemed immaterial, may also impair BioSenic's business operations.

Risk factors related to insufficient funding, continuation as a going concern and potential bankruptcy

- BioSenic and its subsidiary Medsenic are clinical-stage biotechnology companies and have not yet commercialized any of their products. They have therefore incurred net losses since their inception and expect to continue to incur net losses in the foreseeable future. As a result, BioSenic Group might never achieve sustained profitability.
- The agreements between the Company and its main creditors for the restructuring of its key financial debts are conditional upon BioSenic raising sufficient new equity, which is uncertain as, notably, no minimum amount of new equity to be raised has been agreed yet with the aforementioned creditors.
- As BioSenic Group does not have cash flow generating commercial activities, it is largely dependent on external funding which may not be available on acceptable terms when needed, if at all.

Risk factors related to BioSenic Group's business activities and industry

- BioSenic Group's business environment is characterized by rapid technological change and complexity which could limit or eliminate the market opportunity for its product candidates.

Risk factors related to clinical development

- Biosenic Group's research programmes and its therapies for cGvHD, SLE and SSc based on arsenic trioxide, must undergo rigorous pre-clinical tests and regulatory reviews before, during and after

each phase of the clinical trials, of which the start, timing of completion, number and results are uncertain and could substantially delay or prevent the products from reaching the market. As most autoimmune diseases are rare diseases, a smaller patient population is available which needs to be recruited over multiple clinical sites. Moreover, many factors other than patient population size affect patient enrolment and could lead to a slower than expected patient recruitment rate. If BioSenic Group experiences significant delays or is unable to obtain marketing authorisation, this would prevent the product candidates from reaching the market and could have adverse effects on BioSenic Group's activities, costs and valuation, as well as on the shareholders' investment.

- Results of preclinical studies and early-stage clinical trials of BioSenic Group's product candidates may not be directly predictive of the results of later-stage clinical trials.

- Unanticipated safety issues or side effects with BioSenic Group's product candidates due to the reaction of arsenic trioxide with biological materials cannot be fully excluded and if such issues would arise these might have a material impact on the success of the clinical trial or on the development of the relevant clinical asset or BioSenic Group. Serious adverse, undesirable or unacceptable side effects may delay or prevent marketing approval. The risk also exists that the side effects appear after the commercialisation and would require to take a product off the market or limit its sales.

- Failure to successfully identify, develop and commercialize competitive additional products or product candidates could impair BioSenic Group's ability to grow in the immediate and longer term.

Risk factors related to post-authorization risks

- Failure to obtain marketing authorization, additional post-authorization studies, restricted use, withdrawal or limited market acceptance of BioSenic's products among third party payers, doctors, patients and the medical community in general would affect BioSenic's ability to generate revenues from such products or become profitable.

- The price setting, the availability and level of adequate reimbursement by third parties, such as insurance companies, governmental and other healthcare payers is uncertain and may impede BioSenic Group's ability to generate sufficient operating margins to offset operating expenses.

- BioSenic Group has no experience in sales, marketing and distribution, which may have an adverse effect on its ability to successfully manage its sales, marketing and distribution when its products come on the market.

Risk factors related to legal and regulatory risks

- Nearly all aspects of BioSenic Group's activities are subject to substantial regulation and if BioSenic Group does not comply with one or more of the standards of the Competent Authorities, it could experience significant delays in development or commercialization, additional costs, refusals, suspension, withdrawals of approvals.

- If any product liability claims are successfully brought against BioSenic Group or its collaborators, BioSenic Group may incur substantial liabilities and may be required to limit the commercialization of its product candidates.

- Failure to comply with Good Manufacturing Practices and other manufacturing regulations may impede BioSenic Group's ability to develop and commercialize its product and scale-up of manufacturing.

Risk factors linked to intellectual property

- BioSenic Group's patents and other intellectual property rights portfolio may not adequately protect its research programmes and other product candidates, or BioSenic Group may not be able to protect and/or enforce its intellectual property rights in all key countries or territories, which may impede BioSenic Group's ability to compete effectively.

- Should BioSenic Group be unable to obtain new license rights on reasonable terms, or if it would lose any of its licenses or otherwise experiences disruptions to its business relationship with its licensors, BioSenic Group might be unable to develop, manufacture or sell its products.

- If BioSenic Group is not able to prevent disclosure of its trade secrets, know-how, or other proprietary information, the value of its technology and product candidates could be significantly diminished.

- BioSenic Group may infringe on the patents or intellectual property rights of others and may face patent litigation, which may be costly and time consuming and could result in BioSenic Group having to pay substantial damages or limit BioSenic Group's ability to commercialize its product candidates.

- BioSenic co-owns the JTA patent families together with Enrico Bastianelli SRL and is discussing the opportunity to enter into new co-ownership rules for the JTA patent families. It is, however, uncertain that parties will reach an agreement, the absence of which could give rise to co-ownership and exploitation problems for the use of the JTA technology and could therefore have a negative impact on BioSenic's possibilities to collaborate with external partners for the future development of the JTA technology.

Risk factors linked to the BioSenic Group's dependence on third parties and on key personnel

- Manufacturing of BioSenic Group's products requires chemicals, human or derived raw materials to be obtained from third parties and may be more costly than expected.

- BioSenic Group relies, and expects to continue to rely, on third parties, including independent clinical investigators, and CROs, and CDMOs to conduct its preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, BioSenic Group may not be able to obtain regulatory approval for or commercialize its product candidates and its business could be substantially harmed.

- BioSenic Group is subject to competition for its skilled personnel and challenges in identifying and retaining key personnel could impair BioSenic Group's ability to conduct and grow its operations effectively.

- BioSenic Group has obtained significant grants and subsidies. The terms of certain of these agreements may significantly hamper the Group in its flexibility to choose a convenient location for its activities.

- BioSenic Group might not find suitable industrial partners to pursue the development, the commercialisation or the distribution of its products candidates.

Risks relating to the contribution of the remaining shares of Medsenic to BioSenic

- BioSenic Group inability to successfully integrate Medsenic or any other companies acquired in the future and to retain its current and prospective employees, could have a material adverse effect on its business.

- The contribution of the remaining 48,19% of the shares of Medsenic will result in additional dilution for existing shareholders of BioSenic.

- The Contribution will result in a material amount of goodwill to be included in the total assets of BioSenic and in case of bankruptcy, shareholders may not be able to recover their investment in whole or in part, given that BioSenic's goodwill and intangible assets represent a material part of its assets and that BioSenic has a significant debt.

Key Risk Factors related to the shares

- The market price of the shares may fluctuate widely in response to various factors.
- Future issuances of shares or warrants may affect the market price of the shares and could dilute the interests of existing shareholders.
- Holders of the shares outside Belgium and France may not be able to exercise pre-emption rights.
- The market price of the shares could be negatively impacted by sales of substantial numbers of shares in the public markets.
- The Company does not intend to pay dividends for the foreseeable future.

4.5.3. Financial Risk Management

4.5.3.1. Liquidity Risk Management

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's main sources of cash inflows at current are obtained through capital increases, subsidies, government loans, convertible bonds and where appropriate loans from commercial banks to finance long-term requirements (investment in infrastructure). A key objective of the Board together with the Executive Directors is to ensure that the Company remains adequately financed to meet its immediate and medium-term needs.

If necessary and appropriate, the Company assures itself of short-term borrowing facilities to cover short-term cash requirements.

4.5.3.2. Interest Rate Risk Management

BioSenic and Medsenic have long term investments loans granted by third parties (including the European Investment Bank and investors in (convertible) bonds issued by BioSenic) and by regional investment bodies (for the fixed part, but also including the turnover independent reimbursements (30%) related to RCA's concluded as of 2009). The Group at current does not undertake any hedging.

All the negotiated interest rates are fixed, and no loans are exposed to variable rates.

4.5.3.3. Credit Risk

The Company believes that its credit risk, relating to receivables, is limited because currently almost all its receivables are with public institutions. 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. At the end of the reporting period no financial assets were past due, consequently no financial assets were subject to impairment.

4.5.3.4. Foreign Exchange Risk

The Company is currently not exposed to any significant foreign currency risk.

However, should the Company enter into long-term collaboration agreements with third parties for which revenues would be expressed in a foreign currency, the Company might in such case consider entering into a hedging arrangement to cover such currency exposure (in case the related expenditure is planned in local

currency). The Company will also monitor exposure in this respect following the establishment of its US subsidiary. At current, there is no significant exposure in USD.

4.5.4. Controls, Supervision and Correctives Actions

Within the Board of Directors, an annual strategy meeting is organized:

- the management presents strategic plans for the different aspects of the business;
- the Board of Directors reviews these plans and selects between strategic options when necessary;
- the Board reviews on a regular basis the validity of the strategic options chosen and redirect where necessary.

The Executive Directors develop a long-term financial plan (at least 3 years looking forward) incorporating the strategy decided upon — this plan is updated on a regular basis to keep it in line with the strategy plans.

The Executive Directors develop an annual budget which is approved by the Board of Directors and which is closely monitored during the year. Deviations are reported to the Board of Directors and corrective action is taken when necessary.

BioSenic has implemented an ERP system in support of its financial and logistics management. This system will be evaluated at regular intervals in how far it meets the needs of the organization. Where and when necessary, the system will be further upgraded to address new needs or to strengthen controls.

In general supervision and monitoring of the operations of BioSenic is done on a permanent/daily basis at all levels within BioSenic. As general policy deviations are reported at all times to the supervisory level.

4.6. Market Abuse Regulations

In its Corporate Governance Charter, the Company established several rules to prevent illegal use of inside information by Directors, shareholders, management members and employees, or the appearance of such use.

These prohibitive provisions and the monitoring of compliance with them are primarily intended to protect the market. Insider dealing attacks the very essence of the market. If insiders are given the opportunity to make profits on the basis of inside information (or even if the mere impression thereof is created), investors will turn their back on the market. A decreased interest may affect the liquidity of listed shares and prevents optimal company financing.

An insider can be given access to inside information within the scope of the normal performance of his duties. The insider has the strict obligation to treat this information confidentially and is not allowed to trade financial instruments of the Company to which this inside information relates.

The Company keeps a list of all persons (employees or persons otherwise working for the Company) having (had) access, on a regular or occasional basis, to inside information. The Company will regularly update this list and transmit it to the FSMA whenever the FSMA requests the Company to do so.

With a view to preventing market abuse (insider dealing and market manipulation), the Board of Directors has established a dealing code. The dealing code describes the declaration and conduct obligations of Directors, executives and staff members of the Company 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

4.7. Remuneration Report

BioSenic complies with the law of 28 April 2020 implementing the EU Directive 2017/828 as regards the encouragement of long-term shareholder engagement.

4.7.1. Procedure

The Nomination and Remuneration Committee (or Remco), set up by the Board of Directors, is responsible for outlining a remuneration policy for the Executive and Non-Executive Directors.

4.7.1.1. Directors

Board members are remunerated based on a benchmarking exercise done on a regular basis by the Remco with other peer companies to ensure that this remuneration is fair, reasonable and competitive and is sufficient to attract, retain and motivate the Directors of the Company. In this respect the Remco and the Board shared the view that all board members independent and non-independent should be compensated equally with a fixed compensation. For the chairman and the chairs of the committees the board proposed a supplementary compensation.

All non-executive members of the Board of Directors have decided to suspend their compensation for the first quarter of 2022 and until further notice. As a result, no remuneration has been paid to the Non-Executive Directors until completion of the contribution of the 51% of the shares of Medsenic to BioSenic on 24 October 2022.

Without prejudice to the powers granted by law to the shareholders' meeting, the Board of Directors may set and revise at regular intervals the rules and the level of compensation for its Directors.

4.7.1.2. Executive Directors and the Executive Committee

The remuneration of the Executive Directors and the remuneration of the members of the Executive Committee are determined by the Board of Directors on recommendations made by the Nomination and Remuneration Committee, further to recommendations made by the Executive Directors (except where their own remuneration is concerned). The Company strives to offer a competitive remuneration within the sector.

4.7.2. Remuneration report

4.7.2.1. Director's Remuneration

The remuneration of the Directors is determined by the shareholders' meeting upon proposal of the Board of Directors on the basis of the recommendations made by the Nomination and Remuneration Committee. The following remuneration policy approved on 24 October 2022 is in place for the Non-Executive Directors' remuneration. There has not been a deviation from the remuneration policy since its approval.

The Non-Executive Directors received a fixed remuneration in consideration for their membership of the Board of Directors and their membership of the Committees.

The Nomination and Remuneration Committee recommends the level of remuneration for Non-Executive Directors, subject to approval by the Board of Directors and, subsequently, by the shareholders' meeting. The Nomination and Remuneration Committee benchmarks Directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board of Directors and its various committees.

Following the contribution of 51% of the shares of Medsenic to BioSenic, the extraordinary shareholders' meeting of BioSenic held on 24 October 2022 decided to fix the remuneration of the Non-Executive Directors as follows:

- a fixed annual fee for the Non-Executive Directors of € 20,000 ; and

- an additional annual remuneration for membership of each committee of the Board of Directors of € 5,000 for committee members and €10,000 for the chairman of a committee.

The extraordinary shareholders' meeting of BioSenic held on 24 October 2022 also approved the proposal of the Nomination and Remuneration Committee of BioSenic to grant each year:

- 20,000 warrants to each Non-Executive Director of the Company;
- 5,000 warrants to each Committee or sub-Committee Chairman;
- as well as 5,000 additional warrants to any Director in charge of a special mandate within the Board of Directors.

At the date of this Annual Report, such warrants have not yet been granted.

The extraordinary shareholders' meeting of BioSenic held on 24 October 2022 further decided to fix the remuneration of the executive directors as follows:

- a fixed annual remuneration of € 40,000 for Mr. François Rieger; and
- a fixed annual remuneration of € 30,000 for Ms. Véronique Pomi-Schneiter.

No remuneration for Executive Directors was granted between 01 January 2022 and 24 October 2022 in their quality as Executive Directors.

The extraordinary shareholders' meeting of BioSenic held on 24 October 2022 also approved the proposal of the Nomination and Remuneration Committee of BioSenic to grant each year: 20,000 warrants to each executive director. At the date of this Annual Report, such warrants have not yet been granted.

The total remuneration for the Non-Executive Directors for 2023 amounts to €114,375.

The table below provides an overview of the remuneration per Non-Executive Directors for the year 2023.

	Fixed Remuneration (€)			Variable Remuneration (€)						
Name, Position	Base compensation	Attendance fees	Other benefits	One-year variable	Multi-year variable	Extra-ordinary items (€)	Pension expense (€)	Total remu-neration (€)	Fixed	Variable
Innoste S.A., with as permanent representative Jean Stéphenne	25,000	/	/	/	/	/	/	25,000	100%	0%
Finsys Management SRL, represented by Jean-Luc Vandebroek	24,375	/	/	/	/	/	/	24,375	100%	0%
Capital Grand Est, represented by Jean-François Rax	20,000	/	/	/	/	/	/	20,000	100%	0%
Revital Rattenbach	25,000	/	/	/	/	/	/	25,000	100%	0%
Total	**114,375**	**/**	**/**	**/**	**/**	**/**	**/**	**114,375**	**100%**	**0%**

All Directors will be entitled to a reimbursement of out-of-pocket expenses (such as, without limitation, travel, meals and lodging expenses) actually incurred as a result of participation in meetings of the Board of Directors.

There are no loans outstanding from the Company to the members of the Board of Directors. There are no employment or service agreements that provide for notice periods or indemnities between the Company and Non-Executive Directors.

Also, any agreement entered between the Company and a Non-Executive Director, which would provide for a variable remuneration, must be submitted for approval to the next annual shareholders' meeting.

The table below provides an overview of significant positions of shares held directly or indirectly on 31 December 2023 by the Non-Executive Members of the Board of Directors. The overview must be read together with the notes referred to below.

Non-Executive Directors	Shares	
	Number	%*
Innoste S.A., with as permanent representative Jean Stéphenne	109,538	0.067%
Finsys Management SRL, with as permanent representative Jean-Luc Vandebroek	2,880	0.002%
** calculated as the percentage of all outstanding shares and warrants totaling to 164,379,028 (of which 163,181,474 are shares and 1,197,554 are warrants) at 31 December 2023.*		

The table below provides an overview of the main condition of the warrant plans as well as information related to the financial year 2023 regarding Non-Executive Members of the Board of Directors. The characteristics of the plans can be found in Section 6.5.

	Main condition of the warrant plans					Information related to the financial year 2023		
Name Position[11]	Plan ID	Grant date	Vesting Date	Retention period	Exercise period	A) Number of options vested; B) Value at exercise price (€)	A) Number of options exercised; B) Date of exercise	Number of options expired
Jean Stéphenne, Chairman	Plan A	28-02-19	1/3 at 28-02-2020 2/3 at 28-02-2021 3/3 at 28-02-2022	-	28-02-2019 - 28/02/2029	A) 10,000 B) 4.11	-	-
Jean Stéphenne, Chairman	Plan 2020	23-12-20	23-12-20	-	24/12/2023 - 23/12/2027	A) 14,332 B) 2.55	-	-
Jean-Luc Vandebroek, Director	Plan A	28-02-19	1/3 at 28-02-2020 2/3 at 28-02-2021 3/3 at 28-02-2022	-	28-02-2019 - 28/02/2029	A) 24,000 B) 4.11	-	-
Jean-Luc Vandebroek, Director	Plan 2020	29-05-20	29-05-21	-	30/05/2023 - 29/05/2027	A) 12,000 B) 2.74	-	-
Jean-Luc Vandebroek, Director	Plan 2020	23-12-20	23-12-20	-	24/12/2023 - 23/12/2027	A) 7,500 B) 2.55	-	-

4.7.2.2. Remuneration of the CEO and the Other Executive Directors and the Executive Committee

4.7.2.2.1. Remuneration Policy

The remuneration package applicable in 2023 for the Executive Directors and the members of the Executive Committee is in line with the remuneration levels in comparable companies for these functions.

[11] Please note that the warrants have been offered to the Company of the representative named in the table, which is the case for Jean Stéphenne and Jean-Luc Vandebroek.

Due to a challenging economic environment, no variable remuneration was granted for the year 2023 to the Executive Directors and the members of the Executive Committee. However, as soon as BioSenic's financial situation again allows this, it is intended to again introduce a variable remuneration for the Executive Directors and the members of the Executive Committee.

The key components of this policy can be summarized as follows:

- The Company wants to offer a market competitive compensation to allow the recruitment, retention and motivation of expert and qualified professionals and considering the scope of their responsibilities.

- The remuneration will be structured to allow linking an appropriate part of the remuneration to individual performance and the performance of the Company and to align the interest of the individual as much as possible with the interest of the Company and its shareholders.

- For this purpose, key performance indicators (corporate and individual) are agreed upon in advance. These indicators can be operational or financial in nature (progress in clinical and preclinical programs, financial management of key financial parameters, realization of collaborations or concluding new grants, investor relation activities, compliance matters and regulatory approvals and successful completion of audits). The valuation period is aligned with the fiscal year. The weights of each performance factors applied in 2023 can be found in the table below.

Performance factor	Weight
Financial (cash position end of year, budget management, funding strategy development)	35%
Business development & Commercialization strategy development (commercial deal, scientific partnership)	30%
Clinical trials progress (recruitment timelines, sites initiations and activations)	25%
Regulatory Strategy development	10%

- The variable remuneration will be partly in cash and partly in shares, warrants or other instruments allowing acquiring shares through schemes to be approved by the annual shareholder meeting.

- The variable remuneration will only be paid when the key performance indicators agreed upon in advance are effectively met. The remuneration committee will evaluate the realization of the performance criteria and will make a proposal in respect of the variable remuneration to the Board of Directors.

- The maximum variable remuneration is set at [50% * base salary] for the CEO. For the other Executive Directors eligible for variable remuneration, the maximum variable remuneration is set between [25% and 30% * base salary] depending on the positions.

- The Company's articles of association explicitly allow to deviate from what has been defined under Article 7:91 of the Belgian Code on Companies and Associations. Article 7:91 stipulates that: "Unless otherwise provided for in the articles of association or expressly approved by the general meeting, at least one quarter of the variable remuneration of an Executive Director in a listed company must be based on predetermined and objectively measurable performance criteria over a period of at least two years, and another quarter must be based on predetermined and objectively measurable criteria over a period of at least three years".

- In accordance with Article 7:92 of the Belgian Code on Companies and Associations, which applies to agreements with leaders entered into or extended after 3 May 2010, any such agreement which includes a provision providing for a severance package exceeding 12 months' remuneration, or, on motivated advice of the Nomination and Remuneration Committee, exceeding 18 months, must be submitted for prior approval to the next annual shareholders' meeting. Any proposal to grant a higher severance package must be communicated to the works council (or to other designated bodies or persons representing the employees, if this council does not exist; i.e., the employee representatives in the committee for the prevention and protection in the workplace or, in the absence of this committee, to the trade union delegation) at least thirty days prior to the publication of the convening notice of the next annual general shareholders meeting, which may then give its advice to the annual general shareholders meeting, at the latest on the day of publication of the convening notice of the annual general shareholders' meeting. This advice is published on the website of the Company.

- In accordance with Article 7:90 of the Belgian Code on Companies and Associations, the criteria for granting variable remuneration to leaders must, as of 1 January 2011, be included in the contractual or other provisions governing the relevant legal relationship. The variable remuneration can only be paid out if the milestones for the reference period have been met. If the aforementioned obligations are not complied with, the variable remuneration may not be taken into account for calculating the severance pay.

- The Company currently does not foresee in a specific pension plan neither for the CEO nor for the other members of the Executive Committee.

This remuneration report includes the amount of the remuneration of, and any other benefits granted to, BioSenic's CEO in 2023, on a broken-down basis.

Name, Position	Fixed Remuneration (€)			Variable Remuneration (€)		Extra-ordinary items (€)	Pension expense (€)	Total remu-neration (€)	Fixed	Variable
	Base compensation	Director compensation	Other benefits	One-year variable	Multi-year variable					
François Rieger, CEO	169,592	50,000	0	/	/	/	/	219,592	100%	0%

Other benefits include transportation repayments and phone bills repayments.

The one-year variable is a bonus based on key performance indicators stated above. The maximum variable remuneration is set at [50% * base salary] for the CEO.

However, due to a challenging economic environment, no variable remuneration was granted for the year 2023.

In accordance with the employment contract entered between Medsenic and Mr. François Rieger, a gross fixed annual remuneration of €169,592 is paid by Medsenic to Mr. François Rieger.

In accordance with Article 3:6 of the Belgian Code on Companies and Associations, this remuneration report also includes the amount of the remuneration of, and any other benefits granted to, the Company's other Members of the Executive Committee, on a broken-down basis.

The Executive Committee (excluding the CEO) in place during 2023 was as follows:

- Véronique Pomi-Schneiter, Deputy Chief Executive Officer and Executive Director;

- Carole Nicco, PhD, Chief Scientific Officer and Chief Operating Officer;

- Lieven Huysse, MD, Chief Medical Officer;

- Alexia Rieger, Chief Investor Relation Officer. Alexia Rieger is the daughter of Executive Director and CEO François Rieger.

The contracts with all members of the Executive Committee can be terminated at any time, subject to certain pre-agreed notice periods not exceeding 12 months, which may, at the discretion of BioSenic, be replaced by a corresponding compensatory payment.

Please find the amount of remuneration for 2023 on a broken-down basis for Members of the Executive Committee other than the CEO:

Name, Position	Fixed Remuneration (€)			Variable Remuneration (€)		Extra-ordinary items (€)	Pension expense (€)	Total remuneration (€)	Fixed	Variable
	Base compensation	Director compensation	Other benefits	One-year variable	Multi-year variable					
Other Members of the Executive Committee	634,076	30,000	19,203	/	/	/	/	683,279	100%	0%

Other benefits include transportation repayments and phone bills repayments.

The one-year variable is a bonus based on key performance indicators stated above. The maximum variable remuneration is set between [25% and 30% * base salary] depending on the positions.

However, due to a challenging economic environment, no variable remuneration was granted for the year 2023.

The table below provides an overview of significant positions of shares held directly or indirectly on 31 December 2023 by the Members of the Executive Committee. The overview must be read together with the notes referred to below.

Executive Committee Member	Shares	
	Number	%*
François Rieger	26,589,361	16.18%
Véronique Pomi-Schneiter	13,306,121	8.09%
** calculated as the percentage of all outstanding shares and warrants totaling to 164,379,028 (of which 163,181,474 are shares and 1,197,554 are warrants) at 31 December 2023.*		

On the date of the Annual Report, François Rieger holds 26,589,361 shares in BioSenic and Véronique Pomi-Schneiter holds 12,806,121 shares in BioSenic. None of the other members of the Executive Committee holds directly or indirectly any shares in BioSenic.

Currently, no member of the Executive Committee (composed of François Rieger, Véronique Pomi-Schneiter, Carole Nicco, Alexia Rieger and Lieven Huysse) has been granted any warrants. The extraordinary shareholders' meeting of BioSenic held on 24 October 2022 did however approve to grant each year 20,000 warrants of BioSenic to each executive director (i.e., François Rieger and Véronique Pomi-Schneiter), but such warrants have not yet been granted.

4.7.2.3. Severance Provisions and Payments

- François Rieger

François Rieger has an employment contract with the affiliate Medsenic. In the event of termination of the employment contract, the legal provisions of the French law apply.

- Véronique Pomi-Schneiter

Véronique Pomi-Schneiter has an employment contract with the affiliate Medsenic. In the event of termination of the employment contract, the legal provisions of the French law apply.

- Carole Nicco

Carole Nicco has an employment contract with the affiliate Medsenic. In the event of termination of the employment contract, the legal provisions of the French law apply.

- Alexia Rieger

Alexia Rieger has an employment contract with the affiliate Medsenic. In the event of termination of the employment contract, the legal provisions of the French law apply.

- Lieven Huysse

Lieven Huysse has an employment contract with the Company. In the event of termination of the employment contract, the legal provisions of Belgian law apply.

No severance pay has been paid throughout 2023 for any of the leadership team members.

4.7.2.4. Evolution of remuneration and performance of the Company

The table below includes the evolution of the Remuneration of Non-Executive Directors, Remuneration of CEO, Remuneration of Core Leadership Team ("CLT"), Company performance and the average remuneration per FTE employee for last 5 years:

	2019	2020	2021	2022	2023
Remuneration of Non-Executive Directors					
Total annual remuneration (€)	172,500	150,000	150,000	23,437	114,375
Year-on-year difference	-24%	-13%	0%	-84%	388%
Number of Non-Executive Directors under review	7	5	5	9	4
Remuneration of CEO					
Total annual remuneration (€)	328,000	432,000	339,127	306,735	219,592
Year-on-year difference	-8%	32%	-21%	-10%	-28%
Remuneration of CLT					
Total annual remuneration (€)	1,056,000	1,060,000	1,359,679	687,506	677,334
Year-on-year difference	10%	0,4%	28%	-49%	-1%
Number of CLT Members under review	7	6	8	8	4
Company performance (million of euros)					
Net profit/(loss) for the period	(10.3)	(11.9)	(12.9)	(3.05)	(28.34)
Cash position at the end of year	8,6	14,6	9,5	1,8	0.1
Average remuneration per FTE employee					
Average employee cost per FTE	75,493	84,879	98,491	110,941	103,821
Year-on-year difference	5%	12%	16%	13%	-6%

4.7.2.5. Total Remuneration of CEO versus Lowest Remuneration Employee

The Table below shows a comparison of the 2023 total remuneration of the CEO (in €), to the 2023 remuneration of the lowest paid full time BioSenic SA employee (in €). The remuneration includes fixed and variable remuneration as well as employee benefits, excluding employer social security charges.

2023	
Ratio of Total Remuneration of CEO versus Lowest Remunerated Employee	1:3

4.7.2.6. Claw Back Provisions

There are no provisions allowing the Company to reclaim any variable remuneration paid to the CEO or the other members of the Executive Committee.

5. RELATED PARTY TRANSACTIONS

5.1. General

Each member of the Executive Committee and each Director needs to focus to arrange his or her personal business to avoid direct and indirect conflicts of interest with the Company. The Company's corporate governance charter contains specific procedures when potential conflicts could appear.

5.2. Conflicts of Interest of Directors

There is a conflict of interest when the director has a direct or indirect financial interest adverse to that of BioSenic. In accordance with Article 7:96 of the Belgian Code on Companies and Associations, a director of a limited company which "has, directly or indirectly, an interest of an economic nature in a decision or an operation under the Board of Directors" is held to follow a particular procedure. In accordance with BioSenic's Corporate Governance Charter, if members of the Board, or of the Executive Committee or their permanent representatives are confronted with possible conflicting interests arising from a decision or transaction of BioSenic, they must inform the Chairman of the Board thereof as soon as possible. Conflicting interests include conflicting proprietary interests, functional or political interests or interests involving family members (up to the second degree).

If Article 7:96 of the Belgian Code on Companies and Associations is applicable, the Board member involved must abstain from participating in the deliberations and in the voting regarding the agenda items affected by such conflict of interest.

Below is an overview of the meetings of the Board of Directors in which the conflict-of-interest procedure has been applied.

Excerpt from the minutes of the meeting of the Board of Directors held on 22 December 2023:

Before discussing the items on the agenda, the Board took note that, in accordance with Article 7:96 of the Companies and Associations Code,

- François Rieger and Véronique Pomi-Schneiter, each an executive and non-independent director of the Company, declared that they potentially had an interest of a proprietary nature in conflict with the decisions falling within the powers of the Board of Directors in respect of item 1 of the agenda, as they relate to Medsenic SAS, of which they are shareholders;

- Capital Grand Est SAS, represented by its permanent representative Jean-François Rax, non-executive director of the Company, has declared that it potentially has an interest of a proprietary nature that conflicts with the decisions falling within the powers of the Board of Directors in respect of item 1 of the agenda, as they relate to Medsenic SAS, of which Cap Innov Est (a professional private equity fund managed by Capital Grand Est) is a shareholder.

The description of the nature of the proposed transaction, the description of the financial consequences for the Company and the justification of the decision taken are set out in point 1 below.

Consequently, François Rieger, Véronique Pomi-Schneiter and Capital Grand Est SAS, represented by its permanent representative Jean-François Rax, did not take part in the deliberations or vote on the resolutions relating to item 1 of the agenda.

1. Decision to convert the convertible bond into Medsenic shares

The Company and Medsenic SAS ("**Medsenic**") have entered into a contract for the issue of a bond convertible into Medsenic shares (the "**OC 2022**") dated September 8, 2022, a copy of which was sent to the Directors prior to the meeting.

The Board took note of the following:

- the loan was for a maximum amount of EUR 2,000,000 (4 tranches of EUR 500,000);

- the first 2 tranches of EUR 500,000 convertible bonds were subscribed by BioSenic in 2022;

- the other 2 tranches were subject to additional drawdowns of EUR 500,000 on the ABO loan agreement, which have not yet taken place;

- at December 31, 2023, the convertible bonds issued by Medsenic and not redeemed will be subject, failing conversion into ordinary Medsenic shares, to full redemption plus interest by Medsenic;

- no convertible bonds have been converted by BioSenic at this stage.

Consequently, at December 31, 2023, in the absence of conversion of the EUR 1,000,000 in convertible bonds issued by Medsenic, an amount of EUR 1,000,000 (plus 6% interest) will have to be repaid by Medsenic to BioSenic.

It is up to the Board to decide whether or not to convert the convertible bonds held by BioSenic into ordinary shares of Medsenic.

The Board noted that the conversion of the convertible bonds into ordinary shares of Medsenic appears to be in the best interests of BioSenic insofar as (i) Medsenic does not have sufficient cash to repay the loan and (ii) the conversion of the convertible bonds into ordinary shares of Medsenic will enable BioSenic to increase its shareholding (currently equal to 51%) by 1.5% in Medsenic, which is currently the most valuable company in the Group.

On this basis, the Board, made up of Finsys Management SRL, represented by its permanent representative Jean-Luc Vandebroek, Revital Rattenbach and Yves Sagot, unanimously approved the conversion of the convertible bonds into ordinary Medsenic shares.

In this respect, the Board took note of the fact that, in accordance with article 5.1 of the aforementioned contract, the 1,000,000 convertible bonds will be converted, in their entirety, into ordinary shares, on the basis of a number ("N") for one convertible bond where:

N = [(Face value of the 2022 convertible bonds + Interest) / PPAT]

" **PPAT** ": refers to the price (nominal value and issue premium) for a Medsenic ordinary share as set out in the value report drawn up for the purposes of the reverse merger (which closed on October 24, 2022), to which a discount of 20% will be applied.

The Medsenic shareholders' meeting to approve the capital increase resulting from the conversion of the convertible bonds was held on December 29, 2023.

5.3. Existing Conflicts of Interest of Members of the Board of Directors and of the Executive Committee and Related Party Transactions

Mr. François Rieger (CEO and Executive Director) and Ms. Véronique Pomi-Schneiter (Deputy-CEO and Executive Director) are both party to a shareholder's agreement with BioSenic dated 24 October 2022 in relation to the shares they hold in Medsenic. Mr. François Rieger currently holds 14,88% of the shares in Medsenic and Ms. Véronique Pomi-Schneiter currently holds 7,44% of the shares in Medsenic. Under that shareholders' agreement they have both committed to contribute their remaining shares in Medsenic to BioSenic in exchange for newly issued shares, based on a price per share of BioSenic equal to the price as used for the envisaged future equity raise. However, if Medsenic obtains extended development and commercialisation rights from Phebra (including for the US, UK and Japan) under economically favourable terms for Medsenic, the valuation of any shares not yet contributed to BioSenic will need to be revaluated which could potentially lead to a conflict of interests.

In addition, a potential conflict might arise in the future for any Executive Directors to whom a variable remuneration would be granted (if any) or in relation to any other compensation-related matters.

On the basis of information provided by the relevant members of the Board of Directors and of the Executive Committee of BioSenic, except as disclosed above, there are, on the date of this Annual Report, no potential conflicts of interest between any duties of the members of, respectively, the Board of Directors and members of the Executive Committee, on the one hand, and their private interest and/or other duties, on the other hand.

5.4. Related Party Transactions

At the date of this Registration Document, BioSenic has the following affiliates:

- BioSenic USA Inc., with registered office at School Street 44, Suite 505, Boston, MA 02108, 100% owned; and
- Medsenic SAS, owned at 51.81%.

5.4.1. Transactions with BioSenic USA Inc.

In course of 2023, expenses related to all activities executed through BioSenic USA Inc. have been re-invoiced to BioSenic on 31 December 2023.

5.4.2. Transactions with the Executive Committee

There are no transactions with the Executive Committee.

5.4.3. Transactions with Medsenic

End December 2023, the Company decided to convert the EUR 1,000,000 convertible bonds previously issued by Medsenic SAS to the Company, in accordance with the terms agreed upon on 8 September 2022. As a result of the conversion, the Company has increased its participation in its subsidiary Medsenic SAS by 0.81%, bringing its total participation in Medsenic SAS to 51.81%.

5.4.4. Transactions with the shareholders of Medsenic

BioSenic entered into two agreements relating to Medsenic.

a. Subscription agreement between a large majority of the shareholders of Medsenic, as subscribers, and BioSenic

Upon the terms and subject to the conditions set forth in this subscription agreement, the subscribers transferred to BioSenic 37,649 shares in Medsenic, representing 51% of the fully diluted share capital of Medsenic. In exchange to the subscription, the subscribers received 90,668,594 new ordinary shares of BioSenic.

b. Shareholders' agreement relating to Medsenic between BioSenic, as majority shareholder, and Medsenic's minority shareholders

Pursuant to a shareholders' agreement dated 24 October 2022 between BioSenic and the shareholders of Medsenic holding the remaining 49% of the shares of Medsenic, the Minority Shareholders agree to contribute all of their remaining Medsenic shares into BioSenic in two instalments, each time for half of their remaining shareholding. These additional contributions shall in principle take place at the same time as the first two equity raises of BioSenic (except for capital increases relating to the exercise of warrants and conversions of convertible bonds, if the conditions for execution are met) to be carried out in order to finance the continuation of BioSenic' s activities. It is however not contemplated to proceed with these additional contributions together with the placement of new securities that is currently envisaged by BioSenic in 2024.

5.4.5. Medsenic' s transactions with the shareholders of Medsenic

a. Medsenic' s transaction with Phebra PTY Ltd.

Medsenic and Phebra entered into (i) a license agreement on 21 May 2021 (the "**License Agreement**") and (ii) a marketing and supply agreement on 31 May 2021 (the "**MDA**") for the oral formulation of arsenic trioxide ("**OATO**") in the following indications (the "**Field**"): Graft Versus Host Disease ("**GvHD**"), Systemic Sclerosis ("**SSc**"), Systemic Lupus Erythematosus ("**SLE**"), infectious diseases related to COVID-19 and CNS inflammatory diseases related to Multiple Sclerosis (referred to as Multiple Sclerosis) (the "**Phebra Agreements**").

Under the agreements, Phebra has granted an exclusive license to Medsenic to use the oral formulation of arsenic trioxide for its research and clinical development in the above-mentioned immunopathologies and to market, sell and distribute OATO in such field in the European Union and in French speaking territories ("**Medsenic Territories**"). Under the license agreement, and after new recent discussions and negotiations, Medsenic agreed to secure the necessary funding before 31 May 2026 to commence a clinical study using Phebra OATO. Although BioSenic Group is confident that the deadline can be further extended, if necessary, this means that BioSenic Group needs to secure sufficient funding before such deadline to be able start the Phase III clinical study with OATO in cGvHD (i.e., allowing completion of the IND application with the FDA, and starting CRO preparation, sites selection and data collection for the clinical study). If such funding would not be secured by 31 May 2026, Phebra could terminate the license agreement unless the parties agree to postpone such date (which cannot be guaranteed). All costs relating to the research and clinical development will be borne by Medsenic. Phebra will supply (either directly or via a contract manufacturer) the OATO for Medsenic and Phebra will be responsible and retain full liability for the manufacture, packaging, testing and batch release of OATO in the Field, regardless of whether it carries out such responsibilities itself or uses one or more subcontractors to do so.

In consideration for the license granted for the Medsenic Territories, Phebra received 3,151 shares (4.3% of the shares currently outstanding) in Medsenic. Phebra has the right to commercialise OATO in the Field in all countries outside the Medsenic Territories against payment to Medsenic of a royalty of 55% of the net sales profits. BioSenic Group and Phebra are currently analysing the possibility to extend the Medsenic Territories and the commercial terms thereof, which is expected to require lengthy and complex discussions and agreements based on partially unknown commercial and competitive factors.

On 15 January 2024, BioSenic announced the signature of a binding term sheet with Phebra related to the adaptation of the License Agreement and the MDA signed in May 2021. The initial License Agreement provided a commercialization agreement of 100% net profits for Medsenic mainly in Europe and 55 % net sales profit for Phebra in the rest of the world (including major markets such as the US, Canada, South America, Japan, South East Asia, China and Australia). In particular, the binding term sheet for the indication chronic Graft versus Host Disease (cGvHD) license now provides for a royalty payment of 2% on worldwide sales, which simplifies the conditions for offering sublicenses to new external partners. In addition, under the license agreement, Phebra agrees that Medsenic will have exclusive worldwide territorial rights for the use of OATO in GvHD. Regarding the MDA, Phebra agrees that the net profit allocation as stated in the initial MDA will be deleted for the sales revenues and profits generated from the sale of product, restricted to the indication cGvHD. Phebra also agrees to cover the costs of maintaining and updating the drug substance file to comply with the rules of all active territories; of controlling the compliance with various regulators on ongoing supplier approval and compliance to Good Manufacturing Practices (GMP) requirements; of updating the drug master file of OATO; of managing the Contract Manufacturing Organization (CMO) and supply chain from the active pharmaceutical ingredient to the clinical release of the product and of covering the regulatory and quality and GMP expenses. To take into account these costs for Phebra, the cost-of-goods for the Medsenic final clinical OATO product will be increased by a mark-up of 20%. In addition, Medsenic will have the right to establish an Australian entity to use the OATO patents for cGvHD indication. The Australian entity will not commercially compete with Phebra, particularly in the field of APL (acute promyelocytic leukemia) cancer treatment, by having Medsenic's GvHD treatment produced in product-specific packaging.

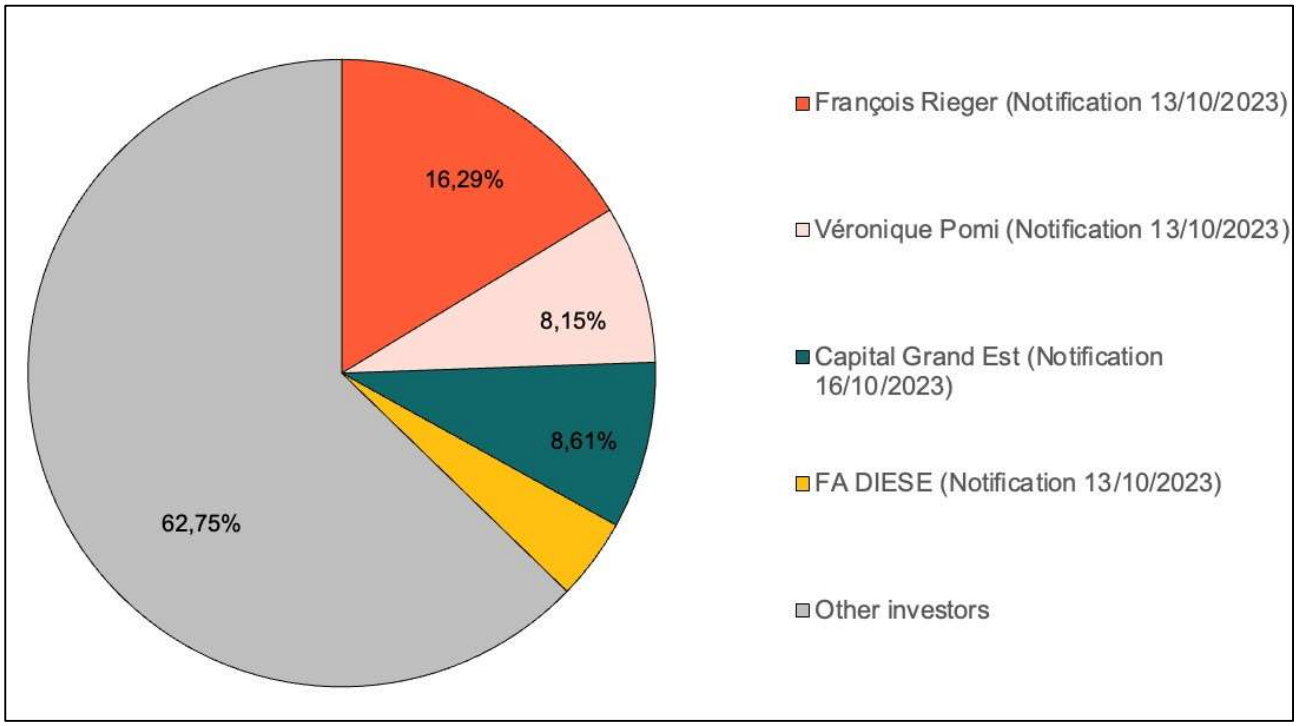
6. SHARES AND SHAREHOLDERS

6.1. History of Capital—Capital Increase and Issuance of Shares

6.1.1. Securities Issued by the Company

As per 31 December 2023, there were 163,181,474 shares representing a total share capital of BioSenic of € 35,100,668.71. There are only ordinary shares without nominal value, and there are no special rights attached to any of the ordinary shares, nor special shareholder rights for any of the shareholders of BioSenic. Each shareholder of BioSenic is entitled to one vote per share. The share capital is entirely and unconditionally subscribed and fully paid up.

As per 31 December 2023, the total of exercisable warrants is 197,554 warrants for the former Executive committee members, consultants and Board members, 800,000 warrants for EIB and 200,000 warrants for Patronale Life, which give right to subscribe to an equal number of shares. This represents a total of 1,197,554 warrants. See Section 6.4 for more information about the outstanding warrants.



BioSenic has a relatively widely held shareholder base, and no single shareholder controls BioSenic. To the best knowledge of BioSenic, there are no arrangements in place which may, at a subsequent date, result in a change in control of BioSenic.

6.1.2. History of Capital since Reverse Merger of October 2022 - Capital increase and issuance of shares

On 30 May 2022, BioSenic signed a subscription agreement for a maximum € 5 million convertible bonds facility arranged by ABO Securities, through its affiliated entity Global Tech Opportunities 15. The proceeds of the financing will be used to advance the clinical development of BioSenic's asset, the allogeneic bone cell therapy, ALLOB. ABO Securities, on behalf of the convertible bonds investor, commits to subscribe to up to € 5 million in convertible bonds. The convertible bonds will be issued and subscribed in ten tranches. A first tranche of 10 convertible bonds with an aggregate principal amount of € 0.5 million was issued on 9 June 2022. The second and third tranche of 20 convertible bonds in the aggregate were issued in July 2022 and

September 2022, while the fourth tranche was subscribed on 23 September 2022. A fifth tranche was subscribed on 8 December 2022. A sixth tranche was subscribed on 3 February 2023. The issue and subscription of the remaining € 2.00 million were requested and received in Q3 and Q4 2023.

Date	Transaction	Number and class of shares issued	Issue price per share (€) including issuance premium	Capital increase/decrease (€)	Share capital after transaction (€)	Aggregate number of shares after capital increase
24/10/2022	Contribution in kind	90,668,594	0.45	27,200,578.20	32,800,668.71	115,132,015
28/10/2022	Capital increase / conversion convertible bonds	833,333	0.12	100,000.00	32,900,668.71	115,965,348
28/10/2022	Capital increase / conversion convertible bonds	1,666,666	0.12	200,000.00	33,100,668.71	117,632,014
08/11/2022	Capital increase / conversion convertible bonds	769,230	0.13	100,000.00	33,200,668.71	118,401,244
17/11/2022	Capital increase / conversion convertible bonds	2,727,272	0.11	300,000.00	33,500,668.71	121,128,516
06/12/2022	Capital increase / conversion convertible bonds	769,230	0.13	100,000.00	33,600,668.71	121,897,746
16/01/2023	Capital increase / conversion convertible bonds	1,111,111	0.13	100,000.00	33,700,668.71	123,008,857
26/01/2023	Capital increase / conversion convertible bonds	1,000,000	0.10	100,000.00	33,800,668.71	124,008,857
03/05/2023	Capital increase / conversion convertible bonds	1,250,000	0.08	100,000.00	33,900,668.71	125,258,857
15/05/2023	Capital increase / conversion convertible bonds	1,250,000	0.08	100,000.00	34,000,668.71	126,508,857
27/06/2023	Capital increase / conversion convertible bonds	625,000	0.08	50,000.00	34,050,668.71	127,133,857
12/07/2023	Capital increase / conversion convertible bonds	714,285	0.07	50,000.00	34,100,668.71	127,848,142
19/07/2023	Capital increase / conversion convertible bonds	1,666,666	0.06	100,000.00	34,200,668.71	129,514,808
31/07/2023	Capital increase / conversion convertible bonds	2,000,000	0.05	100,000.00	34,300,668.71	131,514,808
10/08/2023	Capital increase / conversion convertible bonds	2,500,000	0.04	100,000.00	34,400,668.71	134,014,808

Date	Transaction	Number and class of shares issued	Issue price per share (€) including issuance premium	Capital increase/decrease (€)	Share capital after transaction (€)	Aggregate number of shares after capital increase
28/08/2023	Capital increase / conversion convertible bonds	3,333,333	0.03	100,000.00	34,500,668.71	137,348,141
11/09/2023	Capital increase / conversion convertible bonds	5,000,000	0.02	100,000.00	34,600,668.71	142,348,141
25/09/2023	Capital increase / conversion convertible bonds	20,833,333	0.024	500,000.00	35,100,668.71	163,181,474
05/02/2024	Capital increase / conversion convertible bonds	2,777,777	0.036	100,000.00	35,200,668.71	165,959,251
06/02/2024	Capital increase	12,195,120	0.041	499,999.92	35,700,668.63	178,154,371
22/02/2024	Capital increase / conversion convertible bonds	3,448,275	0.029	100,000.00	35,800,668.63	181,602,646
26/02/2024	Capital increase / conversion convertible bonds	1,923,076	0.026	50,000.00	35,850,668.71	183,525,722
18/03/2024	Capital increase / conversion convertible bonds	4,347,826	0.023	100,000.00	35,950,668.63	187,873,548
21/03/2024	Capital increase / conversion convertible bonds	5,000,000	0.020	100,000.00	36,050,668.63	192,873,548
16/04/2024	Capital increase / conversion convertible bonds	2,380,952	0.021	50,000.00	36,100,668.63	195,254,500
26/04/2024	Capital increase / conversion convertible bonds	19,444,443	0.018	350,000.00	36,450,668.63	214,698,943
27/05/2024	Capital increase / conversion convertible bonds	8,333,333	0.012	100,000.00	36,550,668.63	223,032,276
29/05/2024	Capital increase / conversion convertible bonds	7,692,307	0.013	100,000.00	36,650,668.63	230,724,583

6.2. Authorized Capital

6.2.1. Description of the Authorized Capital

Pursuant to the decisions of the extraordinary shareholders' meetings of the Company respectively held on 13 July 2022 and on 24 October 2022 and in accordance with article 7 of the Company's articles of association, the Board has received certain powers within the framework of the authorized capital.

The extraordinary shareholders' meeting of the Company held in 13 July 2022 decided, in accordance with Articles 7:199 and 7:202 of the Belgian Code on Companies and Associations, to renew, for a period of five years, the authorization of the Board to increase the Company's share capital by a maximum aggregate amount of € 5,012,591.18 under the same conditions as those currently provided for in article 7 of the articles of association of the Company, including in the event that the Company receives a communication from the

Financial Services and Markets Authority ("*Autorité des services et marchés financiers*" - FSMA) indicating that it has been informed of a takeover bid concerning the Company.

Then, on 24 October 2022, the extraordinary shareholders' meeting decided, in accordance with Articles 7:199 and 7:202 of the Belgian Code on Companies and Associations to renew, for a period of five years, the authorization of the Board to increase the Company's share capital by a maximum aggregate amount of € 32,800,668.71 under the same conditions as those currently provided for in article 7 of the articles of association of the Company, including in the event that the Company receives a communication from the Financial Services and Markets Authority ("*Autorité des services et marchés financiers*" - FSMA) indicating that it has been informed of a takeover bid concerning the Company.

The Board is authorized to increase the share capital within the framework of the authorized capital, on one or more occasions in the following cases:

(a) capital increases or issues of convertible bonds or subscription rights where the preferential subscription rights of shareholders are limited or cancelled (Article 7:200, 1° of the Belgian Code on Companies and Associations);

(b) capital increases or issues of convertible bonds where the preferential subscription rights of shareholders are limited or waived in favour of one or more specified persons, other than employees of the Company or its subsidiaries (Article 7:200, 2° of the Belgian Code on Companies and Associations);

(c) capital increases carried out by incorporation of reserves (Article 7:200, 3° of the Belgian Code on Companies and Associations).

The Board may, in the interests of the Company and in compliance with and within the limits of the conditions provided for in the Belgian Code on Companies and Associations, limit or cancel the preferential subscription right, even in favour of one or more specified persons, other than the employees of the Company or its subsidiaries.

The capital increases decided pursuant to this authorization may be carried out by contributions in cash or, within the limits of legal conditions, in kind, with or without the creation of new shares, preferential or not, with or without voting rights, with or without subscription rights. These capital increases may be carried out with or without share premium. The issue premiums, if any, will be allocated to the "Issue Premiums" account which, like the share capital, will constitute the guarantee of third parties and may only be disposed of in accordance with the legal provisions in force for the amendment of the articles of association, except in the case of the incorporation of these premiums into the capital account.

6.2.2. Available Amount within the Authorized Capital

Since the renewal of the authorized capital by the extraordinary shareholders' meeting on 24 October 2022, the Board has made use of its powers as described above to issue:

(i) 37 convertible bonds to the GTO 15 on 20 November 2023, upon conversion of which the Company's capital could potentially be increased by up to EUR 185,000;

(ii) 120 non-interest bearing, unsecured and subordinated convertible bonds with a total commitment of EUR 1.2 million to be issued by BioSenic to GTO 15; and

(iii) the 12,195,120 new shares in the framework of the private placement for a total gross amount of EUR 499,999.20, as announced on 2 February 2024.

6.3. Acquisition of own securities

Neither the Company nor any of its subsidiaries, have acquired any of the Company's shares. The Company has not issued profit-sharing certificates or any other certificates.

6.4. Warrant Plans

6.4.1. Warrant Plans Issued

BioSenic currently has 2 outstanding warrant plans outstanding for its employees, Board members, Executive committee members and consultants:

- On 28 May 2020, the Board of Directors of BioSenic created and approved a plan which consisted in the issue of 69,978 warrants for employees, management members and Directors (plan 2020/05). All warrants have been granted and accepted.

- On 23 December 2020, the Board of Directors of BioSenic created and approved a plan which consisted in the issue of 99,832 warrants for employees, management members and Directors (plan 2020/12). All warrants have been granted and accepted except for Jean-Paul Prieels that refused 2,000 warrants.

On the date of this Annual report, the following warrants are outstanding in accordance with the above-mentioned plans:

Plan	Total
Former CEO	109,724
Former CFO	19,500
Former CBO	5,000
Consultant	1,000
Board members	21,332
Former CMO	5,000
Total	**161,556**

On 23 August 2021, the extraordinary shareholders' meeting of BioSenic issued warrants to the European Investment Bank and to Patronale Life. On the date of this Annual Report, the following warrants are outstanding:

Plan	Total
European Investment Bank	800,000
Patronale Life NV	200,000
Total	**1,000,000**

The total of exercisable warrants within BioSenic is therefore of 161,556 warrants for the (former) Executive committee members, consultants and Board members, 800,000 warrants for EIB and 200,000 warrants for Patronale Life, which give right to subscribe to an equal number of shares. This represents a total of 1,161,556 warrants. Subject to completion of the debt restructuring, it is envisaged to cancel the 1,000,000 Outstanding Warrants issued to Patronale and EIB.

6.4.2. Summary of the Outstanding Warrant Plans

The relevant terms and conditions of BioSenic's existing **warrant plan 2020 of May and December** are set out below:

- **Vesting:** The Warrants will become vested to the Grantee upon acceptance by the Grantee (without any further conditions), i.e. upon receipt by BioSenic of the duly completed acceptance form within the time limit.

- **Exercise period:** the Warrants shall not become exercisable before the first day of the fourth calendar year following the Offer and after the last day of the tenth year following the date of issuance (the "Exercise Period").

- **Exercise price**: the exercise price will be determined by the Board of Directors of BioSenic, in accordance with the rules applicable to listed companies.

    - at the closing price of the share of the day preceding the day of the offer; or

    - the 30-day average price of the share of the 30 calendar days preceding the date of the offer.

- **Term**: seven years. All warrants that have not been exercised within the seven-year period as of their creation become null and void.

The relevant terms and conditions of BioSenic's existing **warrant plan for the EIB Warrant** are set out below:

- **Subscription Price**: The subscription price is equal to €0.01 per EIB Warrant (and offset by an arrangement fee of the same amount paid by BioSenic to the EIB).

- **Maturity Date**: The EIB Warrants have a defined life of five (5) years. However, BioSenic undertakes to issue identical warrants with a life of five (5) years after the Expiry Date.

- **Exercise price**: The exercise price of each EIB Warrant will be equal to the lower of (i) the average of the closing prices of BioSenic's shares during the thirty (30) days preceding the notarisation of the unconditional subscription of the EIB Warrants and (ii) the closing price of the BioSenic share on the day preceding the notarisation of the unconditional subscription of the EIB Warrants.

- **Exercise Period**: The EIB Warrants may be exercised from the earlier of (i) the occurrence of a Voluntary or Mandatory Early Redemption Event and (ii) six months prior to the maturity of a Tranche, until maturity.

- **Other**: In cases where the Beneficiary has the right to transfer the EIB Warrants, BioSenic, its agent or its shareholders (in that order), has a right of first refusal to redeem the EIB Warrants on the same terms and conditions.

The relevant terms and conditions of BioSenic's existing **warrant plan for the Patronale Life Warrant** are set out below:

- **Subscription Price**: The subscription price is equal to €0.01 per Patronale Life Warrant.

- **Maturity Date**: The Patronale Life Warrants have a defined life of five (5) years.

- **Exercise price**: The exercise price of each Patronale Life Warrant will be equal to the lower of (i) the average of the closing prices of BioSenic's shares during the thirty (30) days preceding the notarisation of the unconditional subscription of the Patronale Life Warrants and (ii) the closing price of the BioSenic share on the day preceding the notarisation of the unconditional subscription of the Patronale Life Warrants.

- **Exercise Period**: The Patronale Life Warrants may be exercised from the earlier of (i) the occurrence of a Voluntary or Mandatory Early Redemption Event and (ii) six months prior to the maturity of a Tranche, until maturity.

- **Other**: In cases where the Beneficiary has the right to transfer the Patronale Life Warrants, BioSenic, its agent or its shareholders (in that order), has a right of first refusal to redeem the Patronale Life Warrants on the same terms and conditions.

Warrant plans of Medsenic

Medsenic has granted warrants (*bons de souscription de parts de créateur d'entreprise* – "BSPCE") to the following persons and in the following proportions:

- 1,513 BSPCE-2016 and 218 BSPCE-2017 to Mrs. Véronique Pomi, employee and founder of Medsenic;

- 1,512 BSPCE-2016 and 217 BSPCE-2017 to Mr. François Rieger, President and founder of Medsenic.

All 3,025 BSPCE-2016 and 435 BSPCE-2017 remain outstanding.

The relevant terms and conditions of the Medsenic's existing **BSPCE-2016** are set out below:

- **Exercise period**: from 26 May 2017 to 25 May 2027.

- **Exercise price**: € 162 per ordinary share.

- **Term**: ten years. All warrants that have not been exercised within the ten-year period as of their creation become null and void.

The relevant terms and conditions of Medsenic's existing **BSPCE 2017** are set out below:

- **Exercise period:** from 20 December 2017 to 19 December 2027.

- **Exercise price**: € 217 per ordinary share.

- **Term**: ten years. All warrants that have not been exercised within the ten-year period as of their creation become null and void.

According to provision 3.2.3 (vi) of the Subscription Agreement both of the BSPCE 2016 and BSPCE 2017 will become null and void if they are not exercised before the last contribution of the remaining 48.19% of Medsenic's shares, which is expected to occur by no later than 24 October 2024.

In the context of the contribution of the 51% of shares of Medsenic into BioSenic's capital on 24 October 2022, the value per Medsenic share was set at € 1,083.

No new warrant plan has been issued since 2017.

6.5. Elements which by their Nature would have Consequences in Case of a Public Take-over Bid on the Company

According to Article 34 of the Royal decree of 14 November 2007, the Company hereby discloses the following items, elements which by their nature would have consequences in case of a public take-over bid on the Company:

- On 31 December 2023, the share capital of the Company amounted to €35,100,668.71and is fully paid up. It is represented by 163,181,474shares, each representing a fractional value of 1/163,181,474th of the share capital. The Company's shares do not have a nominal value.

- Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.

- There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights.

- There are no holders of any shares with special voting rights.

- There is no external control over the employee incentive plans; warrants are granted directly to the beneficiary.

- Each shareholder of BioSenic is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.

- The rules governing the appointment and replacement of board members and amendment to articles of association are set out in the Company's articles of association and in the Company's corporate governance charter.

- The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (*i.e.*, to defend against public takeover bids). The Company's articles of association do not provide for any other specific protective mechanisms against public takeover bids.

- The existing warrant plans contain take-over protection provisions pursuant to which, in the event of a public takeover bid provide that either (i) the warrantholders shall have the right to exercise their warrants, irrespective of exercise periods/limitations provided by the relevant plan or (ii) the Company has the right or the obligation, at the request of the warrantholder, to buy-back the warrants at a certain price.

- The Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can enter into force or, subject to certain conditions, as the case may be, can be amended, be terminated by the other parties thereto or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:

    - convention for a subordinated loan of 2 May 2016 between Novallia S.A. (the Lender) and the Company (the Borrower);

    - conventions for non-dilutive subordinated bonds of 25 June 2019 between Integrale S.A (the Lender) and the Company (the Borrower);

    - conventions for non-dilutive subordinated bonds of 25 June 2019 between Patronale S.A (the Lender) and the Company (the Borrower);

    - conventions for non-dilutive subordinated bonds of 6 May 2020 between Integrale S.A (the Lender) and the Company (the Borrower);

    - conventions for non-dilutive subordinated bonds of 6 May 2020 between Patronale S.A (the Lender) and the Company (the Borrower);

- conventions for non-dilutive subordinated bonds of 6 May 2020 between Patronale S.A (the Lender) and the Company (the Borrower) have been modified into non-convertible bonds with accompanying warrants in September 2021;

- On 1 July 2021, the Company signed a loan agreement of up to €16 million with the European Investment Bank (EIB) of which the first tranche of €8 million has been received.

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

6.6. Transparency

The articles of the association of the Company do not impose any additional notification obligations other than the notification obligations required in accordance with Belgian law. The voting rights of the major shareholders of the Company differ in no way from the rights of other shareholders of the Company.

6.7. Dividends and Dividend Policy

6.7.1. Entitlement to Dividends

Dividends can only be distributed if, following the declaration and payment 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 financial statements prepared in accordance with Belgian GAAP (*i.e.*, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities), decreased with the non-amortized activated costs of incorporation and extension and the non-amortized activated costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the called capital), increased with the amount of non-distributable reserves. In addition, pursuant to the Belgian Code on Companies and Associations and the articles of association, the Company must allocate at least 5% of its annual net profits under its statutory non-consolidated accounts to a legal reserve until the reserve equals 10% of the Company's share capital.

In accordance with Belgian law, the right to collect dividends declared on ordinary shares expires five years after the date the Board of Directors has declared the dividend payable, whereupon the Company is no longer under an obligation to pay such dividends.

6.7.2. Dividend Policy

The Company has never declared or paid any dividends on its shares.

The Company's dividend policy will be determined by, 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. The calculation of amounts available to be distributed as dividends or otherwise distributed to shareholders must be made on the basis of the Belgian statutory financial statements, taking into account the limits set out in the Belgian Code on Companies and Associations.

Belgian law and the Company's articles of association do not require the Company to declare dividends. The 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 near future.

7. CONSOLIDATED FINANCIAL STATEMENTS

7.1. Responsibility Statement

The Board of Directors, represented by all its members, declares that, to the best of its knowledge, the consolidated financial statements for the twelve-month period ended 31 December 2023, which have been prepared in accordance with the International Financial Reporting Standards 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 management report includes a fair review of the important events that have occurred during the twelve months of the financial year and of the major transactions with the related parties, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties that the Company can face.

On behalf of the Board of Directors,

Prof. François Rieger,
Chairman of the Board of Directors and CEO

Véronique Pomi-Schneiter
Director and Deputy CEO

7.2. Statutory Auditor's Report on the Consolidated Financial Statements for the Year ended 31 December 2023

T: +32 (0)2 352 04 90
www.bdo.be

Nyxdam Office Park
Avenue Reine Astrid 92
B-1310 La Hulpe

BIOSENIC SA

Statutory auditor's report
to the general meeting
for the year ended 31 December 2023
(Consolidated financial statements)

Free translation

T: +32 (0)2 352 04 90
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Avenue Reine Astrid 92
B-1310 La Hulpe

Free translation

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF BIOSENIC SA FOR THE YEAR ENDED 31 DECEMBER 2023 (CONSOLIDATED FINANCIAL STATEMENTS)

In the context of the statutory audit of the consolidated financial statements of BioSenic SA ('the Company') and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report of the consolidated financial statements and the other legal and regulatory requirements. This report is an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 8 June 2022, following the proposal formulated by the administrative body issued upon recommendation of the Audit Committee. Our statutory auditor's mandate expires on the date of the General Meeting deliberating on the financial statements closed on 31 December 2024. We have performed the statutory audit of the consolidated financial statements of the Group for two consecutive years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Disclaimer of opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information, and which is characterised by a consolidated statement of financial position total of 9.559(000) EUR and for which the consolidated statement of profit or loss shows a loss for the year of 29.027(000) EUR.

Because of the importance of the matter described in the "Basis for disclaimer of opinion" section, we were unable to obtain sufficient appropriate audit evidence on which to base an audit opinion. Accordingly, we do not express an opinion on the Group's consolidated financial statements.

Basis for disclaimer of opinion

As detailed in note 8.3.1 of the consolidated financial statements, the Group does not have sufficient liquidity to fund its operations over the next twelve months if it does not access additional sources of financing. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, we are not in a position to form an opinion on the appropriateness of the application of the going concern principle.

Additionally, the intangible assets include the Phebra patent license, which was acquired for the development of a treatment, with a carrying amount of EUR 2.981(000) or 31% of consolidated statement of financial position.

The administrative body has justified the valuation of this license based on the discounted net cash flows from the future

commercialization of the currently developed treatment.
These future cash flows are heavily dependent on the Group's ability to finance the costs associated with the development phase of the treatment necessary for its commercialization.

Note 8.3.1 of the consolidated financial statements describes the existence of a material uncertainty regarding the Group's ability to access sufficient sources of financing to cover the costs of the phase III of the treatment development program, necessary for its commercialization.

Due to these material uncertainties related to the Group's ability to access sufficient sources of financing and to continue as a going concern as described in note 8.3.1, and their potential impacts on the key parameters and assumptions underlying the valuation, we were unable to obtain sufficient appropriate evidences to determine whether adjustments were necessary to the carrying amount of this material intangible asset included in the consolidated statement of financial position as of December 31, 2023.

Responsibilities of the administrative body for the drafting of the consolidated financial statements

The administrative body is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for such internal control as the administrative body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion.

Because of the importance of the matter described in the "Basis for Disclaimer of Opinion" section, we were unable to obtain sufficient appropriate audit evidence to form an audit opinion on the consolidated financial statements.

We complied with all ethical requirements applicable to the audit of the consolidated financial statements in Belgium, including those regarding independence.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the administrative body

The administrative body is responsible for the preparation and the contents of the director's report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mission and in accordance with the Belgian standard (version revised 2020) which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the director's report on the consolidated financial statements, as well as to report on these elements.

Aspects relating to the director's report on the consolidated financial statements and to the other information included in the annual report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the director's report, with the exception of the impact of the matter described in the "Basis for disclaimer of opinion" section, this director's report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the director's report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, namely:

- Section 2 of the annual report - Annual report of the Board of Directors on the consolidated financial statements of BioSenic SA;
- Section 4.7 of the annual report - Remuneration report;
- Section 6.1 of the annual report - Change of capital;
- Section 6.4 of the annual report - Warrant plan;

contain a material misstatement, i.e. information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, except for the potential impact on the director's report of the matter described in the section "Basis for disclaimer of opinion", there are no material misstatements we have to report to you.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the terms of our mandate.

- The fees related to additional services which are compatible with the statutory audit as referred to in article 3:65 of the Code of companies and associations were duly itemised and valued in the notes to the consolidated financial statements.

European Single Electronic Format (ESEF)

In accordance with the draft standard of the Institute of Réviseurs d'Entreprises concerning the standard on auditing the conformity of financial statements with the European Single Electronic Format (hereinafter "ESEF"), we are required to verify whether the ESEF format complies with the regulatory technical standards established by Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The administrative body is responsible for preparing, in accordance with ESEF

requirements, the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter "digital consolidated financial statements") included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate supporting information to conclude that the format and mark-up language of the digital consolidated financial statements comply in all material aspects with the ESEF requirements under the Delegated Regulation.

The annual financial report and the digital consolidated financial statements have not yet been delivered to us on the date of this report.

If, when auditing the digital consolidated financial statements, we conclude that there is a material misstatement, we will be required to report the matter to the administrative body and ask it to make the necessary changes. Failing that, we will be required to amend this report to the effect that the format and the mark-up of information in the official version of the digital consolidated financial statements included in the annual financial report of BioSenic SA comply in all material aspects with the ESEF requirements under the Delegated Regulation.

Other statements

- The annual financial report is not prepared in the ESEF-format. As a consequence the legal requirements have not been met.

- This report is in compliance with the contents of our additional report to the Audit Committee as referred to in article 11 of regulation (EU) N°537/2014.

La Hulpe, 6 June 2024

Rodrigo Abels (Signature)
Digitally signed by Rodrigo Abels (Signature)
DN: cn=Rodrigo Abels (Signature), c=BE

BDO Réviseurs d'Entreprises SRL
Statutory auditor
Represented by Rodrigo Abels*
Auditor
*Acting for a company

7.3. Consolidated Financial Statements as of 31 December 2023 and 2022 under IFRS

7.3.1. Consolidated Statement of Financial Position

Consolidated Assets IFRS per: (in thousands of euros)	Note	31/12/23	31/12/22
Non-current assets		**7,713**	**24,698**
Goodwill	8.6.1	0	1,802
Intangible assets	8.6.1	2,989	17,293
Property, plant and equipment	8.6.2	698	1,419
Finance lease receivable	8.6.2	398	0
Investments in associates		12	12
Other non-current assets		135	136
R&D Tax Credits	8.6.3	3,480	4,036
Current assets		**1,846**	**4,626**
Trade and other receivables	8.6.5	1,315	2,490
Other current assets		272	290
Finance lease receivable	8.6.2	141	0
Cash and cash equivalents	8.6.6	117	1,846
TOTAL ASSETS		**9,559**	**29,324**

Consolidated Equity & Liabilities IFRS per: *(in thousands of euros)*	Note	31/12/23	31/12/22
Share capital		6,275	4,774
Share premium		5,720	4,516
Accumulated losses		(34,887)	(5,723)
Other reserves		(20)	(42)
Equity attributable to owners of the parent		**(22,912)**	**3,526**
Non-controlling interests		207	(402)
Total Equity	**8.6.7**	**(22,705)**	**3,124**
Non-current liabilities		**16,420**	**15,847**
Interest bearing borrowings	8.6.8	16,340	15,779
Other non-current liabilities		80	68
Current liabilities		**15,844**	**10,353**
Interest bearing borrowings	8.6.8	11,821	8,013
Trade and other payables	8.6.9	3,871	2,236
Current tax liabilities		5	0
Other current liabilities	8.6.10	147	104
Total liabilities		**32,264**	**26,200**
TOTAL EQUITY AND LIABILITIES		**9,559**	**29,324**

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

7.3.2. Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	For the year ended 31 December	
		2023	2022
Other Operating income	8.7.1	543	266
Total revenues and operating income		**543**	**266**
Research and development expenses	8.7.2	(3,931)	(1,030)
General and administrative expenses	8.7.3	(3,651)	(1,554)
Operating profit/(loss)		**(7,040)**	**(2,318)**
Financial income	8.7.5	59	11
Impairment expenses	8.6.1	(16,094)	0
Financial expenses	8.7.5	(5,954)	(741)
Result Profit/(loss) before taxes		**(29,028)**	**(3,049)**
Income taxes		7	0
Result Profit/(loss) for the period		**(29,021)**	**(3,049)**
Thereof attributable to:			
Owners of the Company		(28,778)	(2,041)
Non-controlling interests		(243)	(1,008)
Other comprehensive income			
Remeasurements of post-employment benefit obligations		(6)	(4)
TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PERIOD		**(29,027)**	**(3,053)**
Thereof attributable to:			
Owners of the Company		(28,781)	(2,043)
Non-controlling interests		(246)	(1,010)
Basic and diluted loss per share (in euros)	**8.7.6**	**(0.21)**	**(0.02)**

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

7.3.3. Consolidated Statement of Cash Flow

Consolidated Statements of Cash Flows (in thousands of euros)	For the 12-months period ended 31 December	
	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(7,040)	(2,318)
Adjustments non-cash		
Depreciation, Amortisation and Impairments	243	60
Grants income related to recoverable cash advances	0	20
Grants income related to patents	0	(17)
Grants income related to tax credit	(279)	(36)
Other	(28)	32
Movements in working capital:		
Trade and other receivables (excluding public grants)	55	44
Trade and other Payables	1,634	175
Cash used in operating activities	**(5,417)**	**(2,040)**
Cash received from grants related to recoverable cash advances	61	61
Cash received from grants related to patents	11	0
Cash received from license agreement	940	0
Cash received from grants related to tax credit	935	69
Income taxes paid	0	0
Net cash used in operating activities	**(3,470)**	**(1,910)**
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	0	1
Acquisition of subsidiary	0	1,956
Purchases of property, plant and equipment	3	(5)
Disposal of property, plant and equipment	3	0
Net cash generated from investing activities	**6**	**1,952**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(275)	(180)
Proceeds from government loans	0	26
Repayment of government loans	0	(81)
Proceeds from convertible borrowings	1,000	1,000
Repayments of lease liabilities	(186)	(4)
Repayments of interest free advances	(138)	(150)
Repayment of related parties loans	0	(13)
Interests paid	(28)	(31)
Transaction costs	(137)	(22)
Proceeds from issue of equity instruments of the Company	1,500	500
Net cash generated from financing activities	**1,735**	**1,045**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,729)**	**1,087**
CASH AND CASH EQUIVALENTS at beginning of the period	**1,846**	**759**
CASH AND CASH EQUIVALENTS at end of the period	**117**	**1,846**

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

7.3.4. Consolidated Statement of Changes in Equity

Attributable to owners of the parent					Non-controlling interests	TOTAL EQUITY
(in thousands of euros)	Share capital	Share premium	Accumulated Losses & Other reserves	Other elements of comprehensive income		
Balance at 1 January 2022	**664**	**3,969**	**(7,298)**	**(5)**	**0**	**(2,670)**
Total comprehensive income of the period	0	0	(3,049)	(4)	0	(3,053)
Issue of share capital	874	4,372	0	0	0	5,246
Reverse acquisition:	3,236	(3,824)	4,546	43	(402)	3,598
1. Consideration paid for the reverse acquisition	*3,598*	*0*	*0*	*0*	*0*	*3,598*
2. Non-controlling interest	*(362)*	*(3,824)*	*4,546*	*43*	*(402)*	*0*
Other	0	0	79	(76)	0	3
Balance at 31 December 2022	**4,774**	**4,517**	**(5,723)**	**(42)**	**(402)**	**3,124**
Balance at 1 January 2023	**4,774**	**4,517**	**(5,723)**	**(42)**	**(402)**	**3,124**
Total comprehensive income of the period	0	0	(28,778)	(3)	(246)	(29,027)
Issue of share capital	1,500	1,792	0	0	849	4,141
Transaction costs	0	(137)	0	0	0	(137)
Acquisition of NCI without a change in control	0	(451)	(388)	26	6	(807)
Balance at 31 December 2023	**6,275**	**5,720**	**(34,887)**	**(20)**	**207**	**(22,705)**

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

8. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8.1. General Information

The company BioSenic SA (formerly named Bone Therapeutics SA), hereinafter referred to as the "Company", is a limited company governed by Belgium 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 (Charleroi) 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.

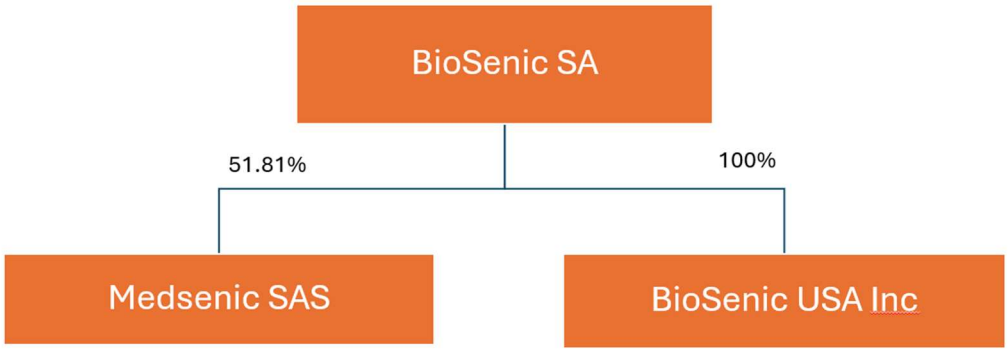
BioSenic SA is an innovative company with the objective of addressing important unmet medical needs in the areas of innate immunity, inflammation and organ/function repair. The Company is a biopharmaceutical start-up that aims to exploit the new possibilities offered by the therapeutic use of arsenic 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.

These consolidated financial statements of BioSenic SA for the year ended 31 December 2023 were authorized for issue by the Board of Directors on 6 June 2024, and they have been audited by BDO Bedrijfsrevisoren – Réviseurs d'entreprises BV/SRL, the statutory auditor of the Company.

Basis of preparation of consolidated financial statements

BioSenic has acquired 51% of 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 ("Medsenic").

At the date of this Annual Report, the Company has the following affiliates:



8.2. Summary of Material Accounting Policies

The material accounting policies applied in the preparation of the consolidated financial statements are set out below.

8.2.1. Statement of Compliance

The Group's consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (International Accounting Standards Board) and endorsed by the European Union ("IFRS").

8.2.2. 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 31 December 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:

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (February 2021)
- IAS 12 Income Taxes - Amendments regarding deferred tax related to assets and liabilities arising from a single transaction (May 2021)
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023)
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (issued on 9 December 2021)
- IAS 1 Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies and IFRS Practice Statement 2 (February 2021)

The adoption of these new standards and amendments has not led to major changes in the Group's accounting policies, except for the application of the amendments made to IAS 1 Disclosure of Accounting Policies. As a result of this amendment, we reassessed our accounting policies in order to remain with only the material 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 31 December 2023 and/or not yet adopted by the European Union as per 31 December 2023 and for which the impact might be relevant:

- IAS 1 Presentation of Financial Statements –
    - Amendments regarding the classification of liabilities as current or non-current (January 2020)
    - Amendments regarding non-current liabilities with covenants (October 2022)
- IFRS 16 Leases - Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) *
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)*

** Not yet endorsed by the EU as of December 31, 2023*

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 31 December 2023 and/or not yet adopted by the European Union as per 31 December 2023, are expected to have a material effect on the Group's future financial statements.

8.2.3. Basis of Preparation

The consolidated financial statements are presented in thousands of euros, unless otherwise stated. Euro is also the functional currency. 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 basis, unless otherwise stated.

8.2.4. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities directly or indirectly controlled by the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

For the non-controlling interest of the non-controlling shareholders' proportionate interest in the pre-combination carrying amounts of the legal acquiree's net assets, in accordance with IFRS 3.B24, the call option right does not give present access to the returns associated with the remaining 49% of the Medsenic shares. The call option right is accounted for as a financial asset at its fair value, with any subsequent changes in fair value recognized in profit or loss. However, as the call option is providing BioSenic the opportunity to acquire Medsenic shares at market conditions, the value of the call option is considered to be zero.

All intragroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

8.2.5. Intangible Assets and Goodwill

Intangible Assets Acquired Separately or in the Context of a Business Combination

Intangible assets are recognized if and only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of that asset can be measured reliably. Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment losses. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Any directly attributable cost of preparing the asset for its intended use is also included in the cost of the intangible asset. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by the Group.

Intangible assets acquired in a business combination are measured at fair value at the date of acquisition. Subsequent to initial recognition, intangible assets acquired in a business combination are subject to amortization and impairment test, on the same basis as intangible assets that are acquired separately.

The fair value of the acquired in-process research and development projects is capitalized and accounted for as intangible assets not yet ready for use until:

a) the underlying project receives regulatory approval, at which point the intangible asset will be accounted for as a definite-lived intangible asset, or

b) discontinuation, at which point the intangible asset will be written down.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is initially measured at cost, as the excess of the aggregate of the consideration transferred and the amount recognized for the assets acquired and liabilities assumed in a business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

8.2.6. Property, Plant and Equipment

Property, plant and equipment are recognized as assets at acquisition or production cost if and only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The cost of an item of property, plant and equipment comprises its purchase or production price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, together with the initial estimation of the costs of dismantling and removing the asset and restoring the site on which it is located, if applicable.

After initial recognition at historical cost, property, plant and equipment owned by the Group are depreciated using the straight-line method and are carried on the balance sheet at cost less accumulated depreciation and impairment. Depreciation begins when the asset is capable of operating in the manner intended by management and is charged to profit or loss, unless it is included in the carrying amount of another asset. The components of an item of property, plant and equipment with a significant cost and different useful lives are recognized separately. Lands are not depreciated. The residual value and the useful life of property, plant and equipment are reviewed at least at the end of each reporting period. The depreciation method is also reviewed annually.

Property, plant and equipment	Estimated useful life
Buildings	20 years
Leasehold Improvements	The shorter of the useful life and the lease term
Office furniture	4 years
Lab equipment	3 to 5 years
IT equipment	3 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

8.2.7. Leases

The determination of classification of leases is made at the inception of the lease: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

The Group leases facilities, cars and IT equipment.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease term covers the non-cancellable period for which the Group has the right to use an underlying asset, together with both:

- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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 expenses; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets (determined by the Management) are directly recognized as an expense in the comprehensive income statement. Short-term leases are leases with a lease term of 12 months or less and low-value assets primarily comprise IT equipment.

8.2.8. Subleases

The Group subleases an office building and a laboratory to an external party. The Group has classified the sub lease as a finance lease, because the sub-lease is for the whole of the remaining term of the head lease.

The sublease has been classified as a finance lease as it transfers substantially all the risks and rewards incidental to ownership of the underlying right-of-use asset.

The ratio of rental income to head lease rental payments is used to determine how much of the right-of-use asset should be derecognised, taking into account whether the sublet/head lease are above or below market rate.

The Group records amounts due from lessees under finance leases as a receivable at an amount equal to the net investment in the lease, calculated using the incremental borrowing rate at the date of recognition. The Group recognises any difference between the derecognised right-of-use asset and the newly recognised amounts due from lessees under finance leases in the income statement. The Group recognises finance income over the lease term, reflecting a constant periodic rate of return on the net investment in the lease.

The Group recognises operating lease income as earned on a straight-line basis over the lease term.

8.2.9. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The acquisition which took place in 2022 was classified as a reverse acquisition and accounted for in accordance with IFRS.

8.2.10. Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group assess whether there is any indications that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amounts of intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. 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 to which the asset belongs.

Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. In assessing the value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognized whenever recoverable amount is below carrying amount. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. An impairment loss on goodwill can never be reversed.

8.2.11. Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

8.2.12. Financial Instruments

Financial assets and liabilities are classified into three categories: Measured at amortized costs, at fair value through other comprehensive income (FVTOCI) and at fair value through Profit and Loss (FVTPL).

Financial assets and financial liabilities are recognized when the group enters into a contract. Financial instruments are derecognized when the contractual rights to the cash flows of the assets expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

Financial assets and financial liabilities are initially measured at fair value (except for trade receivables that are measured at transaction amount). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

8.2.13. Financial Assets

The financial assets include receivables (including trade receivables and other receivables), derivative financial instruments, financial assets at fair value through profit or loss, cash and cash equivalents.

The acquisitions and sales of financial assets are recognised at the transaction date.

Financial Assets – Debt Instruments

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.
Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments include:

- receivables that are measured at amortized cost, including government grants;
- trade receivables measured at amortized cost;
- cash & cash equivalents. Cash and cash equivalents include cash on hand and in banks, as well as short-term deposits with a maturity of three months or less.

Receivables related to government grants, including recoverable cash advances ("avances récupérables"), are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grant will be received, which generally corresponds to the date at which the Group obtains a confirmation letter from the authorities (see "government grants" below).

Impairment of Financial Assets

In relation to the impairment of financial assets an expected credit loss model is applied. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Specifically, the following assets are included in the scope for impairment assessment for the Group: 1) trade receivables; 2) non-current receivables 3) cash and cash equivalents.

IFRS 9 provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables without a significant financing component (short-term trade receivables). The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. For long-term receivables IFRS 9 provides a choice to measure expected credit losses applying lifetime or 12 month expected credit losses model. The Group selected the lifetime expected credit losses.

All bank balances are assessed for expected credit losses as well. They may have low credit risk at the reporting date if they are held with reputable international banking institutions.

8.2.14. Amortized Cost and Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial instrument is the amount at which the financial asset or liability is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance on the financial asset. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

8.2.15. Financial Liabilities and Equity

Classification as Debt or Equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Hybrid instruments
Convertible bonds which include warrants are considered as a single financial instrument measured at fair value through profit and loss (see note 8.3). A hybrid instrument consists of a host debt and an embedded derivative that is not an own equity component and is therefore measured at fair value through profit or loss, such as, e.g. a convertible bond for which the equity conversion feature does not meet the definition of an own equity instrument of the entity.

8.2.16. Financial Liabilities

Except for the convertible bonds from ABO, which are measured at fair value through profit and loss, all financial liabilities of the Group are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost include:

- trade payables at amortized cost;
- borrowings;
- government loans: the portion of recoverable cash advances ("*avances récupérables*") that is expected to be reimbursed. They are initially measured at their fair value less transaction costs, which corresponds to the present value of amounts expected to be reimbursed for recoverable cash advances recognized as financial liabilities to the extent no interest is charged on these loans.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

8.2.17. Government Grants

Government grants are assistance by government, government agencies and similar bodies, whether local, national or international, in the form of transfers of resources to the Group in return for past or future compliance with certain conditions.

The Group recognizes a government grant only when there is a 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 and measured in accordance with the accounting policy mentioned above (see financial assets).

With respect to Recoverable Cash Advances or RCA's ("Avances Récupérables") whereby in case of successful project completion and a positive decision by the Company to exploit the results of the project, 30% of the amount will be reimbursed through a fixed reimbursement schedule and up to 170% under the form of royalties, the amount recognized as a grant is the difference between the fair value of the expected reimbursement and the actual amount received by the Company as a RCA. The Group recognizes the portion of the RCA that is expected to be reimbursed as a liability. This liability is initially measured at fair value and subsequently at amortized cost, where the carrying amount of a liability is determined by using the effective interest rate. Furthermore, the discount rate is not adjusted every year.

On 10 May 2016, the IFRS Interpretation Committee ("IFRS IC") published the final agenda decision IAS 20—Accounting for repayable cash receipts. In this context, the IFRS IC clarified that an RCA gives rise to a financial liability in the scope of IFRS 9. This financial liability is initially measured at fair value and any difference with the cash to be received from the Walloon Region is treated as a government grant in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Subsequent to the initial recognition, the financial liability is measured at amortized cost using the effective interest method on the basis of the estimated contractual cash flows with changes in value due to a change in estimated cash flows recognized in profit or loss.

In addition, the benefit of a government loan without interest or at a below market rate of interest is treated as a government grant and measured as the difference between the initial discounted value of the loan and the proceeds received or to be received.

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 that intend to compensate costs that are expensed as incurred are released as income when the subsidized costs are incurred, which is the case for grants relating to research and development costs as incurred.

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.

The portion of grants not yet released as income is presented as deferred income in the statement of financial position. In the statement of comprehensive income, government grants are presented as other operating income or financial income depending on the nature of the costs that are compensated.

8.2.18. Derivative Financial Instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. There are currently no hedging instruments.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. There are currently no hedging instruments.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

8.2.19. Income Tax

The tax currently payable is based on taxable profit for the year, which differs from profit as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Income tax for the current and prior periods is recognized as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid, exceeds the amount due. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax losses carried-forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and tax losses carried-forward can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting 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/laws that have been enacted or substantively enacted by the end of the reporting period. The measurement reflects the Group's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

R&D Tax credit in Belgium:

Tax credit has been treated as a government grant and presented as other operating income in the consolidated statement of comprehensive income. Companies that invest in research and development of new environmentally friendly products and advanced technologies can benefit from increased investment incentives or a tax credit following Belgian tax law, according to each company's choice. The tax credit may be calculated either as a one-off credit or spread over the depreciation period. Excess tax credit is carried forward, and the remaining balance after five years is refunded, which may result in a cash benefit. The tax credit applies to tangible and intangible fixed assets used for R&D of new products and technologies that do not have a negative impact on the environment (green investments), including R&D expenses capitalized under Belgian GAAP. The tax credit should be claimed in the year in which the investment takes place. Regarding the accounting

treatment, the Group follows IAS 20 after assessing its situation carefully because the tax credit can be directly settled in cash and some conditions not related to taxes for receiving the tax credit exist.

R&D Tax Credit (CIR) in France:

Industrial and commercial companies taxed according to the real regime which carry out research expenses can benefit from a tax credit.

The tax credit is calculated per calendar year and is deducted from the tax due by the company in respect of the year in which the research expenses were incurred. The tax credit not charged can be carried forward, under common law, over the three years following that under which it was observed. The unused portion at the end of this period is refunded to the company. Given the Company's status as an SME within the meaning of the Community, the reimbursement of the CIR occurs in the year following its recognition.

Tax credits are recognized in other operating income in the year in which they were granted.

8.2.20. 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 Group's shares or other equity instruments of the Group. The accounting for share-based payment transactions depends on how the transaction will be settled, that is, by the issuance of equity, cash, or both 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. 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 employee benefits reserve.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in profit or loss for the year.

8.2.21. Employee Benefits

The Company offers post-employment, death, disability and healthcare benefit schemes to certain categories of employees.

Disability, death and healthcare benefits granted to employees of the Company are covered by an external insurance company, where premiums are paid annually and expensed as they were incurred.

As a consequence of the law of 18 December 2015, the minimum guaranteed rates of return were modified as follows:

- for the contributions paid as from 1 January 2016, a new variable minimum return based on OLO rates, with a minimum of 1.75% and a maximum of 3.75% (1.75% for 2016);

- for the contributions paid until end December 2015, the previously applicable minimum rate of return (i.e 3.25%) continues to apply until the date of leaving of the participants (in case of insured plans).

In view of the minimum returns guarantees, those plans qualify as Defined Benefit plans.

Due to the fact that the Belgian law prescribes that the employer would guarantee a minimum rate of return on the contributions, such plans are classified as defined benefit plans under IFRS.

The cost of providing benefits is determined using the projected unit credit (PUC) method, with actuarial valuations being carried out at the end of each annual reporting period.

For Medsenic, employee benefits accounted for pursuant to IAS 19:

- Short-term employee benefits concern employee benefits which are due in full within twelve months following the end of the period during which the employees have rendered the corresponding services. These short-term benefits are filed under expenses for the year.

- Long-term benefits are those which are not due in full within twelve months following the end of the period during which the employees have rendered the corresponding services. These long-term benefits essentially consist of defined benefit obligations provided for in the collective agreement applicable to the Company.

Retirement benefits and other post-employment benefits are funded on the basis of an actuarial valuation carried out by an independent expert.

8.3. Critical Accounting Estimates and Judgments

In the application of the Group's accounting policies, which are described above, management is required to make judgments, 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 years:

8.3.1. Going Concern

The consolidated financial statements for the period from 1 January to 31 December 2023 have been prepared on a going concern basis. This is based on an assessment of liquidity risk in relation to projected cash flows for 2024, on the positive vote of the majority of creditors in favor of the global restructuring plan of BioSenic as communicated on 27 May 2024, of a sufficient capital raising under advanced discussion with a financial partner as well as the conclusion of a new conditional convertible bond program of up to 2.1M EUR provided by GTO 15, such that it will have sufficient funding to meet its estimated cash requirements for the next 12 months.

Regarding the overall plan for BioSenic's financial restructuring, it should be noted that it is still subject to approval/validation by the Court, and that this consequently leads to material uncertainty as to the company's ability to continue these activities. Management is nonetheless confident of the Court's final and definitive approval of the plan, thereby justifying the application of going-concern valuation rules.

Given that the €2.1 million convertible bond program is subject to a number of conditions for tranches beyond the second, including the completion of a capital raising with the participation of TrialCap / SPRIM Global Investing as part of the fourth tranche, the current situation is nevertheless uncertain as to the company's ability to meet its needs over a 12-month horizon.

BioSenic Group currently has sufficient working capital to meet its current needs by the start of the fourth quarter of 2024 but cannot cover its working capital requirements for a period of at least 12 months at the date of this report. On 31 December 31, 2023, BioSenic had cash and cash equivalents of €0.15 million. On 31 May 2024, BioSenic had 1.15 million euros in cash and cash equivalents thanks to the receipt of the tax credit.

The Company is in the process of closing the ALLOB Phase 2b clinical trial, with many actions to be carried out to follow up the last patients recruited at the end of 2022 and the beginning of 2023, as well as the regulatory closure of the 24 European centers involved. BioSenic anticipates having sufficient cash to complete the IND application with the FDA and to start the CRO preparation, sites selection and data collection for the Phase 3 clinical trials in cGvHD, considering the following relevant assumptions:

- A partial use of the new convertible bonds funding program with GTO 15 in 2024. There are no liquidity conditions under the last funding program with GTO 15, other than that for the second tranche, the 20-day average daily value traded – trimmed for 10% of the outliers (meaning the data points from the top and bottom tails) – must be greater than EUR 20,000 prior to the disbursement of the tranche. For the fourth tranche, BioSenic's successful fundraising is a key condition for receiving 300,000 euros. GTO 15 may also terminate the financing program in the event of a significant negative impact.

- BioSenic signed a term sheet in December 2023 with TrialCap Pte. Ltd. for a proposed debt and equity financing. In accordance with the term sheet, two term loan facilities of each up to USD 4,000,000 will be provided to BioSenic, as well as an equity investment of USD 800,000 in new shares of BioSenic. BioSenic is seeking the funds to continue its clinical development. The USD 800,000 equity investment will be completed by TrialCap Pte. Ltd. Completion of the debt financing transactions set out in the term sheet is subject to the following conditions: (i) the successful completion of a new equity raise round of 2-3 million, (ii) the satisfactory completion of due diligence by the lender, (iii) the signing of the definitive agreements for the debt financing and (iv) the signing with a Clinical Research Organization ("CRO").
- A reinforced strict policy of cost management.

The assumptions made above comprise various risks and uncertainties. Given that the company is expected to have sufficient cash until the beginning of the fourth quarter of 2024 (assuming partial use of the new convertible bonds program with GTO 15 but without the potential proceeds of a new equity raise), BioSenic Group will need to raise additional financing to continue its operations in the longer term. BioSenic Group is therefore continuing to evaluate other options with a potential positive impact on going concern, and plans for 2024 to use the proceeds of a new capital raising and possible additional capital raisings later in 2024-2025 as a priority to gain regulatory approval and enroll patients for the Phase 3 clinical trial in cGvHD.

Consequently, it will only be possible to start Phase 2b clinical trials on SLE and SSc if BioSenic Group succeeds in concluding a solid partnership with a biopharmaceutical company, or if it succeeds in in-licensing some of its technologies. The organization of Phase II clinical trials for LED and SSc is therefore not envisaged before mid-2025.

BioSenic Group plans to secure its 12-month working capital deficit (of around 7 million euros) through one or more future capital raisings, in combination with the use of its new convertible bond program.

BioSenic Group's ability to achieve OATO development milestones with cGvHD within the 12-month period from the date of this report would be jeopardized if it is unable to raise additional funds of around 5.1 million euros on acceptable terms within this 12-month period (through the placement of new securities, additional non-dilutive financing), which is uncertain. If the BioSenic Group is unable to implement the new equity and debt financing with TrialCap Pte. Ltd as currently planned, the working capital deficit over the 12-month period commencing on the date of this report and to be covered by additional financing would amount to 1.6 million euros, which increases the uncertainty.

8.3.2. Goodwill and intangible assets

Goodwill and intangible assets not yet ready for use will be reviewed for impairment annually or when an event occurs that could result in an impairment.

Annually, the company will test its goodwill for impairment by performing a quantitative impairment test. Factors that will be considered in the assessment include general macro-economic conditions, conditions specific to the industry and market, cost factors, the overall financial performance, results from the in-process R&D programs and whether there have been sustained declines in the company’s share price.

The Company will also test intangible assets not yet ready for use for impairment annually. For this impairment test, the company will use an estimated future cash flow approach that will require significant judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, the selection of an appropriate discount rate, asset groupings and other assumptions and estimates.

The estimates and assumptions to be used will be consistent with the Company's business plans and market participant's views. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of the assets and could potentially impact the Company's results of operations. Actual results may differ from the Company's estimates.

8.3.3. Business combinations

In a business combination the acquired assets and liabilities are measured at fair value. The Company uses assumptions and non-observable information to determine the fair value of the assessed identified assets and liabilities, for which no observable information is available.

8.3.4. Convertible bonds (from ABO)

The Company has issued convertible bonds which are measured at fair value at each reporting date. The fair value of such convertible bonds is estimated by applying valuation models in which the Company uses market-observable data to the extent available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation.

8.3.5. Convertible bonds (under Medsenic)

The Company issued convertible bonds in the amount of € 0.89 million on 21 May 2021. 4,104 bonds convertible into P preference shares €217 were issued. Each convertible bond will entitle the holder to one P share in the Company with a nominal value of 10 euros.

The Bondholder may request the Conversion of convertible bonds into P shares:

- From 15 January 2022; or

- Prior to any transfer of at least 50,01% of the capital and voting rights of the Company by way of sale of shares, contribution or merge of the latter or in the event of an introduction on a regulated market and provided that this transaction has not been previously approved by the Bondholder.

Each convertible bond bears interest at 5% per annum (increased by 5% in the event of non-conversion) and the interest will be compounded.

The company considered that the CB's rate of remuneration was higher than the rate would have been used for a bond issue without a conversion options (taking into account the specificities of Medsenic at the time of the issuance of the CBs (unlisted entity, size…)).

Given their characteristics, convertible bonds have been classifying as debt instruments within the meaning if IAS 32 and recognized as debt on the balance sheet. It is specified that, given the terms of the CB's there was no "split accounting" given an issue rate considered to be higher than the market rate of a loan without a conversion option, which would have led to a negative option being recognized as equity.

8.3.6. Government Grants (under Medsenic)

The government grants consist mainly of the proceeds received under the Research Tax Credit and advances at 0% rate received by BPI France. Tax credits could be challenged in case of control by the tax authorities, to date the Company considers the risk of returning the tax credits received as low.

Regarding to BPI France interest-free advances, they will be reimbursed according to a contractual schedule with possible anticipation in the event of faster success of the projects concerned.

8.4. 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.

All non-current assets are located in Belgium and in France.

8.5. Business Combination – Reverse acquisition

The provisional PPA performed in the fiscal year 2022 for the reverse acquisition of BioSenic was finalized within the measurement period in fiscal year 2023 and did not result in any adjustments to the provisional PPA performed in fiscal year 2022.

In 2022, the company determined a consideration of €3.43 million which was comprised of the price determined by the market capitalization of BioSenic at the transaction date, and in addition, all existing shareholders received subscription rights that were valued at €0.17 million.

The Company had acquired a significant intangible asset in connection with business combinations, which was recorded at fair value at the acquisition date. The identified intangible asset related to ALLOB (in-process R&D) and was valued using the income approach.

In-process R&D acquired in a business combination was capitalized as an intangible asset not yet available for use until regulatory approval is obtained, at which time it is accounted for as a definite-lived asset and amortized over its estimated useful life, or discontinuation, at which point the intangible asset will be written off.

Goodwill represents the excess of acquisition cost over the fair values of identified acquired assets and liabilities, and mainly represents the business knowledge and the qualified staff. The transaction resulted in the recognition of goodwill for an amount of €1.80 million, which mainly represented the expected synergies with Medsenic, and the potential of new projects and development related to the healthcare industry.

8.6. Notes Relating to the Statement of Financial Position

8.6.1. Goodwill, intangible Assets and impairment expense

8.6.1.1. Description

The intangible assets on 31 December 2023 consist of the license agreement provided by PHEBRA in February 2022, purchased software and acquired intangible assets.

The fair value of the in-process research and development (ALLOB Phase IIb) project was capitalized and accounted for as intangible assets not yet ready for use. However, on 19 June 2023, the Company announced its decision to suspend its interventional trial on fracture healing using ALLOB. As a result, the goodwill (€ 1.80 million) and the previously recognized intangible asset (€ 14.29 million) were fully impaired during the period, which contributed to the recognition of an impairment expense € 16.09 million (see note 8.6.1.2).

The change in intangible assets is broken down as follows:

(in thousands of euros)	31/12/2023	31/12/2022
Acquisition cost	17,297	17,297
Accumulated amortization and impairment	(14,308)	(4)
Intangible assets	**2,989**	**17,293**

The change in goodwill is broken down as follows:

(in thousands of euros)	31/12/2023	31/12/2022
Acquisition cost	1,802	1,802
Accumulated amortization and impairment	(1,802)	0
Goodwill	**0**	**1,802**

The license agreement with PHEBRA has an undefined life and is not subject to amortization in accordance with IAS 38, but there is an important obligation. Medsenic has a limited time to start cGvHD Phase 3, which is before May 2026. The license with PHEBRA has been valued for €2.98 million (see note 8.6.1.2)

Table below shows the movements at acquisition in intangible assets at the end of 2023 compared to the year before:

Cost *(in thousands of euros)*	**Software**	**Licenses**	**ALLOB**	**Total**
Balance on 1 January 2022	**0**	**0**	**0**	**0**
Additions	0	2,981	0	2,981
Acquisition of business combination	25	0	14,291	14,316
Balance on 31 December 2022	**25**	**2,981**	**14,291**	**17,297**
Additions	0	0	0	0
Balance on 31 December 2023	**25**	**2,981**	**14,291**	**17,297**

Table below shows the movements in accumulated amortization in intangible assets at the end of 2023 compared to the year before:

Accumulated amortization and impairment *(in thousands of euros)*	**Software**	**Licenses**	**ALLOB**	**Total**
Balance on 1 January 2022	**0**	**0**	**0**	**0**
Amortization expense	(4)	0	0	(4)
Balance on 31 December 2022	**(4)**	**0**	**0**	**(4)**
Amortization expense	(12)	0	0	(12)
Impairment	0	0	(14,291)	(14,291)
Balance on 31 December 2023	**(17)**	**0**	**(14,291)**	**(14,308)**

8.6.1.2. Impairment test

The company applied an impairment test on the license agreement with PHEBRA. The carrying amount of the license with PHEBRA initially results from an agreement between the parties (between Medsenic and Phebra).

PHEBRA provided an exclusive patent license in February 2022 under a license agreement signed in 2021 in exchange for a contribution in kind of 3,151 new shares worth €2.98 million resulting from an independent valuation of Medsenic (for this operation, the share capital was positively impacted by an increase of €32,000 and the share premium was increased by €2.95 million).

In the context of the Reverse Acquisition and definition of exchange ratio, this valuation was performed and updated by a third-party independent expert. For this valuation, the business model was envisaged to be driven by an out-licensing strategy as forecasted and assumed by Medsenic management. The following assumptions were determined for the valuation: the expected upfront payments and royalties were maximized by licensing at the end of Phase III, Medsenic considers a sales price of €70k for cGvHD, the royalty fee for cGvHD is appraised at 8%. Medsenic also expect to launch the product in 2029 with a peak sale at €381 million and the risk-adjusted EBIT considers the probability of success of 80%.

The impairment test for the Phebra license was performed at reporting date based on a discounted cash flow (DCF). The company also considered the risk-adjusted FCF's derived from the R&D, clinical trials and commercialization of cGvHD. In the assumptions, the company has taken a revenue horizon to 2045 with prices that have been estimated in comparison with existing alternatives. In its model, the company used a WACC of 26%. In a conservative approach, the company has focused on Europe and the United States. BioSenic's market penetration is assumed to start at 10% and increase over time.

Based on the DCF, the valuation exceeds the carrying value by €2.98 million. Please also note that the initial percentage of success (80% - 65% in 2022) has been maintained in the impairment test as of the balance sheet date because there is no reason to deviate from it (as management did not identify events or circumstances that would lead to significant deviation form it as they are fully confident to raise additional funds in the months to come).

Negotiations are underway to draft an amendment to this agreement, in particular by postponing this deadline to the end of May 2026. The company is also in discussions with Phebra to adapt the deed of variation and the manufacturing and commercialization agreement. The company hopes to sign these contracts as soon as possible.

It can therefore be concluded that there is no need to take into account an impairment charge on the PHEBRA license.

The company applied an impairment test on ALLOB and Goodwill. ALLOB was the main assets of BioSenic and were valued during the previous exercise period of the Purchase Price Allocation on 24 October 2022. Based

on the discounted cash-flow (DCF) method, the fair value of ALLOB was estimated at €14.3 million and the goodwill for an amount of €1.80 million.

In June 2023, BioSenic put Phase 2b ALLOB trial on hold. This decision followed negative results obtained for the primary endpoint in the exploratory Phase 2b trial (ALLOB 2b), which focused on safety and treatment timing efficacy. Based on this news, the company decided to fully impairment the value of the intangible assets and the goodwill.

8.6.2. Property, Plant and Equipment and net investment in sublease

8.6.2.1. Property, Plant and Equipment

Property, plant and equipment consist mainly of buildings, laboratory equipment and a property under construction:

(in thousands of euros)	31/12/23	31/12/22
Acquisition cost	1,068	1,467
Accumulated depreciation and impairment	(370)	(48)
Property, plant and equipment	**698**	**1,419**

Property, plant and equipment (PPE) at the end of December 2023 amount to € 0.70 million with a decrease mainly due to the investment in sublease with Vesale Biosciences starting in January 2023.

Cost *(in thousands of euros)*	**Laboratory equipment**	**Office & IT furniture**	**Building**	**Cars**	**Properties under construction**	**Total**
Balance on 1 January 2022	**0**	**5**	**0**	**38**	**0**	**43**
Additions	0	(1)	724	3	0	**726**
Acquisition of business combination	63	27	476	28	141	**734**
Disposals	(14)	(6)	0	(16)	0	**(35)**
Balance on 31 December 2022	**50**	**25**	**1,200**	**52**	**141**	**1,467**
Additions	6	0	6	34	0	**46**
Transfer	0	0	141	0	(141)	**0**
Derecognition	0	0	(425)	0	0	**(425)**
Disposals	0	0	0	(22)	0	**(22)**
Balance on 31 December 2023	**56**	**26**	**921**	**64**	**0**	**1,068**

The table below shows the changes in the accumulated depreciation and impairment of property, plant and equipment at the end of 2023.

Accumulated depreciation and impairment *(in thousands of euros)*	**Laboratory equipment**	**Office & IT furniture**	**Building**	**Cars**	**Properties under construction**	**Total**
Balance on 1 January 2022	**0**	**(4)**	**0**	**(26)**	**0**	**(30)**
Depreciation expense	(19)	(1)	(17)	(10)	0	**(46)**
Disposals	14	0	0	14	0	**29**
Balance on 31 December 2022	**(5)**	**(4)**	**(17)**	**(22)**	**0**	**(48)**
Depreciation expense	(33)	(8)	(263)	(36)	0	**(340)**
Disposals	0	0	0	18	0	**18**
Balance on 31 December 2023	**(38)**	**(12)**	**(280)**	**(40)**	**0**	**(370)**

Carrying amount *(in thousands of euros)*	Laboratory equipment	Office furniture	Building	Cars	Properties under construction	Total
Net value assets on 31 December 2022	45	21	1,183	30	141	**1,419**
Net value assets on 31 December 2023	**18**	**14**	**642**	**25**	**0**	**698**

Total investment at acquisition cost at the end of 2023 amounts to € 1.07 million, mainly composed of laboratory equipment and the new premises rental contract in Mont-Saint-Guibert signed in 2021 for the offices and in late 2022 for the laboratory facility, the right-of-Use Asset.

The Group indeed leases some assets including the building and the vehicles. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets *(in thousands of euros)*	Building	Cars	Total
2022			
Balance at 1 January	**0**	**12**	**12**
Acquisition for the year	1,200	29	**1,231**
Depreciation charge for the year	(17)	(10)	**(27)**
Balance at 31 December	**1,183**	**30**	**1,213**
2023			
Balance at 1 January	**1,183**	**30**	**1,213**
Acquisition for the year	0	31	**31**
Derecognition	(425)	0	**(425)**
Depreciation charge for the year	(263)	(36)	**(299)**
Balance at 31 December	**495**	**25**	**520**

Amounts recognized in profit or loss:

(in thousands of euros)	31/12/23	31/12/22
Interest on lease liabilities	(102)	8
Income from sub-leasing right-of-use assets	152	0
Expenses relating to short-term leases	0	0
Total	**50**	**8**

8.6.2.2. 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 4.5 years, until 30 June 2027.

The sub-lease is classified as a finance lease and the Company recognized a net investment in sublease equivalent to the lease payments receivable from Vesale discounted at the interest rate implicit in the lease.

During the twelve months to 31 December 2023, the Company recognized interest income of K€ 57 and other income of K€ 87 representing the difference between the portion of the head right-of-use asset derecognized (€ 0.5 million) and the net investment in sublease recognized.

Please see below the schedule of the net investment as of 31 December 2023:

(in thousands of euros)	31/12/23	31/12/22
Non-current assets portion	398	0
Current assets portion	141	0
Total	**539**	**0**

Maturity analysis of the lease receivables (undiscounted lease payments to be received):

(in thousands of euros)	31/12/23	31/12/22
< 1 year	186	0
< 2 years	186	0
< 3 years	186	0
> 4 years	46	0
Total	**603**	**0**

8.6.3. Deferred Taxes

The Company does not have deferred income taxes recognized during 2023. During 2023 and 2022, the Company has deferred taxes explained as follows:

Deferred Taxes by Source of Temporary Differences

(in thousands of euros)	Assets		Liabilities	
	31/12/23	31/12/22	31/12/23	31/12/22
Property, plant and equipment	0	0	129	300
Intangible assets	1,464	1,537	0	0
Trade and other receivables	24	77	0	0
Non-current financial liabilities	0	118	57	0
Current Financial liabilities	639	309	0	0
Other current liabilities	0	0	246	171
Total temporary differences	**2,128**	**2,041**	**433**	**471**

The following table presents an overview of the deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognized:

(in thousands of euros)	31/12/23	31/12/22
Tax losses	134,415	122,225
Temporary differences	3,193	6,279
Total	**137,608**	**128,504**

There is no expiry date on the other sources of deferred tax assets.

The Medsenic' s tax loss data available on the 31 December 2023 and for which no deferred tax has been recorded amount to €7.13 million on the 31 December 2023, that is, an unrecognised deferred tax at the rate of 25% of €1.78 million compared to €6.68 million on the 31 December 2022, that is, an unrecognised deferred tax at the rate of 25% of €1.67 million.

The Biosenic's tax loss data available on the 31 December 2023 and for which no deferred tax has been recorded amounted to € 127,28 million on the 31 December 2023, that is, an unrecognised deferred tax at the rate of 25% of €31.82 million.

8.6.4. R&D Tax credits

Furthermore, the R&D tax credits (in Belgium) have been treated as a government grant and presented as other operating income in the consolidated statement of comprehensive income (see note 8.7.1).

The R&D tax credits are detailed as follows at BioSenic level:

(in thousands of euros)	**31/12/23**	**31/12/22**
Non-current assets portion	3,480	4,036
Current assets portion	736	946
Total R&D tax credits	**4,217**	**4,982**

Please note that the current portion of the Tax credit amounts to € 0.84 million of which € 0.74 million is related to the tax credit in Belgium.

8.6.5. Trade Receivables and Other Receivables

The trade and other receivables can be detailed as follows:

Trade and other receivables	**Total**	
(in thousands of euros)	**31/12/23**	**31/12/22**
Trade receivables		
Trade receivables	153	1,036
Impairment on trade receivables	0	0
Total trade receivables	**153**	**1,036**
Other receivables		
Receivable related to taxes	143	255
Receivable related to tax credit	838	946
Receivable related to recoverable cash advances	21	82
Receivable related to patent grants	160	171
Total other receivables	**1,161**	**1,454**
Total trade and other receivables	**1,315**	**2,490**

Trade and other receivables amount to €1.32 million showing a large decrease of €1.18 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 February 2023 following the regaining of ALLOB global rights linked to a previously achieved development milestone which has a significant impact on the financial fundamentals of BioSenic.

The other receivables are mainly composed by the Tax credit on R&D research to be obtained for an amount of €0.84 million (for an amount of €0.74 million in Belgium and for an amount of €0.10 million in France). The Company benefits in France from the provisions of articles "244 quater B" and "49 septimes F" of the French General Tax Code concerning research tax credits. Given the structure of its shareholding, the Company may benefit from the SME status according to the definition of the tax authorities allowing the immediate reimbursement of research tax credit (CIR) claims. There was no dispute relating to the research tax credits (CIR) as of 31 December 2023.

The other receivables are also composed by VAT receivables for €0.14 million and by combined outstanding receivables with the Walloon Region amount to €0.18 million (composed on patent subsidies and recoverable cash advances).

8.6.6. Cash and Cash Equivalents

Cash and cash equivalents include following components:

(in thousands of euros)	31/12/2023	31/12/2022
Cash at bank and in hand	82	1,812
Short-term bank deposits	35	34
Total	**117**	**1,846**

The cash position at the end of December 2023 amounted to €0.12 million compared to €1.85 million at the end of December 2022. The cash and cash equivalents have been impacted negatively by the cash used during the year.

The short-term bank deposits have an original maturity date not exceeding 3 months.

8.6.7. Equity

Equity decreased from a positive amount of €3.13 million at the end of December 2022 to a negative amount of €22.03 million at the end of December 2023. The variation is mainly explained by the recognition of impairment expenses on the ALLOB intangible assets and on goodwill during the period.

Consolidated Equity & Liabilities IFRS per: *(in thousands of euros)*	31/12/2023	31/12/2022
Share capital	6,275	4,774
Share premium	5,720	4,517
Accumulated losses	(34,887)	(5,723)
Other Reserves	(20)	(42)
Non-controlling interests	**207**	**(402)**
Total Equity	**(22,705)**	**3,125**

Share Capital and Share Premium

BioSenic:

The Group's share capital increased from € 4.77 million at the end of December 2022 to € 6.28 million on 31 December 2023. The difference is due to € 1.50 million of ABO Securities convertible bonds that were converted into shares for a total of 41,283,728 shares. Following the capital increase, the share capital of € 6.28 million is represented by 163,181,474 shares. There has been change to the share capital or share premium of MedSenic since 31 December 2022 (see below).

The share premium increased from € 4.52 million at the end of December 2022 to € 5.72 million on 31 December 2023 due to the ABO bond conversion into shares during the period.

Please find also below the evolution of the shares:

(in euros)	2023	2022
Total shares on 1 January	121,897,746	21,310,520
Increase of shares	41,283,728	9,918,632
Shares issued for the reverse merger	0	90,668,594
Total	**163,181,474**	**121,897,746**

The transaction costs (mainly concerning the costs for the notary and for legal fees/success fees) amount to € 0.14 million.

Medsenic:

As of 29 December 2023, BioSenic decided to convert all of the convertible bonds subscribed in 2022 for a total nominal value of €1.0 million and thus, to subscribe to 1,241 new ordinary shares of the MedSenic Company.

This operation resulted in the issue of 1,241 new shares, representing a capital increase of € 12,000 and an increase in the share premium of €1.06 million.

The impact of €0.69 million on shareholders' equity corresponds to the reclassification of adjustments recognized on the convertible bond loan as of 12/31/2022 in application of IFRS 9 (adjustment of the effective borrowing rate and conversion option).

As of December 2023, the Company's share capital amounted to €0.75 million, and it is fully paid up. It is divided into 75,061 fully subscribed and paid shares with a par value of 10 euros each, including 75,061 ordinary shares. There are no preferred shares outstanding as of 31 December 2023.

The number of shares has evolved as follows since 31/12/2022:

	Ordinary shares	Preference shares	Total
31/12/2022	**73,820**	**0**	**73,820**
Capital increase 12/2023	1,241	0	1,241
31/12/2023	**75,061**	**0**	**75,061**

The company does not hold any own shares.

Non-controlling interest

The financial statements in 2022 reflected the non-controlling interest's proportionate share of Medsenic' s (the legal acquiree/accounting acquirer) pre-combination carrying amounts of net assets (€ 821 thousand), related to the remaining 49% (i.e. €402 thousand (calculated as 49% of € 821 thousand)). Similarly, 49% of the historical loss of Medsenic (€ 1,008 thousand) and the total comprehensive loss (€ 1,010 thousand) have been reclassified to non-controlling interest in the statement of comprehensive income.

For the non-controlling interest of the non-controlling shareholders' proportionate interest in the pre-combination carrying amounts of the legal acquiree's net assets, in accordance with IFRS 3.B24, the call option right does not give present access to the returns associated with the remaining 49% of the Medsenic shares. The call option right is accounted for as a financial asset at its fair value, with any subsequent changes in fair value recognized in profit or loss. However, as the call option is providing BioSenic the opportunity to acquire Medsenic shares at market conditions, the value of the call option is considered to be zero.

On December 29, 2023, Medsenic completed a capital increase by converting convertible loans into ordinary shares. The conversion was based on the terms of an extraordinary general meeting held on September 8, 2022. In summary, the request for conversion of all of the 1,000,000 of OC-2022 of which BioSenic was the holder, represented a bond claim on MedSenic, in principal and interest, of 1,076,655 EUR. The conversion allowed the bondholder, BioSenic, to subscribe to the 1,241 new shares by compensating the principal amount and interest of their bond debt. Since 24 October 2022, BioSenic held 51.00% of shares of Medsenic, and 49.00% of non-controlling interest (NCI). Following the conversion, BioSenic will continue to control Medsenic,

with an increased percentage (51.81%) of interest as a result of the bond conversion (i.e., which also resulted in a decrease in the NCI's interest, from 49.00% to 48.19%).

Share-based Payments Scheme related to Employees, Management team and Board Members

Due to the business combination, the Stock option plans have been re-evaluated at Fair value and due to the immaterial amount, nothing has been recognized at the equity level.

8.6.8. Financial liabilities

Financial liabilities amounted to €28.16 million in 2023 compared to €23.79 million at the end of December 2022, representing an increase of €4.37 million. The Current and Non-current Liabilities have increased mainly driven by the recovering of JTA rights from the Walloon Region and by the reevaluation of the non-convertibles and convertible bonds not yet repaid in June 2023. The financial liabilities are detailed as follows:

	Non-current		Current		Total	
(in thousands of euros)	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Finance lease liabilities	767	1,000	358	232	1,125	1,232
Government loans	3,508	2,788	1,121	805	4,630	3,593
Loans from related parties	0	0	0	25	0	25
Public Investment Bank borrowings	663	938	276	176	938	1,114
Bank debt	101	176	75	74	176	251
Convertible Bonds	0	0	5,636	2,956	5,636	2,956
Non-Convertible Bonds	10,725	10,125	4,084	3,546	14,809	13,671
Interest-free advances	576	749	268	200	844	949
Derivative Financial Liabilities	0	3	3	0	3	3
Total financial liabilities	**16,340**	**15,779**	**11,821**	**8,014**	**28,161**	**23,793**

The company was in default of payment for the reimbursement of the non-convertible bonds of Patronale and Monument for a nominal amount of € 3.50 million (and € 0.58 million of interests and late interests) but also for the reimbursement of the convertible bonds of Monument for a nominal amount of € 2.00 million (and € 0.16 millions of interests). The company obtained on 27 May 2024 a positive vote of its creditors on its restructuration Plan within the request referred to in Article XX 83/26 ELC within the Enterprise Court of Nivelles. The court judgment is currently under deliberation. Once the decision is made public, the plan can be implemented immediately and will significantly reduce current debt and provide a good opportunity for BioSenic to continue operations, resolve remaining issues and resolutely focus all active forces on the path to success in the clinical challenges facing the company.

Non-Convertible Bonds – European Investment bank – Loan September 2021

On 1 July 2021, the Company announced that it has signed a loan agreement of up to €16 million with the European Investment Bank (EIB). The EIB financing would support and prepare BioSenic's lead asset, the enhanced viscosupplement JTA-004 for future regulatory approval and commercialization. JTA-004, was being evaluated in a registrational phase III clinical trial for the treatment of osteoarthritic pain in the knee. Due to the fact that the primary end-points and accompanying objectives of the Phase III results were not met as anticipated, further investments are currently put on hold.

The loan financing is further supplemented by an agreement to issue warrants to the EIB: 800,000 warrants will be issued with the disbursement of the first tranche. None of these warrants have been exercised in 2023. Each warrant will give the holder the right to subscribe to one ordinary share of BioSenic at the subscription price of €0.01 and with an exercise price which will be equal to the minimum of the 30-day volume-weighted average price and the last closing price of BioSenic's shares at the date of the pricing.

The warrants have a maturity of 10 years and become exercisable from the repayment date of the relevant tranche, subject to certain customary exceptions. The warrant agreement further includes an anti-dilution provision which could apply in case of change in BioSenic's share capital, including capital increases if they exceed €15 million in aggregate starting from the disbursement of the first tranche.

The first tranche of €8 million was received on 6 September 2021 (upon approval of the issuance of associated warrants by BioSenic's General Meetings on 23 August 2021).

The loan facility will be in the form of a senior loan, repayable to the EIB in a single payment five years following the disbursement of each of the two tranches. The loan carries a fixed interest of 2% per year paid annually and a 3% capitalized interest.

As of 31 December 2023, the total current and non-current amount is equal to €8.59 million.

Non-Convertible Bonds – Patronale (initial Convertible loan modified into non-convertible) – Sept'2021

In September 2021, the Convertible loan of €2 million with Patronale, (representing 800 bonds) contracted in May 2020 as explained above, has been modified into a non-Convertible loan following the negotiations with the European Investment bank under the same conditions as the Non-Convertible loan with the European Investment bank. Hence BioSenic also renegotiated 800 convertible bonds issued on 7 May 2020 (for an amount of €2 million) to Patronale Life into a loan subject to the same repayment terms as the agreement with the EIB, with the issuance of 200,000 additional warrants approved by the Extraordinary General Meeting which was held on 5 August 2021.

The initial convertible loan from Patronale of € 2.0 million, which was contracted in May 2020, has been transferred into a non-convertible loan with accompanying warrants under the same conditions as the recent EIB loan contracted in September 2021, following negotiations with the European Investment Bank. At initial recognition of the loans, the nominal amount of the loans has been decreased with the transaction costs related to the loan and the amount of the warrants (€ 0.1 million) allocated to the tranche withdrawn. As of 31 December 2023, the total current and non-current amount is equal to €2.14 million.

Convertible Bonds - Monument

Considering the Issuer has no Cash Alternative Election (choice over how the share conversion option will be settled), the share conversion option for the Integrale loan is an own equity instrument (cfr IAS 32.26). As a result, the equity component has been calculated at fair value at inception and recorded accordingly. As of 31 December 2023, the total balance for the current liability of Integrale amounts to € 2.32 million.

Convertible Bonds - ABO

The Company announced on 31 May 2022 that it has signed the definitive subscription agreement for a maximum EUR 5 million convertible bonds (CBs) facility arranged by ABO Securities, through its affiliated entity Global Tech Opportunities 15.

ABO Securities had committed to subscribe to up to EUR 5 million in CBs. The CBs would have been issued and subscribed in ten tranches. In the end, the first 7 tranches, with a principal amount of €500,000 each, were issued. The remaining 3 tranches were converted into 5 tranches of €300,000 principal amount each, in order to complete the initial subscription.

The CBs, denominated € 50,000 each, were in the form of unsecured, subordinated, registered bonds. The CBs don't bear any coupon and have a maturity date of five years after issuance. The CBs are convertible into ordinary shares of BioSenic. The conversion price will be equal to 95% of the lowest 1-day VWAP of the ordinary shares of BioSenic observed during a period of ten consecutive trading days expiring on the trading day immediately preceding the date of CB holder's request of conversion.

The convertible bond is a hybrid financial instrument and contains, from the issuer's perspective, a host liability, and an embedded derivative (conversion option). For the valuation of this hybrid financial instrument, the Company used an annual interest rate of 7% and a risk premium of 2% with a time to maturity of 5 years. Each tranche is valued once the Company receives the cash on its bank account.

Under the terms of the present agreement, GTO15 agreed to voluntarily withdraw one of its latest conversion notice (for EUR 1,400,000), that would have led to an issuance of 58 million of shares. In exchange for this withdrawal, GTO15 will receive from BioSenic a compensation of EUR 185,000 in convertible bonds under terms comparable to the existing ones (37 convertible bonds at 5,000 EUR each). These convertible bonds have been issued by Company within the framework of the authorized capital.

From the 1st Tranche received in June 2022 and the 12th Tranche received in November 2023 and after the conversions of 60 CB and the issuance of the new 37 CBS, the fair value of the loan has been set up at €3.34 million.

Other borrowings

(1) The borrowings obtained from BPI France, amounting to €1.01 million on 31 December 2023, are explained here:

Description	This financing benefits from:
Seed borrowing of K€ 375 This seed borrowing was received from BPI France on the 05/07/2017 with a contract period of 8 years, at the rate of 4,70%. The first repayment was scheduled for 31/12/2020, which was postponed to 30/06/2021. Repayments in 2023 amount to K€ 75. Amount to be paid on 12/31/2023: K€ 169.	- Guarantee under the National Guarantee Fund for an Investment Seed Borrowing of up to 40.00%. - Guarantee of the European Investment Fund (EIF) of up to 40.00%.
Seed borrowing of K€ 125 This seed borrowing was received from BPI France on the 29/06/2018 with a contract period of 8 years, at the rate of 4,09%. The first repayment was scheduled for 31/12/2021, which was postponed to 30/06/2022. Repayments in 2023 amount to K€ 25. Amount to be paid on 12/31/2023: K€ 81.	- BPI France Guarantee under the National Guarantee Fund for an Investment Seed Borrowing of up to 30.00 %. - InnovFin Guarantee of the European Investment Fund (EIF) of up to 50.00 %.
State guaranteed borrowing (PGE) of K€ 300 This PGE was received from BPI France on 21/04/2020 for an initial period of one year then extended on 22/03/2021 to a period of 5 years, at the rate of 2,25%. The first repayment is scheduled for the 31/07/2022. State guarantee premium of 200 basis points included was applied. Repayments in 2023 amount to K€ 75. Amount to be paid on 12/31/2023: K€ 188.	- State guarantee under the Coronavirus state FDG guarantee fund of up to 90%.
Innovation R&D borrowing of K€ 500 This innovation R&D borrowing received from BPI France on 06/08/2021 for a period of 30 quarters, at the rate of 0,79%. The duration of the loan includes 10 quarters of deferred capital amortization followed by 20 quarterly installments in arrears including the capital amortization and the payment of interest, the first being fixed on 30/09/2021 and the last on 31/12/2028. Beyond this date, the variable rate CNO TEC 5 + 0.79 point(s).	

(2) State guaranteed borrowing (PGE) of €0.30 million from the CIC Ouest bank on the 20 April 2020 for an initial period of one year then amended to 21 January 2021, and 12 March 2021 for 5 years, at 0.70% per annum. This borrowing comes with a deferred capital repayment from the initial maturity date of the state guaranteed borrowing (PGE) on 25 April 2021 until 24 May 2022. Repayments in 2023 amount to K€ 75 and an amount of €0.18 million is still outstanding at 31 December 2023.

This financing comes with a state guarantee provided for by law number 2020-289 of 23 March 2020, on amending finances for 2020 and the specifications defined by decree of 23 March 2020 granting the State guarantee to credit institutions and financial companies of up to 90% under the above-mentioned law.

Lease Liabilities

Lease debts slightly decreased and mainly include an amount of € 1.13 million for the long-term rental obligations with Watson Creek for our offices and labs in Mont-Saint-Guibert (in accordance with IFRS16 requirements).

The change in lease liability balances is detailed as follows:

(in thousands of euros)	At 31 December	
	2023	2022
Opening balance	1,232	2
Acquisition of business combination	0	512
New leases	19	724
Payment	(168)	(2)
Remeasurements	42	(4)
Closing balance at 31 December	**1,125**	**1,232**

Government Loans

The government loans relate to the repayable part of recoverable cash advances (not linked to turnover). Interest is charged to this repayable part at a rate based on Euribor 1 year + 100 basis point or IBOR 1 year + 100 basis point if higher.

Interest-free advances

As part of the financing of its activities, the Company received interest-free conditional advances from BPI France, that is, €0.90 million (including €0.45 million in May 2016 and €0.45 million in February 2018) under the GrefSenic program and €0.49 million in June 2018 under the SclerSenic program.

Pursuant to IFRS 9, these interest-free advances were valued at their fair value on the basis of an interest rate of 4% estimated on the basis of the rates applied by BPI France in remuneration of the interest-bearing borrowings granted to the Company in 2017 and 2018.

Please find enclosed the table of the total overview of financial liabilities in relation with IAS 7:

			Non-cash changes		
(in thousands of euros)	31/12/22	Cash Flows	Change other	New contract	31/12/23
Finance lease liabilities	1,232	(168)	42	19	1,125
Government loans	3,593	0	0	1,037	4,630
Loans from related parties	25	(25)	0	0	0
Public Investment Bank borrowings	1,112	(175)	0	0	937
Bank debt	251	(75)	0	0	176
Convertible Bonds	2,956	2,500	(103)	283	5,636
Non-Convertible Bonds	13,671	0	1,138	0	14,809
Interest-free advances	949	(138)	33	0	844
Other	3	0	0	0	3
Total financial liabilities	**23,792**	**1,919**	**1,110**	**1,339**	**28,161**

8.6.9. Trade and Other Payables

Trade and other payables are detailed as follows:

(in thousands of euros)	31/12/2023	31/12/2022
Trade payables	3,594	1,990
Other payables	277	246
Total trade and other payables	**3,871**	**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 €1.64 million is mainly related to the trade payables which included important invoices at the end of 31 December 2023 related to the Contract Research Organizations ("CRO") for the ongoing clinical studies (ALLOB).

8.6.10. Other Liabilities

Please find below the description of the other non-current and current liabilities detailed in the following table:

	Non-current		Current		Total	
(in thousands of euros)	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Long-term employee benefits	80	68	49	44	129	112
Deferred income on grants related to recoverable cash advances RW	0	0	4	16	4	16
Deferred income on grants related to patents	0	0	45	45	45	45
Other	0	0	49	0	49	0
Total financial liabilities	**80**	**68**	**147**	**105**	**227**	**172**

Liabilities for defined benefit obligations

Retirement benefits and other post-employment benefits are funded on the basis of an actuarial valuation carried out by an independent expert.

Liabilities for defined benefit obligations developed as follows:

Value of start of year commitments (31/12/2022)	112
Current service cost	7
Changes in assumptions	4
Actualization cost	3
Actuarial (losses) and gains related to experience	2
Value of end of year commitments (31/12/2023)	**129**

Value of start of year commitments (31/12/2022)	112
Variation via the comprehensive income statement	11
Variation via other comprehensive income (OCI)	6
Value of end of year commitments (31/12/2023)	**129**

The actuarial assumptions used are detailed below:

	31/12/2023	31/12/2022
Discount rate	3,03 %	3,55%
Rate of employer contributions	42,72 %	40,47% for managers
Turnover rate	0 to 6% depending on age	0 to 6% depending on age
Salary growth rate	3,5 %	3,5 %
Retirement age	According to pension reform applicable in France since 2023	65 for executives and 63 for non-executives
Table of mortality rates	INSEE table 2017-2019	INSEE table 2016-2018

Given the total amount of commitments, sensitivity tests are not disclosed.

8.7. Notes Relating to the Statement of Comprehensive Income

8.7.1. Other Operating Income

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

(in thousands of euros)	31/12/2023	31/12/2022
Grants income related to recoverable cash advances	0	(20)
Grants income related to patents	0	17
Grants income related to exemption on withholding taxes	56	20
Grants income related to tax credit	280	279
Other income	206	(31)
Total	**543**	**266**

Recoverable Cash Advances

The recoverable cash advances ("Avances récupérables") are granted to support specific research and development programs. After the approval of these loans by the government (i.e., Walloon Region), a receivable is recognized for the loan to be received and presented as other receivables (see note 8.6.5). These loans become refundable under certain conditions, including the fact that the Group decides to exploit the R&D results of the project. In such case, part of the loan (30%) becomes refundable based upon an agreed repayment schedule, whereas the remaining part (70% and up to 170%) only becomes refundable to the extent revenue is generated within 10 or 25 years after the date at which exploitation has been decided. Accordingly, if no revenue is generated within that period of 10 or 25 years, any non-refunded part of the loan will ultimately not be repaid.

RCAs are partially recognized as a financial liability at the time of signing the agreement as explained in section 8.2.17 above and corresponding to the present value of the expected reimbursements discounted at a rate ranging between 1.08% and 17.1%. The difference between the actual amount received and the amount recognized as financial liability is considered as a government grant and is presented under the caption "deferred income". The deferred income is released as "other operating income" as the R&D costs compensated by the grant are incurred. The part of the grant representing the discount effect on the minimum refundable amount is released as interest income over the period of the interest free loan.

Grants Related to Tax Credit

For more detail on this section, see note 8.2.17.

Grants Related to the Exemption of Withholding Taxes for Researchers

Companies that employ scientific researchers and qualify as "R&D center" benefit from a partial exemption from payment of withholding tax on the salaries of scientific staff. They must transfer to the tax authorities only 20% of the withholding tax due on the salary of these researchers while the remaining amount is considered to be a government grant. These grants are recognized in the consolidated statement of comprehensive income at the same moment the related personnel expenses are incurred.

Grants Related to Patents

The Group receives government grants related to patents. On average, the grants received cover 70% of the fees incurred in the process of obtaining patents.

Considering that patent costs are expensed as incurred, related patent grants are immediately recognized as other operating income when the patent fees are incurred.

8.7.2. Research and Development Expenses

(in thousands of euros)	31/12/2023	31/12/2022
Staff cost	(856)	(459)
Studies	(2,882)	(522)
Building and equipment amortization	(190)	(42)
Other external costs	(3)	(6)
Total	**(3,931)**	**(1,030)**

Research and development expenses in 2023 were at €3.93 million compared to €1.03 million in 2022. The increase in expenses is mainly related to the fact that the expenses for the previous period only include that majority of Medsenic as the reverse acquisition only occurred in October 2022. Most of the research and development costa rea related to the ALLOB Phase IIb ongoing clinical trial finalization.

The Group has 6 ongoing research programs in progress or suspended on 31/12/2023: (i) ALLOB Phase IIb ongoing clinical trial; (ii) cGvHD Phase II (statistical exploitation of clinical results); (iii) preclinical study of Lupus nephritis and establishment of the Phase II/III Lupus protocol; (iv) FRA2 model of systemic sclerosis, (v) galenics and formulation testing of arsenic combined with Cu chloride and (vi) study of transgenic triplet mice from the University of Louvain, animal model of SLE (Systemic Lupus Erythematosus) .

8.7.3. General and Administration Expenses

(in thousands of euros)	31/12/2023	31/12/2022
Consulting Fees	(1,408)	(558)
Staff costs	(1,324)	(592)
Listing fee and other external costs	(268)	(111)
Rental and office management (incl. IT)	(259)	(10)
Communication	(164)	(24)
Depreciation and amortization	(44)	(18)
Other operational costs	(184)	(241)
Total	**(3,651)**	**(1,554)**

General and administrative expenses for the full year 2023 amounted to €3.65 million compared to €1.55 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 increase is mainly resulting from the fact the following the reverser merger of 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).

8.7.4. Employee Benefit Expenses

Employee benefits expenses can be detailed as follows:

(in thousands of euros)	31/12/23	31/12/22
Short term benefits	(1,420)	(796)
Social security cost	(338)	(241)
Post-employment benefits and other benefits	(52)	(15)
Total	**(1,810)**	**(1,052)**

8.7.4.2. Post-Employment Benefit Plan

The Group has a group insurance plan based on defined contributions for some employees, for which the insurance company guarantees an interest rate until retirement (type 'branche 21/tak21'). The contributions are a flat percentage of the salary depending on the category of personnel, entirely paid by the employer. By law, the employer has to guarantee a minimum rate of return on the contributions.

Based on an analysis of the plans and the limited difference between the legally guaranteed minimum returns and the interest guaranteed by the insurance company, the Group has concluded that the application of the PUC method would not have a material impact. The accumulated reserve (individualized reserves accumulated with the insurer) amounts to €0.07 million, and the accumulated contribution paid amounts to €0.09 million.

8.7.4.3. Average Number of Employees in Full-Time Equivalents during the Year

Number of employees	31/12/2023	31/12/2022
Research and development	5.3	4
General and administrative	3	2.2
Total	**8.3**	**6.2**

8.7.5. Financial Result

Financial result	31/12/23	31/12/22
Financial Income – value gain warrants	1	7
Interest income on government loans	0	3
Interest income on sublease	57	0
Total financial income	**58**	**10**
Interest on borrowings	(63)	(45)
JTA recoverable cash advances liabilities	(1,074)	0
Interest on non-convertible bonds EIB	(485)	(78)
Interest on non-convertible bonds	(254)	(88)
Interest on convertible bonds	(146)	(18)
Fair value impact on convertible bonds of ABO	(2,998)	(445)
Non-conversion incentives	(185)	0
Late interests on bonds	(433)	0
Interest on obligations under finance leases	(4)	(8)
Variation of repayable advances	(32)	(41)
Loss on current assets	(182)	0
Interest expense on Building renting	(102)	0
Other	4	(18)
Total financial expenses	**(5,954)**	**(741)**
Exchange (gains)/losses	**1**	**(1)**
Total financial result	**(5,895)**	**(732)**

Financial expenses amount to €5.95 million in 2023 compared to €0.74 million in 2022 and are mainly impacted by the valuation of the bonds conversion of shares done by ABO for €3.00 million, by recovering JTA rights from the Walloon Region (impact of €1.07 million) and by the recognition of the interests on convertible loan from the insurance companies and the non-convertible loans with EIB and the insurance companies (€1.29 million).

8.7.6. 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)	31/12/23	31/12/22
Profit/loss for the period attributable to ordinary equity holders of the Company	(29,027)	(2,041)
Weighted average number of ordinary shares for basic/diluted loss per share (in number of shares)	136,932,018	120,132,013
Basic/diluted profit/(loss) per share (in euros)	**(0.21)**	**(0.02)**

The basic and diluted earnings per share is the same due to the loss-making position of the company.

The potential dilution of the following instruments could impact the EPS and were currently not considered as they are anti-dilutive. Also, as at December 31, 2023:

- There are 1,197,554 subscription rights granted and outstanding, i.e. subscription rights that have been granted and have not yet become void for any reason. In accordance with the terms of the subscription rights plans under which they were issued, upon exercise, Outstanding Subscription Rights entitle the holders of subscription rights to one new share in the Company for each subscription right exercised, i.e. a total of 1,197,554 new shares in the Company if all 1,197,554 Outstanding Subscription Rights are exercised. It should be noted that the 800,000 Subscription Rights in Circulation issued and allocated to the EIB in 2021 and the 200,000 Subscription Rights in Circulation issued and allocated to Patronale in 2021 will be cancelled at the close of the Debt Restructuring (which is conditional on the completion of a new capital raising);

- There are 800 outstanding convertible bonds issued following the private placement announced on May 7, 2020. Using the predetermined conversion price of EUR 7.00, the 800 outstanding Monument Convertible Bonds can be converted into 285,714 new shares of the Company if all outstanding Monument Convertible Bonds are converted. The maturity date of the outstanding Monument Convertible Bonds was reached on July 6, 2023 and the conversion option has therefore expired. Consequently, the 800 outstanding Monument Convertible Bonds are not taken into account in the dilution calculation below. Subject to completion of the Debt Restructuring (which is conditional on a further capital raising), it is envisaged that the 800 outstanding Monument Convertible Bonds will be replaced by new convertible bonds issued in favor of Patronale and Monument, which will be convertible into shares at a price equal to 95% of the VWAP for the 30 calendar days immediately preceding the date of the conversion notice;

- There are 40 Convertible Bonds 2022, with a nominal value of EUR 50,000 each, outstanding (the "Outstanding Convertible Bonds 2022") and 37 Convertible Bonds 2023, with a nominal value of EUR 5,000 each, outstanding (the "Outstanding Convertible Bonds 2023" and together with the Outstanding Convertible Bonds 2022 and the Outstanding Convertible Bonds Monument, the "Outstanding Convertible Bonds") pursuant to the Subscription Agreement of May 30, 2022 as amended from time to time. The conversion price of the Outstanding Convertible Bonds 2022 and the Outstanding Convertible Bonds 2023 may fluctuate as it is based on the lowest one-day volume-weighted average price ("1-day VWAP") at which the shares are tradable on the Euronext Brussels and Euronext Paris markets observed during a period of ten (10) consecutive trading days immediately preceding the date of the conversion notice for the relevant Initial Convertible Bond, with the application of a 5% discount. Based on the one-day VWAP on December 27, 2023, the effective conversion of all 40 outstanding 2022 Convertible Bonds and all 37 outstanding 2023 Convertible Bonds would result in 42,357,274 new BioSenic shares;

- Under the terms of the shareholders' agreement signed on October 24, 2022 between BioSenic and Medsenic's shareholders, the latter have agreed to contribute the remaining 49% of Medsenic's shares (i.e. 36,171 shares) in two instalments at the time of BioSenic's next capital raising and at a subscription price as used for this capital raising but not lower than 0.45 EUR (except in the event of

a material adverse change in BioSenic's assets, liabilities or clinical trials). As the Company's share price at the date of this document is below 0.45 EUR, it has been assumed for the purposes of the calculations below that the remaining 49% of Medsenic will be contributed at a price of 0.45 EUR per Company share, resulting in the issue of a minimum of 87,109,184 new shares (rounded). The number of shares could be higher if the parties (i.e. the Company and the Medsenic shareholders) agree on a lower value in the light of events occurring since the signing of the agreement.

8.8. Financial Instruments and Financial Risk Management

8.8.1. Overview of financial instruments

The following table provides the category in which financial assets and financial liabilities are classified in accordance with IFRS9 – *Financial Instruments.*

(in thousands of euros)	IFRS9 Category	31/12/23	31/12/22
Other non-current financial assets			
Non-current receivables	financial assets at amortized cost	3,615	4,171
Finance lease receivables	financial assets at amortized cost	539	0
Trade and other receivables	financial assets at amortized cost	1,315	2,490
Cash and cash equivalents	financial assets at amortized cost	117	1,846
Total financial assets		**5,586**	**8,507**
Non-current financial liabilities			
Finance lease liabilities	At amortised cost	767	1,000
Government loans (RCA)	At amortised cost	3,508	2,788
Public Investment Bank borrowings	At amortised cost	663	938
Bank debt	At amortised cost	101	176
Non-Convertible Bonds	At amortised cost	10,725	10,125
Interest-free advances	At amortised cost	576	749
Current financial liabilities			
Finance lease liabilities	At amortised cost	358	232
Government loans (RCA)	At amortised cost	1,121	805
Loans from related parties	At amortised cost	0	25
Public Investment Bank borrowings	At amortised cost	276	176
Bank debt	At amortised cost	75	74
Non-Convertible Bonds	At amortised cost	4,084	3,546
Convertible Bonds - Integrale	At amortised cost	2,293	2,004
Convertible Bonds – ABO	At fair value through P&L	3,343	952
Interest-free advances	At amortised cost	268	200
Trade and other payables			
Trade payables	At amortised cost	3,871	2,236
Total financial liabilities		**32,028**	**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 other non-current financial liabilities include warrants which are measured at fair value in the consolidated statement of the financial position. The carrying amount of the remaining financial assets and liabilities approximate their fair value.

(in thousands of euros)	31/12/23		
	Carrying amount	Fair value	Fair value level
Non-current financial liabilities			
Government loans (RCA)	3,508	3,202	Level 3
Non-Convertible Bonds	10,732	10,451	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

The government loans related to the recoverable cash advances are measured at amortized costs (fair value is disclosed above and is also a Level 3 measurement).

Non-Convertible Bonds

The fair value 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. For the EIB loan and Patronale loans, the company used a monthly effective rate of 0.29% (assumptions to fully repay the bonds with the capitalized interests in August 2026).

Convertible Bonds of ABO:

We refer to note 8.6.7 where the valuation at Level 3 of the corresponding financial liability has been described.

Reconciliation *(in thousands of euros)*	31/12/23	31/12/22
Opening balance	952	0
Acquisition business combination	0	1,364
Cash received	2,500	500
Equity recognition	(1,500)	(1,332)
Change in fair value	1,206	445
New contract	0	0
Transaction costs (movement)	185	(25)
Closing balance	**3,343**	**952**

Government loans related to the recoverable cash advances:

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 analysts' reports (ranging from 20% to 40%) 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 by the end of 2024 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 €4.32 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 of euros)	Impact of PoS*				
	-40%	-20%	0	+20%	+40%
DCF with discount rate of 17.10% used for turnover dependent reimbursement	4,297	4,308	4,323	4,341	4,359
DCF *with discount rate used for turnover dependent reimbursement* reduced to 12.5%**	4,354	4,370	4,393	4,420	4,448

** 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.*

8.8.2. Credit Risk

BioSenic believes that its credit risk, relating to receivables, is limited because currently almost all of its receivables are with public institutions. 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 financial assets. At the end of the reporting period no financial assets were past due, consequently no financial assets were subject to impairment.

8.8.3. Liquidity Risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's main sources of cash inflows are obtained through capital increases, subsidies, government loans and where appropriate loans from commercial banks to finance long-term requirements (investment in infrastructure). A key objective of the Board together with the Executive Directors is to ensure that the Company remains adequately financed to meet its immediate and medium-term needs.

If necessary and appropriate, the Company assures itself of short-term borrowing facilities to cover short-term requirements. In this context, BioSenic signed a definitive subscription agreement for a EUR 5 million convertible bonds (CBs) facility arranged by ABO Securities in May 2022. The Company did not recognize any reimbursement amounts in the table below as ABO's objective is to convert the bonds as much as possible.

The following table details the Group's remaining contractual maturity of its non-derivative 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. The contractual maturity is based on the earliest date on which the Group may be required to pay.

31/12/2023 *(in thousands of euros)*	Financial lease liabilities	Government loans	Loans from related parties	Convertible Bonds	Non-Convertible Bonds EIB/Patronale	BPI France + CIC borrowing	Total
Within one year	502	1,229	0	2,318	4,474	350	**8,873**
>1 and <5 years	826	1,253	0	0	11,966	764	**14,809**
>5 and <10 years	0	1,038	0	0	0	0	**1,038**
>10 and <15 years	0	782	0	0	0	0	**782**
>15 years	0	875	0	0	0	0	**875**
Total	**1,328**	**5,177**	**0**	**2,318**	**16,440**	**1,114**	**26,377**

31/12/2022 *(in thousands of euros)*	Financial lease liabilities	Government loans	Loans from related parties	Convertible Bonds	Non-Convertible Bonds	BPI France + CIC borrowing	Total
Within one year	332	749	25	2,160	3,986	251	**7,502**
>1 and <5 years	1,160	1,075	0	0	12,179	916	**15,330**
>5 and <10 years	0	875	0	0	0	200	**1,075**
>10 and <15 years	0	589	0	0	0	0	**589**
>15 years	0	678	0	0	0	0	**678**
Total	**1,492**	**3,966**	**25**	**2,160**	**16,165**	**1,367**	**25,175**

8.8.4. Interest Rate Risk

BioSenic and Medsenic have long term investments loans granted by third parties (including the European Investment Bank and investors in (convertible) bonds issued by BioSenic)) and by regional investment bodies (for the fixed part, but also including the turnover independent reimbursements (30%) related to RCA's concluded as of 2009). The group at current does not undertake any hedging. All the negotiated interest rates are fixed, and no loans are exposed to variable rates.

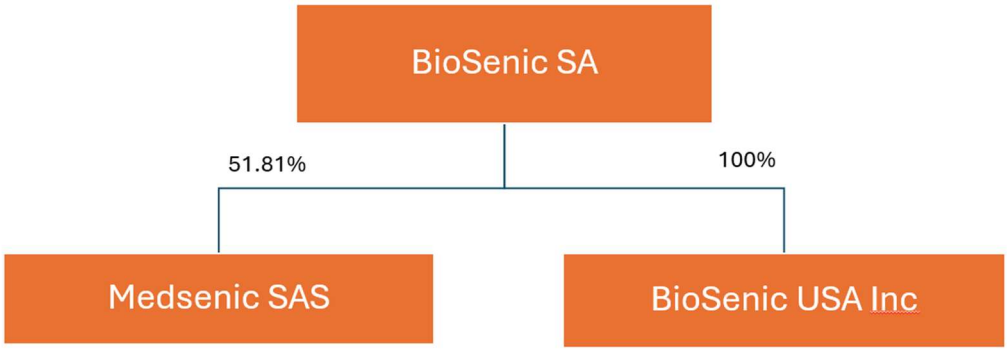
8.8.5. Foreign Exchange Risk

BioSenic is currently not exposed to any significant foreign currency risk.

However, should BioSenic enter into long term collaboration agreements with third parties for which revenues would be expressed in a foreign currency, BioSenic might in such case consider entering into a hedging arrangement to cover such currency exposure (in case the related expenditure is planned in local currency). BioSenic will also monitor exposure in this respect following the establishment of its US subsidiary. At current, there is no significant exposure in USD.

8.9. Related-Party Transactions

The structure of the group has been described as follows:



For more detail about the related-party transactions, please refer to Chapter 5.

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.

8.9.1. Transactions with the Walloon Region

As a result of the relationship of the government (*i.e.* Walloon Region) with some shareholders of the Company and the extent of financing received, the Company judges that the government is a related party. However, the principal amounts recognized in the financial statements relate to government grants. The total accumulated grants received from the Walloon Region since the start-up of BioSenic amount up to a total of €35.20 million (2022: €35.00 million). Next to the government grants, government agencies granted loans to the Group for a total amount of €3.97 million (fully reimbursed).

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

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

(in thousands of euros)	Period ended 31 December	
	2023	**2022**
Number of management members	5	4
Short-term benefits*	817	391
Share-based payments	0	0
Total	**817**	**391**
Number of warrants granted (in units) on 31 December	0	0
Shares owned (in units) on 31 December	39,895,482	39,895,482

*The total of 2022 is expressed with the benefit for the full year of Medsenic and 2 months for BioSenic. It includes 12 months for Véronique Pomi and François Rieger, 1 month for Michel Wurm and 1 month for Anne Leselbaum.

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

(in thousands of euros)	Period ended 31 December	
	2023	**2022**
Share-based payments	0	0
Management fees	114	37
Total	**114**	**37**
Number of warrants granted (in units) on 31 December	64,498	64,498
Shares owned (in units) on 31 December	112,418	112,418

8.10. Commitments

The Company has no major commitments for 2024 and beyond.

8.11. Fees Paid to Auditors for Audit and Other Activities

Detail of audit and non-audit fees paid during 2023 in €	Amount
Statutory and IFRS audit fees BioSenic	73,485
Total audit fees BDO for FY23	**73,485**
Audit report on special report from the Board	5,163
Total non-audit fees BDO	**5,163**
TOTAL	**78,648**

8.12. Events after the Reporting Period

The annual consolidated financial statements on 31 December 2023 were authorized for issue by the Board of Directors of the Company on 6 June 2024. Accordingly, events after the reporting period are those events that occurred between 1 January 2024 and 6 June 2024.

In February 2024, BioSenic raised EUR 500,000 via a private placement with the issuance of 12,195,120 new shares.

From 1 January 2024 till 6 June 2024, through the ABO Securities convertible bonds program, a total of € 1.55 million was converted into shares for a total of 76,181,322 new shares.

Following the conversions, the total of shares as of 6 June 2024 amounted to 230,724,583 shares.

In May 2024, the Enterprise Court of Nivelles registered the positive votes of the majority of BioSenic's creditors on the debt restructuring plan.

9. STATUTORY ACCOUNTS

9.1 Condensed Statutory Annual Accounts

9.1.1. General Information

In accordance with Art. 3:17 of the Belgian Companies and Associations' Code, it has been decided to present an abbreviated version of the statutory financial statements of BioSenic SA. These condensed statements have been drawn up using the same accounting principles for preparing the full set of statutory financial statements of BioSenic SA for the financial year ending 31 December 2022 These financial statements were as such prepared in accordance with the applicable accounting framework in Belgium and with the legal and regulatory requirements applicable to the financial statements in Belgium.

The management report, the statutory financial statements of BioSenic SA and the report of the statutory auditor will be filed with the appropriate authorities and are available at the Company's registered offices. The full set of the statutory financial statements is also available on the Company's website www.biosenic.com.

9.1.2. Balance Sheet

ASSETS *(in thousands of euros)*	**31/12/2023**	**31/12/2022**
Non-current assets	**43,046**	**42,396**
Formation expenses	845	1,227
Intangible assets	8	21
Property plant and equipment	177	209
Financial fixed assets	42,016	40,940
Current assets	**5,633**	**12,761**
Amounts receivable for more than one year	3,480	3,978
Trade and other receivables	1,695	6,742
Investments	35	34
Cash and cash equivalents	49	1,610
Deferred charges and accrued income	374	397
TOTAL ASSETS	**48,679**	**55,158**

EQUITY AND LIABILITIES *(in thousands of euros)*	31/12/23	31/12/22
Equity	**20,426**	**28,626**
Share capital	35,101	33,601
Share premium	15,799	15,799
Accumulated profits (losses)	(30,473)	(20,773)
Non-current liabilities	**14,151**	**12,925**
Current liabilities	**14,102**	**13,606**
Current portion of amounts payable after one year	8,995	7,181
Trade debts	3,552	5,105
Taxes remuneration and social security	38	72
Other amounts payable	466	464
Accrued charges and deferred income	1,051	784
Total liabilities	**28,253**	**26,532**
TOTAL EQUITY AND LIABILITIES	**48,679**	**55,158**

9.1.3. Statutory Income Statement

(in thousands of euros)	For the 12-months period ended	
	31/12/2023	31/12/2022
Operating income	**4,261**	**6,734**
Turnover	0	0
Own construction capitalized	3,429	4,939
Other operating income	760	1,795
Exceptional revenues	72	0
Operating charges	**(12,458)**	**(13,677)**
Services and other goods	(6,800)	(6,776)
Remuneration, social security, pensions	(523)	(1,298)
Depreciation and amounts written off fixed assets	(4,004)	(5,602)
Other operating charge	(1,069)	(1)
Exceptional charges	(62)	0
Operating profit/(loss)	**(8,197)**	**(6,943)**
Financial income	85	1
Financial expenses	(1,595)	(1,295)
Result Profit/(loss) before taxes	**(9,707)**	**(8,236)**
Income taxes	7	0
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**(9,700)**	**(8,236)**

9.1.4. Appropriation account

The Company ended the year with a loss of €9.70 million. Carried forward losses at the end of 2022 amounted to €20.77 million. The Board of Directors proposes to appropriate the loss for 2023 to losses carried forward. Losses carried forward after appropriation therefore amounts to €30.47 million.

(in thousands of euros)	**31/12/2023**
Loss carried forward for the year at 31.12.2022	(20,774)
Loss for the period	(9,700)
Incorporation to share capital and share premium	0
Total loss carried forward	**(30,473)**

9.1.5. Summary of significant accounting policies

9.1.5.1. Principles

The valuation rules have been prepared by the Board of Directors in accordance with the requirements of the Royal Decree of 30 January 2001.

9.1.5.2. Specific Rules

Company Formation Expenses

Formation expenses are recorded as intangible fixed assets at their nominal value and depreciated over a period of 5 years. The debt issuance costs are directly recognized into the profit and loss.

Intangible Assets

R&D costs excluding administrative and financial costs are recognized as assets in an intangible asset account and amortized pro-rata basis over the year for the R&D costs capitalized as from 1 January 2016. For R&D costs capitalized before this change in accounting rules, amortization continues to be applied over a three-year period.

Receivables from Third Parties

Receivables are valued at their face value. Non-interest bearing long-term Receivables will be actualized using an appropriate discount rate.

Advance Cash Payment

Upon signing agreements with the Walloon Region, advance cash payment will be recorded (when received) and will be debited in line with the part of the expenses reported and claimed which, granting body considers as being paid through the advances.

Recoverable Cash Advances (RCA's or Avances récupérables)

Revenue recognition of Recoverable cash advances is linked to R&D expenses which according to the new valuation principle applicable as of 1 January 2016, are amortized at 100% in the year of capitalization. For RCA's linked to R&D expenses, which were capitalized before the fiscal year 2016, and which are amortized over a three-year period, revenue recognition of RCA's will be kept in line with the amortizing over this three-year period.

When the decision is made to exploit the results of the work financed through the recoverable cash advances, the recoverable advances are recognized in debt in full during the year the decision was taken. At the same time, the recoverable cash advance is recognized at 100% in other operating charges. The amount of the debt corresponds to plan set out in an agreement with the Walloon Region.

In case the project is abandoned, the remaining part of the capitalized R&D will be depreciated in an accelerated way and the revenues that are related will also be recognized in an accelerated way.

2023

BioSenic

Rue Granbonpré 11
Bâtiment H (bte 24)
1435 Mont-St-Guibert
Belgium
Phone: +32 493 09 73 66
François Rieger, Chief Executive Officer
Véronique Pomi-Schneiter, Deputy Chief Executive Officer

biosenic.com
investorrelations@biosenic.com