



## **Statutory auditor's report to the general meeting of Hyloris Pharmaceuticals SA on the annual accounts as of and for the year ended 31 December 2022**

### **FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN FRENCH**

In the context of the statutory audit of the annual accounts of Hyloris Pharmaceuticals SA ("the Company"), we provide you with our statutory auditor's report. This includes our report on the annual accounts for the year ended 31 December 2022, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 14 June 2022, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the annual accounts of Hyloris Pharmaceuticals SA for 4 consecutive financial years.

### **Report on the annual accounts**

#### ***Unqualified opinion***

We have audited the annual accounts of the Company as of and for the year ended 31 December 2022, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 31 December 2022, the income statement for the year then ended and notes. The balance sheet total amounts to EUR 117.830.790 and the income statement shows a loss for the year of EUR 903.445.

In our opinion, the annual accounts give a true and fair view of the Company's equity and financial position as at 31 December 2022 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.

#### ***Basis for our unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the annual accounts" section of our report. We have complied with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key audit matter***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

***Valuation of financial fixed assets***

We refer to note C-cap 6.5.1 of the annual accounts.

- **Description**

As at 31 December 2022, the Company owns financial fixed assets for an amount of EUR 76.262.124.

In accordance with the financial reporting framework applicable in Belgium, the board of directors assesses annually whether the value of these assets should not be subject to a write-down. The board of directors compares the net book value of each of the investments, and where applicable, the value of receivables from each of the related companies reported in this financial caption, with the proportion of equity held by the Company in each of the subsidiaries. In cases where a negative difference is found as a result of this comparison, the board of directors assesses whether the impairment is lasting based on recent figures and budgets of the subsidiaries concerned.

We consider this point to be a key matter for the following reasons:

- the importance of this financial caption representing 64,7% of the balance sheet total; and
- the judgment required when assessing whether the impairment is lasting.

- ***Our audit procedures***

We performed the following procedures:

- a reconciliation of the key data used by management in its analysis with the source documents, in particular the value of equity, the enterprise value, the percentage of ownership and any other relevant financial information;
- an evaluation of the process by which management's business plan was prepared;
- an evaluation of the reasonableness of the key assumptions used by the board of directors for the impairment test (projections of future discounted cash flows) and the underlying assumptions related to the development of the product candidates;
- a verification whether an appropriate valuation model was applied;



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- an analysis of the relevant internal and external information in order to identify potential indicators of impairment;
- an analysis of the consistency of the underlying data used for the impairment test with those used for the preparation of the annual accounts and the business plan approved by the board of directors; and
- an evaluation of all the information that the Company has provided to us in order to assess the potential additional factors that could lead to write-downs.

**Board of directors' responsibilities for the preparation of the annual accounts**

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company'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 board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Statutory auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance as to whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these annual accounts.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the annual accounts in Belgium. The scope of the statutory audit of the annual accounts does not extend to providing assurance on the future viability of the Company nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Company. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.



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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Other legal and regulatory requirements**

### ***Responsibilities of the Board of Directors***

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the annual accounts, for maintaining the Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' and Associations' Code and the Company's articles of association.

### ***Statutory auditor's responsibilities***

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the annual accounts, and compliance with certain requirements of the Companies' and Associations' Code and with the Company's articles of association, and to report on these matters.

### ***Aspects concerning the board of directors' annual report on the annual accounts***

Based on specific work performed on the board of directors' annual report on the annual accounts, we are of the opinion that this report is consistent with the annual accounts for the same period and has been prepared in accordance with articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the annual accounts contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

### ***Information regarding the social balance sheet***

The social balance sheet, which is to be filed with the National Bank of Belgium in accordance with article 3:12 §1 8° of the Companies' and Associations' Code, includes, with respect to form and content, the information required by law, including the information regarding salaries and training, and does not present any material inconsistencies with the information that we became aware of during the performance of our engagement.



***Information about the independence***

Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the annual accounts and our audit firm remained independent of the Company during the term of our mandate.

The fees for the additional engagements which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the annual accounts.

***Other aspects***

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- With the exception of the absence of consolidated financial statements in the form of the European Single Electronic Format ("ESEF") as indicated in our report on the consolidated accounts, we do not have to inform you of any other transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code.
- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 28 April 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises  
Statutory Auditor  
represented by

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