



Statutory auditor's report to the general meeting of Hyloris Pharmaceuticals SA on the consolidated financial statements as of and for the year ended 31 December 2023

In the context of the statutory audit of the consolidated financial statements of Hyloris Pharmaceuticals SA (“the Company”) and its subsidiaries (jointly “the Group”), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2023, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting 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 ending 31 December 2024. We have performed the statutory audit of the consolidated financial statements of the Group for 5 consecutive financial years.

Report on the consolidated financial statements

Qualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2023, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising material accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 47.681.000 and the consolidated statement of profit or loss and other comprehensive income shows a loss for the year of EUR 15.380.000

In our opinion, except for the possible effect of the matter described in the “Basis for qualified opinion” section of our report, the consolidated financial statements give a true and fair view of the Group's equity and financial position as of 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.



Basis for our qualified opinion

As described in note 3.2 to the consolidated financial statements, the Group entered into an agreement with Pleco Therapeutics BV ("Pleco") on 8 July 2022. Under the terms of this agreement the Group agreed to provide strategic advice to Pleco from 1 January 2022 to 31 December 2024 for a maximum consideration of EUR 2,5 million. The Group recognized an amount of EUR 1,0 million and EUR 0,5 million as other operating income in the consolidated financial statements for the years ended 31 December 2022 and 2023, respectively.

This agreement is written in a general way ("provision of strategic advice") and does not specify the different performance obligations to be provided by the Group to Pleco. The Group recognized income related to this agreement based on a contractual payment schedule, and not based on an analysis with reference to specific agreed-upon performance obligations, milestones or other objective allocation methods. In the absence of such an analysis, it is impossible for us to assess whether the income of EUR 1,5 million recognized as other operating income in financial years 2022 and 2023 meets the requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union. There were no alternative procedures we could have performed to assess whether the income related to this agreement was correctly accounted for and disclosed in note 3.2 to the consolidated financial statements in accordance with the applicable accounting standards.

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 consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

Except for the matter described above, 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 qualified opinion.



Emphasis of matter – Restatement of the consolidated financial statements for the year ended 31 December 2022

We refer to note 31 "Restatement of the 2022 statements" to the consolidated financial statements in which the board of directors discloses the correction of material errors identified in the current year with respect to the prior year consolidated financial statements in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Our audit opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Basis for our qualified opinion" section of our report we have determined the matters described below to be key audit matters to be communicated in our report.

Collaboration agreements between the Group and its partners for product candidates

- **Description**

We refer to note 3.2 of the consolidated financial statements in which the Group describes that they have entered into several collaboration agreements with partners for the development of product candidates. These agreements can take various forms such as equity investments, loans (convertible or non-convertible), research & development (R&D) funding, strategic advice, etc., and can be subject to contract amendments.

The existence of such collaboration agreements is considered to be a key audit matter due to the complexity in determining the appropriate accounting based on i) their nature including the existence of multiple or mutual obligations with the same party, ii) the existence of contract amendments that could affect their subsequent accounting, iii) the level of judgment required to assess whether the collaboration agreements give rise to significant influence by the Group over the partners and iv) the absence of effective internal controls related to the identification, structuring, modification of and accounting for collaboration agreements, including the monitoring of underlying costs.



- Our audit procedures

We performed the following audit procedures, amongst others:

- We evaluated the substance of the various elements of significant collaboration agreements and discussed the contract terms with management and those charged with governance.
- For a sample of R&D costs recharged by the Group's partners, we traced these costs back to the underlying invoices originating from the partners' subcontractors to verify their existence and accuracy. When deemed necessary, we obtained direct confirmation from the Group's partner as to the existence, completeness and accuracy of R&D costs recharged.
- We evaluated the substance of revenue/other operating income charged by the Group to its partners by obtaining supporting evidence on the performance obligations. In this respect, we also refer to the matter described in the "Basis for our qualified opinion" section of our report.
- We analyzed the level of influence the Group has over its partners by considering amongst others the significance of the Group's relationships to the partners and challenged the judgment made by management. For partners where the Group was determined to have significant influence, we evaluated the appropriateness of the accounting treatment.
- We examined the transactions between the Group and its partners to identify the existence of circular transactions.
- We assessed the adequacy of the disclosures in the consolidated financial statements, particularly under note 3.2 "Joint collaborations" and note 21 "Other operating income" with respect to the collaboration agreements. In this respect, we also refer to the matter described in the "Basis for our qualified opinion" section of our report.

Impact of the outcome of the independent forensic review on the QliniQ transactions on our audit

- Description

We refer to note 29 "Subsequent Event (After the End of the Reporting Period)" in which the Group discloses that, starting in April 2024, an independent forensic review was carried out by an international law firm as independent legal expert, appointed by and under the supervision of an ad hoc committee of independent directors of the Company, with respect to two transactions with Qliniq BV ("the Qliniq transactions"). We have considered the observations of the independent forensic review as a key audit matter, as such observations may impact other aspects of our audit.



- Our audit procedures

In accordance with ISAs, we have reevaluated our assessment of the risks of material misstatement due to fraud or error and its resulting impact on the nature, timing and extent of audit procedures to respond to the assessed risks and reconsidered the reliability of evidence previously obtained.

Our incremental procedures as a result of this reevaluation of the risks of material misstatement included amongst others:

- We reevaluated the audit evidence obtained during the audit to assess the reliability of the supporting evidence initially received.
- We evaluated the nature of the other restatements identified and corrected in the current year consolidated financial statements (see note 31 "Restatement of the 2022 statements").
- We inspected the report prepared by and inquired the independent legal expert appointed by the board of directors who carried out the forensic independent review with respect to the QliniQ transactions.
- We obtained specific representations from those charged with governance.
- We assessed the adequacy of the information provided in note 29 "Subsequent Event (After the End of the Reporting Period)".

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no 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 as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from 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 Group'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 Group's ability to continue as a going concern.



If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 consolidated financial statements 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 consolidated financial statements and the other information included in the annual report.

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 consolidated financial statements and the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements and except for the possible effect of the matter described in the "Basis for our qualified opinion" section of our report, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, 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 consolidated financial statements and other information included in the annual report:

- Business overview;
- Key figures; and
- Corporate Governance.

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out and except for the possible effect of the matter described in the "Basis for our qualified opinion" section of our report, we did not identify any material misstatements that we have to report to you.

Information about the independence

Our audit firm and our network have not performed any engagement that compromises our independence with respect to the statutory audit of the consolidated financial statements and our audit firm remained in substance independent of the Group during the term of our mandate.

The fees for the additional engagements which were assessed not to impair our independence with respect to the statutory audit of the consolidated financial statements referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter "ESEF"), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation").



The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter “digital consolidated financial statements”) included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

At the date of this report, we have not yet received the annual financial report and the digital consolidated financial statements prepared by the Board of Directors. We have reminded the Board of Directors of their legal responsibility to provide the documents to the statutory auditor and the shareholders within the deadlines stipulated in the Belgian Companies' and Associations' Code. As a result, we were unable to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

Other aspect

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, 29 July 2024

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
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