2024
Half-year Report

Hyloris

Reinventing existing medications

STATEMENT OF THE BOARD OF DIRECTORS

- The condensed consolidated interim financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of Hyloris Pharmaceuticals SA and of the entities included in the consolidation as a whole;

- The condensed consolidated interim financial statements for the six months ended 30 June 2024 provides a fair overview of the development and the performance of the business and the financial position of Hyloris Pharmaceuticals SA and of the entities included in the consolidation, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Signed by Stijn Van Rompay and Thomas Jacobsen (co-CEO) and Stefan Yee (Chairman) on behalf of the Board of Directors

Condensed Consolidated Financial Statements as at 30 June 2024

Condensed Consolidated Statement of Financial Position

ASSETS (in thousands of euros)	Note	30 June 2024	31 December 2023
Non-current assets		***12.671***	***12.373***
Intangible assets	7	3.818	3.828
Property, plant and equipment		399	429
Right-of-use assets		1.722	1.724
Equity accounted investments	8	3.756	3.801
Other investments	9	1.000	1.000
Trade and other receivables	10	1.975	1.591
Current assets		***32.766***	***35.308***
Trade and other receivables	10	4.027	3.565
Other investments	9	527	499
Current tax assets		328	244
Prepayments	11	453	594
Cash and cash equivalents	12	27.430	30.406
TOTAL ASSETS		**45.437**	**47.681**

EQUITY AND LIABILITIES (in thousands of euros)		30 June 2024	31 December 2023
Equity attributable to owners of the parent		***34.661***	***39.069***
Share capital		140	140
Share premium		121.513	121.513
Retained earnings		(80.761)	(65.381)
Result of the period		(3.485)	(15.380)
Share based payment		1.239	2.161
Cost of Capital		(4.460)	(4.460)
Other reserves		476	476
Total equity		***34.661***	***39.069***
Non-current liabilities		***1.947***	***1.853***
Borrowings	13.1	1.568	1.510
Other financial liabilities	13.2	344	344
Other non-current liabilities		35	-
Current liabilities		***8.829***	***6.759***
Borrowings	13.1	318	241
Other financial liabilities	13.2	3.200	3.200
Trade and other liabilities	14	5.310	3.318
Total liabilities		**10.776**	**8.613**
TOTAL EQUITY AND LIABILITIES		**45.437**	**47.681**

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June

in € thousands	Note	For the six months ended 30 June 2024	For the six months ended 30 June 2023 as restated [1]
Revenue	15	4.153	614
Other operating income	17	487	1.695
Operating income		**4.640**	**2.309**
Cost of sales		(108)	(46)
Research and development expenses	16	(5.313)	(5.788)
General and administrative expenses	16	(3.150)	(2.490)
Share of result of equity-accounted investees, net of tax	16	(45)	(85)
Operating expenses		(8.615)	(8.409)
Operating profit/(loss) (EBIT)		**(3.976)**	**(6.100)**
Financial income		576	518
Financial expenses		(85)	(40)
Profit/(loss) before taxes		**(3.485)**	**(5.622)**
Income taxes		-	-
PROFIT/(LOSS) FOR THE PERIOD		**(3.485)**	**(5.622)**
Other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**(3.485)**	**(5.622)**
Profit/(loss) for the period attributable to the owners of the Company		(3.485)	(5.622)
Basic and diluted earnings/(loss) per share (in €)		(0,12)	(0,20)

[1] See note 20 for explanation on restatement done in H1 2023

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

Condensed Consolidated Statement of Changes in Equity[1]

30 June 2024	Attributable to equity holders of the Company						
			Other reserves				
(in thousands of euros)	Share capital	Share premium	Share-based payment reserve	Cost of Capital	Other reserves	Retained earnings and result of the period	Total Equity
Balance at December 31, 2023	**140**	**121,513**	**2,162**	**(4,460)**	**476**	**(80,762)**	**39,069**
Share-based payments			(922)				(922)
Total comprehensive income						(3,485)	(3,485)
Balance at June 30, 2024	**140**	**121,513**	**1,239**	**(4,460)**	**476**	**(84,247)**	**34,661**

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

30 June 2023	Attributable to equity holders of the Company						
			Other reserves				
(in thousands of euros)	Share capital	Share premium	Share-based payment reserve	Cost of Capital	Other reserves	Retained earnings and result of the period	Total Equity
Balance at January 1, 2023	**140**	**121,513**	**1,622**	**(4,460)**	**476**	**(65,381)**	**53,909**
Share-based payments			313				313
Total comprehensive income						(5,622)	(5,622)
Balance at June 30, 2023	**140**	**121,513**	**2,162**	**(4,460)**	**476**	**(71,003)**	**48,600**

The accompanying notes are an integral part of these condensed consolidated financial statements.
The restatement in the Statement of Change in Equity in H1 2023 is related tot the following restatements in the Statement of Profit or Loss:
The Qliniq transaction : €1,000 thousand less R&D costs
The API loan : €12 thousand more financial income

[1] On 11 June 2024, The General Assembly renewed the authorized capital for a period of 5 years (as from the date of the publication of the resolution) amounting to €140,000 (excluding emission premium)

Condensed Consolidated Statement of Cash Flows for the six months ended 30 June

in € thousands	Note	For the six months ended 30 June 2024	For the six months ended 30 June 2023 as restated [1]
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss for the period		(3.485)	(5.622)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation, amortisation and impairments	16	304	163
Share-based payment expense	16	(922)	313
Net finance result		(491)	(478)
Other current and non-current liabilities		35	-
Share of profit of equity-accounted investees, net of tax	8	45	85
Other non-cash adjustments		-	(12)
Bank fees paid		(27)	-
Changes in w orking capital:			
Trade and other receivables	10	(848)	(291)
Other investments		-	(72)
Current tax assets		-	-
Prepayments	11	140	923
Trade and Other liabilities	14	1.930	849
Cash generated from operations		**(3.320)**	**(4.142)**
Interest paid		(34)	(17)
Interest received		-	12
Net cash generated from operating activities		**(3.353)**	**(4.146)**
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		452	148
Purchases of property, plant and equipment		(22)	-
Purchases of Intangible assets		(44)	(236)
Proceeds of other financial assets		-	5.000
Net cash provided by/(used in) investing activities		**386**	**4.912**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrow ings and other financial liabilities	13	139	44
Reimbursements of lease liabilities	13	(126)	(95)
Reimbursements of borrow ings		(18)	-
Interests paid		(4)	(12)
Net cash provided by/(used in) financing activities		**(9)**	**(63)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2.976)**	**702**
CASH AND CASH EQUIVALENTS at beginning of period		30.406	33.457
CASH AND CASH EQUIVALENTS at end of period, calculated		27.430	34.159

[1] See note 20 regarding restated information

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

Notes to the condensed consolidated interim financial statements

1. *REPORTING ENTITY*

Hyloris Pharmaceuticals SA (the "Company" or "Hyloris") is a limited liability company governed by Belgian law. The address of its registered office is Boulevard Patience et Beaujonc N°3/1, 4000 Liège, Belgium.

Hyloris is a specialty biopharma company identifying and unlocking hidden potential in existing medications for the benefit of patients and the healthcare system. Hyloris applies its know-how and technological innovations to existing pharmaceuticals and has built a broad proprietary product pipeline that has the potential to offer significant advantages over currently available alternatives.

Hyloris currently has three commercialized products: Maxigesic IV, a non-opioid analgesic for the treatment of pain, Podofilox Gel, the first drug product generic to Condylox Gel 0.5%® in the U.S. and Sotalol IV for the treatment of atrial fibrillation.

The Company's development strategy primarily focuses on the FDA's 505(b)2 regulatory pathway, which is specifically designed for pharmaceuticals for which safety and efficacy of the molecule has already been established. This pathway can reduce the clinical burden required to bring a product to market, and significantly shorten the development timelines and reduce costs and risks.

Current economic climate

The macroeconomic situation did not improve during the first semester of 2024. The inflation continued to slightly increase and the first ECB interest rate cut occurred on 12 June 2024. Furthermore, the fear of recession and the geopolitical conflicts remained important. The context of high interest rates and inflation puts pressure on the costs in general as well as on many APIs (active pharmaceutical ingredient). In general, the volatility of interest rates introduces uncertainty into financial markets and can influence investor behavior, company finances, and consumer spending patterns. To mitigate these risks, the company remains very cautious about the level of its expenses and the size of its investments without impacting the ongoing R&D development programs. Apart from the economic circumstances described, the Company does not see any change in the risk and uncertainties for the rest of the financial year compared the previous reported period.

2. BASIS OF ACCOUNTING

2.1 BASIS OF PREPARATION

These condensed consolidated interim financial statements for the 6-month period ended June 30, 2024, have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting – as adopted by the European Union and comprise the Company and its subsidiaries (referred to as 'the Group').

The condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31st 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since last

annual financial statements.

These condensed consolidated interim financial statements are presented in euro which is the Company's functional currency.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 27 September 2024. The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

The impact of the initial application is not expected to be material.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on 15 august 2023, clarify when a currency is exchangeable into another currency (and when it is not). When a currency is not exchangeable, a company needs to estimate a spot rate. The company's objective when estimating a spot rate is that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2025 with early adoption permitted. These amendments have not yet been endorsed by the EU.

IFRS 18 Presentation and Disclosure in Financial Statements, issued on 9 April 2024, will replace IAS 1

Presentation of Financial Statements. The new standard will improve the quality of financial reporting by:

- requiring defined subtotals in the statement of profit or loss;
- requiring disclosure about management-defined performance measures; and
- adding new principles for aggregation and disaggregation of information.

The standard is effective for annual reporting periods beginning on or after 1 January 2027 with early adoption permitted. The standard has not yet been endorsed by the EU.

IFRS 19 Subsidiaries without Public Accountability: Disclosures, issued on 9 May 2024, will allow eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. A subsidiary will be to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

— it does not have public accountability; and
— its parent produces consolidated financial statements under IFRS Accounting Standards.

The standard is effective for annual reporting periods beginning on or after 1 January 2027 with early adoption permitted. The standard has not yet been endorsed by the EU.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7, issued on 30 May 2024, will address diversity in accounting practice by making the requirements more understandable and consistent. The amendments include:

- Clarifications on the classification of financial assets with environmental, social and corporate governance (ESG) and similar features—ESG-linked features in loans could affect whether the loans are measured at amortized cost or fair value. To resolve any potential diversity in practice, the amendments clarify how the contractual cash flows on such loans should be assessed.
- Clarifications on the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

The International Accounting Standards Board has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.
The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with early adoption permitted. These amendments have not yet been endorsed by the EU.

The IASB issued Annual Improvement to IFRS Accounting Standards – Volume 11 on 18 July 2024
IFRS 1 : Hedge accounting by a first-time adopter. the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 *Financial Instruments*
IFRS 7 : Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 *Fair Value Measurement* was issued.
IFRS 7 : Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
IFRS 7 : Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 : Lessee derecognition of lease liabilities. The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's liability that arises because paragraph 2.1 (b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.
IFRS 9 : Transaction price. The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 *Revenue from Contracts with Customers*

while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.

IFRS 10 : Determination of a 'de facto agent'. The amendment addresses a potential confusing arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

IAS 7 : Cost method. The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the us of the term 'cost method' that is no longer defined in IFRS Accounting Standards. The Amendments are effective for annual reporting periods beginning on or after 1 January 2026 with early adoption permitted. The standard has not yet been endorsed by the EU.

3. USE OF JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies management is required to make judgements, 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. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statement except for the long term incentive plan (LTI), the accounting treatment sale and lease back of lab equipment and the share-based payments (note 16).

The LTI plan involves a profit sharing scheme in cash valid for 4 years. In the first 6 months of the year, an accrual for an amount of €34 thousand is taken into Profit and loss (line General and Administrative costs) (only for 2 Executive members on 5) or €17k/executive member and is based on the achievement by the Company of certain pre-set cash-based financial results. For each member of the Executive Committee (2/5), a fixed amount will be paid the first time a tranche of €20 million EBITDA (calculated on a recurring basis) will be achieved by the Company and this up to €80 million or 4 tranches of €20 million. The used discount rate is 11,57%. The payment is expected to happen at the end of the 4 years in 2027.Based on a sensitivity analysis on the 2024-2027 Plan, in case of the EBITDA would be better than the budget by 33%, the accrual should increase by 60% to €55 thousand, in case of the EBITDA would be lower than the budget by 33%, the accrual should decrease by 48% to €18,2 thousand in H1 2024.

The sale and lease back agreement, for an amount of €139 thousand, is considered a financing arrangement. To determine how to account for a sale-and-leaseback transaction, the Company first considered whether the initial transfer of the underlying asset from the Company to the buyer-lessor was a sale. The Company applied IFRS 15 to determine whether a sale had taken place. Based upon the facts and circumstances, i.e. the lessor did not obtain control over the asset, there was no sale in accordance with IFRS 15.

As a result, the Group continued to recognise the underlying asset and recognised a financial liability under IFRS 9 for the amount received from the buyer lessor. The financial liability is presented in the line borrowings (note 13.1) and is measured at amortised cost.

3.1 GOING CONCERN

The Company has incurred net losses since its inception and for the 6 months ended June 30, 2024, On September 27, 2024, the Board reviewed and approved the condensed consolidated interim financial statements. With a net cash position of €27,4 million and assuming continued strategic out-licensing, commercial success for Maxigesic® IV, Sotalol IV and Podofilox Gel, additional non-dilutive funding and milestone payments, the Board is of the opinion that these condensed interim financial statements are to be prepared under the assumption of going concern. However additional funding would be required to cover the investment required for the commercialization of its nearer-term cardiology products in the U.S. with an internal sales team. The Company may consider partnering some or all of its cardiology products (reducing the commercial activity investments required), or to raise additional capital through the market, subject to market conditions and share price evolution or to pursue loan agreements. The Company does not expect that the current product portfolio development activities will be impacted.

3.2 JOINT COLLABORATIONS

The Company has entered into a number of arrangements for the development, co-promotion and/ or co-marketing of products. The Company believes that a presentation of the new arrangements is useful to an understanding of the condensed consolidated interim financial statements.
In December 2023, Hyloris entered into a partnership with AFT Pharmaceuticals (AFT) to co-develop HY-090, a novel locally acting product candidate for the treatment of Burning Mouth Syndrome (BMS). Under the terms of the agreement, targeting co-development and worldwide commercialization, Hyloris is eligible to receive a share on any product related revenues received by AFT. The arrangement constitutes a joint operation. All external costs related to the partnership will be split between the parties on a 50/50 basis. In case of commercialization through sub-licensees and/or distributors, all net profit shall be shared 50/50 between AFT and Hyloris.

In January 2024, Hyloris entered into another partnership with AFT Pharmaceuticals (AFT) to develop a novel mucoadhesive film for the treatment of Vulvar Lichen Sclerosus. HY-091 targets to have an extended duration release of a known molecular entity and to offer a convenient application method, ensuring simplicity and improving compliance. Under the terms of the agreement, Hyloris and AFT will co-develop HY-091 for the purpose of registration and worldwide commercialization. The arrangement is a joint operation. All external costs related to the partnership will be split between the parties on a 50/50 basis.
In case of commercialization through sub-licensees and/or distributors, all net profit shall be shared 50/50 between AFT and Hyloris.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

4.1 OVERVIEW OF FINANCIAL INSTRUMENTS[1]

(in € thousand)	IFRS 9 Category	Input level	30 June 2024	31 Dec 2023
Investment in Pleco (note 9) (non current)	FVOCI	3	1.000	1.000
Loan to Vaneltix (note 9)	At amortised cost		527	499
Loan to API (note 10)	FVTPL	3	347	317
Trade receivables (note 10)	At amortised cost		3.005	2.970
Cash and cash equivalents (note 12)	At amortised cost		27.430	30.406
Total financial assets			**32.309**	**35.192**
Borrowings (note 13.1)	At amortised cost		1.766	1.750
Borrowing of lab equipment	At amortised cost		120	-
Other financial liabilities (note 13.2)	At amortised cost		3.544	3.543
Trade and other liabilities (note 14)			4.674	3.195
Total financial liabilities			**10.104**	**8.488**

[1]Trade and Other receivables (note 10) VAT / R&D tax credit receivables and other receivables), prepayments and trade and other liabilities (deferred income and employee benefit liabilities) that are not financial assets / liabilities are not included.

The table above summarizes all financial instruments by category in accordance with IFRS 9. The fair value of the financial instruments measured at fair value are determined as follows:

Investment in Pleco:

The investment is designated at FVOCI because it's not held for trading and it's kept for its expected future return on investment. Considering that Pleco is in the development phase of its product candidates and does not generate revenue yet, the cost of the investment at transaction date has been considered as an appropriate estimate of the fair value as per December 31, 2022 and 2023. On June 30, 2024 there is no reason to adjust the fair value of this investment as the current development program is in line with the plan, discussions with regulatory authorities do not indicate any significant hurdles at this stage and Pleco is analysing different strategic funding options with objective to improve its the liquidity ratio before end of the year.

Loan to API:

Discounted cash flows: the valuation model considers the present value of expected payments, discounted using the market rate and a company risk premium at the reporting date. The assumption is that the loan will be offset by royalties on product candidates as from 2029. The change compared to last year is purely time value as the used discount rate of 11.60% is the same as the one used at year end 2023.

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximate their fair values.

5. OPERATING SEGMENTS

The chief operating decision maker (CODM) of the Company is the Board of Directors. The CODM reviews the operating results and operating plans, and makes resource allocation decisions on a company-wide basis;

therefore, the Group operates as one segment.

According to IFRS 8, reportable operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the chief operating decision maker.

The financial information is organized and reported to CODM under one management reporting covering all activities of the Company. There is no specific component in the financial information that would as such represent a specific operating segment. Information reported to the CODM is aggregated and comprises all activities of the Company. The Group's activities are managed and operated in one segment, pharmaceuticals. Strategic decision and resources allocation are made at the Company level by the CODM.

Total revenue represents an amount of €4,1 million. The revenue relates to milestone billings for €1,9 million for Maxigesic IV, royalties for an amount of €2.2 million for Maxigesic IV, Sotalol IV and Podofilox gel, and an out-license agreement for €40 thousand. In the first semester of 2023 the revenue related to royalties was €0,6 million for Sotalol IV, Maxigesic IV, and an out-license agreement of €42 thousand.

In 2024 there are 3 customers individually exceeding 10% of total revenues: client A for an amount of € 2.3 million, client B for an amount of €1.4 million and client C for an amount of €0.4 million. Those 3 customers are representing 99% of the total recognized revenues.

In the first semester of 2023 there were 2 customers individually exceeding 10% of total revenues: client A for an amount of €270 thousand and client B for an amount of €301 thousand, representing 93% of the total revenues.

(in € thousand)	30 Jun 2024	30 Jun 2023*
Royalties	2.219	572
Milestones	1.895	0
Out-license agreements	40	42
Revenues	**4.154**	**614**

* See note 20 restatement of the revenue for services rendered

In the revenue recognition there are no material contingencies nor amounts which are subject to significant estimation uncertainty. In some cases, the payment terms extended to our partners such as AFT, which have a low liquidity risk profile, exceed 3 months.

6. LIST OF CONSOLIDATED COMPANIES AS AT JUNE 30, 2024

Company name	Company number	Location	% financial interest
Hyloris Pharmaceuticals SA	BE 0674.494.151	Boulevard Patience et Beaujonc N°3/1, 4000 Liège	Parent
Hyloris Developments SA	BE 0542.737.368	Boulevard Patience et Beaujonc N°3/1, 4000 Liège	99.99%
Hyloris Supply SA	BE 0669.738.676	Boulevard Patience et Beaujonc N°3/1, 4000 Liège	100.00%
Dermax SA	BE 0667.730.677	Boulevard Patience et Beaujonc N°3/1, 4000 Liège	100.00%

The voting rights equal the percentage of financial interest held.

7. INTANGIBLE ASSETS

(in € thousand)	Development costs	Assets Purchase	In Licensing	Total
At June 30, 2024				
Opening carrying amount	2,061	642	1,125	3,828
Additions	83		23	106
R&D Tax Credit	(8)	1	(1)	(8)
Disposals				0
Amortisation expense	(92)	(16)		(108)
Impairment losses				0
Closing carrying amount	2,044	627	1,147	3,818
At June 30, 2024				
Cost	2,716	4,248	1,170	8,134
Accumulated amortisation and impairment	(672)	(3,621)	(23)	(4,316)
Carrying amount	2,044	627	1,147	3,818

In the first semester 2024, the Company acquired intangible assets for a total of €106 thousand, of which €32 thousand related to the development costs of product-candidate Maxigesic IV, €15 thousand for HY-039, €36 thousand for HY-078 and finally €23 thousand for HY-087.

Grouping of intangible assets of a similar nature and use:

- Capitalized development costs: external incurred development costs. Sotalol IV, Podofilox gel, HY-039 and HY-078.
- Assets purchase: acquisitions of intangibles containing pharmaceutical development data, development analysis for clinical study and intellectual property rights. Used for Maxigesic IV, Tranexamic Acid Mouth Rinse and HY-075.
- License fees: fees used in in-licensing agreements. For HY-029, Atomoxetine, Metolazone IV, Dofetilide IV, Aspirin IV U.S, HY-074, HY-076, Milrinone and HY-087.

The 4 largest product or product candidates in terms of intangible assets are:

- Maxigesic IV (carrying amount: €1,159 thousand)
- Podofilox gel (carrying amount: €600 thousand)
- Aspirine IV U.S. (carrying amount: €623 thousand)
- Tranexamic Acid Mouth Rinse (carrying amount: €433 thousand)

For Maxigesic IV, Sotalol IV and Podofilox, the intangible assets are amortised.

The intangible assets are not amortized until the moment they are available for use as intended by management, i.e. ready for commercialization. The company is amortizing since 2014 the development costs of Sotalol IV, an asset for which regulatory approval had been obtained. The development costs of

Sotalol IV have a remaining useful life of 6 months. In 2024, following the market approval of Maxigesic IV in the United States of America, the amortization for that market is added. The same is applicable for Podofilox.

The amortization expenses are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income. The applied amortization rate for all classes of assets is 10%. As long as the assets are not fully amortized, they are tested for impairment if impairment indicators are identified, however no indicators have been identified at the reporting date.

8. EQUITY ACCOUNTED INVESTEES

Purna Female Healthcare (PFH)

Hyloris owns 20% of PFH (later payments will not result in a higher percentage of ownership) and is eligible, based on contractual variables driven by the profitability of the company, to receive up to a maximum of 45% and a minimum of 17.3% of the net profits generated by PFH. As long as there is no commercialization of the product candidate, 20% presents the Group's economic interest in PFH's net assets. Hence the future economic interest of Hyloris in PFH will be changed and will be driven by the profitability of the company.

At end of January 2024, PFH announced positive results for the phase 2 trial of Miconazole Domiphen-Bromide (MCZ-DB) in patients with acute vulvovaginal candidiasis. PFH in collaboration with Hyloris are analyzing the next steps, evaluating different clinical options based on phase 2 results.

Transactions with PFH:

In the first six months of 2024 there are no transactions with PFH. In the same period of 2023, Hyloris invoiced PFH for a total amount of €54 thousand related to PIND/IND services (€45k) and CRO selection and qualification services (€9k)

(in € thousand)	30 Jun 2024	31 Dec 2023
Opening carrying amount	**3,801**	**3,948**
Profit/loss of the period	(45)	(147)
Carrying amount at reporting date	**3,756**	**3,801**

Vaneltix

On 17 October 2023, the Group has subscribed to a capital increase of Vaneltix for an amount of $2 million in Vaneltix. The capital increase is against 4 fully paid and non-assessable shares of the Series D Preferred Stock of Vaneltix for $500 thousand. The $2 million was provided to cover R&D costs and has been recognized as R&D expenses.

Transactions with Vaneltix:

In the first semester of 2024 there were no services provided nor invoiced to Vaneltix. As a result there are no changes in the outstanding balances (receivables) compared to the situation at 31 December 2023. Given the losses of Vaneltix and the fact that Hyloris does not have an obligation to fund the investee (other than funding the product co-developed with Vaneltix), the carrying amount would be zero.

9. OTHER INVESTMENTS

The other investments, can be detailed as follows:

(in € thousand)	30 Jun 2024	31 Dec 2023
Shares Pleco Therapeutics BV	1,000	1,000
Optional convertible loan	527	499
Other Investments of which as :	**1,527**	**1,499**
Non-current	1,000	1,000
Current	527	499

Shares: Pleco Therapeutics BV

In 2021, the Group entered into a partnership with Pleco Therapeutics to develop PTX-252, a novel combination product of chelating agents for the treatment of Acute Myeloid Leukaemia (AML) and Small Cell Lung Cancer (SCLC). The Group is committed to fund up to an additional €7,700 thousand of which €2,300 thousand had already been financed.

In 2024 the Group had a purchase and a sales transaction with Pleco Therapeutics. The sales are related to billed strategic advice for an amount of €62.5 thousand and the purchases are for product development related services for a total amount of €84 thousand. At 30 June 2024 the outstanding commitment is €5,400 thousand (€7,700 thousand - €2,300 thousand).

Optional convertible loan

On 13 December 2021, the Group entered into a collaboration with Vaneltix Pharma, Inc. (a related party of Hyloris) for the development and commercialization of Alenura™ as first-line drug treatment for acute pain in interstitial cystitis /bladder pain syndrome (IC/BPS). Under the terms of the agreement, the Group granted a 6% interest bearing loan of $500 thousand.

The initial above agreement included a reimbursement at the earliest of i) 31 December 2023 or ii) sale of equity or other equity-linked instruments by the Borrower to unaffiliated third parties for financing purposes for an amount of at least $5 million (the “Capital Increase”). A loan amendment dated 17 October 2023 extended the reimbursement date from 31 December 2023 to 31 August 2024. As the loan has not been paid back at the date of reporting, discussions are ongoing with Vaneltix in order to evaluate the different options related to the reimbursement of the loan. In case of a capital increase on or prior to the reimbursement of the loan in full, Hyloris shall have the option to convert the entire principal amount of the loan and all interest accrued into shares. Vaneltix has confirmed its ability to secure financing, although the amounts involved are relatively modest, and there is some inherent risk attached. Based on the ECL analysis performed by Hyloris, there is no material write-off to be considered. Hyloris has the possibility to decide that the proceeds of the loan (including interest) may be considered as, converted into, payments by Hyloris to Vanelix under the Collaboration and Licensing Agreement.

Under the terms of the agreement, the Group will provide staged investments of in total maximum $6,700 thousand for Phase 2,

manufacturing and regulatory related activities upon which $5,910 thousand has already been engaged by Vaneltix. In the first semester of 2024, Hyloris incurred €1,1 million of R&D expenses..

Management identified Vaneltix Pharma, Inc as a related party of Hyloris.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

(in € thousand)	30 Jun 2024	31 Dec 2023
Trade receivables	3.005	2.970
API	347	317
R&D Tax Credits	1.609	1.256
Tax Credit - Alenura	368	368
VAT	654	218
Other amounts receivable	18	26
Total trade and other receivables or which as :	**6.002**	**5.156**
Current	4.027	3.565
Non Current	1.975	1.591

The carrying amount of the Group's trade receivables (gross) is mainly denominated in USD resulting from royalties and milestones. During the year, the payment terms for the receivables have neither deteriorated nor been renegotiated. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security. Other amounts receivable mainly includes guarantees. At the date of the reporting out of the trade receivables outstanding end of June 2024, the company collected the cash for an amount of €1,1 million.

API Loan

A loan to API of $700 thousand was granted by Hyloris, carrying a 0.1% interest per year. This loan is presented as non-current. When the royalties (or other payments) of 3 product candidates, or any other product parties may develop together in the future, exceed $200 thousand in a calendar year, then the amount exceeding $200 thousand will be used to repay the loan. Hyloris can then withhold this amount from royalty payments. The loan has been measured at FVTPL using an interest market rate and appropriate credit risk premium resulting in the recognition of a gain of €30 thousand recognized as financial income in the first semester of 2024. For comparative information, in the first six months of 2023 there was a financial expense of €34 thousand. The increase of the fair value in comparison with last year is due to the time value.

The reimbursement of the loan is depending on the success of the product candidates being developed by the Group and not depending on any action from the counterparty. The discount rate has been determined by using the market rate and the company risk premium (see note 4.1). A sensitivity analysis shows that when the year of reimbursement differs 1 year earlier or later than the estimated calendar year of reimbursement, the fair value increases with €86 thousand or decreases with €38 thousand. When the discount rate increases or decreases with 1%, the fair value of the loan decreases with €20 thousand (5.3%) or increases with €21 thousand (5.6%).

R&D Tax Credits

The Group applies for R&D tax credit incentives set-up by the Federal government and obtained reasonable assurance in the current reporting period that the Group will comply with the conditions attached to the grant and that the grant will be received. The Group recognized R&D tax credits for a total of €346 thousand in Other Operating Income (see note 17). In the first half of 2024, the company corrected the R&D tax credit calculation for 2023 by applying the correct deduction rate of 20.5% instead of the 13.5% rate that had been incorrectly used in 2023, representing an additional other income of €225 thousands. No cash is expected before 2025 based on the tax regulation.

Tax Credit - Alenura™

A Tax Credit of €368 thousand was granted from an American state government for the clinical development costs of the Alenura™ product candidate which were incurred in 2022. The Tax Credit is recognized when the approval of the grant request has been confirmed by the authorities and Hyloris received mid September 2024 the bank check, which is at the date of the reporting in process. Two other requests for a Tax Credit related to development costs of the Alenura™ product for an amount of approximately €724 thousand are being assessed by the American state authorities and have not been recognized.

11. PREPAYMENTS

Pre-paid R&D expenses relate to payments made by the Group for research and development projects conducted by partners (co-development projects) will be recorded in profit and loss when incurred.

Based on costs incurred by Vaneltix during the period, the R&D prepayment recorded last year has been fully released in profit and loss (€0,1 million) and an invoice to be received amounting to 1 million has been recognized as at 30 June 2024 under Trade and Other Liabilities.

The prepayments for the development of other product candidates total an amount off €453 thousand.

12. CASH AND CASH EQUIVALENTS

The net cash position as presented in the consolidated statement of cash flows is as follows:

(in € thousand)	30 Jun 2024	31 Dec 2023
Cash at bank	17,430	20,196
Short-term deposit	10,000	10,210
Total cash and cash equivalents	**27,430**	**30,406**

The short-term deposit of €10 million has a term of 94 days, starting 28 June 2024 till 30 September 2024. It is classified as cash and cash equivalent as the nominal value can be withdrawn considering a notice period of

32 days. A penalty of 100% of the already earned interest is due if the amounts are withdrawn during the entire term. The short-term deposit is used for short-term cash planning.

13. BORROWINGS AND OTHER FINANCIAL LIABILITIES

13.1 BORROWINGS

In € thousand	30 Jun 2024	31 Dec 2023
Lease liabilities	1,766	1,751
Borrowing of lab equipment	120	-
Total borrowings of which as :	**1,886**	**1,751**
Non-current borrowings	1,568	1,510
Current borrowings	318	241

The reimbursement of the lease liabilities during the period has been partially offset by new car lease agreements of €141 thousands. Borrowing of lab equipment represents the financing arrangements (duration of 36 months starting in February 2024 for an amount of € 139 thousands with an annual interest rate of 6.05%) contracted in 2024 with a financial partner for some equipment acquired for the lab. The weighted average incremental borrowing rate used for the measurement of the lease liabilities is 2.85%. The incremental borrowing costs for the cars lies in a range between 1.6% and 3.12%. The Group is not subject to financial covenants. The underlying leased assets act as pledge in the context of the lease liabilities.

13.2 OTHER FINANCIAL LIABILITIES

in € thousand	30 Jun 2024	31 Dec 2023
Recoverable cash advance	44	44
Other financial liabilities	3,500	3,500
Other financial liabilities of which as :	**3,544**	**3,544**
Non-current other financial liabilities	344	344
Current other financial liabilities	3,200	3,200

In June 2023, a recoverable cash advance related to the government grant for HY-083 was received from the Walloon Region.

The Group has agreements with A.forall Group (formerly Alter Pharma Group), including a current financial liability of €200 thousand, which became payable upon the first commercial launch of Maxigesic IV in the US in early 2024, and a non-current financial liability of €300 thousand, which will become due when worldwide annual sales of Maxigesic IV reach €50 million.

In a separate agreement, A.forall Group had agreed to carry out certain R&D activities (related to a specific product) for Hyloris through a development partner. Hyloris agreed to prepay and fund these R&D activities. Hyloris now intends to manage the development partner or coordinate these R&D activities internally going forward. After reviewing the related costs incurred, Hyloris sought reimbursement for the excess amount funded. In August 2024, both parties reached a final agreement on a repayment of €0.4 million. Hyloris and A.forall Group further agreed to offset this €0.4 million receivable of Hyloris against the outstanding €0.2 million financial liability for the commercial launch of Maxigesic IV. A.forall Group paid the remaining balance to Hyloris in August 2024.

Committed to milestone related investments (contributions to the equity) in Purna Female Healthcare, the Group has a current other financial liability of €3 million.

14. *TRADE AND OTHER LIABILITIES*

(in € thousand)	30 Jun 2024	31 Dec 2023
Trade payables	4.674	3.195
Employee benefit liabilities	163	116
VAT payable	472	
Other payables	1	-
Deferred income		7
Trade and other liabilities - Current	**5.310**	**3.318**

The trade payables relate mainly to the R&D activities and payables for lawyers for the litigation case, the latter being the reason for the significant increase compared to 2023.

The fair value of trade payables approximates their carrying amount. The reason for the increase in VAT compared to year end 2023 is that in the 6 months period ended 30 June 2024 is linked to timing difference and significant intercompany transactions between Hyloris Pharmaceuticals and Hyloris Development.

15. REVENUE

The revenue can be detailed as follows:

(in € thousand)	30 Jun 2024	30 Jun 2023*
Royalties	2,219	572
Milestones	1,895	0
Out-license agreements	40	42
Revenues	**4,154**	**614**

* See note 20 restatement of the revenue for services rendered

Currently, more than half of the revenue of the Group consists of sales-based royalties. The increasing sales-based royalties is income from the Group's launched products, Sotalol IV, Maxigesic IV and Podofilox gel,

launched December 2023, which had the biggest impact. Revenue from sales-based royalties is recognized when the subsequent sale occurs.

Income from milestone payments in the first semester of 2024 is driven by the first commercial launch of Maxigesic IV in the US.

16. EXPENSES BY NATURE

Expenses by nature represent an alternative presentation for amounts included in the condensed consolidated interim statement of comprehensive income. They are classified under "Cost of sales", "Research and development expenses", "General and administrative expenses" and "Other operating expenses".

The Groups' research and development expenses are 8% lower compared to the same period in 2023 which represents a decrease from €5,788 thousand to €5,313 thousand. This was principally driven by the phasing of the projects. The Group expects therefore an increase of the R&D expenses in the second semester 2024.

In the first six months of 2024, the Group capitalized development costs for a total of €106 thousand (was €36 thousand in first semester 2023). (See note 7)

Hyloris' General and administrative expenses increased by 27% (or €660 thousand), from €2.5 million in 2023 to €3.2 million in 2024. The increase was mainly driven by higher legal costs related to the AltaThera's litigation and investigation fees compared to last year, partially offset by the effect of change in estimation linked to the share-based payment. (See explanation in the next paragraph)

In € thousand	30 Jun 2024	30/06/2023 as restated [1]
Out-sourced R&D	3.262	3.909
Employee benefit expenses	1.686	1.719
Executive Management consultancy fees	615	598
Board related expenses	87	88
Share based payments	-922	313
Legal & paralegal fees	2.009	665
Audit and related consultancy fees	767	47
Hiring fees	108	47
Office equipment, rent and utilities	407	258
Other expenses	296	595
Amortisation expense of intangible assets (Note 7)	108	46
Depreciation expense on PPE and Right-of Use	194	124
Total operating expenses of which as :	**8.616**	**8.409**
Cost of sales	108	46
Research and development expense	5.313	5.788
General and administrative expenses	3.150	2.490
Earnings/losses from Associates and Joint Ventures	45	85

[1] See note 20 for explanation on restatement done in H1 2023

The effect of share-based payments in half year reporting amounted to €0.9 million in General and Administrative expenses is mainly explained by:

1. As included in the 2023 Annual report, subject to a transition period, Hyloris' CFO and CLO will leave their roles within the Company in mutual consent in the interest of the Company. As a result of this, in accordance with the stipulations as included in the Plan(s) and IFRS 2 Share-based payments, the previously recognized expense for the granted warrants was reversed for an amount of €0.35 million (credit P&L) as it was estimated per reporting date that the warrants would not vest.

2. The ESOP schemes are structured with a vesting period of 4 years (same for all warrant schemes) with the specificity that participants lose their vested warrants in the event of termination at the initiative of the participant, even during the exercise period which varies between 1 and 6 years, depending on the warrant schemes. In light to this specificity, the length of the vesting period is variable depending on the estimated actual exercise date of the warrants by the participants.

   Until 31 December 2023, the Board of Directors had no historical experience regarding the timing by which the participants would exercise their warrants and took the assumption that the participant would exercise their warrant as soon as possible (just after the end of the vesting period of 4 years) so that the fair value at grant date was expensed over the 4 years. 2024 was the first year that warrants became exercisable for one of the warrants schemes. The Board of Directors notes that none of the warrants has been exercised by the participants which triggers a need to revise the assumption regarding the length of the vesting period as defined under IFRS2.

   In the 30 June 2024 half year report, the estimate of the length of the expected vesting period has been revised to the mid-range of the exercise period of each plan. The cumulative share-based payment costs with this new assumption (as it had always been used) is significantly lower than the cumulative cost recorded under 'Other reserves' so far and the impact of the revision of the original estimate (€0.7 million) has been recognized in profit or loss (deduction of 'General and administrative costs') such that cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled share-based payment reserve.

17. OTHER OPERATING INCOME

(in € thousand)	30 Jun 2024	30 Jun 2023 as restated[1]
Services rendered related to co-developments	63	463
Grants income related to exemption on witholding taxes	78	80
R&D tax credit	346	211
Government grants		545
Other income		396
Other Operating Income	**487**	**1.695**

[1] See note 20 for restated information

Services rendered in the first six months of 2024 primary consist of strategic advice provided by the Group to

Pleco Therapeutics BV for an amount of €62,5 thousand compared to €463 thousand for services rendered in the previous period to Pleco (€375 thousand) , Purna and a third party. Although, based on the service contract signed with Pleco, Hyloris could have invoiced approximately €200,000 for the first half of 2024. Due to the recent stock suspension and the investigation, management has been fully focused on addressing these urgent matters, which has taken priority over certain strategic advisory services. This shift in focus has led to a temporary reduction in the services provided to Pleco to an amount of €62.5 thousand. The company will be able to resume and provide the necessary strategic services in the second half of the year, allowing for a more complete fulfillment of the contract.

During the first semester of 2024, the Group recognized tax credits for a total of €346 compared to €211 thousand last year.(see note 10 for explanation on the correction related to 2023). No government grants were granted in the first semester of 2024. Last year the Group got a grant from an American State government and the Walloon Region.
The other income in 2023 relates mainly to a settlement agreement with a partner on disputed costs in the past.

18. CONTINGENCIES

Tax expense

In 2021, The Group recognized an additional Tax Expense of €297 thousand related to a request for payment of Taxes related to taxable income realized in 2017, when the Company was still located in Grand Duchy of Luxembourg. Although the company filed timely its Tax Return related to income year 2016, the company did not receive any Tax Assessments prior to the request for payment. Management protested to the relevant Authorities and decided to adopt a cautious approach and recognized the Tax Expense in 2021. Payment has been done to the Authorities in 2022. The case against the Luxembourg tax administration is scheduled for pleadings on December 4, 2024. The probability criteria are not met to recognize a receivable given the current status of the procedure.

19. COMMITMENTS AND CONTINGENT LIABILITIES

Hyloris has contractual commitments related to asset purchase, licenses and development agreements. The amounts are due upon reaching certain milestones depending on successful completion of development stages of the different product candidates (including FDA approval) or on meeting specified sales targets. The Company disclosed as commitments the maximum that would be paid if all milestones and sales targets are achieved. The amounts are not risk-adjusted or discounted.

As at June 30, 2024, Hyloris has contractual commitments and contingent liabilities for a maximum amount of €45,073 thousand related to asset purchase, licenses and development agreements recorded under intangible assets and R&D expenses.

Commitments are unconditional promises made by the Group to other parties resulting from legal or contractual requirements and related to R&D liabilities (i.e. a commitment to fund R&D activities as part of a

(co-)development agreement with a partner). Contingent liabilities are possible obligations of the Group which are dependent on (future) sales milestones that will occur when the product is commercialized (eg. If a certain sales threshold is met). The table includes the contingent liabilities if all sales milestones were reached (maximum exposure).

The accounting treatment of the contractual commitments and contingent liabilities will vary per nature of triggering event. Development milestones up until commercialization will be expensed or capitalized. Sales related commitments such as royalties, profit sharing and sales milestones will be expensed when incurred.

The following table details the total maximum contractual commitments and contingent liabilities (milestone payments only) at June 30, 2024 per product candidates if such products are successfully marketed (in € thousand):

Product Candidate	pected timi	Maximum contractual commitments In $ thousand	In € thousand	Converted in € (in € thousand)	Contingent Liabilities In $ thousand	In € thousand	Converted in € (in € thousand)
HY-004		**225**		**210**			**0**
	2025	125		117			
	2026	100		93			
HY-029			**300**	**300**			**0**
	2024		100	100			
	2025		100	100			
	2026		100	100			
Atomoxetine oral		**75**		**69**			**0**
	2024	25		23			
	2025	25		23			
	2026	25		23			
Metolazone IV		**325**		**304**	**1,300**		**1,214**
	2025	75		70			
	2026	100		93			
	2027	150		140			
	2028				100		93
	2030				200		187
	2032				1,000		934
Dofetilide IV		**300**		**280**			**0**
	2024	100		93			
	2025	50		47			
	2026	150		140			
HY-073		**6,939**		**6,482**	**28,000**		**26,156**
	2024	3,200		2,989			
	2025	3,621		3,383			
	2026	118		110			
	2027				1,000		934
	2029				2,000		1,868
	2030				2,000		1,868
					23,000		21,485
HY-074		**150**		**140**			
	2024	50		47			
	2025	25		23			
	2027	75		70			
Alenura (note 29.2)		**2,000**		**1,868**			
	2024	2,000		1,868			
HY-086 (note 10)			**5,285**	**5,285**			
	2024		2,363	2,363			
	2025		2,422	2,422			
	2026		500	500			
HY-088			**200**	**200**			
	2025		200	200			
HY-095		**2,745**		**2,564**			
	2024	40		37			
	2025	131		122			
	2026	1,123		1,049			
	2027	676		631			
	2028	625		584			
	2029	50		47			
	2030	100		93			
TOTAL		**12,759**	**5,785**	**17,702**	**29,300**	**0**	**27,370**

20. RESTATEMENTS H1 2023

QLINIQ TRANSACTION

Following discussions with the Belgian Financial Services and Markets Authority (FSMA) and Hyloris' statutory auditor, the Board of Directors has revised the financial statements due to the correction of a non-cash accounting error regarding the divestment of HY-038 and acquisition of HY-088.

Clarification on the press release of 20 January 2023 on the transactions with Qliniq

On 20 January 2023 Hyloris announced that the global rights of the ongoing development of HY-088 was licensed-in from a Dutch company, Qliniq, who maintained the rights to commercialize the product candidate in its home country, and a selected number of Middle Eastern and developing countries. In the same press release, Hyloris announced that it had divested HY-038 to the same company, Qliniq, for a price of €1 million. As detailed in the 2022 Annual Report, HY-038 falls under the category of high-barrier generics and thus lies beyond Hyloris' core portfolio of assets. Limited development activities had occurred for HY038 since the IPO and the product was no longer under development at the time of the closing of the transaction with Qliniq. Hyloris encountered challenges in identifying a suitable Contract Manufacturing Organization (CMO) capable of producing HY-038 at a desired cost. The transaction price of €1 million was received on 16 February 2023. HY-088 is a ready-to-administer oral liquid formulation designed for addressing hypophosphatemia. Presently, physicians utilize compounded products for treating this condition, which have not undergone regulatory evaluation regarding their safety, effectiveness, and quality. At the time of the transaction, QliniQ held no exclusive rights to develop the oral liquid formulation and had not initiated any significant development activities on HY-088. It is expected that Hyloris will submit HY-088 for registration in the course of 2025. The transaction price of €1.2 million (including €200 thousand designated as prepaid expenses), was paid by Hyloris on 13 February 2023. QliniQ is a Dutch company which develops and in-licenses drugs and medical supplies in various therapeutic domains and commercializes these in the Netherlands. QliniQ nurtures cooperation and long-lasting business relationships with international companies as part of its successful market approach. At December 31, 2022, Qliniq had a balance sheet total of € 0.8 million, a cash balance of € 0.2 million and 2 FTE's. Qliniq's shareholders have previously successfully developed several pharmaceutical companies.

Accounting treatment of the transactions with Qliniq

Hyloris initially recognized (a) €1 million in revenue in 2022 from the divestment of HY-038, and (b) €1 million in R&D expenses and €0.2 million in intangible assets in H1 2023 for the purchase of HY-088. A reassessment determined that both transactions qualify as a non-monetary exchange because negotiations and valuations occurred simultaneously. Due to the development stage of the products exchanged, the fair value of neither the asset received, nor the asset given up can be reliably determined. As a result of this reassessment, the restated financials for 2022 will reverse the €1 million revenue from the divestment of HY-038. This adjustment will also affect the half-year 2023 financial statements, resulting in a reversal of €1 million in R&D expenses for HY-088. These expenses are offset against the €1 million received by Hyloris for HY-038.

The following tables present the restatements performed on the comparative periods :

Consolidated condensed interim statement of profit or loss and other comprehensive income

Per 30 June 2023 *(in € thousands)*	**Impact of correction of error only for Qliniq**		
	As previously reported	**Adjustment**	**As restated**
Research and development expenses	-6.871	1.000	-5.788 (1)
Operating profit/(Loss) (EBIT)	**-7.100**	**1.000**	**-6.100**
Profit (loss) before taxes	**-6.634**	**1.000**	**-5.622** (2)
PROFIT (LOSS) FOR THE PERIOD	**-6.634**	**1.000**	**-5.622** (2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-6.634**	**1.000**	**-5.622** (2)

(1) Including restatement other operating income from Vaneltix

(2) Including restatement of the API loan

RECLASSIFICATION OF REVENUE FOR SERVICES RENDERED

Revenues for services rendered have been reclassified from Revenue to Other income as they are not considered as part of the ordinary activities of the Group or reclassified as a deduction of Research and Development expenses.

The impact on the consolidated condensed interim statement of profit or loss and other comprehensive income

Per 30 June 2023 *(in € thousands)*	**Impact of correction of error**		
	As previously reported	**Adjustment**	**As restated**
Revenue	1,160	(547)	614
Other operating income	1,231	464	1,695
Research and development expenses	(6,871)	83	(5,788) (1)

(1) Including restatement of Qliniq

RESTATEMENT RELATED TO THE API LOAN

As at December 2022, the fair value of the outstanding loan was incorrectly calculated and did not comply with IFRS 9 due to the inclusion of an inappropriate risk premium. The discount rate has since been revised, affecting both the statement of financial position as at December 2022 and June 2023 and (under Trade and Other Receivables) and therefore the statement of profit or loss and other comprehensive income for H1 2023 (under Financial Income).

The impact on the consolidated condensed interim statement of profit and loss and other comprehensive income

Per 30 June 2023 *(in € thousands)*	**Impact of correction of error**		
	As previously reported	**Adjustment**	**As restated**
Financial income	566	12	518 (2)
Profit (Loss) before taxes	**-6.634**	**12**	**-5.622** **(1)**
PROFIT (LOSS) FOR THE PERIOD	**-6.634**	**12**	**-5.622** **(1)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-6.634**	**12**	**-5.622** **(1)**

(1) Including restatement of Qliniq and financial result
(2) Including a change in presentation between financial income and financial expenses

OTHER RESTATEMENTS IN THE FINANCIAL STATEMENTS

Next to the above restatement with impact on the condensed consolidated statement of profit or loss and other comprehensive income and statement of financial position of the comparative period, the Company has also made following reclasses without net impact on the net result.

A. Cash and cash equivalents

On 31st of December 2022, €10 million was reported as cash and cash equivalents which was incorrect as the €10 million was a term deposit based on IFRS definition. In H1 2023, one term deposit of €5 million was still outstanding and would have been reported as other Investment as the term deposit does not meet the definition of cash equivalents in accordance with IFRS. See note 12.

The impact of the restatement on the consolidated condensed interim financial statement of cash flow:

Per 30 June 2023 *(in € thousands)*	**Impact of correction of error**		
	As previously reported	**Adjustment**	**As restated**
Proceeds of other financial assets	-	5.000	5.000
Cash flow from investing activities	-88	5.000	4.912
Net (decrease) in cash and cash equivalents	**-4.297**	**5.000**	**703**
Cash and cash equivalents at the beginning of the period	**43.457**	**10.000**	**33.457**
Cash and cash equivalents at the end of the period	**39.159**	**5.000**	**34.159**

B. R&D Tax Credit

The grant related to the R&D Tax Credit has been reclassed in the condensed consolidated statement of cash flow for the period ended per June 30, 2023 from R&D Tax Credit to Trade and other receivables.

The impact on the consolidated condensed interim financial statement of cash flow

Per 30 June 2023 *(in € thousands)*	**Impact of correction of error**		
	As previously reported	**Adjustment**	**As restated**
Trade and other receivables	834	(211)	623
R&D Tax Credit	(211)	211	-

C. Other reclasses in the statement of cash flow

In the statement of cash flows, fair value gains and losses on derivatives, have been reclassified to net financial result.

D. Revised presentation of the consolidated statements of Profit or Loss and Other Comprehensive income in general

In order to improve the readability of the condensed consolidated financial statements of Profit or Loss and Other Comprehensive income there is a revised presentation of the lines as from 2023. In the new presentation, Operating income is put below Revenue. The sum of both is Operating income. Cost of sales is put together with Research and Development expenses, General and administrative expenses, share of result of equity-accounted investees and other operating expenses under the new line Operating expenses.

21. SUBSEQUENT EVENTS

August 1, 2024

Hyloris announced on August 1, 2024, that in response to recent events, its Board of Directors has approved a new communication policy (the "Communication Policy"). The Communication Policy applies to communications that include information concerning the business activities of the Company or any subsidiary of the Company, whether its business strategy, financial position (including future profits or losses or valuation), management (including its track record), assets, liabilities, investment strategy, investment and product portfolio, investment and product pipeline, cash flows, expenditures or prospects (including any periodic information or inside information to be disclosed by the Company), taking into account the sensitivity and/or confidentiality of such information. The Communication Policy will be effective immediately and must be complied with by all directors, officers and employees of the group. The main principles of the Communication Policy are as follows: - All press releases on behalf of the Company and other written communications should be submitted in advance to the Board of Directors for review. The Board may (i) decide that the communication may be released, (ii) require that the communication be amended before release, or (iii) decide that the communication may not be released; - Any oral communications (e.g. interviews with the press, participation in conferences, or presentations on behalf of the Company) should be consistent with the information that is already publicly available prior to the entering into effect of the Communications Policy or that has been approved since following a pre-release review by the Board; and - All communications on behalf of the Company should be made exclusively by or at the written instruction of the Chair of the Board or the co-CEOs, acting jointly, through such means as appropriate taking into account the Company's past practice. In case of oral communications about regulated information, the Chair of the Board (or, in his absence, the Chair of the Audit Committee) must be present when the Communication is made.

August 12, 2024[2]

The Company announced positive results from a pivotal clinical study evaluating its proprietary Valacyclovir Oral Suspension. The additional pivotal clinical study demonstrates comparable relative bioavailability to Valtrex® tablets, as sold in the U.S, under fasted conditions. These results further strengthen the clinical data package and support the ongoing preparation of an NDA for submission to the U.S. Food & Drug Administration (FDA) targeted before the end of 2024. There is no direct financial impact.

[2] A clinical study is set to commence before the end of 2024, with the aim of submitting the first regulatory application for these new markets in 2025

August 19, 2024

The company announced the development of HY-095, a long-acting injectable formulation of a well-known Proton Pump Inhibitor (PPI) designed to treat Equine Gastric Ulcer Syndrome (EGUS). Hyloris has secured a development partner that has product specific proprietary technology and intellectual property under development. Under the agreement the partner will manage the drug and device development within a predefined budget. Hyloris will manage the clinical trials and fund the development costs which are currently projected to remain well below €7 million with a minimum financial commitment of €2,564 thousand. After the development costs are recovered, the profits will be shared, with Hyloris entitled to retain between 88% and 90% of the net margin. Hyloris has also obtained an option to extend the license for development for human use under comparable financial terms. A global commercialization will be pursued through strategic partnerships, targeting all relevant markets. There is no financial impact in 2024.

August 21, 2024

The company received the resignation of the CLO on 21st of August 2024 with a notice period of 3 months. The vested warrants have been cancelled.(see note 16)

September 2, 2024

The service agreement with the CFO has been terminated by Hyloris on 2 September 2024 with a notice period of 3 months. The vested warrants allocated to the CFO will be retained and the reversal of CFO warrants booked in H1 2024 will be reversed in H2 2024 for an amount of 223 K.

September 16, 2024

In August 2022, AltaThera filed a lawsuit against Hyloris and its development partner centered around alleged misappropriation of trade secrets, improper inventorship, unjust enrichment, and breach of the licensing agreement governing the distribution of Sotalol IV, a cardiovascular drug licensed to AltaThera by Hyloris. AltaThera made significant claims for damages and rights specifically relating to Hyloris' intellectual property. Hyloris responded by initiating arbitration proceedings against AltaThera for breach of the same licensing agreement, including the failure of AltaThera to use commercially reasonable efforts in selling Sotalol IV and sought damages and termination of the licensing agreement. The American Arbitration Association denied all AltaThera claims, except for a limited use of confidential information, and imposed no financial liabilities on Hyloris. This decision was an endorsement of Hyloris' position and a clear rejection of the damages claims. In addition, Hyloris' ownership of its intellectual property was confirmed. The arbitration panel confirmed termination of the license agreement as requested by AltaThera, confirming a perpetual survival of the Sotalol IV license allowing AltaThera to continue commercialization. Hyloris' claims were denied but Hyloris will continue to receive sales related royalties, as defined in the license agreement in accordance with the royalty structure already applied. Hyloris is pleased that the damages claims from AltaThera have been rejected by the arbitration panel and remains dedicated to safeguarding its intellectual property rights while ensuring the continued development and growth of its portfolio and product candidates. Hyloris is conducting a comprehensive analysis of the ruling and currently believes it to be final with no grounds for appeal.

The Company is entitled to offset a substantial part of its incurred expenses related to the arbitration proceedings again against the future royalties that will be owed to its development partner that was part of the proceedings.

On June 30, 2024, the Board had reasonable grounds to believe that it could recover part of the financial compensation claimed from Alta Thera in the U.S. litigation, which would be enough to cover the litigation costs incurred by Hyloris and its partner. As a result, the Board concluded that it was unnecessary to record any portion of these costs as a receivable from its partner at that time.

Following the litigation outcome on September 13, 2024, the Board has already assessed the fair value of the receivables amounting to approximately $0.9 million using the same approach as for the API loan and a discount rate of 11.5%. This receivable is at this stage the best estimation which will be recorded in H2 2024. The recovery of 50% of the litigation costs will depend on future royalties generated from the development programs with our partner, currently being Dofetilide IV, HY-074, and Metolazone IV.

September 30, 2024

The Group announced today that its partner AFT Pharmaceuticals (“AFT”) has signed an exclusive licensing agreement for Maxigesic IV for China with a subsidiary of Xizang Weixinkang Pharmaceutical Co. Ltd., a pharmaceutical company specializing in injectable medications. This agreement will bring Maxigesic IV into one of the largest pharmaceutical markets in the world and strengthens the global footprint of the Group. There is no financial impact in 2024.

Statutory auditor's report to the board of directors of Hyloris Pharmaceuticals SA on the review of the condensed consolidated interim financial information as at 30 June 2024 and for the 6-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Hyloris Pharmaceuticals SA and subsidiaries ("the Group") as at 30 June 2024, the condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the 6-month period then ended, and notes to the condensed interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

Strategic Advice to Pleco

As described in note 17 to the condensed consolidated financial statements, the Group entered into an agreement with Pleco Therapeutics BV ("Pleco"). 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 cumulatively an amount of 1.563 KEUR in retained earnings and an amount of 375 KEUR and 63 KEUR as other operating income in the condensed consolidated financial statements for the 6-month periods ended 30 June 2023 and 2024 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. Historically, the Group has recognized income from this agreement based on a contractual payment schedule, without analyzing specific agreed-upon performance obligations, milestones, or other objective allocation methods. Similarly, in 2024, the Group has recognized income without reference

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to specific performance obligations, milestones, or objective allocation methods. In the absence of such an analysis, it is impossible for us to assess whether the accounting treatment of this agreement 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 17 to the condensed consolidated interim financial information in accordance with the applicable accounting standards.

Recovery of legal costs

As described in note 21 (sub-heading “September 16, 2024”), the Company is contractually entitled to offset a substantial part of legal expenses incurred related to the arbitration proceedings against Alta Thera Pharmaceuticals LLC by the future royalties that it will owe to its development partner who was part of the proceedings. Management did not recognize any corresponding asset resulting from his contractual right. As a result, the Trade and Other receivables (non-current) are understated by 856 KEUR as at 30 June 2024 and the Other income for the 6-month period ended 30 June 2024 is understated by 346 KEUR.

Cut-off R&D costs

As described in note 13.2, Hyloris reviewed certain costs incurred by a partner performing R&D activities on behalf of Hyloris. The Company reached an agreement in June 2024 with its partner on the amount of R&D costs to be reimbursed to Hyloris. The Company did not recognize the effects of this agreement in the condensed consolidated interim financial information as of and for the six-month period ended 30 June 2024. As a result, the Trade and Other receivables (current) are understated by 368 KEUR as at 30 June 2024, and Research and development expenses for the six-month period ended 30 June 2024 are overstated by the same amount.

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2024 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Zaventem, October 15, 2024

KPMG Bedrijfsrevisoren - Réviseurs d’Entreprises
Statutory Auditor
represented by

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