INTERIM FINANCIAL REPORT AS AT 30 JUNE 2020

REGULATED INFORMATION

This report is prepared in accordance with article 13 of the Belgian Royal Decree of November 14, 2007. Hyloris publishes its Interim Financial Report in English and French. In the event of differences of interpretation between the English and the French versions of the Report, the original English version will prevail.

HYLORIS GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 6-MONTH PERIOD ENDED JUNE 30,2020

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INTERIM MANAGEMENT REPORT

This management's discussion and analysis is designed to provide you with a narrative explanation of Hyloris Pharmaceuticals' ("Hyloris" or "the Company") interim condensed consolidated financial statements. It should be read in conjunction with the unaudited financial information and the notes thereto included in this Interim Financial Report and the audited financial information and the notes thereto included in our Initial Public Offering Prospectus issued on June 16, 2020 and available on the Company's website.

All amounts included herein with respect to the six-month periods ended June 30, 2020 and 2019 are derived from our interim condensed consolidated financial statements. The consolidated financial statements for the six month periods ended June 30, 2020 and 2019 are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with the IFRS issued by the IASB as adopted for use in the European Union, and with IAS 34, Interim Financial Reporting.

Except for the historical information contained herein, the matters discussed in this Interim Financial Report may be deemed to be forward-looking statements that involve certain risks and uncertainties as described infra. This discussion and analysis is dated as of the date of this Interim Financial Report.

Company information

Hyloris Pharmaceuticals SA (Euronext: HYL) is an early-stage innovative specialty pharmaceutical company, headquartered in Liège, Belgium. Hyloris is focused on adding value to healthcare systems by reformulating well-known pharmaceuticals. Hyloris develops proprietary products it believes offer significant advantages compared to currently available alternatives, with the aim of addressing the underserved medical needs of patients, hospitals and physicians, and delivering value to payors and other stakeholders in the healthcare system.

Hyloris' development strategy focuses on the reformulation of pharmaceuticals for which the safety and efficacy of the molecule has already been established. This regulatory pathway (named 505(b)(2) regulatory pathway in the United States (US)) can reduce the clinical burden required to bring a product to the market, significantly shorten the development timelines and reduce costs and risks.

Hyloris stands for "high yield, lower risk" and relates to the 505(b)(2) regulatory pathway for product approval on which the Company focuses, and not to the investment in its shares.

Hyloris' portfolio, composed of 14 products, spans three areas of focus: IV[1] Cardiovascular, Other Reformulations and Established Market (high-barrier generics).

Hyloris currently has two early commercial-stage products:

- Sotalol IV, an intravenous formulation of sotalol, a commonly used antiarrhythmic drug, allowing for a significantly shorter (required) hospital stay for therapy initiation and for substitution in patients who are unable to take sotalol orally. Sotalol IV is commercialized in the United States through AltaThera, and
- Maxigesic® IV, an intravenous non-opioid analgesic for the relief of pain, developed with the Company's partner, AFT Pharmaceuticals. Maxigesic® IV, a combination of paracetamol IV and ibuprofen IV, is currently in early stages of commercialization in three countries and in registration phase in many other countries.

The remaining twelve product candidates are in various stages of development and expected to be registered by 2024. In addition, Hyloris aims to initiate four or more new product candidates per year starting in 2021.

[1] IV stand of intravenous

Hyloris intends to market its IV Cardiovascular Portfolio through its own commercial team (with the exception of Sotalol IV) in the US. For its other products, Hyloris intends to appoint partners for commercialization, in which case, Hyloris will receive license fees and sales related payments from these commercial partners.

Hyloris has three fully owned subsidiaries: Hyloris Developments SA, Dermax SA and RTU Pharma US.

For further details on the development strategy and product portfolio, please refer to the Company website (www.hyloris.com).

First half 2020 operational highlights and relevant post-period events

Hyloris continued to successfully develop its product portfolio over the first six months of 2020. The following elements were identified as key highlights:

IV Cardiovascular portfolio

- In March, the US FDA approved the Sotalol IV label expansion to include rapid loading of patients starting on Sotalol. Sotalol tablets is a commonly-used drug for the maintenance of sinus rhythm in patients with atrial fibrillation. Sotalol tablets have a black box warning requiring patients to be continuously monitored for a period of days when initiating the therapy. This novel Sotalol IV loading indication can decrease the length of hospital admission and potentially significantly decrease overall cost of care, while at the same time improving patient satisfaction and safety. The commercialization of this new label in the US will start in H2 2020.

Other Reformulation portfolio

- Maxigesic® IV[2] was launched in Australia, New Zealand and the UAE in June 2020 by Hyloris' partner AFT Pharmaceuticals ("AFT"). Hyloris will receive a part of the profit generated in all countries where Maxigesic IV will be commercialized, except in Australia and New Zealand.
- In June an exclusive distribution agreement for the commercialization of Maxigesic® IV in four western European countries (Germany, France, Italy and Austria) was signed between Austria's Ever Pharma and AFT. Ever Pharma is a well-established pharmaceutical company, with operations in more than 70 countries. The commercialization could start as soon as late 2020 in Germany and Austria.
- In July, enrolment of the open-label, multiple-dose, single arm exposure clinical phase III trial of Maxigesic® IV in 232 patients with acute pain following orthopedic, general or plastic surgery was completed. The study was undertaken in New Zeeland and the United States and aimed to determine the tolerability of repeated doses of Maxigesic® IV over an extended period of exposure. This was a second phase III trial. An earlier phase III clinical trial conducted in 276 patients (for the treatment of acute postoperative pain after foot surgery (bunionectomy)) found that Maxigesic® IV provided significantly better pain relief than either Paracetamol IV (acetaminophen) or Ibuprofen IV alone at the same doses.
- In July also, AFT signed a license and supply agreement for the commercialization of Maxigesic® for Bulgaria, Cyprus, the Czech Republic, Hungary, Romania and Slovakia with the Cyprus based multinational pharmaceutical company Medochemie. Commercialization in these countries is expected to start in 2021

Established Market portfolio

[2] Maxigesic® IV is a novel combination of paracetamol (also called acetaminophen in the United States) and ibuprofen in an intravenous form

- In February Hyloris sold to Alter Pharma[3] all rights, title and interest in the product HY-REF-038 in vial form, while retaining all rights to the Prefilled Syringe, for a consideration (of the transferred intellectual property rights) of € 1.4 million. The vial form is currently already commercially generically available (in the United States).
- During the first quarter the ANDA[4] application for HY-EMP-016 was submitted by Hyloris' partner Perrigo at the FDA. Approval is expected in 2021.

Key upcoming milestones

- Commercial launch of Sotalol IV under the new label in the US
- Maxigesic® IV
    - First European regulatory approvals
    - FDA submission for market approval in the US
- FDA submission of Tranexamic Acid

Corporate highlights

Since January 2020, Hyloris successfully raised €79.54 million gross proceeds. In March and April, the Company issued convertible bonds totaling €15.15 million. On June 29, the Company completed an Initial Public Offering on Euronext Brussels, raising €61.81 million. At the end of July, the Company received an additional €2.58 million from the exercise of the over-allotment option, bringing the total gross proceeds of the IPO to €64.39 million. The bonds were converted into equity on June 30, at a 30% discount of the IPO price.

The funding provided by these transactions is expected to provide the required funding for the completion of the development of the existing product portfolio, the establishment of a commercial infrastructure in the United States for the commercialization of the IV Cardiovascular Portfolio under development, and for the expansion of the pipeline, both internally and through business development opportunities.

Over the first half of 2020, the Company also expanded its management team with the recruitment of an experienced Chief Legal Officer and Chief Financial Officer, who both bring extensive industry expertise in strategic legal, finance and business development planning and execution. The Company also expanded its Board of directors with the addition of Leon Van Rompay and three independent directors, namely Carolyn Myers, James Gale and Marc Foidart.

Selected key financial information

Selected key financial figures (in € thousand)	June 30, 2020	June 30, 2019	December 31, 2019
Revenue	82	75	91
Research and development expenses	(1,172)	(819)	(4,577)
General and administration expenses	(2,454)	(316)	(808)
Other income/(expenses)	20	72	86
Operating loss	(3,633)	(1,026)	(5,274)
Loss of the period	(3,742)	(1,314)	(5,768)
Net cash used in operations	**95**	**(911)**	**(4,562)**
Net cash inflow/(outflow) of the period	66,578	(1,539)	(2,482)
Cash and cash equivalents	**66,783**	**1,147**	**205**

[3] Hyloris and Alter Pharma have some common shareholders (which don't have a controlling stake in Alter Pharma)

[4] Abbreviated New drug Application; application for a US generic drug approval for an existing licensed medication or approved drug

Revenue for the period corresponded to royalties due on the sales of Sotalol IV made in the US by Hyloris' distribution partner, AltaThera.

Research and development expenses amounted to €1.2 million for the first half of 2020, an increase of €0.3 million compared to the same period in 2019, resulting from additional outsourced product development, pre-clinical and clinical expenses on our product candidates.

General and administrative expenses amounted to €2.4 million, compared to €0.3 million in H1 2019. The €2.1 million increase was mainly driven by transaction costs associated to fundraises completed in H1 2020 and, to a lesser extent, to expenses associated to the ESOP warrants and to the strengthening of the management structure of the Company.

Net operating cash flow was marginally up for H1 2020 (€0.1 million) compared to a cash burn of €0.9 million for H1 2019. Higher operating expenses incurred in H1 2020 were compensated by the proceeds of the sale of the rights of HY-REF-038 (in vial form) to Alter Pharma.

The cash position of the Company increased to €66.8 million on June 30, 2020 compared to €0.2 million on December 31, 2019, resulting mainly from the issuance of convertible bonds in March and April 2020 for respectively €10.8 million and €4.4 million, and from the IPO completed on June 29, 2020 for €61.8 million.

Further explanation on the condensed interim financial statements is available in the Notes of this report.

Operating capital requirements

After due consideration of the detailed budget and cash flow forecasts for the years 2020 and 2021, the Board of directors of the Company concluded on the business continuity of the Company over at least the next 12 months from the approval date of this interim report, and hence on the appropriateness to prepare the financial statements on a going concern basis. Based on the current scope of activities, the cash balance of Hyloris as of the balance sheet date is expected to be enough to cover the needs of the Company at least until the end of 2023.

Risks and uncertainties

A detailed list of risks and uncertainties the Company faces is set out in the IPO Prospectus dated June 16, 2020 and available on the Hyloris website.

Related party transactions

Over the course of the first half of 2020, the Company received loans from shareholders for a total amount of €3.2 million, and reimbursed shareholders loans for a total amount of €8.1 million, of which €7.5 million was reimbursed in the second quarter of 2020. The Company agreed with the lenders of the remaining shareholder loans to reimburse such loans, including interest at the end of December 2022 or when the Company will generate a positive EBIT, whichever occurs first.

On February 2 2020, Hyloris and Alter Pharma entered into an "Asset Purchase Agreement" whereby Hyloris sold to Alter Pharma, for a total amount of €1.4 million, all rights, title and interest in the product HY-REF-038 in vial form. Hyloris has retained the ownership of HY-REF-038 in the form of prefilled syringes.

Other than the above transactions, there were no other significant transactions with related parties entered into by Hyloris.

RESPONSIBILITY STATEMENT

We hereby certify that:

- to the best of our knowledge, the condensed consolidated financial statements as of 30 June 2020, prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union , give a true and fair view of the financial position, comprehensive loss and cash flows of Hyloris Pharmaceuticals SA and its consolidated entities taken as a whole (the 'Group'); and that
- the interim management report includes a fair review of the development and the performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

August 5, 2020 – on behalf of the Board of Directors,

STATUTORY AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HYLORIS PHARMACEUTICALS ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT JUNE 30, 2020 AND FOR THE 6-MONTH PERIOD THEN ENDED

Introduction

As statutory auditor of Hyloris Pharmaceuticals SA, we provide you with our review report on the condensed consolidated interim financial information as at 30 June 2020 and for the six-month period then ended.

We have reviewed the accompanying condensed consolidated statement of financial position of Hyloris Pharmaceuticals SA as at 30 June 2020, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2020 and for the six-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, August 5 2020

KPMG Réviseurs d'Entreprises
Statutory auditor
represented by
Olivier Declercq

Réviseur d'Entreprises

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS **(in € thousand)**	**Note**	**June 30, 2020**	**December 31, 2019**
Non-current assets		**2,757**	**2,245**
Intangible assets	6	2,648	2,138
Property, plant and equipment		28	32
Right-of-use assets		73	66
Financial assets		9	9
Current assets		**69,056**	**3,739**
Trade and other receivables	7	427	333
Other financial assets		6	-
Other current assets	8	1,839	3,200
Cash and cash equivalents		66,783	205
TOTAL ASSETS		**71,813**	**5,983**
EQUITY AND LIABILITIES **(in € thousand)**	**Note**	**June 30, 2020**	**December 31, 2019**
Equity attributable to owners of the parent	9	**59,666**	**(10,188)**
Share capital		128	89
Share premium		101,114	23,982
Retained earnings		(39,823)	(36,081)
Other reserves		(1,753)	1,822
Non-current liabilities		**7,948**	**22**
Borrowings	10	26	22
Other financial liabilities	10	7,922	-
Current liabilities		**4,198**	**16,149**
Borrowings	10	47	44
Other financial liabilities	10	409	13,130
Trade and other liabilities	11	3,694	2,927
Current tax liabilities		47	47
Total liabilities		**12,147**	**16,171**
TOTAL EQUITY AND LIABILITIES		**71,813**	**5,983**

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6-MONTH PERIOD ENDED JUNE 30

in € thousand	Note	2020	2019
Revenue	12	82	75
Cost of sales	13	(109)	(37)
Gross profit		**(27)**	**38**
Research and development expenses	13	(1,172)	(819)
General and administrative expenses	13	(2,454)	(316)
Other operating income		20	72
Operating profit/(loss)		**(3,633)**	**(1,026)**
Financial income	14	620	91
Financial expenses	14	(729)	(380)
Profit/(loss) before taxes		**(3,741)**	**(1,314)**
Income taxes		(1)	-
PROFIT/(LOSS) FOR THE PERIOD		**(3,742)**	**(1,314)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**(3,742)**	**(1,314)**
Profit/(loss) for the period attributable to the owners of the Company		(3,742)	(1,078)
Profit/(loss) for the period attributable to the non-controlling interests		-	(237)
Total comprehensive income for the period attributable to the owners of the Company		(3,742)	(1,078)
Total comprehensive income for the period attributable to the non-controlling interests		-	(237)
Basic and diluted earnings/(loss) per share (in €)	15	(0.21)	(0.07)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2020

in € thousand	Attributable to equity holders of the Company						Equity attributable to owners of the parent	Non-controlling interests	Total Equity
	Share capital	Share premium	Other reserves			Retained earnings			
			Share-based payment reserve	Cost of Capital	Other reserves				
Balance at December 31, 2018	**89**	**23,982**	**1,329**	**-**	**450**	**(28,097)**	**(2,246)**	**(2,216)**	**(4,462)**
Issuance of shares	-	-	-	-	-	-	-	-	-
Contribution by shareholder	-	-	-	-	28	-	28	-	28
Total comprehensive income	-	-	-	-		(1,078)	(1,078)	(237)	(1,314)
Balance at June 30, 2019	**89**	**23,982**	**1,329**	**-**	**478**	**(29,175)**	**(3,296)**	**(2,453)**	**(5,748)**
Balance at December 31, 2019	**89**	**23,982**	**1,329**	**-**	**493**	**(36,081)**	**(10,188)**	**-**	**(10,188)**
Initial Public Offering	29	61,784	-	(3,656)	-	-	58,156	-	58,156
Issuance of convertible bonds					4,531		4,531		4,531
Conversion of convertible bonds	10	15,347	-	(102)	(4,585)	-	10,671	-	10,671
Amortized costs on shareholders loans	-	-	-	-	(5)	-	(5)	-	(5)
Share-based payments	-	-	243	-	-	-	243	-	243
Total comprehensive income	-	-	-	-	-	(3,742)	(3,742)	-	(3,742)
Balance at June 30, 2020	**128**	**101,113**	**1,572**	**(3,758)**	**434**	**(39,823)**	**59,666**	**-**	**59,666**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6-MONTH PERIOD ENDED JUNE 30

in € thousand	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the period		(3,742)	(1,314)
Adjustments for:			
Depreciation, amortization and impairments		52	51
Equity-settled share-based payment expense	16	243	-
Interest expenses on Convertible Bonds		235	-
Interest expenses on shareholders loans		317	193
Change in maturity of shareholders loans		(381)	-
Change in fair value of derivative instruments		(81)	-
Equity transaction costs	13	1,408	-
Income taxes		1	-
Other non-cash adjustments		(59)	28
Changes in working capital:			
Trade and other receivables		(94)	558
Other financial assets		(6)	3
Other current assets		1,361	(1)
Trade and Other Payables		723	(976)
Other current liabilities		-	1
Other financial liabilities		119	549
Cash generated from operations		*96*	*(911)*
Taxes paid		(1)	-
Net cash generated from operating activities		**95**	**(911)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		-	-
Purchases of Intangible assets		(487)	(603)
Proceeds from other financial assets		-	-
Net cash provided by/(used in) investing activities		**(487)**	**(603)**
CASH FLOW FROM FINANCING ACTIVITIES			
Reimbursements of shareholders loans	10	(8,050)	-
Proceeds from shareholders loans		3,250	-
Reimbursements of borrowings	10	(26)	(26)
Net proceeds from the Initial Public Offering	3	56,803	-
Net proceeds from the Convertible Bonds	3	14,994	-
Interests paid		(1)	(1)
Net cash provided by/(used in) financing activities		**66,970**	**(26)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**66,578**	**(1,539)**
CASH AND CASH EQUIVALENTS at beginning of the period		205	2,687
CASH AND CASH EQUIVALENTS at end of the period		66,783	1,147

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hyloris Pharmaceuticals SA (the "Company" or "Hyloris") is a limited liability company governed by Belgian law. The address of its registered office is Blvd Gustave Kleyer 17, 4000 Liège, Belgium.

The Company and its subsidiaries (together referred as the "Group") are focused on adding value to the healthcare system by reformulating well-known pharmaceuticals. Hyloris develops proprietary innovative products it believes offer significant advantages compared to currently available alternatives, with the aim to addressing the underserved medical needs of patients, hospitals, physicians, payors and other stakeholders.

Hyloris' development strategy focuses on the FDA's 505(b)(2) regulatory pathway for pharmaceuticals where safety and efficacy of the molecule has been established, with the aim to reduce the clinical burden required to bring a product to the market and to significantly shorten the development timelines, and reduce costs and risks, when compared to traditional NDAs (New Drug Applications) using the FDA's 505(b)(1) regulatory pathway.

Hyloris has two commercial products (Maxigesic® IV and Sotalol IV) as well 12 product candidates in various stages of development. Hyloris' products and product candidates can be divided into the following areas:

- Cardiovascular IV Portfolio;
- Reformulation Portfolio ("other reformulations"); and
- Established Market Portfolio ("high-barrier generics").

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 5 August 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group's condensed consolidated financial statements for the 6-month period ended June 30, 2020 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as endorsed by the European Union ("IFRS") and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual financial statements') as disclosed in the Initial Public Offering (IPO) Prospectus of the Company issued on June 16, 2020 and available on the website of the Company.

The interim report does not include all information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements are presented in thousands of Euros (except when otherwise indicated; Euro is the Company's functional currency). All values are rounded to the nearest thousand (€'000) which may result in minor discrepancies in the totals and sub-totals disclosed in the financial tables and percentages may not precisely reflect the absolute figures.

These financial statements are prepared on an accrual basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future (see here below).

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Significant accounting policies

The same accounting policies, presentation and methods of computation have been applied in these interim condensed financial statements as were applied in the preparation of the Group's financial statements for the

year ended December 31, 2019, except for the impact of the adoption of new Standards and Interpretations as described below:

- Amendments to IFRS 3 – Definition of a Business (effective January 1, 2020): The amendments aim to assist companies to determine whether it has acquired a business or a group of assets.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (effective January 1, 2020): The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements.
- Amendments to IAS 1 and IAS 8 – Definition of Material (effective January 1, 2020): The amendments clarify the definition of "material" and to align the definition used in the Conceptual Framework and the standards.

Following the issuance of convertible bonds in March and April 2020, a new accounting policy has been defined and described here below.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described above, 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. Actual results may differ from these estimates. The followings are areas where key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Going Concern

The 2019 consolidated results of the Group present a negative result, and the consolidated statement of financial position includes a loss carried forward. The Board has examined the statements and accounting standards in light of (i) detailed budgets and cash flow forecasts for the years 2020 and 2021 prepared by the management of the Company, and (ii) the cash position of the Company as of June 30, 2020.

The budget and cash flow forecasts reflect the strategy of the Group and include significant expenses and cash outflows in relation to the development of the ongoing clinical programs and pipeline of products candidates.

Based on its current scope of activities and the significant cash inflows recorded in the first half of 2020 as a result of the issuance of convertible bonds and the completion of the Initial Public Offering, the Board of Directors is of the opinion that it has an appropriate basis to conclude on the business continuity over the next 12 months from the reporting date, and hence it is appropriate to prepare the financial statements on a going concern basis.

The uncertainly raised by the COVID-19 pandemic is not materially impacting going concern and the ability of the Company to continue its operations, as detailed infra.

Share-based payments

In accordance with IFRS 2 – Share-based Payment, the fair value of the warrants at grant date is recognized as an expense in the consolidated statement of comprehensive income over the vesting period, the period of service. Subsequently, the fair value is not re-measured.

The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions, which are detailed in note 16.

Automatically convertible bonds

On March 31, 2020, the Company issued automatically convertible bonds for an amount of € 10,800 thousand. On April 30, 2020, the Company issued additional convertible bonds of an amount of € 4,350 thousand, bringing the total subscription to € 15,150 thousand. The bonds bear interest at a rate of 6% per annum. The bonds were converted on June 30, 2020 using a conversion price corresponding to 70% of the IPO price, i.e. €7.53 per share.

Management concluded that the automatically convertible bonds are hybrid financial instruments containing a host debt instrument and an embedded derivative instrument to be separated as not closely related to the host contract. Whereas the debt instrument was subsequently measured at amortized cost using the effective interest rate method, the derivative was measured at fair value with changes in fair value recognized in profit or loss. Management also concluded that the difference between the initial value of the two instruments (the debt instrument and the derivative) and the proceeds from the bonds was a transaction between the shareholders and the bondholders in their capacity as future shareholders of the Company. As a result, this difference has been recognized in equity (4,531 thousands in total).

The transaction costs amounting to € 156 thousand, that have been incurred on the issuance of the bonds, have been allocated to the debt component and the equity component on the basis of their relative initial values. At conversion the costs directly attributable to the issuance of new shares were recognized in equity, as cost of capital (€102 thousand). The remaining part of the transaction costs were expensed.

An embedded derivative was recognized in the statement of financial position at the respective issuance dates, and was remeasured end of June, ahead of the conversion in equity, resulting into a financial income of €81 thousand. At conversion, embedded derivatives were offset against equity (other reserves) and the difference between interest accrued and interest paid in shares were recognized as 'other reserves' in equity (€27 thousand).

Equity related transaction costs

Costs associated to equity transactions such as investment bank, legal and audit fees are expensed when incurred and recorded as General and Administrative expenses. Only the one-time costs related to the issuance of new shares are capitalized in the equity as costs of capital. When transactions costs are related to all shares, then such costs are recognized in both equity and profit and loss account using new shares/exiting shares the ratio.

In 2020, the Company incurred the following transactions costs associated to the Convertible bonds and the Initial Public Offering.

Equity transactions (in '000 €)	**Gross proceeds**	**Capitalized costs related to issuance of new shares**	**Costs expensed in P&L**	**Net proceeds**
Initial Public Offering	61,813	(3,656)	(1,354)	56,803
Convertible bonds	15,150	(102)	(54)	14,994
Total	76,963	(3,758)	(1,408)	71,797

Effective interest rate of shareholders' loans

In previous years, the Group was granted several shareholders' loans as disclosed in note 10.2. The shareholders' loans bear a fixed interest rate of 4%, which is considered to be below market rates if the Group would finance itself on the market. As such, based on the principles of IFRS 9 Financial Instruments, the Company remeasured the shareholders' loans at fair value (at the date the loan has been originated or at transition date). Subsequently the loans are measured at amortized cost based on the market-related rate. As such the Group recognizes the interest expense it would need to pay if it would finance itself on the market. The differential between the fair value of the loans and the nominal amount is considered as a capital contribution, which is recognized immediately in equity.

Change of maturity of the shareholder's loans

In March 2020, the Company and the lenders agreed to review the terms of the shareholder loans. The loans were originally repayable by year end 2020. Following the terms of the new agreements, the Company shall reimburse €7.5 million in Q2 2020 (on top of the earlier reimbursement of €0.6 million made in Q1 2020) and repay the remaining part of the loans (including interest) the earlier of year end 2022 or when the Company will generate an operating profit.

Quantitative assessment - The net present value of the cash flows under the new terms differs by less than 10% from the present value of the remaining cash flow under the original terms. Hence, the changes in the contractual terms were not considered as a substantial modification of the terms of the shareholders loans.

The revised amortized cost of the shareholders loans was recalculated by discounting the revised estimated future cash flows at the loan's original effective interest rate and the difference was recognized as a financial income in the statement of profit or loss (€532 thousand).

The anticipated reimbursement of €8.1 million made during the first half of 2020 led to the recognition of a financial expense in the statement of profit or loss (€151 thousand).

Recognition of deferred tax assets

Deferred tax assets are recognized only if management assesses that these tax assets can be offset against taxable income within a foreseeable future.

This judgment is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.

Since inception, the Company has reported losses, and as a consequence, the Company has unused tax losses. Therefore, management has concluded that deferred tax assets should not be recognized as of June 30, 2020 considering uncertainties regarding future taxable profits relating to the commercialization of the development projects.

COVID-19

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

As of June 30 2020, the development activities of the Group were slightly impacted, notably the Company noted some delays in the clinical trials associated with the patient' containment, in active pharmaceutical ingredients (APIs) production and in preclinical development.

Hyloris has implemented work-from-home policies for all of its employees until end of June 2020. As of the date of this report, none of the Company's employees suffered from COVID-19.

The effects of local lockdown orders, government-imposed quarantines, travel restrictions, business closures and work-from-home policies have restricted Hyloris' access to active pharmaceutical ingredients (APIs), delayed two clinical programs (Maxigesic® IV and HY-REF-004), disrupt product development or approval timelines.

During the second quarter of 2020, supply chain disruptions resulting from the COVID-19 situation have impacted two of Hyloris' products. The APIs used in the manufacture of Metolazone IV and of Atomoxetine Oral Liquid are respectively sourced in India and China where nationwide lockdowns have only recently been relaxed. As a result, Hyloris has experienced delays in obtaining certain amounts of API required for the production of Metolazone IV. A first batch of the API required for the production of Atomoxetine Oral Liquid has been received by Hyloris' CDO.

Likewise, the commencement of clinical trials in respect of HY-REF-004 has been similarly delayed due to delays encountered in the regulatory process and is not foreseen to start end of August.

Product development of Tranexamic Acid RTU has been delayed because of the limited availability of the manufacturer, leading Hyloris to reschedule its anticipated FDA filing date for that product candidate to beginning of Q4 2020.

Hyloris believes that the overall impact of COVID-19 on its business and operations has so far been minimal; however, the ongoing magnitude of such impact will depend, in part, on the length and severity of the restrictions and other limitations on Hyloris' ability to conduct its product development activities.

4. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES

Financial instruments not reported at fair value in the statement of financial position

The carrying amounts of financial instruments that are not reported at fair value in the interim financial statements were as follows for the current and comparative periods:

in € thousands	IFRS 9 Category	June 30, 2020	December 31, 2019
Financial assets	At amortized cost	9	9

Trade receivables	At amortized cost	38	58
Cash and cash equivalents	At amortised cost	66,783	205
Total financial assets		**66,831**	**272**
Non-current financial liabilities			
Lease liabilities	At amortized cost	26	22
Other financial liabilities	At amortized cost	7,922	-
Current financial liabilities			
Lease liabilities	At amortized cost	47	44
Other financial liabilities	At amortized cost	409	13,130
Trade and other liabilities			
Trade payables	At amortized cost	3,616	2,866
Total financial liabilities		**12,020**	**16,062**

For the above-mentioned financial assets and liabilities, the Company considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

5. OPERATING SEGMENTS

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 Group's activities are managed and operated in one segment, pharmaceuticals. There is no other significant class of business, either individual or in aggregate. As such, the chief operating decision maker reviews the operating results and operating plans and makes resource allocation decisions on a company wide basis.

The revenue generated currently relates to royalties generated from one third party customer, AltaThera, as well as a revenue related to the sales of an asset to Alter Pharma group in 2020.

Geographical information

Revenue reported in the consolidated statement of profit or loss and other comprehensive income and non-current assets recorded in the consolidated statement of financial position are located in Belgium, country of domicile of the Company.

6. INTANGIBLE ASSETS

In 2020, the significant movements in intangible assets are related to additions of € 532 thousand, mainly relating to own product candidates (Maxigesic® IV, Tranexamic RTU and HY-EMP-016).

The Group incurred € 1,172 thousand of research and development expenses in the 6-month period ended June 30, 2020 (2019: € 819 thousand) that have been fully recognized in the profit and loss statement.

Capitalized borrowing costs were computed on asset purchased and on capitalized development costs using a 6% interest rate, in line with the weighted average borrowing rate applicable to the Group. The intangible assets relating to capitalized development are not amortized until the moment they are available for use as intended by management, i.e. ready for commercialization. The development costs of Sotalol IV, for which amortization already started, have a remaining useful life of 6 years.

As long as the assets are not amortized, they are tested for any impairment losses on an annual basis or more frequently if specific indicators require it. The impairment test conducted is performed by product and consists in measuring the recoverable amount. No impairment loss has been recognized during the period.

No intangible assets have been pledged in the context of financial liabilities.

7. TRADE RECEIVABLES AND OTHER RECEIVABLES

in € thousand	June 30, 2020	December 31, 2019
Trade receivables	38	58
Less: allowance for impairment of trade receivables	-	-
Trade receivables - net	**38**	**58**
Prepayments	-	-
Other receivables	389	275
Prepaid expenses and other receivables	**389**	**275**
Trade and other receivables - Current	**427**	**333**

The trade receivables as at June 30, 2020 mostly relates to royalties earned in the 6-month period ended June 30, 2020.

An impairment analysis of trade receivables is done on an individual level, and there are no individual significant impairments.

The carrying amount of the Group's trade receivables (gross) is denominated in Euro.

During the period, 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 receivables mainly include recoverable VAT.

8. OTHER ASSETS

in € thousand	June 30, 2020	December 31, 2019
Pre-paid R&D expenses	1,770	3,150
Other pre-paid expenses	69	50
Other current assets	**1,839**	**3,200**

Other current assets

Pre-paid R&D expenses relate to payments made by the Company for research and development projects conducted by third parties and will be recorded in profit and loss when incurred. The decrease of € 1,4 million compared to 31 December 2019, is mainly related to the sale of the vial-form of HY-REF-038 to Alter Pharma. This transaction is accounted for as an asset deal with Alter Pharma as Alter Pharma takes over all rights and obligations associated with the asset transferred. As of the date of the sale, Hyloris had not incurred any expenses on the assets transferred.

Pre-paid R&D expenses of € 1,770 thousand per June 30, 2020 relate mostly to:

- € 800 thousand: development agreement with Generic Specialty Pharma Ltd (GSP, a subsidiary of the Alter Pharma group and a related party of Hyloris), to run the clinical development of the Fusidic Acid cream product candidate
- € 600 thousand: development Agreement with Generic Specialty Pharma Ltd (GSP, a subsidiary of the Alter Pharma group and a related party of Hyloris), pursuant to which GSP agreed to carry out all development activities required for (the acquisition/ registration of ANDA/NDA approval for) the product HY-REF-038 in the form of prefilled syringes.
- € 350 thousand: On 21 December 2018, Generic Specialty Pharma (GSP) (a subsidiary of the Alter Pharma group, a related party of Hyloris) entered into an Asset purchase and development agreement with Hyloris Developments, pursuant to which GSP assigned and transferred to Hyloris Developments all intellectual property rights, title and interests in a product that has since been discontinued. In consideration of the amount paid by Hyloris, GSP will develop the (patentable) product, will be responsible for the patent application and for the submission of the NDA with the FDA. In 2019, Hyloris made a pre-payment of €350 thousand. As of 30 June 2020, no decision was made on the selection of a new product, hence no expenses have been incurred yet on that project. Therefore, the full amount paid is recognized as pre-paid R&D expenses. An outstanding milestone payment of € 150 thousand will only be due upon completion of the formulation of the product.

9. EQUITY

In € thousand	June 30, 2020	December 31, 2019
Share capital	128	89
Share premium	101,114	23,982
Retained earnings	(39,823)	(36,081)
Other reserves	(1,753)	1,822
Total Equity attributable to owners of the parent	**59,666**	**(10,188)**

Share capital

As per June 30, 2020, the share capital of the Company amounts to € 127.963,16 represented by 25.592.632 shares, without nominal value, each representing 1/25.592.632th of the share capital of the Company. The share capital of the Company is fully and unconditionally subscribed for and is fully paid up. All shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

The following capital transactions have taken place since January 1st, 2017:

Date	Transaction	Increase of share capital (incl. share premium) (€)	Number of securities issued	Issue price / share (rounded, incl. share premium) (€)	Number of Shares after the transaction
7 June 2012	Incorporation	50,000	10,000 Shares	5.00	10,000
31 March 2017	Capital increase	11,500	2,300 Shares	5.00	12,300
12 May 2017	Share split	-		-	3,075,000
12 May 2017	Warrants issue	-	300,000 Transaction Warrants	-	3,075,000
31 May 2018	Capital increase	2,750,000	248,711 Shares	11.06	3,323,711
31 May 2018	Warrants issue	-	5 Adjustment Warrants	-	3,323,711
31 May 2018	Warrants issue	-	5 Anti-dilution Warrants	-	3,323,711
31 May 2018	Capital increase	3,000,000	271,322 Shares	11.06	3,595,033
31 December 2019	Capital increase	18,259,783[5]	855,409 Shares	21.35	4,450,442
31 December 2019	Warrants issue	-	90,825 ESOP Warrants	-	4,450,442
31 March 2020	Convertible bonds issue	-	500 convertible bonds	-	4,450,442
8 June 2020	Share split	-	Share split (1 to 4)	-	17,801,768
30 June 2020	Warrants cancellation		5 Adjustment Warrants	-	17,801,768
30 June 2020	Warrants cancellation		5 Anti-dilution Warrants	-	17,801,768
30 June 2020	IPO on Euronext	61,821,500	5,750,000 shares	10.75	23,551,768
30 June 2020	Conversion of convertible bonds	15,358,025	2,040,864 shares	10.75	25,592,632

On June 29, 2020, the Company completed its Initial Public Offering (IPO) on Euronext Brussels, resulting in the issuance of 5,750,000 new shares at €10.75 per share for a total gross proceeds of €61,821,500. The completion of the IPO triggered the conversion of the convertible bonds issued on March 31 2020 and April 30 2020 for respectively €10,800,000 and €4,350,000. The bonds were converted using a €7.525 value per share, corresponding to a 30% discount to the IPO price as contractually agreed at the issuance of the bonds. The Bonds bear a 6% interest rate as from their issue date. Accrued interest as of the date of the conversion were paid in shares, together with the principal amount, totaling together €15,358,025.

Share premium

As a result of the IPO and the conversion of the bonds, the share premium increases by €77,132 thousand

[5] Accounting wise, the share issue of December 2019 was accounted for as from the date of establishment of common control in -Dermax

Other reserves

In € thousand	June 30, 2020	December 31, 2019
Share based payment	1,572	1,329
Cost of Capital	(3,758)	-
Other	434	493
Total Other reserves	**(1,753)**	**1,822**

The main movement of the other reserves over the period can be explained as follow:

- An increase of €243 thousand resulting from the share based payment expenses associated with the ESOP warrants issued in December 2019;
- A decrease of €3,758 thousand resulting from the capitalization of the transaction costs associated to the issuance of new shares resulting from the conversion of the convertible bonds (€102 thousand) and the IPO (€3,656 thousand) (cfr Note 3).

10. BORROWINGS AND OTHER FINANCIAL LIABILITIES

10.1 Borrowings

In € thousand	June 30, 2020	December 31, 2019
Lease liabilities	73	66
Total borrowings	**73**	**66**
of which as:		
Non-current borrowings	26	22
Current borrowings	47	44

The Group is not subject to financial covenants. The underlying leased assets act as pledge in the context of the lease liabilities.

10.2 Other financial liabilities

The other financial liabilities can be detailed as follows:

in € thousand	June 30, 2020	December 31, 2019
Loans from shareholders	7,922	12,721
Other loans (recoverable cash advances)	409	409
Other financial liabilities	**8,332**	**13,130**
of which as:		
Non-current other financial liabilities	7,922	-
Current other financial liabilities	409	13,130

Loans from shareholders

The loans from shareholders are unsecured and bear a fixed nominal interest rate of 4% which are payable the earlier of 31 December 2022 or if and when the Company will generate a positive EBIT. In its IFRS financial statements, the Company reassessed the interest rate under the shareholders loan agreements and considered that a 6% interest rate represented a fair estimate at which it could obtain similar loans based on benchmarking obtained from peer companies with a similar profile and the rate applied in its convertible bonds.

Over the first half of 2020, the Company received additional loans from its shareholders for a total of € 3.3 million and made repayments of € 8.1 million, of which €7.5 million in Q2 2020. The shareholders loans are presented in the June 30, 2020 financial statements as a non-current other financial liabilities as pursuant to the loan agreements signed in June 2020.

Recoverable cash advance

The recoverable cash advance ('RCA') received by the Company from the Walloon Region gives rise to a financial liability in the scope of IFRS 9 - Financial Instruments as the advance needs to be settled by paying back the cash received or transfer all relating intellectual property rights and titles. At June 30 2020, the research program for which the advance was granted was abandoned due to unsatisfactory results. The Company judges that the

financial liability of the effectively received € 488 thousand will be settled by paying back the unutilized cash received for an amount of € 409 thousand.

11. TRADE AND OTHER LIABILITIES

in € thousand	June 30, 2020	December 31, 2019
Trade payables	3,616	2,866
Employee benefit liabilities	66	52
Other payables	12	8
Trade and other liabilities - Current	**3,694**	**2,927**

The trade payables relate mainly to transaction costs associated to the IPO completed on June 29, 2020 and the outstanding management fee of the CEO Stijn Van Rompay. Fees owned to the CEO were paid in July.

The fair value of trade payables approximates their carrying amount.

Other payables relate to VAT payables.

12. REVENUE

The revenue for the 6-month period ended June 30, 2020 relates to the royalties received from Alta Thera, our US distributor of Sotalol IV.

13. EXPENSES BY NATURE

Expenses by nature represent an alternative disclosure for amounts included in the consolidated statement of comprehensive income. They are classified under "Cost of sales", "Research and development expenses", "General and administrative expenses" and "Other operating expenses" in respect of the 6-months period ended June 30:

In € thousand	H1 2020	H1 2019
Amortization expense of intangible assets	22	22
Impairment losses on intangible assets	-	-
Depreciation expense of property, plant and equipment	4	3
Depreciation expense of right-of-use assets	25	26
Employee benefit expenses and Management fees	653	348
Share based payments	243	-
Equity transaction costs	1,408	-
Legal & paralegal fees	76	86
Office expenses	45	36
Out-sourced R&D	961	629
Travel expenses	14	7
Other expenses	288	14
Total operating expenses	**3,735**	**1,172**
of which as:		
Cost of sales	109	37
Research and development expense	1,172	819
General and administrative expenses	2,454	316

In accordance with IAS 38, we do not capitalize our research and development expenses until we receive the marketing authorization for the applicable product candidate. Research and development expenditures incurred during the interim period were accounted for as operating expenses.

Hyloris' research and development expenses increased by 43%, from € 819 thousand H1 2019 to € 1,172 thousand H1 2020. The increase was principally driven by additional out-sourced R&D expenses related to existing product-candidates.

Hyloris' General and administrative expenses increased by 675% (or €2,138 thousand), from € 316 thousand H1 2019 to € 2,454 thousand H1 2020. The increase was principally driven by (i) the transaction costs of the IPO and the convertible bonds (that were not capitalized as cost of capital; €1,408 thousand), (ii) the vesting cost of the ESOP warrants (€243 thousand - refer to Note 16), and (iii) the enlargement of the management structure of the Company (€305 thousand).

14. FINANCIAL RESULT

The various items comprising the net finance cost are as follows:

In € thousand	**H1 2020**	**H1 2019**
Gain related to the extension of the maturity of the shareholder loans	532	-
Change in fair value of embedded derivates	81	-
Exchange differences	8	87
Other	-	4
Financial income	**620**	**91**
Interest expense on other financial liabilities	317	192
Interest expense on Convertible Bonds	235	-
Interest expense on lease liabilities	4	1
Total Interest expense	**556**	**193**
Fair value adjustment of the shareholder loans	151	-
Exchange differences	12	179
Bank and other fees	9	8
Total financial expenses	**729**	**380**

15. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As disclosed in Note 9, the Company performed a stock split on June 8, 2020. On June 8 2020, every existing share/option gave right to 4 shares/options. The stock split had no dilutive effect.

No effects of dilution affect the net profit attributable to ordinary equity holders of the Group. The table below reflects the income and share data used in the basic and diluted earnings per share computations for the 6-months period ended June 30:

In € thousands	**H1 2020**	**H2 2019**
Basic earnings		
Profit from continuing operations attributable to owners of the parent	(3,742)	(1,078)
Diluted earnings		
Dilution effect of share-based payments	-	-
Profit from continuing operations attributable to owners of the parent, after dilution effect	(3,742)	(1,078)

Earnings per share based on the existing number of ordinary shares

Number of shares	**H1 2020**	**H1 2019**
Weighted average number of ordinary shares outstanding during the period (post stock split)	17,844,575	14,380,132
Basic earnings per share	**(0.21)**	**(0.07)**

Diluted earnings per share	(0.21)	(0.07)

Earnings per share based on the number of shares as adjusted for the common control of Dermax SA

Number of shares	**H1 2020**	**H1 2019**
Weighted average number of ordinary shares outstanding during the period (post stock split) as adjusted for the common control of Dermax SA	17,844,575	17,801,768
Basic earnings per share	**(0.21)**	**(0.06)**
Diluted earnings per share	(0.21)	(0.06)

As the Company is suffering operating losses, the stock options have an anti-dilutive effect. As such, there is no difference between basic and diluted earnings per ordinary share. There are no other instruments that could potentially dilute earnings per share in the future.

16. SHARE-BASED PAYMENTS

The Company has a stock option scheme for the employees, consultants and directors of the Company and its subsidiaries for rendered services. In accordance with the terms of the plan, as approved by shareholders, employees may be granted options to purchase ordinary shares at an exercise price as mentioned below per ordinary share.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior periods:

	Expiry Date	Exercise Price per stock option (€) (before stock split)	Fair value at grant date (€) (before stock split)	Options per June 30, 2020 (post stock split)	Options per December 31, 2019 (as adjusted by stock split of June 8, 2020)	Options per December 31, 2019 (before stock split)
PLAN 2017						
Options	4/05/2022	9.44	4.43	1,200,000	1,200,000	300,000
PLAN 2019						
Options	31/12/2024	21.35	9.88	333,000	313,000	78,250

The 2017 plan is fully vested immediately as no vesting conditions were required.

On December 31 2019, The Company issued a new plan of 90,825 options (before stock split) in the context of an employee stock ownership plan (ESOP warrants). The 2019 plan is subject to services conditions so that it will vest gradually over the next four years (25% after 1 year, and 1/48 for every additional month). The Company offered in total 353,000 options (88,250 options before stock split) to the beneficiaries. As of 30 June 2020, all options offered were accepted and 20,000 options (5,000 options before stock split) lapsed. The remainder options of the 2019 plan (2,575 options before stock split) lapsed as at June 30, 2020.

The fair value of the stock options has been determined based on the Black Scholes model. Expected volatility is based on the historical share price volatility over the past 5 years of listed peer companies.

Below is an overview of all the parameters used in this model:

	PLAN 2017	**PLAN 2019**
Share price (€) (before stock split)	9.44	21.35
Exercise Price (€) (before stock split)	9.44	21.35
Expected volatility of the shares (%)	55%	55%
Expected dividends yield (%)	0%	0%
Risk free interest rate (%)	0.60%	0.10%

The following reconciles the options outstanding at the beginning and end of the year:

	Average exercise price (€) (after stock split)	Number of options (after stock split)	Average exercise price (€) (before stock split)	Number of options (before stock split)
Closing balance at December 31, 2018	**2.36**	**1,200,000**	**9.44**	**300,000**
Warrants accepted in December 2019	5.34	118,000	21.35	29,500
Closing balance at December 31, 2019	**2.63**	**1,318,000**	**10.51**	**329,500**
Warrants accepted in H1 2020	5.34	235,000	21.35	58,750
Warrants lapsed in H1 2020	5.34	20,000	21.35	5,000
Closing balance at June 30, 2020	**3.01**	**1,533,000**	**12.03**	**383,250**

The 1,200,000 Transaction warrants are exercisable during the periods set out in the terms and conditions thereof, including notably an annual window during the 60 calendar days preceding the Annual General Shareholders' Meeting to be held in that year, and immediate exercisability in the event of an IPO of the Company. However, in the Shareholders' Agreement, all holders have committed not to exercise their Transaction Warrants (i) during the 60 calendar days' period prior to the Annual General Shareholders' Meeting to be held in 2020 regarding the financial year 2019 and (ii) from the first day of trading of the Shares on Euronext Brussels until closing of the Offering, without prejudice to the right of each holder of Transaction Warrants to exercise its Transaction Warrant(s) as from the closing of the Offering in accordance with the terms and conditions of the Transaction Warrants.

17. CONTINGENCIES

As of June 30, 2020, the Group was not involved in any claim or dispute incidental to the activities of the Group.

18. COMMITMENTS AND CONTINGENT LIABILITIES

End of June 2020, Hyloris had contractual commitments and contingent liabilities for a maximum amount of € 4.2 million (among which € 0,25 million and $4.4 million converted in EUR at a rate of 1.1198) related to asset purchase, licenses and developments agreements recorded under intangible assets. The amounts due to the counterparties are due upon reaching certain milestones dependent on successful completion of development stages of the different product candidates (including FDA approval) or on meeting specified sales targets, and which represent the maximum that would be paid if all milestones and sales targets, however unlikely, are achieved. The amounts are not risk-adjusted or discounted.

The following table details the total maximum contractual commitments and contingent liabilities at June 30, 2020 per product candidates if such products are successfully marketed (in'€000):

Product-Candidate	$	€	Converted in €
Metolazone IV	1,750	-	1,563
Dofetilide IV	1,267	-	1,132
HY-CVS-073	625	-	558
HY-CVS-074	325	-	290
Atomoxetine Liquid	250	-	223
HY-REF-004	225	-	221
To be assigned	-	150	150
HY-REF-075	-	100	100
TOTAL	**4,442**	**250**	**4,217**

As of June 30 2020, out of the total value of €4.2 million, $1.8 million (or €1.6 million) should be considered as contingent liabilities as they are not triggered by a performance obligation from the counterparty ($1.3 million for Metolazone IV, $0.3 million for Atomoxetine Liquid and $0.2 million for HY-REF-004).

Contingent liabilities attached to profit split and royalties which percentage varies based on achieved profit and/or sales are not considered in the above table as no maximum amount can be determined.

19. RELATED PARTY TRANSACTIONS

The reference shareholder is Stijn Van Rompay.

As part of the business, the Company has entered into several transactions with related parties.

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

The related parties presented below are identified as:

- Shareholders; Mr Stijn Van Rompay, an executive member of the board of the Company, CEO and reference shareholder of the Company; GRNR Invest BVBA, an entity controlled by Thomas Jacobsen, an Executive member of the board of the Company; Pieter Van Rompay (Sibling of Mr. Stijn Van Rompay.);
- The Alter Pharma group and its subsidiaries, in which Hyloris' Chief Executive Officer, Mr. Stijn Van Rompay, and board member and executive director, Mr. Thomas Jacobsen, have material ownership interests.
- Executive Management Team as defined in section 19.2 hereunder.

19.1 Transactions with related parties

The following table presents the total amount of transactions made with entities controlled by or related to key management and the transactions occurred during the first half of 2020. The underlying assets of the transactions made with related parties are presented as intangibles or prepaid expenses in the Consolidated Statement of Financial Position.

in € thousand	Nature of assets	Transactions of the period
Other related parties	Licensing	-
	Asset Purchase	-
	Development services	(1,280)
Total		**(1,280)**

At June 30, 2020, there were outstanding trade payables related to transactions with related parties:

in € thousand	Type of services	June 30, 2020	December 31, 2019
Other related parties	Licensing	-	175
	Asset Purchase	-	-
	Development Agreement	101	1,700
Total		**101**	**1,875**

The outstanding trade payables related to the Development Agreement of Maxigesic IV® to Alter Pharma NV and Neogen NV (both subsidiaries of the Alter Pharma group).

At June 30 2020, there were no outstanding trade receivables related to transactions with related parties.

The following loans from related parties were outstanding at June 30, 2020:

in € thousand	June 30, 2020	December 31, 2019
Loans from shareholders (excluding accrued interest)	6,476	11,651
Total	**6,476**	**11,651**

The reference Shareholder and CEO Stijn Van Rompay has an outstanding amount (principal loan) of € 4,160 thousand as per June 30, 2020.

Pieter Van Rompay, Shareholder and sibling of Stijn Van Rompay has an outstanding amount (principal loan) of € 889 thousand as per June 30, 2020.

GRNR Invest BVBA, entity controlled by Thomas Jacobsen, Shareholder and executive director, has an outstanding amount (principal loan) of € 1,019 thousand as per June 30, 2020.

Stijn Van Rompay and his spouse have an outstanding amount (principal loan) of € 181 thousand as per June 30, 2020.

Ellen Delimon, spouse of Stijn Van Rompay has an outstanding amount (principal loan) of €226 thousand, as per June 30, 2020.

As per December 31, 2019 Stijn Van Rompay, Pieter Van Rompay, GRNR Invest BVBA, entity controlled by Thomas Jacobsen, Stijn Van Rompay and his spouse respectively had amount outstanding (loan principals) of €9,652 thousand, €1,422 thousand, €377 thousand and €201 thousand.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

The above loans bear fixed interest rates (nominal rate of 4% and effective interest rate of 6%). The amount of accrued interest at June 30, 2020 amounted to €1,446 thousand.

Contractual commitments

Hyloris has contractual commitments for a maximum amount of €0.25 million with related parties related to licenses and development agreements recorded under intangible assets. The amounts are due upon reaching certain milestones dependent on successful completion of development stages of the different product candidates (including FDA approval) or on meeting specified sales targets, and which represent the maximum that would be paid if all milestones and sales targets, however unlikely, are achieved. The amounts are not risk-adjusted or discounted.

The following table details the total maximum contractual commitments (milestone payments only) at June 30 2020 per product candidates if such products are successfully marketed (in'€000). The profit split and royalties, which percentage varies based on achieved profit, are not included in the table:

Product-Candidate	Related party	€
To be assigned	Neogen	150
HY-REF-075	Nordic Speciality Pharma	100
TOTAL		**250**

19.2 Executive Management Team

Executive management team personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. As of June 30 2020, members of the Executive Management Team are:

- Mr Stijn Van Rompay, an executive member of the board of the Company, CEO and reference shareholder of the Company; SVR Management.
- Jacobsen Management, an entity controlled by Thomas Jacobsen, an executive member of the board of the Company
- Humara Kinetics LLC, an entity controlled by Edward J Maloney, Chief Business Development Officer
- Maurizio Passanisi, Chief Clinical Officer[6]
- Finfactory, an entity controlled by Astrid Heiremans, acting Chief Financial Officer
- Herault, an entity controlled by Koenraad Van der Elst, Chief Legal Officer

The table below presents the compensation of all members of Executive Management Team by type of compensation:

in € thousand	H1 2020	H1 2019
Short-term compensation	411	169
Post-employment benefits	2	1
Share based payments	115	-

[6] Mr. Passanisi left the Company on 3 July 2020

Total	**528**	**170**

As of June 30 2020, members of the Executive Management Team owned the following securities of the Company:

	Shares		Warrants	
	Number (#)	**Pct. (%)**	**Number (#)**	**Pct. (%)**
Mr. Stijn Van Rompay (CEO)	6,711,838	26.23	920,096	60.02
Mr. Thomas Jacobsen (Executive director)	3,437,760	13.43	163,512	10.67
Mr. Edward Maloney (CBDO)	428,828	1.68	-	-
Mr. Maurizio Passanisi (CCLO)[1]	190,524	0.74	46,000	3.00
Mr Koenraad Van der Elst (CLO)	27,443	0.11	50,000	3.26
Mrs. Astrid Heiremans (acting CFO)	-	-	-	-
TOTAL	**10,796,393**	**42.19**	**1,179,608**	**76.95**

In March and April 2020, Mr Van Rompay and Mr Van der Elst subscribed to the Convertible Bonds issued by the Company for respectively EUR 1.0 million and EUR 0.1 million, giving right to respectively 134,240 shares and 13,490 shares at the conversion of the bonds on June 30, 2020.

Total outstanding shares and warrants existing as of June 30 2020 are respectively 25,592,632 and 1,533,000.

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 29 2020, KBC Securities, acting as stabilization agent, exercised the over-allotment options for a total amount of €2.58 million, bringing the final gross proceeds of the IPO to €64.39 million.

There were no other material events occurred after the end of the reporting period.