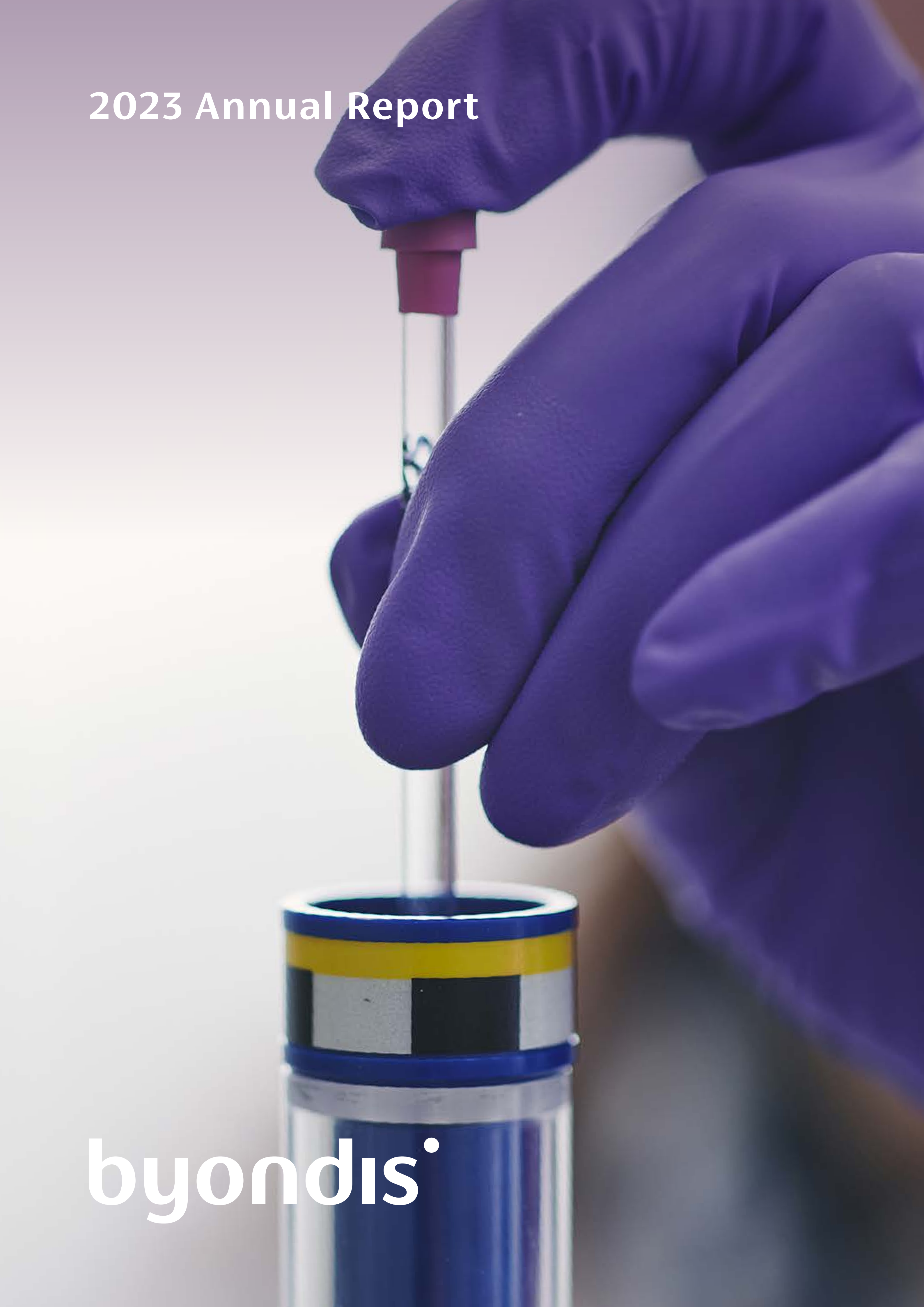
2023 Annual Report



byondis

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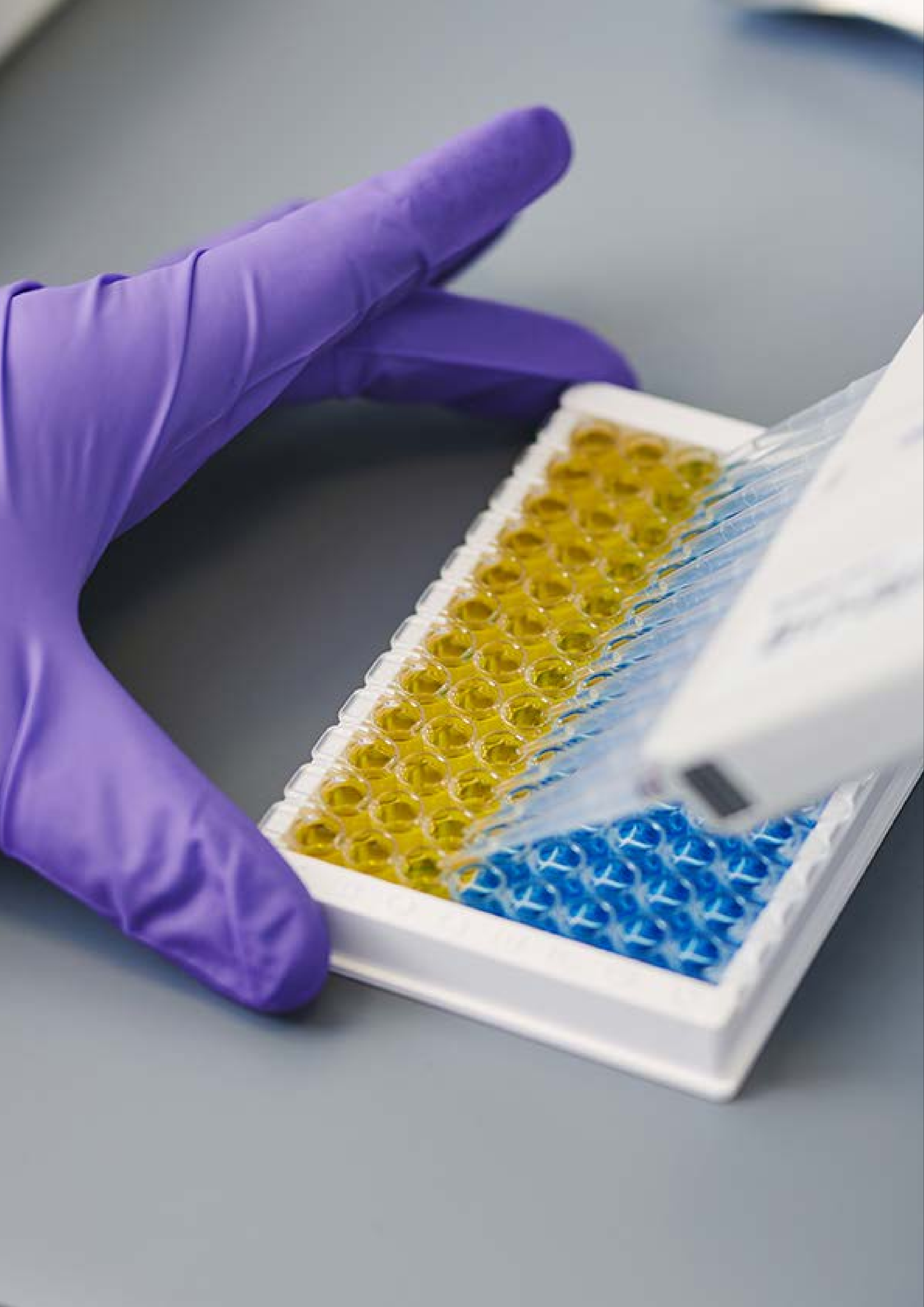


Forward-looking statements

Certain statements, beliefs and opinions in this Annual Report are forward-looking, which reflect our current expectations and projections about future events. By their nature, forward- looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. A multitude of factors including, but not limited to, changes in demand, competition and technology, or our ability to develop and successfully integrate new assets and product programs into our business, can cause actual events, performance or results to differ significantly from any anticipated development.

These forward-looking statements represent the view of management only as of the date of this Annual Report, and we disclaim any obligation to update any such statements in this report to reflect any change in our expectations with regard thereto, or any change in events, conditions or circumstances on which any such statements is based, or that may affect the likelihood that actual results will differ from those set forth in any such statements.

Message from the Founder and CEO

In 2023 we were confronted with a number of serious challenges, but fortunately enough the scientific buffer we have built over the years enables us to look to the future with confidence, pride, and optimism.

We started the year anticipating FDA and EMA marketing approval for our product SYD985. This was based on having met our primary endpoints in a large Phase III randomized clinical trial. However, it became clear to us during the course of the proceedings and discussions that both agencies were reluctant to give us market authorizations based on the submitted data. At the end of the day, both the FDA and EMA requested we complete large additional clinical trials and other very costly and time-consuming studies. In the meantime Enhertu, an ADC that targets the same patient population as SYD985, was becoming a blockbuster in Europe as well as in the US. Although we together with a number of physicians who participated in our Phase III trial think that there is a place for SYD985 in metastatic HER2 positive breast cancer, we decided not to become the Don Quixote of the Pharmaceutical Industry and to stop all further work on SYD985.

This was a tough decision. Even tougher was our task to determine if our organization was fit for purpose for our future activities. Part of our organization was built to produce SYD985 for the EU and US market. It became clear that it would be irresponsible to keep all the staff that was hired and trained for this purpose. With pain in the heart we started a reorganization in August, which was finished in November. The result was that we had to let go of approximately 100 employees. Knowing their capabilities and dedications to the jobs, we are sure that they will find very good positions in other companies. We wish them all the best for the future and all the good things that life has to offer.

Since starting our Byondis activities in 2011 we gained enormous insight in the field of cancer and built a very interesting and innovative pipeline over the following years. Some products are in Phase I clinical trials, some will go to the clinic in the coming 12-18 months, and some are in the earlier preclinical phase. With every step forward we are ensuring that our pipeline products become more unique and more relevant for the rapidly changing landscape of drug development and medical needs.

For the coming years we do not intend to conduct Phase III clinical studies ourselves. We will instead strive for partnerships in early clinical or even preclinical phases.

During some painful periods you ask yourself what keeps you on your feet. For me the answer is very clear: Our people, the friendships in and outside the company, and our drive to bring lifesaving products to the clinic.

We are in the exceptional position of having the infrastructure to conduct all important and essential activities in house. Moreover, we have an enormously strong fundament in experienced, motivated, and talented staff. I have great confidence that the future will reward our efforts.

Sincerely,
Jacques Lemmens, PhD
Founder and Chief Executive Officer

Company Overview

Strategy and business model

We are an integrated clinical-stage biopharmaceutical company currently focused on developing innovative precision medicines targeting cancers and improving outcomes for patients. Byondis has a broad development pipeline built on proprietary technologies, with preclinical and clinical development programs. This pipeline reflects the company's expertise in research, lead identification, preclinical/clinical development, intellectual property, process development, manufacturing, and regulatory affairs. We have antibody-drug conjugates (ADCs) as well as a monoclonal antibody (mAb) in clinical development. The pipeline is complemented by several preclinical projects based on highly innovative proprietary (platform) technologies in the areas of oncology and immuno-oncology. We believe that these platforms have the potential to expand into the immunology and auto-immune disease arenas, and our ambition is to explore these options further.

Byondis is research oriented and has the capability to supply our own Investigational Medicinal Products for clinical studies. We have a dedicated team of around 360 employees, coming from diverse backgrounds, countries, and cultures. Our campus in Nijmegen, The Netherlands, features state-of-the-art laboratories and GMP production facilities. New buildings feature the latest energy-efficient technologies, and we are dedicated to integrating sustainability into our activities and campus development plans. To efficiently advance projects, Byondis collaborates with innovative biotechnology and pharmaceutical companies, as well as many local and international academic research institutions.

The Company`s current business model aims to advance its innovative portfolio to proof-of-concept (POC) demonstrated in early-phase clinical trials. The objective is to out-license products reaching clinical POC (or earlier) to partners in return for potential upfront payments, milestone-payments and royalty payments. In anticipation of our advancing portfolio, we are increasing our business development activities. Leveraging our expertise, proprietary technologies and infrastructure, we also aim to further expand our product portfolio.

Product pipeline

A large part of Byondis' research and development efforts is a portfolio of next-generation antibody-drug conjugates (ADCs) in clinical phase and earlier research projects. They target difficult-to-treat cancers with powerful cytotoxins and offer a wider therapeutic window with lower systemic toxicity. These therapies are based on Byondis' distinctive and proprietary linker-drug technologies, novel mechanisms of action, and selected combination strategies.

Byondis has two ADCs in clinical stage based on antibodies conjugated to a proprietary cytotoxin, DUBA:

- **BYON3521** is an ADC that targets c-MET, the cell surface receptor for hepatocyte growth factor/ Scatter Factor (HGF/SF). c-MET is widely overexpressed in a variety of solid tumors, including non-small cell lung cancer, renal cell cancer, uveal (ocular) melanoma, and pancreatic adenocarcinoma. We have demonstrated a high potential for combination therapies with BYON3521 and other drugs. BYON3521 entered into a First-in-Human (FiH) study in 2022.
- **BYON4413** is a DUBA-based ADC in our portfolio that is directed against CD123(the interleukin 3 receptor-alpha). CD123 is highly expressed on the malignant cells driving acute myeloid leukemia (AML) and other hematological neoplasms. This ADC also shows great promise in combination strategies with other drugs. Preclinical work is finalized and preparations are taking place to start a FIH study in 2024.

In addition to ADCs conjugated to cytotoxic payloads such as DUBA, Byondis has several innovative ADC-like approaches in the research pipeline. These include two new linker-drug platform technologies and a platform technology to increase the tumor selectivity of monoclonal antibodies (mAbs) and ADCs. Each platform has the potential to deliver several drugs.

One novel technology is an immune-stimulating ADC platform, suitable for a broad spectrum of hematologic and solid tumor types. In vitro proof-of-principle has established that these ADCs indirectly activate γδ T cells (in the vicinity of tumor cells) and drive tumor cell killing. Applying this platform, we are in the preclinical stage of developing these immuno-oncology ADCs in parallel programs targeting several indications.

Another Byondis ADC platform in the preclinical stage is the development of a unique metabolism-altering payload with cytotoxic activity. These payloads act by targeting the metabolism of cancer cells, which is required for cellular growth and proliferation. Conjugated to a mAb, these novels ADCs may be broadly applied to a range of oncology indications and are expected to reduce the toxicity associated with standard chemotherapy. Opportunities for indications outside oncology, such as autoimmune diseases, will be explored as well.

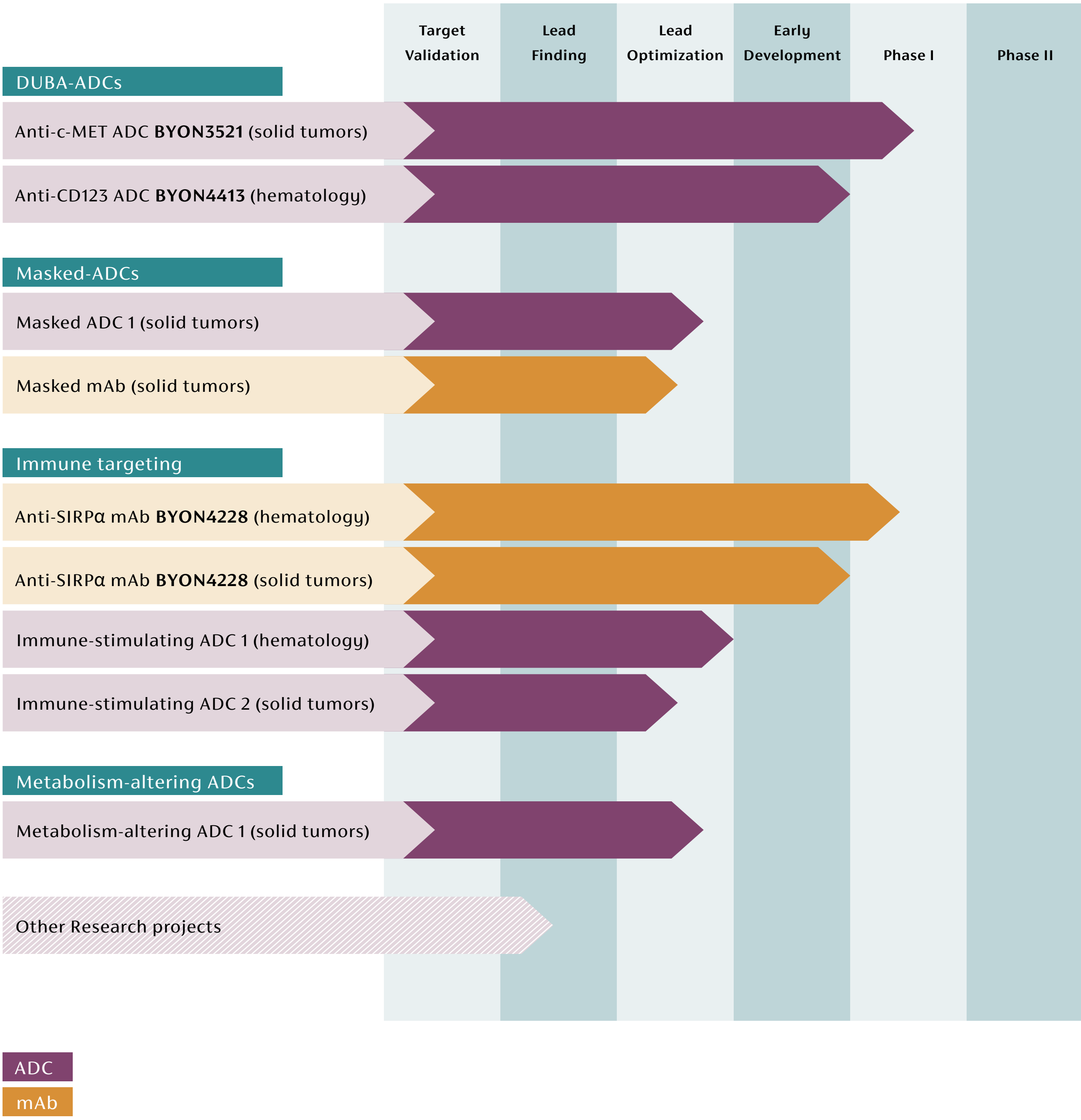
Furthermore, Byondis has a proprietary ”masking” technology platform that is intended to improve therapeutic indexes by shielding the binding of mAbs to antigens in healthy tissue. This technology can also be applied to ADCs and can be used in a wide range of oncology indications. This technology platform is currently driving the development of compounds in the preclinical stage.

In addition to the projects mentioned above, Byondis has a clinical stage mAb in immuno-oncology:

- **BYON4228** is a SIRPα-targeting therapeutic mAb designed to block the CD47-SIRPα checkpoint and stimulate the innate immune system. Because BYON4228 does not recognize SIRPγ, a related molecule on T cells, it should not compromise T cell activity. BYON4228 has the potential to target a range of cancer indications and to synergize with other cancer therapies including anticancer mAbs, ADCs, checkpoint inhibitors, or conventional cancer drugs. A clinical phase 1 study with BYON4228 is currently ongoing.

Company Overview

Pipeline main programs



Management Board and Executive Committee

Arcory B.V. is a private company with limited liabilities established under the laws of The Netherlands.

Arcory and its subsidiaries (Byondis B.V. and Housthon Investment B.V.), as a clinical stage biopharmaceutical company, are mainly active in the field of research and development of innovative medicines. The company has a Management Board and an Executive Committee.

The Management Board consists of Mr. Jacques Lemmens and Mr. Huub Sanders, being the Founders of the Company. Members of the Management Board are appointed (and, if necessary, dismissed) by the General Meeting of shareholders.

The Executive Committee comprises the Chief Executive Officer, Chief Scientific Officer, Chief Financial Officer, Chief Medical Officer and Chief Operations Officer. The Executive Committee assists the Management Board in its day-to-day management of the operations of the Company.

Although the current Management Board is exclusively male, it is a high priority to fill future vacancies in a manner that broadens representation to ensure diversity and inclusion. This will continue to be a priority at all company levels, including shaping our recruitment efforts and internal promotions. Over time we aim for a representation of women at Management Board level and at senior management level of at least 33%. At the end of 2023, the female representation at senior management level was 30%. (At the end of 2023, the female representation of the company overall was 46%).

Report of the Management Board

Operational Review 2023

In 2023 we continued towards advancing a deep pipeline of both clinical- and preclinical-stage product candidates in the area of oncology and immuno-oncology.

Leveraging our expertise and assets, we have advanced several drug candidates into clinical development. BYON3521, our ADC that targets c-MET, entered into a FiH study in 2022. This phase 1 clinical trial with BYON3521 as monotherapy progressed through 2023. A potential clinical phase 1 study for a combination with other drugs is currently being explored. For BYON4228, our SIRPα-targeting therapeutic mAb, a phase 1 trial was initiated in 2023. For our CD123-targeting ADC BYON4413, preclinical work is finalized and preparations are currently taking place to start a FIH study in the first half of 2024.

Further development of our drug candidate SYD985, an ADC that targets HER2-expressing tumors, has been stopped. Having met its primary endpoint of progression-free survival (PFS) in a global phase 3 trial for patients with HER2+ metastatic breast cancer, BLA and MAA submissions took place in 2022. Both dossiers were officially accepted for review. However, in 2023 the FDA and EMA gave notice that the decision on SYD985 approval would be suspended pending additional information required to address objections. The implementation of large clinical studies would have been required, and the outcome uncertain. As such, it was decided to stop all further SYD985 development and to withdraw all applications for marketing authorization.

As a consequence,SYD985 will not generate income and we will not perform commercial manufacturing activities in the next coming years. We decided to adapt the organization to fit these circumstances and started to make adjustments at the end of 2023. This unfortunately resulted in reducing the company headcount by about 90. Capacity reduction mainly affected Chemistry, Manufacturing, and Controls (CMC) activities and related supporting activities. In the coming years we will focus on research, early stage development, and early stage clinical activities with the aim to out-license our programs to partners after clinical POC (or earlier).

With regard to our preclinical programs, three innovative platform technologies have progressed within the lead optimization stage and we expect our expertise and assets will continue to advance these programs towards the early clinical stage.

Financial review, outlook and risk management

Financial review 2023

Our Group financial review discusses the financial highlights of the year 2023 including revenue, operating expenses and cash flows. We primarily compare the results for the year 2023 with the results of the preceding year.

Revenue
Revenues totaled EUR 4.5 million in 2023 (2022: EUR 32 million). These revenues include the income from licenses and services. In 2022 a major part of the licensing income came from an out-licensing contract signed with the company medac GmbH in 2022 for the European marketing rights for the product SYD985.

Operating expenses
Operating expenses – encompassing research and development expenses, marketing and sales expenses and general and administrative expenses – reached EUR 77 million in 2023 (2022: EUR 66 million). Research and development play a key role in our strategy and we continued our substantial investments in this area. R&D expenses amounted to EUR 64 million in 2023 (EUR 56 million in 2022). The main reason for the difference in the level of R&D expenses is a net realizable write-down of the raw and auxiliary materials. These materials were valued at cost in 2022, but expensed in full as research and development expenses in the profit or loss in 2023. Since it is expected that these raw and auxiliary materials will be primarily used for research and development purposes in the near future.

General and administrative expenses reached EUR 13 million in 2023 (2022: EUR 9 million), of which EUR 3.7 million relates to severance payments regarding the restructuring of the organisation.

Deferred tax assets
There was a deferred tax assets derecognition of EUR 88.9 million in 2023. Please refer to note 10 of the consolidated financial statements.

EBITDA
The EBITDA of 2023 was negative EUR 72.8 million (2022: Negative EUR 35.6 million). EBITDA is defined as operating profit/(loss) adjusted for depreciation and amortisation. The operating loss of 2023 was EUR 79.1 million (2022: operating loss of 41.3 million).
The difference in the level of the previous year has been mainly caused by the difference in the level of revenues.

Cash flow
Net cash used in operating activities is EUR 61 million in 2023 (2022: EUR 42.8 million). The difference between 2023 and 2022 was mainly driven by the higher loss and the movement in working capital. In 2023 there was a capital contribution of EUR 25 million by the Company's shareholders (2022: EUR 85 million). The Group's net cash position decreased from EUR 83 million to EUR 45 million at the end of the year. As at 31 December 2023, the solvency ratio was 87.6% (31 December 2022: 94.0%). As at 31 December 2023, the liquidity ratio was 3.14 (31 December 2022: 5.88).

Outlook 2024

For 2024, we expect to further invest in our innovative pipeline and increase our R&D expenses. We aim to advance the BYON3521 and BYON4228 programs further into Phase 1 clinical trials. For BYON4413 we will initiate First-in-Human (FiH) studies in the first half of 2024. We will also progress our preclinical lead optimization programs towards FiH studies, and aim to further expand our preclinical R&D pipeline.

In anticipation of the advancing portfolio, we aim to increase our business development activities and expand our external network of business contacts and scientific advisors.

As the Group seeks to advance and expand its product pipeline, it will incur additional costs. We expect an operational loss and a net cash outflow in 2024. On the basis of the current operational plans, the Group's cash and cash equivalents currently available, and funding commitments are estimated to be sufficient to meet the Group's working capital requirements for at least the next twelve months. If needed, the Company believes that additional funds can be raised, either by means of equity financing, non-dilutive financing, or strategic transactions.

Risk management

In order to manage the main risks faced by Arcory and to offer reasonable assurance that the Company's targets can be realized, that the financial information is reliable and that applicable laws and regulations are observed, management has the responsibility to develop, implement and operate adequate risk management and internal control systems.

Based on internal evaluations and discussions with external parties, these systems are reviewed, updated and optimized as an ongoing process within the Company. As part of the risk management and control system, several procedures have been put in place, including a whistle-blower's procedure. In 2023 no major failings in the internal risk management and control systems were discovered. It should be noted that our systems cannot provide absolute assurance as to the realization of the Company's targets or that they can prevent all misstatements, errors and noncompliances with legislation, rules and regulations.

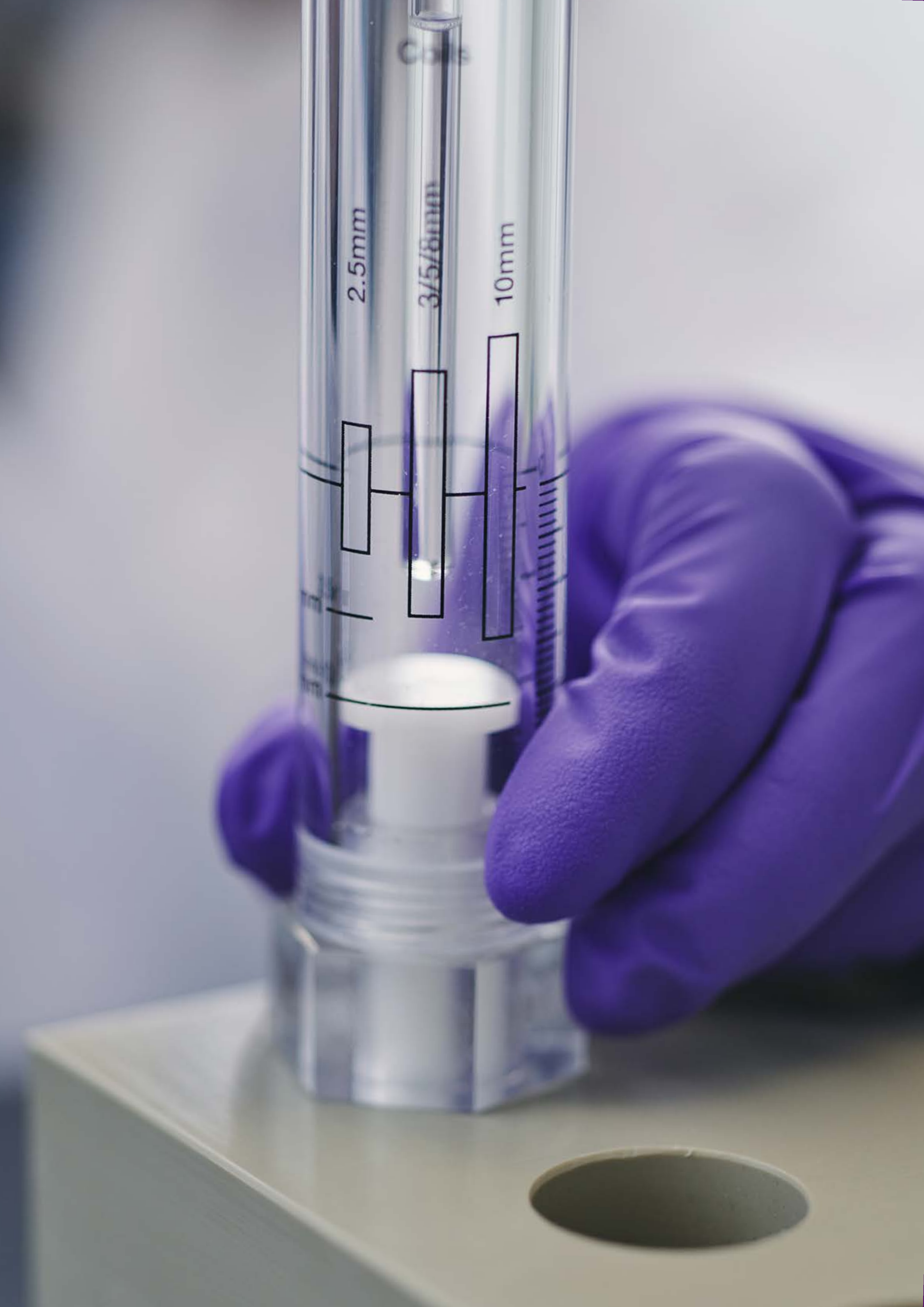
The Executive Committee of the Company and departmental managers analyze in a continuous process the potential risks, evaluating (financial) impact and likelihood, and determining appropriate measures to minimize these risks. Developments are reviewed regularly, to set targets/milestones and to evaluate the realization of these milestones. The financial position of the Company is also reviewed and budgets/forecasts are prepared, which are followed up and regularly adjusted to changing prospects. The risk management and internal control system with regard to the financial reporting process is designed to provide reasonable assurance that the books and records properly reflect transactions necessary to permit preparation of financial statements, that the financial reporting is consistent and in compliance with legal regulations and generally accepted accounting principles and that published financial data do not contain any material misstatements. The system also provides reasonable assurance that receipts and expenditures of the Company are only made by persons authorized to do so and that assets are safeguarded. As part of this system, various internal rules and regulations have been set, including standard operating procedures, the dual-control principle, spot checks and signatory rules.

Arcory is exposed to various risks. Our risk appetite is different for the various risk categories we are exposed to. Strategic risks and opportunities, like innovation, patent protection (including cyber security risk), developments with regard to the pharmaceutical market and competition, may affect our strategic ambitions. Arcory is prepared to take moderate to high strategic risks to achieve its strategic ambitions, creating a right balance between risk and long-term reward. Operational risks include adverse unexpected developments resulting from internal processes, people and systems (for example, relating to clinical studies, project-management, production processes), or from operation of the business. Arcory aims to minimize these risks, only accepting a low level, to ensure that quality standards are unaffected. Compliance risks relate to unanticipated failures to comply with applicable laws and regulations. Arcory aims to minimize these risks. The aim is to be fully compliant with these laws and regulations. The financial risks relate to treasury, tax and accounting and reporting. Arcory is also prudent with respect to these financial risks and aims for full compliance with financial reporting rules and regulations. Twice a year, and more often if necessary, potential risks including fraud risks (e.g. the risk of management override of controls) are discussed within the Management Board. The objective of this self-assessment is to gain a deeper understanding into the (fraud) risks and the effectiveness of mitigating controls. Furthermore, the assessment increases the awareness on possible (fraud) risks. Finally, if needed, updates are made to a.o. the code of conduct and whistle-blower policy.

Nijmegen, The Netherlands
29 February 2024

Original has been signed by the
Management Board

Jacques Lemmens Huub Sanders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Contents of the consolidated financial statements

These financial statements are consolidated financial statements for the Group consisting of Arcory B.V. and its subsidiaries. A list of subsidiaries is included in note 15. The notes on pages 32 to 73 are an integral part of these consolidated financial statements.

The financial statements are presented in euro (EUR).

Arcory B.V. is a limited company, incorporated and domiciled in the Netherlands. Its registered office and principal place of business is:

Arcory B.V.
Microweg 22
6545 CM Nijmegen, The Netherlands

The financial statements were approved by the Management Board and authorized for issue on 29 February 2024.

Consolidated statement of comprehensive income or loss

Consolidated statement of comprehensive income or loss
(EUR in thousands, except share and per share data)

For the year ended 31 December	Notes	2023	2022
Revenue from contracts with customers	6	4,508	32,018
Cost of sales of goods		(6,878)	(8,062)
Gross profit		**(2,370)**	**23,956**
Research and development expenses		(64,142)	(56,340)
Marketing and sales expenses		(299)	(278)
General and administrative expenses		(13,003)	(9,284)
Other income	7	706	616
Operating profit / (loss)	8	**(79,108)**	**(41,330)**
Financial income	9	4	193
Financial expenses	9	(13)	(101)
Profit / (loss) before income tax		**(79,117)**	**(41,238)**
Income tax benefit / (expense)	10	(88,802)	10,610
Profit / (loss) for the period		**(167,919)**	**(30,628)**
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss)		**(167,919)**	**(30,628)**
Profit / (loss) for the period is attributable to:			
Shareholders of the Company		**(167,919)**	**(30,628)**
Profit / (loss) per share attributable to the equity holders of the Company during the year:			
Basic and diluted profit / (loss) per share		**(911)**	**(166)**
Total comprehensive income / (loss) for the period is attributable to:			
Shareholders of the Company		**(167,919)**	**(30,628)**

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

Consolidated statement of financial position

Consolidated statement of financial position in thousands of EUR, before appropriation of result

As at 31 December

	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	11	68,289	73,004
Right-of-use assets	12	28	83
Goodwill	13	13,596	13,596
Intangible assets	14	7,198	7,542
Deferred tax assets	10	-	88,802
Non-current receivables	16	2,067	2,017
Total non-current assets		**91,178**	**185,044**
Current assets			
Inventories	17	-	7,564
Trade receivables	16	31	700
Current receivables	16	13,189	9,259
Cash and cash equivalents	18	45,037	83,433
Total current assets		**58,257**	**100,956**
Total assets		**149,435**	**286,000**

Consolidated statement of financial position

Consolidated statement of financial position in thousands of EUR, before appropriation of result

As at 31 December

	Notes	2023	2022
Equity			
Share capital and share premium		296,131	266,131
Treasury shares		-	-
Retained earnings		2,668	33,296
Profit / (loss) for the period		(167,919)	(30,628)
Total equity	19	**130,880**	**268,799**
Liabilities			
Non-current liabilities			
Lease liabilities	12	-	28
Total non-current liabilities		**-**	**28**
Current liabilities			
Trade payables	20	4,155	5,088
Current payables	20	14,371	12,029
Lease liabilities	12	29	56
Total current liabilities		**18,555**	**17,173**
Total liabilities		**18,555**	**17,201**
Total equity and liabilities		**149,435**	**286,000**

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

Consolidated statement of changes in equity

Consolidated statement of changes in equity in thousands of EUR
2022 and 2023

	Share capital	Share premium	Treasury shares	Retained earnings	Total
Balance at 1 January 2022	**139**	**181,039**	**(100,401)**	**133,650**	**214,427**
Profit / (loss) for the period	-	-	-	(30,628)	**(30,628)**
Other comprehensive income / (loss)	-	-	-	-	**-**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(30,628)**	**(30,628)**
Capital contribution by the Company's shareholders	-	85,000	-	-	**85,000**
Cancellation of shares	(47)	-	100,401	(100,354)	**-**
Balance at 31 December 2022	**92**	**266,039**	**-**	**2,668**	**268,799**
Balance at 1 January 2023	**92**	**266,039**	**-**	**2,668**	**268,799**
Profit / (loss) for the period	-	-	-	(167,919)	**(167,919)**
Other comprehensive income / (loss)	-	-	-	-	**-**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**(167,919)**	**(167,919)**
Capital contribution by the Company's shareholders	-	30,000	-	-	**30,000**
Cancellation of shares	-	-	-	-	**-**
Balance at 31 December 2023	**92**	**296,039**	**-**	**(165,251)**	**130,880**

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

Consolidated statement of cash flows

Consolidated statement of cash flows in thousands of EUR

For the year ended 31 December

	2023	**2022**
Cash flows from operating activities		
Total profit / (loss) for the period	**(167,919)**	**(30,628)**
Adjustments for:		
Income tax expense / (benefit)	88,802	(10,610)
Financial expenses	13	101
Financial income	(4)	(193)
Net gain on sale of non-current assets	(25)	33
Depreciation and amortization	6,245	5,682
Impairment of assets	1,151	-
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	2,059	3,798
Decrease / (increase) in inventories	7,529	(6,420)
Increase / (decrease) in trade and other payables	(1,196)	(1,152)
Increase / (decrease) in contract and refund liabilities	(1,390)	(4,185)
Increase / (decrease) in other operating liabilities	3,674	880
Interest paid	(12)	(145)
Net cash (used in) / generated by operating activities	**(61,073)**	**(42,839)**

Consolidated statement of cash flows

Consolidated statement of cash flows in thousands of EUR

For the year ended 31 December

	2023	2022
Cash flows from investing activities		
Interest received	4	-
Payments for intangible assets	(91)	(679)
Payments for property, plant and equipment	(2,211)	(8,793)
Proceeds from sale of property, plant and equipment	345	(13)
Net cash (used in) / generated by investing activities	**(1,953)**	**(9,485)**
Cash flows from financing activities		
Proceeds from capital contribution	24,630	85,000
Net cash (used in) / generated by financing activities	**24,630**	**85,000**
Net increase / (decrease) in cash and cash equivalents	**(38,396)**	**32,676**
Cash and cash equivalents at the beginning of the year	83,433	50,757
Cash and cash equivalents at the end of the year	**45,037**	**83,433**

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

Contents of the notes to the consolidated financial statements

Notes to the consolidated financial statements

1 General information

Arcory B.V. (the “Company” or “Arcory”) is a private company with limited liability incorporated in the Netherlands. Tigre B.V. holds more than 75% of the ordinary shares in Arcory and Jacques Lemmens, PhD, its founder, is the ultimate beneficial owner of Arcory. The address of its registered office and principal place of business is Microweg 22, 6545 CM in Nijmegen, the Netherlands. The Chamber of Commerce number is 10144473.

Arcory and its subsidiaries (the "Group"), as a clinical stage biopharmaceutical company, are mainly active in the field of research and development and production of innovative medicines. Our principal technologies comprise monoclonal antibody (mAb) technologies, as well as antibody-drug conjugate (ADC) technologies.

2 Summary of significant accounting policies

This note provides a list of the relevant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as endorsed by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable.

2.1.2 Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis unless stated otherwise.

2.1.3 Segment reporting

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated on a reasonable basis to a segment. Operating segments are identified based on whether the allocation of resources and/or the assessment of performance of a particular component of the Group’s activities are regularly reviewed as a separate operating segment by the Group’s Chief Operating Decision Maker (“CODM”). By these criteria, the activities of the Group are considered to be one segment. The Management Board is identified as the CODM and reviews the consolidated operating results regularly to make decisions about resources and to assess overall performance.

2.1.4 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates – amendments to IAS 8;
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12, and;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.1.5 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1.6 Going concern assessment

The consolidated financial statements have been prepared on a going concern basis. Based on the current operational plans, the Group's cash and cash equivalents currently

Notes to the consolidated financial statements

available, and funding commitments are estimated to be sufficient to meet the Group's working capital requirements for at the least the next twelve months. If needed, the Company believes that additional funds can be raised, either by means of equity financing, non-dilutive financing or strategic transactions.

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date on which the Company obtains control over the subsidiary. They are deconsolidated from the date that control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income, from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company, as well as total comprehensive income of subsidiaries. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred (legal or constructive) obligations or made payments on behalf of this entity.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity method investments is tested for impairment in accordance with the policy described in note 2.16.

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An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro (EUR), which is the Group's presentation currency and the functional currency of each of the Group's entities.

2.3.2 Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in profit or loss in the period in which they arise. Foreign exchange gains and losses are presented in the statement of profit or loss, within financial income and expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.4 Revenue recognition
Revenue is recognized when the Group satisfies a performance obligation by transferring an asset (e.g., a promised good or service) to a customer. Revenue is measured as the amount of the transaction price that is allocated to that performance obligation. The amount of revenue is reduced for discounts, commissions and value-added taxes. The general payment term of revenue from contracts with customers is 30 days. Revenue from contracts with customers derives mainly from granting licenses, contract manufacturing, services and royalties and profit sharing.

2.4.1 Revenue from contract manufacturing
The Group manufactures antibody-drug conjugates (ADCs) for licensing partner(s).
Revenue is recognized when the customer obtains control of the products meaning, when the products are delivered to the customer. At that time:

- The Group has transferred physical possession of the products to the customer;
- The Group has a present right to payment for the products;
- The customer has legal title to and the significant risks and rewards of ownership of the products, indicating that the customer has obtained the ability to direct the use of and obtain the benefits from the products;
- There is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue from contract manufacturing is recognized based on the price specified in the sales contract. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a regular – consistent with market practice – credit term that is less than one year.

A receivable is recognized when the products are transferred and hence, the performance obligation has been satisfied. This is the point in time that the consideration is unconditional, because only passage of time is required before the payment is due.

2.4.2 Revenue from granting licenses
The Group develops pharmaceutical specialties (e.g., drug formulas, compounds, products) at its own risk and out-licenses these specialties to customers that are interested in obtaining marketing authorizations to commercialize, manufacture, sell and distribute the product. The Group enters into a license contract with customers and grants customers a license to use the Group's intellectual property

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(IP) including the Group's patents, as it exists at the point in time the license is granted, to use the licensed product in the agreed-upon territory for the agreed-upon term. The Group considers whether the promise to grant a license is the only performance obligation and, if not, whether it is distinct from the other performance obligations included in the license contract. If distinct or if the promise to grant a license is the only performance obligation, revenue is recognized at a point in time when control transfers to the customer and the license period begins, typically when the Group enters into the contract with the customer and the IP is ready for customer use. If not distinct, revenue is recognized as the Group satisfies the combined performance obligation. This applies to license contracts where the Group also promises to prepare a registration dossier and to assist the customer in obtaining a marketing authorization. Revenue from these licenses is recognized at a point in time when control transfers to the licensee, which is at the moment the marketing authorization is obtained, as only then is the customer able to use and benefit from the license.

Revenue is recognized for the amount of the transaction price that is allocated to that performance obligation, based on the stand-alone selling price. The method used for estimating the stand-alone selling price is the residual approach. The transaction price can consist of upfront payments (e.g., to obtain the license), milestone payments for specific development-based outcomes (e.g., regulatory approval), per-hour payments and sales-based milestones. When determining the transaction price, the Group considers the effects of (constraining estimates of) variable consideration related to the development-based outcomes. The Group estimates an amount of variable consideration by using the most likely amount, as these development-based outcomes typically have only two possible outcomes related to this variable consideration (i.e., the development-based outcome is achieved or not). Only to the extent that it is highly probable that a significant reversal in the amount of cumulative recognized revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved, the Group includes some or all of an amount of the variable consideration in the transaction price. If the timing of payments agreed to provides a significant benefit of financing, the Group adjusts the promised amount of consideration for the effects of the time value of money. The Group reassesses the transaction price at each reporting date. Customers are invoiced based on the agreed-upon payment schedule and consideration is payable when invoiced. In case the timing of invoicing differs from the timing of satisfying the performance obligation, the Group recognizes contract assets and liabilities (refer to note 2.4.5).

2.4.3 Revenue from services

The Group renders services to customers, for example, providing reference standards and customer support services. Revenue from rendering services is recognized in the accounting period in which the services are rendered. For services where the customer simultaneously receives and consumes the benefit, the Group satisfies the performance obligation over time and, therefore, recognizes revenue over time. Revenue is recognized in the amount that the Group has a right to invoice and consideration is payable when invoiced. For services where the Group satisfies the performance obligation at a point in time, revenue is recognized when the Group has delivered the asset and legal title has passed to the customer. Revenue is recognized in the amount that the Group has a right to invoice and consideration is payable when invoiced.

2.4.4 Revenue from royalties and profit sharing

The Group recognizes revenue for sales-based royalty or profit sharing promised in exchange for a license of intellectual property and/or patents when the subsequent sale occurs. Revenue is recognized either on an accrual basis in accordance with the substance of the relevant agreement (provided that the amount of revenue can be measured reliably) or on receipt of the payment by the customer.

2.4.5 Contract assets and liabilities

Contract assets relate to the Group’s rights to a consideration for goods or services transferred but not invoiced at the reporting date. The contract assets are transferred to the receivables when invoiced and the rights become unconditional. Contract liabilities relate to advance payments (the right to an amount of consideration that is unconditional, before the Group has transferred the goods or services to the customer) or to

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expected price adjustments that either may be payable to customers or recognized as revenue adjustment.

2.5 Cost of sales of goods

Our cost of sales of goods includes direct materials and labor costs but also indirect costs that can be directly attributed to generating revenue, e.g. depreciation of assets used in the production.

2.6 Other income

Some properties of the Group, which are classified as property, plant and equipment, are leased to tenants under operating leases with rentals payable quarterly. Lease income from operating leases where the Group is a lessor is recognized as income on a straight-line basis over the lease term. Lease payments include CPI increases, but there are no other variable lease payments that depend on an index or rate.

2.7 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants are offset against the expenses in the profit or loss on a systematic basis over the periods in which the Group recognizes the expenses. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group with no future related costs, are recognized in profit or loss in the period in which they become receivable.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are presented in the consolidated statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense. Grants related to non-depreciable assets may also require the fulfillment of certain obligations and will then be recognized in profit or loss over the periods that bear the cost of meeting the obligations.

2.8 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

2.8.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Taxable income differs from "profit before tax" as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of management and in certain cases, where considered appropriate, on specialist independent tax advice.

2.8.2 Deferred income tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities used in the computation of taxable profit and their carrying amounts in the consolidated financial statements. Deferred tax is generally recognized for all taxable temporary differences and recoverable losses.

Deferred tax assets are generally recognized for all deductible temporary differences and losses to the extent that it is probable that taxable profits will be available, against which those deductible temporary differences and losses can be utilized. For a company with a history of tax losses deferred tax assets are recognized for tax loss carry-forwards to the extend the company has sufficient taxable temporary differences or when there is other convincing evidence that sufficient taxable profit will be

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available against which unused tax losses can utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that there is convincing evidence that sufficient taxable profit will be available against which unused tax losses can be utilized.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2.8.3 Offset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.8.4 Investment allowances and similar tax incentives

Companies within the Group are entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g., the research and development incentives). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets, unless it is not probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.9 Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2.9.1 Measurement of the right-of-use asset

At the commencement date, the right-of-use asset is measured at cost and comprises:

- The amount of the initial measurement of the lease liability, to which is added, if applicable, any lease payments made at or before the commencement date, less any lease incentives received;
- Where relevant, any initial direct costs incurred by the lessee for the conclusion of the contract. These are incremental costs that would not have been incurred if the contract had not been concluded; and
- Estimated costs for restoration and dismantling of the leased asset according to the terms of the contract.

Following the initial recognition, the right-of-use asset must be depreciated over the useful life of the underlying asset.

2.9.2 Measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. Lease payments included in the measurement of the lease liability comprise:

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- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The interest cost for the period as well as variable payments, not taken into account in the initial measurement of the lease liability and incurred over the relevant period, are recognized as costs. In addition, the lease liability may be remeasured in the following situations:

- Change in the lease term;
- Modification related to the assessment of the reasonably certain nature (or not) of the exercise of an option;
- Remeasurement linked to the residual value guarantees;
- Adjustment to the rates and indices according to which the rents are calculated when rent adjustments occur.

2.10 Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, plant and equipment of a similar nature and use in an entity's operations are grouped together. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is accounted for as a separate component and shall be depreciated separately. Assets under construction are carried at costs incurred up to the reporting date. Items of property, plant and equipment are capitalized and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to allocate its cost, net of its residual values, over its estimated useful life. The depreciation charge for each period is recognized in profit or loss. The depreciation method is applied, and the assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Depreciation of the asset ceases on the date the asset is held for sale or the date it is derecognized, whichever comes first.

Based on the estimated useful lives of the underlying assets, the following depreciation periods apply:

• Land	Infinite
• Buildings	25 – 50 years
• Leasehold improvements	5 – 10 years
• Machinery and equipment	3 – 10 years
• Other tangible fixed assets	3 – 10 years

An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 2.16).

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the

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difference between the net disposal proceeds, if any, and the carrying amount of the item, and shall be included in profit or loss when the item is derecognized.

2.11 Goodwill

Goodwill on acquisitions of subsidiaries is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at fair value as established by valuation at the acquisition date less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the subsidiary level. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit (refer to note 2.16).

Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.12 Intangible assets

2.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization begins when the asset is available for use and is recognized on a straight-line basis over the estimated useful life. Amortization shall cease the date that the asset is classified as held for sale or the date that the asset is derecognized, whichever comes first.

The estimated useful life and amortization method are reviewed at minimum at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.12.2 Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria, and comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. It includes employee costs and an appropriate portion of relevant overheads. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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2.12.3 Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Acquired in-process R&D
Capitalization of in-process R&D (IPR&D) in business combinations occurs even if uncertainties continue to exist as to whether the R&D projects will ultimately be successful in producing a commercial product. Estimating the fair value assigned to each class of acquired assets, and assume liabilities, is based on expectations and assumptions that have been deemed reasonable by management.

2.12.4 Derecognition of intangible assets
An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and shall be recognized in profit or loss when the asset is derecognized.

2.13 Inventories
Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The costs of conversion include costs directly related to the units of production (such as direct labor) and an appropriate proportion of variable and fixed overhead expenditure (the latter being allocated on the basis of normal operating capacity) that are incurred in converting materials into finished goods.

Costs of inventories are determined on a first-in, first-out basis. Net realizable value is the estimated selling price for inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.14 Trade receivables
Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. Subsequently, trade receivables are measured at amortized cost using the effective interest method, less loss allowance.

The Group recognizes lifetime expected credit losses (ECL) for trade receivables and contract assets. The ECL on these financial assets is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecasted direction of conditions at the reporting date, including time value of money where appropriate. The credit risk on the majority of our trade receivables is considered immaterial due to the fact that the majority of our sales is business-to-business with reputable partners.

2.15 Cash and cash equivalents
For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes

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cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2.16 Impairment of non-current assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount and is recognized immediately in profit or loss. The recoverable amount is the greater of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment loss are reviewed for possible reversal of the impairment at the end of each reporting period. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no prior impairment loss been recognized for the asset. A reversal of an impairment loss is recognized immediately in profit or loss.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method. Due to the short-term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

2.18 Employee benefits

2.18.1 Short-term obligations

Liabilities for wages and salaries and accumulating annual leave and sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current personnel related accruals in the consolidated statement of financial position.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18.2 Post-employment obligations

The Group operates a defined contribution pension plan. For the defined contribution plan, the Group pays contribution to pension insurance plans on a contractual basis. The Group has no further payment obligations once the contribution have been paid. Payments to defined contribution pension plans are recognized as employee benefit expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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2.18.3 Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring and involves the payment of terminations benefits.

2.19 Financial instruments
Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, respectively on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

2.19.1 Financial assets
The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- Those to be measured at amortized cost.

Throughout the year, and per year-end, the Group held only financial assets which are measured at amortized cost. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

2.19.2 Financial liabilities and equity instruments
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'financial liabilities measured at amortized cost'. Financial liabilities measured at amortized cost (including borrowings and trade and other payables) are measured at amortized cost using the effective interest method.

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

2.20 Dividends

2.20.1 Dividend distribution
A provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not yet distributed before the end of the reporting period.

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3 Financial risk management

The Group's risk management is carried out under policies approved by Group management. Financial risks are identified, evaluated and if necessary, hedged. Group management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. When appropriate, the Group may use derivative financial instruments to hedge certain risk exposures.

The Group does not hold any financial assets or financial liabilities other than those measured at amortized cost. Management assessed that the carrying values of the Group's financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values.

The Group's activities expose it to a variety of financial risks including market risk (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk. These risks are not exceptional or different in nature from those that are customary in the industry.

3.1 Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments, nor are they held for trading. During the periods included in the consolidated financial statements, the Group did not enter into any derivative financial instruments.

3.2 Market risk

3.2.1 Foreign exchange risk

The significant activities of the Group take place in the Netherlands and transactions are primarily denominated in euros. Therefore, the Group is not exposed to significant foreign exchange rate risk.

3.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk of counterparties with outstanding payment obligations creates exposures for the Group, particularly in relation to trade receivables with customers and liquid assets like cash and cash equivalents and deposits with banks. A default by counterparties in such transactions can have a material adverse effect on the Group's financial condition and operating results.

Group policy is designed to mitigate these credit risks through the use of various instruments if required, including retaining ownership until payment has been received, prepayments, the use of bank guarantees or insurance.

The Group has no significant customer credit risks on trade receivables (other than those that have already been provided for) or any significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions (refer to note 16).

The Group limits the associated credit risk as a result of the Group's policy to work only with respectable banks and financial institutions. The Group's maximum exposure to credit risk for the components of the statements of financial position on 31 December 2023 and 2022 are the carrying amounts of trade receivables and cash and cash equivalents. There are no financial assets past due date or impaired.

3.4 Liquidity risk

Liquidity risk is the risk that the Group might encounter difficulties in meeting the obligations associated with its financial liabilities, which are normally settled by delivering cash. The Group's prudent liquidity risk management approach implies maintaining sufficient cash under normal circumstances without incurring unacceptable losses or risking damage to the Group's reputation.

Partly to manage liquidity risks, subsidiaries prepare detailed cash flow projections for the reporting year, which are analyzed by the finance department and management. The analysis of the liquidity risk takes into account the amount of cash and cash equivalents, credit facilities →

Notes to the consolidated financial statements

and the usual fluctuations in the Group's working capital requirements. This provides the Group with sufficient opportunities to use its available liquidities as flexibly as possible, and to indicate any shortfalls in a timely manner. The Group shows a healthy current liquidity for the foreseeable future. The Management Board performs regular analysis to determine any impact on working capital.

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern.

3.4.1 Sources of liquidity
The Group had access to cash and cash equivalents (including bank overdraft) of € 45 million at 31 December 2023 (2022: € 83.4 million).

As at 31 December 2023 and 2022, cash and cash equivalents are at free disposal to the Group.

4 Capital management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, in order to continue providing returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to reduce debt or increase new borrowing.

The Group aims for a financing structure that ensures continuing operations and minimizes cost of debt. As usual within the industry, the Group monitors its financing structure using a solvency and liquidity ratio, among other factors.

Solvency is calculated as Group equity divided by total assets. As at 31 December 2023, the solvency ratio was 87.6% (2022: 94.0%). Liquidity is calculated as current assets divided by current liabilities. As at 31 December 2023, the liquidity ratio was 3.14 (2022: 5.88).

5 Critical accounting judgment and key sources of estimation uncertainties

The application of the Group's accounting policies and the preparation of the consolidated financial statements require the use of accounting estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and equity in the consolidated financial statements and the accompanying disclosures. The estimates and associated assumptions are based on historical experience, current and expected future conditions, third-party evaluations and other factors that are considered to be relevant.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. These estimates are evaluated based on the experiences with our current and previous projects. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are reflected in the assumptions when they occur and are recognized prospectively.

5.1 Estimated impairment

5.1.1 Estimated impairment of goodwill
Goodwill is tested annually for impairment in accordance with the accounting policies stated in note 2.11 and 2.16. The recoverable amounts of cash-generating units have been

Notes to the consolidated financial statements

determined based on value-in-use calculations. These calculations are determined using discounted cash flow projections and require estimates in connection with the future development of revenues, profit before tax margins and the determination of appropriate discount rates. An impairment may arise in the event that the actual future cash flows are less than expected. Management has performed a sensitivity analysis on each of these estimates and assumptions and concluded that any reasonable likely change in these assumptions would not have caused the value-in-use to be below its carrying amount.

5.1.2 In-process R&D
Capitalization of in-process R&D (IPR&D) in business combinations occurs even if uncertainties continue to exist as to whether the R&D projects will ultimately be successful in producing a commercial product. Estimating the fair value is based on expectations and assumptions that have been deemed reasonable by management. Any reasonable likely change in these assumptions would not have caused the value of the asset to get below its carrying amount.

5.2 Judgment on revenue recognition
Group management has made judgment and estimations with respect to revenue recognition, based on analyses of existing contracts, management's experience, market behavior and historical trends. Judgment and estimations are mainly made on timing when performance obligations will be satisfied and on constraints on variable consideration. Different-than-expected outcomes may result in a significant impact on revenue and contract assets and liabilities in the consolidated financial statements of future periods.

5.3 Contingencies and litigation
Our competitors, including branded pharmaceutical companies or other third parties, may allege that we are infringing their intellectual property, forcing us to expend substantial resources in resulting litigation. Litigation is inherently unpredictable. Any unfavorable outcome of such litigation could have a material adverse effect on our business, financial position and result of operations.

5.4 Deferred tax asset
The Group has unused tax losses of € 431 million and potential deferred tax assets relating to these losses. However, the recognition of these deferred tax assets requires management's assessment of the likelihood that sufficient taxable profits will be available in the future against which these unused tax losses can be utilized.

Since it had been decided to stop all further development for SYD985 and applications for marketing authorization have been withdrawn, as a consequence we will have no income anymore from SYD985 and we will not perform commercial manufacturing activities in the next coming years. Despite the focus on other early-stage programs and ongoing operational improvement efforts, there is no convincing evidence that sufficient taxable profit will be available against which unused tax losses can utilized. After considering these factors, management has decided to derecognize the deferred tax asset to the extent that the Group has sufficient taxable temporary differences, since the absence of other convincing evidence that sufficient taxable income will be available in the near future against which unused tax losses can utilized. Reference is made to note 10.

Notes to the consolidated financial statements

6 Revenue from contracts with customers

6.1 Disaggregation of revenue from contracts with customers
The Group derives revenue from the transfer of goods and services at a point in time in the following revenue types and geographical regions:

Disaggregation of revenue from contracts with customers in thousands of EUR
For the year ended 31 December

	2023	**2022**
Revenue from licenses	2,089	20,189
Revenue from royalties and profit sharing	164	294
Revenue from contract manufacturing	1,572	9,228
Revenue from services and other	683	2,307
Total revenue from contracts with customers	**4,508**	**32,018**

Revenue in thousands of EUR
For the year ended 31 December

	2023	**2022**
Europe	602	20,863
U.S. and Canada	3,906	11,155
Total revenue from contracts with customers	**4,508**	**32,018**

Revenues are allocated by region based on customer location.

Revenues of approximately € 3.7 million (2022: € 10.8 million) are derived from a single external customer. These revenues are attributed to licenses for € 2 million (2022: € 0.1 million), contract manufacturing for approximately € 1.6 million (2022: € 9.2 million) and services for approximately € 0.1 million (2022: € 1.5 million) attributed to the U.S. and Canada.

Notes to the consolidated financial statements

6.2 Assets and liabilities related to contracts with customers

6.2.1 Contract assets and liabilities

There were no contract assets in the years 2022 and 2023. The Group has recognized the following contract liabilities related to contracts with customers:

Assets and liabilities related to contracts with customers in thousands of EUR
As at 31 December

	2023	2022
Contract liabilities – Services	-	1,390
Total contract liabilities	**-**	**1,390**
Current contract liabilities	-	1,390
Non-current contract liabilities	-	-
Total contract liabilities	**-**	**1,390**

6.2.2 Details on contract liabilities

As per 31 December 2023 the Group has no contract liabilities (2022: € 1.4 million) relating to received prepayments.

6.2.3 Revenue recognized in relation to contract liabilities

The contract liabilities of € 1.4 million as at 31 December 2022 have been recognized as revenue in 2023.

Notes to the consolidated financial statements

7 Other income

Other income in thousands of EUR
2022 and 2023

	2023	2022
Rental income	706	616
Total other income	**706**	**616**

Some properties of the Group, which are classified as property, plant and equipment, are leased to tenants under operating leases with rentals payable quarterly. Lease income from operating leases where the Group is a lessor is recognized as income on a straight-line basis over the lease term. Lease payments include CPI increases, but there are no other variable lease payments that depend on an index or rate.

Minimum lease payments receivable on leases in thousands of EUR
2022 and 2023

	2023	2022
Within 1 year	707	706
Between 1 and 2 years	707	706
Between 2 and 3 years	118	706
Between 3 and 4 years	-	118
Between 4 and 5 years	-	-
Later than 5 years	-	-
	1,532	**2,236**

Notes to the consolidated financial statements

8 Operating profit / (loss) by nature

Operating profit / (loss) by nature in thousands of EUR
For the year ended 31 December

	2023	2022
Revenue (refer to note 6)	4,508	32,018
Raw materials / consumables used	(553)	(2,812)
Depreciation and amortization expenses	(6,245)	(5,682)
Employee benefits expenses	(37,797)	(34,412)
Other employee expenses	(2,600)	(3,116)
Clinical studies and other external R&D expenses	(25,520)	(16,098)
Registration and marketing authorization expenses	(106)	(3,121)
Other marketing expenses	(333)	(428)
Litigation, consultancy and other external services	(4,651)	(3,315)
Maintenance expenses	(4,559)	(4,153)
Facility expenses	(2,027)	(1,988)
Tax credit for research and development (WBSO)	3,692	4,461
Other income	706	616
Other expenses	(3,623)	(3,300)
Operating profit / (loss)	**(79,108)**	**(41,330)**

8.1 Depreciation and amortization expenses

Depreciation and amortization in thousands of EUR
For the year ended 31 December

	2023	2022
Depreciation of property, plant and equipment	5,753	5,226
Depreciation of right-of-use assets	57	56
Amortization of intangible assets	435	400
Total depreciation and amortization	**6,245**	**5,682**

Notes to the consolidated financial statements

8.2 Employee benefits expenses

Employee benefits expenses in thousands of EUR
For the year ended 31 December

	2023	2022
Short-term benefits expenses	32,056	32,246
Post-employment benefits expenses	1,995	1,956
Severance payments	3,746	210
Total employee benefits expenses	**37,797**	**34,412**

Severance payments
The severance payments in 2023 mainly relates to the restructuring of the organization.

Number of employees
The average number of personnel in full-time employment (FTEs) during the year is listed in the table below.

Average number of personnel (FTEs)
For the year ended 31 December

	2023	2022
Operations	65	66
Research & Development	213	207
Marketing & Sales	1	1
General & Administrative and other	79	84
Total average FTEs	**358**	**358**

There are no employees working outside the Netherlands.

Notes to the consolidated financial statements

9 Financial income and expenses

Financial income and expenses in thousands of EUR
For the year ended 31 December

	2023	2022
Financial income		
Currency exchange income	4	193
Financial income	**4**	**193**
Financial expenses		
Interest on bank balances	(3)	(92)
Bank charges and miscellaneous expenses	(8)	(9)
Net foreign exchange losses	(2)	-
Financial expenses	**(13)**	**(101)**
Financial income / (expenses) - net	**(9)**	**92**

10 Taxes

This note provides an analysis of the Group's income tax, current and deferred tax assets and liabilities and a numerical reconciliation between the tax income and the accounting loss multiplied by the applicable tax rate.

10.1 Income tax recognized in profit or loss

Components of income taxes in thousands of EUR
For the year ended 31 December

	2023	2022
Current tax	-	10,543
Deferred tax	(88,802)	67
Income tax benefit / (expense) recognized in profit or loss	**(88,802)**	**10,610**

Notes to the consolidated financial statements

Numerical reconciliation of income tax income and the accounting loss

Numerical reconciliation in thousands of EUR
For the year ended 31 December

	2023	2022
Profit / (loss) before income tax	(79,117)	(41,238)
Statutory tax rate of 25.8% (2022: 25.8%)	20,412	10,639
Effect of expenses that are not deductible in determining taxable profit	(32)	(29)
Effect of tax incentives and other allowances	-	-
Effect on deferred tax balances due to the change in income tax rate	-	-
Non recognized temporary differences	(109,182)	-
Adjustments recognized in the current year in relation to the current tax of prior years	-	-
Income tax benefit / (expense) recognized in profit or loss	**(88,802)**	**10,610**
Effective tax rate	(112.2%)	25.7%

Given the Group's business plans and budgets, the deferred tax asset due to tax loss carry forwards has been reduced to the level of the of the Group's deductible temporary differences relating to the same tax authority and the same taxable entity.

The tax rate used for the 2023 and 2022 reconciliations above is payable by corporate entities in the Netherlands on taxable profits under tax law in that jurisdiction.

10.2 Current tax assets and liabilities

There were no current tax assets and liabilities in the years 2022 and 2023.

10.3 Deferred tax balances

The following is the analysis of deferred tax assets / (liabilities) presented in the consolidated statement of financial position:

Deferred tax balances in thousands of EUR
As at 31 December

	2023	2022
Deferred tax assets	2,099	90,976
Deferred tax liabilities	(2,099)	(2,174)
Deferred tax assets, net	**-**	**88,802**

Notes to the consolidated financial statements

Previously, tax losses could be carried back 1 year and carried forward 6 years. Under the new tax legislation, which entered into force by 1 January 2022, tax losses can be carried forward indefinitely. However, the offset of losses will be limited in a given year against the first €1 million of taxable profit. For taxable profit in excess of this amount, losses may only be offset up to 50% of this excess.

As at 31 December 2023, the deferred tax asset due to tax loss carry forwards has been reduced to the level of the of the Group's deductible temporary differences relating to the same tax authority and the same taxable entity, given the Group's business plans and budgets for the foreseeable future.

The changes in deferred tax assets and liabilities consist of the following elements:

Movement in deferred tax position in thousands of EUR
2022 and 2023

	2023	2022
Balance at 1 January	**88,802**	**78,192**
Consolidated statement of comprehensive income or loss	(88,802)	10,610
Balance at 31 December	-	**88,802**

Notes to the consolidated financial statements

The composition of total deferred tax assets and liabilities in the consolidated financial statements is as follows:

Deferred tax asset - composition of temporary differences in thousands of EUR
2022

	Opening balance	Recognized in profit or loss	Exchange differences	Closing balance
Net operating losses\interest carry forward	80,441	10,535	-	90,976
	80,441	**10,535**	**-**	**90,976**

Deferred tax liability - composition of temporary differences in thousands of EUR
2022

	Opening balance	Recognized in profit or loss	Exchange differences	Closing balance
Property, plant and equipment	(787)	75	-	(712)
In-process R&D	(1,462)	-	-	(1,462)
	(2,249)	**75**	**-**	**(2,174)**

Deferred tax asset - composition of temporary differences in thousands of EUR
2023

	Opening balance	Non recognized temporary differences	Exchange differences	Closing balance
Net operating losses	90,976	(88,877)	-	2,099
	90,976	**(88,877)**	**-**	**2,099**

Notes to the consolidated financial statements

Reflected in statement of financial position as follows:

Deferred tax liability - composition of temporary differences in thousands of EUR
2023

	Opening balance	Recognized in profit or loss	Exchange differences	Closing balance
Property, plant and equipment	(712)	75	-	(637)
In-process R&D	(1,462)	-	-	(1,462)
	(2,174)	**75**	**-**	**(2,099)**

Deferred tax assets in thousands of EUR
As at 31 December

	2023	2022
Deferred tax assets	-	88,802
Deferred tax liabilities	-	-
Deferred tax assets, net	**-**	**88,802**

Notes to the consolidated financial statements

11 Property, plant and equipment

Property, plant and equipment in thousands of EUR
2022

	Land, buildings and leasehold improvements	Machinery and equipment	Other tangible fixed assets	Construction in progress	Total
Year ended 31 December 2022					
Opening net book amount	55,482	9,970	1,865	3,329	**70.646**
Additions	-	-	-	7,604	**7,604**
Transfers	5,579	2,314	1,366	(9,259)	**-**
Disposals	-	(4)	(16)	-	**(20)**
Depreciation expense	(2,455)	(2,300)	(471)	-	**(5,226)**
Closing net book amount	**58,606**	**9,980**	**2,744**	**1,674**	**73,004**
At 31 December 2022					
Cost value	80,609	31,470	4,289	1,674	**118,042**
Accumulated depreciation and impairment	(22,003)	(21,490)	(1,545)	-	**(45,038)**
Net book amount	**58,606**	**9,980**	**2,744**	**1,674**	**73,004**

Notes to the consolidated financial statements

Property, plant and equipment in thousands of EUR
2023

	Land, buildings and leasehold improvements	Machinery and equipment	Other tangible fixed assets	Construction in progress	Total
Year ended 31 December 2023					
Opening net book amount	58,606	9.980	2,744	1,674	**73.004**
Additions	-	-	-	2,474	**2,474**
Transfers	533	1,592	431	(2,556)	-
Disposals	-	(219)	(66)	-	**(285)**
Impairment	-	-	-	(1,151)	**(1,151)**
Depreciation expense	(2,599)	(2,473)	(681)	-	**(5,753)**
Closing net book amount	**56,540**	**8,880**	**2,428**	**441**	**68,289**
At 31 December 2023					
Cost value	81,141	32,245	4,494	441	**118,321**
Accumulated depreciation and impairment	(24,601)	(23,365)	(2,066)	-	**(50,032)**
Net book amount	**56,540**	**8,880**	**2,428**	**441**	**68,289**

11.1 Land
Land with a book value of € 14.7 million at 31 December 2023 (31 December 2022: € 14.7 million) is not depreciated.

11.2 Operational lease
The Group rented out part of its office space to a related party with a net book amount of € 13.1 million at 31 December 2023 (31 December 2022: € 13.5 million) of which € 12.9 million relates to land, buildings and leasehold improvements and € 0.2 million relates to machinery and equipment.

11.3 Impairment of assets
The impairment of assets in 2023 for €1.1 million relates to the decision to not proceed with two projects, which were included in the construction in progress. Based on the nature, these cost are classified as litigation, consultancy and other external services in note 8 Operating profit / (loss) by nature.

Notes to the consolidated financial statements

12 Leases

12.1 Amounts recognized in the balance sheet

Right-of-use assets in thousands of EUR

As at 31 December	**2023**	**2022**
Equipment	28	83
Total right-of-use assets	**28**	**83**

The rental contract has a fixed period of 36 months and the remaining period is less than 1 year.

Lease liabilities in thousands of EUR

As at 31 December	**2023**	**2022**
Current lease liabilities	29	56
Non-current lease liabilities	-	28
Total lease liability	**29**	**84**

Additions to the right-of-use assets during the 2023 financial year were € 2 thousand (2022: € 4.5 thousand).

12.2 Amounts recognized in the statement of profit or loss

Expenses / (income) recognized in relation to leases in thousands of EUR
2022 and 2023

	2023	**2022**
Depreciation expense on right-of-use asset (equipment)	57	56
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets	42	20

The total cash outflow related to leases amounted to € 57.2 thousand in 2023 (2022: € 55.8 thousand).

12.3 Leases as lessor

The Group rented out part of its office space to a related party. During this period, the Group recognized an income of € 706 thousand (2022: € 616 thousand) related to these leases (refer to note 7). These leases are classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Notes to the consolidated financial statements

13 Goodwill

Goodwill in thousands of EUR
As at 31 December

	2023	2022
Cost	13,596	13,596
Accumulated impairment losses	-	-
Balance at 31 December	**13,596**	**13,596**

Movement in goodwill in thousands of EUR
2022 and 2023

	2023	2022
Balance at 1 January	**13,596**	**13,596**
Effect of currency translation differences	-	-
Balance at 31 December	**13,596**	**13,596**

Allocation of goodwill to cash-generating units
The goodwill originates from the acquisition of Syntarga in 2011. Goodwill is tested annually for impairment. Before recognition of impairment losses, the carrying amount of goodwill is allocated to cash-generating units as follows:

Allocation of goodwill in thousands of EUR
As at 31 December

	2023	2022
Asset/IP related to the linker-drug platform	13,596	13,596
Total	**13,596**	**13,596**

Notes to the consolidated financial statements

For impairment testing, goodwill is allocated to (a group of) cash-generating units. For the Group, the asset/IP related to the linker-drug platform is a cash-generating unit. The impairment calculation uses discounted cash flow projections based on the underlying business plans created by management.

The cash flow projections related to these R&D assets are formed by the cash flow scenarios for products based on the concerned linker-drug platform. (For the impairment testing at end 2023, the product SYD985 has not been included). The impairment test did not lead to an impairment.

We are actively exploring opportunities for advancement of clinical development and successful commercialization of the platform. Estimated risk-adjusted future net cash flows (over an estimable period) are used, which are based on, among other factors, probabilities of clinical progression and commercialization of the concerned programs. All related potential milestones, royalties or other revenues and development costs have been estimated accordingly.

Key assumptions to quantify the cash flow are: patients available to treat based on epidemiology data and existing scientific literature; empirical quantification of clinical risks using probability-based success rates; benchmarking pricing against the competing market peers; and estimating the project cost for the activities. A pre-tax discount rate of 16.5% (2022: 17.2%) had been used for a risk-adjusted discounted cash flow model. Reasonable possible changes in the discount rate or key assumptions would not lead to a materially different outcome. However, a scenario in which the commercialization stage (including out-licensing for Byondis) is not reached for any of the related programs will probably result in impairment.

The period over which management has projected cash flows relates to the patent period/data exclusivity period of a product. In case of the achievement of market authorization for a product, average growth rates in the range of 20 - 30% per year over a time frame of maximum 10 years after the year of launch have been used in the cash flow projections.

The Management Board has performed a sensitivity analysis on each of key assumptions and concluded that any reasonable likely change in these assumptions will not cause the value in use to fall below its carrying amount. A discussion of the sensitivity analysis is set out below:

- All the estimated future positive cash flows (as a result of royalty- and milestone-receipts) could be reduced by more than 88% without causing the value in use to decrease below its carrying amount. The Management Board does not believe that such a decline is reasonably likely based on management’s future expectations on the market potential of the underlying products.
- The pre-tax discount rate used in the calculation could increase to a rate of 74% without causing the value in use to decrease below its carrying amount. The Management Board does not believe that such an increase is reasonably likely based on management’s future expectations of the capital structure and development risks of the cash-generating unit.

Notes to the consolidated financial statements

14 Intangible assets

Intangible assets in thousands of EUR

	Software	IPR&D	Software under construction	Total
Balance at 1 January 2022	**1,404**	**5,668**	**191**	**7,263**
Additions	-	496	183	**679**
Transfers	344	-	(344)	**-**
Disposals	-	-	-	**-**
Amortization expense	(400)	-	-	**(400)**
Balance at 31 December 2022	**1,348**	**6,164**	**30**	**7,542**
Cost value	2,179	6,164	30	**8,373**
Accumulated amortization and impairment	(831)	-	-	**(831)**
Balance at 31 December 2022	**1,348**	**6,164**	**30**	**7,542**

	Software	IPR&D	Software under construction	Total
Balance at 1 January 2023	**1,348**	**6,164**	**30**	**7,542**
Additions	-	-	91	**91**
Transfers	-	-	-	**-**
Disposals	-	-	-	**-**
Amortization expense	(435)	-	-	**(435)**
Balance at 31 December 2023	**913**	**6,164**	**121**	**7,198**
Cost value	2,179	6,164	121	**8,464**
Accumulated amortization and impairment	(1,266)	-	-	**(1,266)**
Balance at 31 December 2023	**913**	**6,164**	**121**	**7,198**

Notes to the consolidated financial statements

14.1 Software

The Group amortizes IT development and software using the straight-line method over a period of 3-7 years. As at 31 December 2023, the carrying amount of software is € 1 million (2022: € 1.4 million), which mainly relates to licenses.

14.2 IPR&D

The total IPR&D is € 6.2 million in 2023, which is mainly originating from the acquisition of Syntarga in 2011. The IPR&D is the main cornerstone of the Group's newer technological platforms of new molecular entities. Current R&D progress within the related programs, as well as market and competitive trends, provide evidence that the IPR&D will generate net cash inflows for the Group for an indefinite period. Therefore, the IPR&D is carried at cost without amortization but is tested for impairment annually or if there are other events or conditions. The ability of the IPR&D to generate sufficient future economic benefits to recover its carrying amount is taken into account in the impairment test of the cash-generating unit that relates to the IPR&D. The impairment test did not lead to an impairment (refer to note 13).

15 Interests in other entities

15.1 Subsidiaries

The Company's subsidiaries at 31 December are set out below. They have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

List of subsidiaries in alphabetical order
As at 31 December

Name of entity	Country of business / incorporation	Ownership interest held by the Group		Principal activities
		2023	2022	
Byondis B.V.	Netherlands	100%	100%	R&D and marketing of biopharmaceutical goods
Housthon Investment B.V.	Netherlands	100%	100%	Real estate rental

Notes to the consolidated financial statements

16 Receivables

Receivables in thousands of EUR
As at 31 December

			2023			2022
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	31	-	31	700	-	**700**
Allowance for doubtful debts	-	-	-	-	-	**-**
Total trade receivables	**31**	**-**	**31**	**700**	**-**	**700**
Receivables from related parties	5,581	-	**5,581**	335	-	**335**
VAT receivable	423	-	**423**	320	-	**320**
Tax credit for R&D (WBSO)	-	-	**-**	254	-	**254**
Withholding tax	3,165	-	**3,165**	3,165	-	**3,165**
Clinical study deposits	2,607	1,831	**4,438**	3,923	1,621	**5,544**
Other prepayments	1,413	236	**1,649**	1,262	396	**1,658**
Subtotal receivables	**13,189**	**2,067**	**15,256**	**9,259**	**2,017**	**11,276**
Total receivables	**13,220**	**2,067**	**15,287**	**9,959**	**2,017**	**11,976**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These amounts generally arise from transactions outside the usual operating activities of the Group. If collection of the amounts receivable is expected in 1 year or less they are classified as current assets. If not, they are presented as non-current assets.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Other prepayments consist mainly of prepaid services.

Notes to the consolidated financial statements

Age of trade receivables that are past due but not impaired

Aging of not impaired trade receivables in thousands of EUR
As at 31 December

	2023	2022
Overdue 1-30 days	5	-
Overdue 31-120 days	-	1
Overdue > 121 days	-	339
Total	**5**	**340**

Allowance for doubtful debts

Movement in the allowance for doubtful debts in thousands of EUR
2022 and 2023

	2023	2022
Balance at 1 January	**-**	**-**
Impairment losses recognized on receivables	-	-
Amounts written off during the year as uncollectable	-	-
Foreign exchange translation gains and losses	-	-
Balance at 31 December	**-**	**-**

Notes to the consolidated financial statements

17 Inventories

Due to the nature of the business, the inventories are not valued, but expensed as research and development expenses in the statement of profit or loss.

Current assets in thousands of EUR
As at 31 December

	2023	2022
Raw and auxiliary materials	-	7,069
Work in progress	-	-
Finished goods	-	495
Total	**-**	**7,564**

The raw and auxiliary materials were valued at cost in 2022, but expensed as research and development expenses in the profit or loss in 2023. Since it is expected that these raw and auxiliary materials will be primarily used for research and development purposes in the near future.

18 Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

Reconciliation to cash flow statement in thousands of EUR
As at 31 December

	2023	2022
Cash and cash equivalents	45,037	83,433
Bank overdrafts	-	-
Balances per consolidated statement of cash flows	**45,037**	**83,433**

As at 31 December 2022 and 2023 the total of cash and cash equivalents are at free disposal to the Group.

Notes to the consolidated financial statements

19 Equity

Details of the Group's shares and share capital as at 31 December are as follows:

Share capital and share premium in thousands of EUR (except share and per share data)
As at 31 December

	2023	2022	**2023**	2022
	Number of shares	**Number of shares**	**Euros**	**Euros**
Ordinary shares				
Fully paid	**184,403**	**184,403**	**296,131**	**266,131**
Total number of ordinary shares and share capital and share premium	**184,403**	**184,403**	**296,131**	**266,131**

Movements in ordinary shares in thousands of EUR (except share and per share data)

	Number of shares	**Par value**	**Share premium**	**Total**
Details				
Opening balance 1 January 2022	277,030	139	181,039	**181,178**
Cancellation of shares	(92,627)	(47)	-	**(47)**
Capital contribution by Company's shareholders	-	-	85,000	**85,000**
Balance 31 December 2022	**184,403**	**92**	**266,039**	**266,131**
Cancellation of shares	-	-	-	**-**
Capital contribution by Company's shareholders	-	-	30,000	**30,000**
Balance 31 December 2023	**184,403**	**92**	**296,039**	**296,131**

Notes to the consolidated financial statements

Share premium
The capital contribution done in share premium was and will be used for general working capital purposes.

Treasury shares
Repurchase of shares is normally accounted for through treasury shares. As at 31 December 2023, the Group held no treasury shares, because these were all cancelled in 2022.

Treasury shares were recorded at cost, representing the market price on acquisition date.

Loss per share

Basic and diluted
Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of issued and outstanding ordinary shares during the year.

The Company doesn't have any potentially dilutive securities and therefore there is no difference between basic and diluted loss per share.

Basic and diluted profit or loss per share (in thousands of EUR, except share and per share data)
As at 31 December

	2023	**2022**
Profit or loss attributable to equity holders of the Company	(167,919)	(30,628)
Weighted average number of ordinary shares outstanding	184,403	184,403
Basic and diluted profit or loss per share	(911)	(166)

Notes to the consolidated financial statements

20 Payables

Trade and other payables in thousands of EUR

As at 31 December			2023			2022
	Current	Non-current	Total	Current	Non-current	Total
Trade payables	4,155	-	**4,155**	5,088	-	**5,088**
Payables to related parties	-	-	**-**	17	-	**17**
Taxes and social security	1,199	-	**1,199**	566	-	**566**
Tax credit for R&D (WBSO)	2,660	-	**2,660**	-	-	**-**
Personnel-related accruals	4,685	-	**4,685**	5,363	-	**5,363**
Contract liabilities	-	-	**-**	1,390	-	**1,390**
Clinical study accruals	1,627	-	**1,627**	3,080	-	**3,080**
Preclinical study accruals	750	-	**750**	399	-	**399**
Consultancy accruals	283	-	**283**	136	-	**136**
Severance payment accruals	2,034	-	**2,034**	-	-	**-**
Other liabilities	1,133	-	**1,133**	1,078	-	**1,078**
Total	**18,526**	**-**	**18,526**	**17,117**	**-**	**17,117**

Trade payables are unsecured and are usually paid within 45 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

21 Remuneration of the Management Board

The directors' remuneration amounted to € 595 thousand for the year 2023 (2022: € 475 thousand).

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment, profit sharing, transitional benefits in so far as they relate to directors, bonus payments and granted shares, to the extent that these items were charged to the Company and all subsidiaries of the Company.

Notes to the consolidated financial statements

22 Related party transactions

22.1 Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

Transactions with shareholders in thousands of EUR
For the year ended 31 December

	2023	2022
Capital contribution	30,000	85,000
Remuneration	595	475
Services	82	89
Dividend	-	-

Trading transactions in thousands of EUR
For the year ended 31 December

Sales and purchases of goods and services

	2023	2022
Services rendered to other related parties		
Rental income and site management	887	822
Other services	444	623
Total services rendered to other related parties	**1,331**	**1,445**
Services received from other related parties		
IT support	-	(121)
Other services	(136)	(257)
Total services received from other related parties	**(136)**	**(378)**
Purchased goods from related parties	**(1,777)**	**(769)**

The nature of the relationship with this related party is established through the indirect interest that Arcory shareholders hold in the related party, enabling them to exert significant influence.

Notes to the consolidated financial statements

22.2 Outstanding balances

The following balances are outstanding at the end of the reporting period:

Outstanding balances in thousands of EUR

As at 31 December

	2023	2022
Amounts owed by related parties (rendering of services)		
Amounts receivable from other related parties of the Company	112	278
Amounts receivable from shareholders of the Company	5,469	57
Total	**5,581**	**335**
Amounts owed to related parties (purchases of services)		
Amounts payable to other related parties of the Company	-	2
Amounts receivable from shareholders of the Company	-	15
Total	**-**	**17**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. With respect to the amounts owed by related parties, no expense has been recognized in the current or prior years as bad or doubtful debt.

22.3 Compensation of key management personnel

The remuneration of key management personnel being the CEO, CFO, CMO, CSO, CLO, Site Director and Management Board during the year is as follows:

Compensation of key management personnel in thousands of EUR

For the year ended 31 December

	2023	2022
Short-term benefit expenses	3,029	2,881
Post-employment benefit expenses	113	123
Termination benefit expenses	385	-
Total compensation	**3,527**	**3,004**

Notes to the consolidated financial statements

23 Audit and related fees

For the audit and related fees attributable to the audit firm of the consolidated and company financial statements, reference is made to note 10 of the company financial statements.

24 Commitments

24.1 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

Capital commitments in thousands of EUR
As at 31 December

	2023	**2022**
Property, plant and equipment	30	553
Intangible assets	100	20
Total	**130**	**573**

24.2 Taxes

The Dutch entities of the Group receive group tax treatment and are therefore jointly and severally liable for the tax liabilities of this group as a whole. Arcory, the parent company, settles

Notes to the consolidated financial statements

25 Contingent assets and contingent liabilities

Contingent assets

MacroGenics, Inc.
As part of the agreement with MacroGenics, Inc. (MacroGenics) with regard to providing services and licensing out technology/IP to MacroGenics related to antibody-drug conjugate technology to be used in combination with an antibody binding B7-H3, the Group is entitled to receive a yearly license fee of € 0.1 million and potential future milestone payments (each ranging from € 0.3 million to € 15 million). These milestone payments are tied to specific development, registration and commercial milestones. Furthermore, the Group is entitled to receive, depending on the level of net sales, royalties of 3% to 5% of net sales of licensed products sold by MacroGenics or its sublicensees.

Gilead Sciences, Inc.
As part of the agreement with Forty Seven, Inc., now part of Gilead Sciences, Inc. (Gilead), with regard to providing services and licensing out technology/IP to Gilead related to the technology/IP of antibodies that bind to CD47 to be used in combination with an antibody controlled by Gilead that binds to CD47, the Group is entitled to receive a yearly license fee and potential future milestone payments. The yearly license fee is € 0.1 million a year and the potential milestone payments are each ranging from € 5 million to € 20 million. These milestone payments are tied to specific registration and commercial milestones. Furthermore, The Group is entitled to receive, depending on the level of net sales, royalties of 2% to 4% of net sales of licensed products sold by Gilead or its sublicensees. Gilead has the right to buy out its obligation to pay royalties.

Amgen, Inc.
As part of the agreement with Watson Laboratories, Inc., now part of Amgen, Inc. (Amgen), with regard to providing services and licensing out technology/IP towards Amgen relating to the technology/IP of a biosimilar trastuzumab, the Group is entitled to receive royalties of 1% of net sales of licensed products sold by Amgen or its sublicensees.

Contingent liabilities

Stichting Sanquin Bloedvoorziening
As part of the agreement with Stichting Sanquin Bloedvoorziening (Sanquin) with regard to the use of their services and know-how/technology relating to CD47 and SIRP alpha technology, the Group is obliged to pay Sanquin potential future milestone payments (each ranging from € 0.2 million to € 0.5 million). These milestone payments are tied to specific development and registration milestones. Furthermore, the Group is obliged, depending on the level of net sales, to pay a royalty of 3% to 5% of net sales of licensed products sold by the Group. In case of sublicensing, the Group is obliged to pay at maximum a royalty of 1.2% on net sales of licensed products achieved by sublicensees. On top of this, the Group is obliged to pay a percentage of sublicense income, excluding royalties, obtained by the Group, with the percentage ranging from 4% to 11%, depending on the stage of development of licensed products at the time the sublicense agreement is executed.

MAB Discovery GmbH
As part of the agreement with MAB Discovery GmbH (MAB) with regard to the use of their services and know-how/technology relating to generating and screening of antibodies, the Group is obliged to pay MAB, on a program-per-program basis, potential future milestone payments (each ranging from € 0.15 million to € 1.5 million). These payments are tied to specific development and commercial launch milestones. The Group has the right to buy out its obligation to make certain milestone payments.

Cellca GmbH
As part of the agreement with Cellca GmbH (Cellca) with regard to the use of their services and know-how/technology relating to process development based on cell culture and applied to antibodies against the HER2 receptor, the Group is obliged to pay Cellca royalties on biosimilar based (HER2) products. This is a royalty of 1.2% of net sales of licensed products sold by the Group, or in case of sublicensing, 1.2% of sublicense income.

Notes to the consolidated financial statements

Sigma-Aldrich

As part of the agreement with Sigma-Aldrich (Sigma) with regard to the use of their services and know-how/technology relating to process development based on cell culture and related to ZFN-modified CHO cell line, the Group is obliged to pay Sigma, on a program-per-program basis in which the technology is used, potential future milestone payments (each ranging from $ 0.1 million to $ 0.25 million). These payments are tied to specific development and commercial launch milestones. The Group has the right to buy out its obligation to make certain milestone payments.

NanoTools Antikorpertechnik GmbH

As part of the agreement with NanoTools Antikorpertechnik GmbH (NanoTools) with regard to the use of their services and know-how/technology relating to hybridoma cell lines producing monoclonal antibodies against the c-Met receptor, the Group is obliged to pay NanoTools a potential future milestone payment (€ 0.4 million). This milestone payment is tied to the dosing of the first patient in the first Phase I clinical study of a product based on the concerned technology.

University Medical Center Utrecht

As part of the agreement with University Medical Center Utrecht (UMCU) with regard to the use of their services and know-how/technology relating to the development of monoclonal antibodies, the Group is obliged to pay royalties. For products based on an antibody in IgG-/IgG-ADC form, the form chosen by the Group to be developed further, the royalty is 0.35% to 1.25% of the net revenues of the licensed products sold by the Group, or 0.35% to 1.25% of license income in case of sublicensing. The royalty percentage is dependent on the level of net revenues or the level of license income and whether the product is either in IgG form or IgG-ADC form. In case the Group is disposing its assets related to the use of IgG antibodies or IgG-ADC antibodies by sale or assignment, the Group is obliged to pay a one-time royalty of all consideration received by the Group for the concerned assets; 4.0% on such income related to IgG assets and 2.0% on such income related to IgG-ADC assets.

DNA TwoPointO, Inc.

As part of the agreement with DNA TwoPointO, Inc. (ATUM) with regard to the use of their services and know-how/technology relating to developed proprietary material by ATUM, the Group is obliged to pay ATUM, on a program-per-program basis in which the technology is used, potential future milestone payments (each ranging from USD 0.1 million to USD 0.45 million). These payments are tied to specific development and commercial launch milestones. The Group has the right to buy out its obligation to make certain milestone payments.

26 Events occurring after the reporting period

Events occurring after the reporting period were evaluated up to 29 February 2024, which is the issuance date of this 2023 Annual Report.

There have been no significant changes in the Group's operating environment following the end of the reporting year. No other events of significant impact on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the reporting year.

Contents of the company financial statements


BIOSTAT STR

Company income statement

Company income statement in thousands of EUR

For the year ended 31 December

	2023	2022
Share in results of subsidiaries after taxation	(58,392)	(30,355)
Result after taxation	(109,527)	(273)
Profit / (loss) for the period	**(167,919)**	**(30,628)**

Company balance sheet

Company balance sheet in thousands of EUR, before appropriation of result
As at 31 December

	Notes	2023	2022
Assets			
Non-current assets			
Investment in subsidiaries	3	2,954	2,892
Deferred tax assets	4	2,099	90,975
Total non-current assets		**5,053**	**93,867**
Current assets			
Current receivables	5	83,608	95,801
Cash and cash equivalents	6	42,303	79,387
Total current assets		**125,911**	**175,188**
Total assets		**130,964**	**269,055**

Company balance sheet

Company balance sheet in thousands of EUR, before appropriation of result
As at 31 December

	Notes	2023	2022
Equity			
Share capital		92	92
Share premium		296,039	266,039
Treasury shares		-	-
Legal reserves		-	-
Retained earnings		2,668	33,296
Profit / (loss) for the period		(167,919)	(30,628)
Total equity	7	**130,880**	**268,799**
Liabilities			
Current liabilities			
Current payables	8	84	196
Payables to related parties	8	-	60
Total liabilities		**84**	**256**
Total equity and liabilities		**130,964**	**269,055**

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

Contents of the notes to the company financial statements

Notes to the company financial statements

1 General information

The financial data of Arcory B.V. (the Company) are included in the consolidated financial statements. Therefore, in accordance with Section 402, Book 2 of the Dutch Civil Code, the Company financial statements are presented in a condensed form.

The Company uses the option of Article 362 sub 8 of Part 9, Book 2 of the Dutch Civil Code to prepare these financial statements, using the same accounting policies as in the consolidated financial statements, except for investment in subsidiaries (refer to note 2).

All amounts reported are in thousands of euro, unless stated otherwise.

For the other policies of the Company financial statements, reference is made to the notes to the consolidated financial statements.

2 Significant accounting policies

2.1 Investment in consolidated subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognized from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognized from the date that control ceases.

The Company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the Company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

When an acquisition of an investment in a consolidated subsidiary is achieved in stages, any previously held equity interest is remeasured to fair value on the date of acquisition. The remeasurement against the book value is accounted for in the income statement.

When the Company ceases to have control over a subsidiary, any retained interest is remeasured to its fair value, with the change in carrying amount to be accounted for in the income statement.

When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold, is directly recognized in equity.

Investments in subsidiaries with a negative net asset value are valued at nil. Other long-term interests in these subsidiaries that are in substance part of the net investment (such as long-term receivables) are taken into account in this valuation.

If the Group fully or partly guarantees the liabilities of the investments in subsidiaries concerned, or has the effective obligation to enable the investments in subsidiaries to pay its (share of the) liabilities, a provision is formed.

Notes to the company financial statements

3 Investment in subsidiaries

Investment in subsidiaries in thousands of EUR
2022 and 2023

	2023	2022
Balance at 1 January	**2,892**	**2,882**
Share in results of subsidiaries after tax	62	10
Capital contributions	-	-
Translation differences	-	-
Dividends paid	-	-
Balance at 31 December	**2,954**	**2,892**

The investment in Byondis B.V. is valued at nil due to a negative equity of the subsidiary. The share in the 2023 loss amounts to € 58.4 million (2022: € 30.4 million) and the cumulative share in the loss € 215.2 million (2022: € 156.8 million).

Notes to the company financial statements

4 Deferred tax assets

Deferred tax assets in thousands of EUR
2022 and 2023

	2023	2022
Balance at 1 January	**90,975**	**80,441**
Net operating losses	-	10,535
Non recognized temporary differences	(88,876)	-
Balance at 31 December	**2,099**	**90,975**

Reference is made to note 10 in the consolidated financial statements.

5 Receivables

Receivables in thousands of EUR
As at 31 December

	2023	2022
Receivables from subsidiaries	78,204	95,769
Receivables from related parties	5,370	-
Other taxes and social security	34	32
Total	**83,608**	**95,801**

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

The receivables from subsidiaries are considered to be part of the net investment in the subsidiary. A write-off of € 215.2 million (2022: € 156.8 million) was taken into account due to the negative cumulative results of the subsidiaries, resulting in a negative equity.

6 Cash and cash equivalents

Cash and cash equivalents are at free disposal to the Company.

Notes to the company financial statements

7 Equity

The changes during 2022 are as follows:

Equity movement schedule in thousands of EUR
2022

	Share capital	Share premium	Treasury shares	Legal reserves	Retained earnings	Net income	Total
Balance at 1 January 2022	**139**	**181,039**	**(100,401)**	**-**	**119,815**	**13,835**	**214,427**
Appropriation of prior year result	-	-	-	-	13,835	(13,835)	**-**
Loss for the year	-	-	-	-	-	(30,628)	**(30,628)**
Capital contribution by Company's shareholders	-	85,000	-	-	-	-	**85,000**
Dividends to Company's shareholders	-	-	-	-	-	-	**-**
Cancellation of shares	(47)	-	100,401	-	(100,354)	-	**-**
Balance at 31 December 2022	**92**	**266,039**	**-**	**-**	**33,296**	**(30,628)**	**268,799**

The changes during 2023 are as follows:

Equity movement schedule in thousands of EUR
2023

	Share capital	Share premium	Treasury shares	Legal reserves	Retained earnings	Net income	Total
Balance at 1 January 2023	**92**	**266,039**	**-**	**-**	**33,296**	**(30,628)**	**268,799**
Appropriation of prior year result	-	-	-	-	(30,628)	30,628	**-**
Loss for the year	-	-	-	-	-	(167,919)	**(167,919)**
Capital contribution by Company's shareholders	-	30,000	-	-	-	-	**30,000**
Dividends to Company's shareholders	-	-	-	-	-	-	**-**
Cancellation of shares	-	-	-	-	-	-	**-**
Balance at 31 December 2023	**92**	**296,039**	**-**	**-**	**2,668**	**(167,919)**	**130,880**

Notes to the company financial statements

Details of the Company's shares and share capital as at 31 December are as follows:

Share and share capital

As at 31 December

	2023	2022
	Common shares	**Common shares**
Number of authorized shares	1,000,000	1,000,000
Number of shares issued and fully paid	184,403	184,403
Par value per share in euro	0.5	0.5
Total value in euro	**92,202**	**92,202**

Share premium

The capital contribution done in share premium were and will be used for general working capital purposes.

Treasury shares

Repurchase of shares is normally accounted for through treasury shares. As at 31 December 2023, the Group held no treasury shares, because these were all cancelled in 2022.

Treasury shares were recorded at cost, representing the market price on acquisition date.

Legal reserve

Per the end of 2022 and 2023 there is no legal reserve.

Proposed appropriation of the net result for the financial year 2023

The proposal from the Management Board is to subtract the net loss for the year amounting to € 167.9 million from the retained earnings. Awaiting the decision by the Annual Shareholders' Meeting, the net loss for the year amounting to € 167.9 million is separately included in the shareholders' equity.

Notes to the company financial statements

8 Payables

Payables in thousands of EUR
As at 31 December

	2023	2022
Trade payables	-	49
Accrued interest	-	-
Payables to related parties	-	60
Other liabilities	84	147
Total	**84**	**256**

9 Employees

The average number of personnel employed by Arcory B.V. during the financial year 2022 and 2023 is nil.

Notes to the company financial statements

10 Audit and related fees

In compliance with the financial reporting requirements included in Article 382 sub a of Part 9, Book 2 of the Dutch Civil Code, the fees of the audit firm for the year ended are:

Audit and related fees in thousands of EUR
For the year ended 31 December

	2023			2022		
	Price-waterhouse-Coopers Accountants N.V. (PwC)	**PwC member firms and affiliates**	**Total PwC**	**Price-waterhouse-Coopers Accountants N.V. (PwC)**	**PwC member firms and affiliates**	**Total PwC**
Audit of statutory financial statements	234	-	**234**	130	-	**130**
Other audit related procedures	-	-	**-**	9	-	**9**
Tax services	-	-	**-**	-	-	**-**
Other non-audit services	-	-	**-**	-	-	**-**
Total	**234**	**-**	**234**	**139**	**-**	**139**

Notes to the company financial statements

11 Commitments and contingencies

Taxes
The Company has a fiscal unit for corporate income tax with Byondis B.V. and Housthon Investment B.V.
Going forward, all activities are included in the legal entity Byondis B.V. Based on this, Arcory B.V. is jointly and severally liable for the corporate income tax liabilities of the fiscal unit as a whole. The Company has formed a fiscal unit for VAT with Byondis B.V. and Housthon Investment B.V. Based on this, Arcory B.V. is jointly and severally liable for the tax liabilities of the fiscal unit as a whole. Arcory, the parent company, settles taxes with the subsidiaries as if it were an autonomous taxpayer.

Other obligation not appearing in the balance sheet
General guarantees, as referred to in Section 403, Book 2 of the Dutch Civil Code, have been given by the Company on behalf of the following Group companies:

- Byondis B.V., Nijmegen, The Netherlands
- Housthon Investment B.V., Nijmegen, The Netherlands

12 Events occurring after the reporting period

Events occurring after the reporting period were evaluated up to 29 February 2024, which is the issuance date of this 2023 Annual Report.

There have been no significant changes in the Company's operating environment following the end of the reporting year. No other events of significant impact on the assets and liabilities, financial position, and results of operations of the Company have occurred following the end of the reporting year.

Nijmegen, The Netherlands
29 February 2024

Original has been signed by the Management Board

Jacques Lemmens Huub Sanders

Appropriation of the result for the year

According to Article 11 of the Company's Articles of Association, the Annual Shareholders Meeting determines the appropriation of the Company's net result for the year. Accordingly, the financial statements have been prepared before appropriation of the Company's net result for the year.

In determining the appropriation of the result for the year, the Annual Shareholders Meeting is restricted by certain statutory requirements with regard to the distribution of profits among the Company's shareholders. These requirements are provided in Article 11 of the Company's Articles of Association.

Independent auditor's report

To: the general meeting of Arcory B.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of Arcory B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Arcory B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Arcory B.V., Nijmegen. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following statements for 2023: the consolidated statement of comprehensive income or loss, the consolidated statements of changes in equity and cash flows; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2023;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Arcory B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern, was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit, we obtained an understanding of Arcory B.V. and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct (which also includes guidelines for conflicting relationships; anti-bribery; fair competition and compliance with trade sanctions), the EFPIA Code of Practice for gifts and hospitality and the whistle-blower policy, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked the members of the management board as well the persons responsible for human resources respectively product quality, the chief financial officer, the general counsel and certain members of the finance department whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
The risk of management override of controls Management (including the management board) is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • estimates; • significant transactions, if any, outside the normal course of business for the entity. We have paid particular attention to tendencies due to possible interest of management (including the management board).	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates and monitoring financial performance. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed our audit procedures primarily substantive based. We selected journal entries based on risk criteria, including unusual account combinations increasing revenues, (potential) unexpected transactions with related parties and journal entries made by unexpected users, and we conducted specific audit procedures for these entries. These procedures include, among others, gaining an understanding of the journal entries and inspection of the entries to source documentation. We also paid particular attention to consolidation and elimination entries that are processed outside the Company's ERP system. We also performed specific audit procedures related to important estimates of the management board, including the recognition and valuation of deferred tax assets (because of the availability of unused tax losses), the recoverable amount of goodwill and in-process R&D and the valuation of inventory as included in the consolidated financial statements as well as the recoverable amount of the investments in and the receivables from subsidiaries as included in the company financial statements. We specifically paid attention to the inherent risk of bias of management in estimates. Furthermore, we paid additional attention to the presentation of non-financial information in the annual report. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Identified fraud risks	Our audit work and observations
The risk of fraudulent financial reporting due to overstating the revenue As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue give rise to the risk of fraud in revenue recognition. The Company might have a tendency to overstate the revenue from licenses and the revenue from contract manufacturing by using inaccurate transaction prices and/or entering fictious revenues.	We evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to revenue reporting and recognition. We performed our audit procedures primarily substantive based. We performed data analyses to identify potential notable revenue entries in the fiscal year and performed specific substantive audit procedures on these entries, including determining whether these entries are based on deliveries respectively services that actually took place in the financial year. We tested, on a sample basis, the delivered performance and transaction prices of the revenue transactions based on the 'scope of work' agreed upon, sales agreements and contracts, independent external research data, delivery documents, sales invoices and bank receipts. We also evaluated the sales returns (credit notes) after year end. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence/occurrence and accuracy of the revenue from licences and the revenue from contract manufacturing as recognised.

We incorporated an element of unpredictability in our audit. We reviewed correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

The management board prepared the financial statements on the assumption that the Company is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements.

Our procedures to evaluate the management board's going-concern assessment included, among others, the following:

- Considering whether the management board identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern (hereafter: going- concern risks).
- Considering whether the management board's going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the management board's most important assumptions underlying its going concern assessment. Among other matters, the management board took into consideration the expected future cash inflows and outflows with respect to the Company's (pre)clinical programs (cash flow forecast), the global geopolitical and economic developments including inflation and increasing interest rates, the Company's year-end balance of cash and cash equivalents, the committed funding from the current shareholders and the ability of these shareholders to fulfill this commitment.
- Evaluating the management board's cash flow forecast for at least twelve months from the date of preparation of the financial statements taking into account current developments in the industry, the status and (expected) progress of the Company's (pre-) clinical programs and all relevant information of which we were aware as a result of our audit.
- Analysing whether the current and the required financing has been secured (and can be executed by the current shareholders) to enable the continuation of the entirety of the Company's operations.
- Performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of the managing directors' assessment.

Our procedures did not result in outcomes contrary to the management board's assumptions and judgements used in the application of the going-concern assumption.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management board report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board
The management board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Breda, 29 February 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by
J.A.W. de Kort RA

Appendix to our auditor's report on the financial statements 2023 of Arcory B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things, of the following:

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

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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

Colophon

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www.byondis.com

Arcory B.V. is a limited company incorporated in the Netherlands and headquartered in Nijmegen. Its parent and ultimate holding company is Tigre B.V., and its ultimate controlling party is founder Jacques Lemmens, PhD.

Byondis, a subsidiary of Arcory, is an independent, privately held, clinical stage biopharmaceutical company. Byondis started its biopharmaceutical franchise in 2007 and is building a promising portfolio of next generation precision medicines targeting intractable cancers and autoimmune diseases. For more information, visit www.byondis.com.