



The Polish original should be referred to in matters of interpretation.
Translation of auditor's report originally issued in Polish.

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of Ryvu Therapeutics S.A.

Audit report on the annual financial statements

Opinion

We have audited the annual financial statements of Ryvu Therapeutics S.A. (the 'Company') located in Kraków at Leona Henryka Sternbacha 2 street, containing: the statement of comprehensive income for the period from 1 January 2020 to 31 December 2020, the statement of financial position as at 31 December 2020, the statement of changes in equity, the statement of cash flows for the period from 1 January 2020 to 31 December 2020 and notes to the financial statements (the 'financial statements').

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the period from 1 January 2020 to 31 December 2020 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- are in respect of the form and content in accordance with legal regulations governing the Company and the Company's Statute,
- have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act dated 29 September 1994 (the 'Accounting Act').

The opinion is consistent with the additional report to the Audit Committee issued on 15 March 2021.

Basis for opinion



We conducted our audit in accordance with the National Standards on Auditing in the version of International Auditing Standards as adopted by the National Council of Statutory Auditors (“NAS”) and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the ‘Act on Statutory Auditors’) and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the ‘Regulation 537/2014’). Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board of Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and the Regulation 537/2014.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<i>Recognition of grant income</i>	
Grant income for the year ended as at 31 December 2020 amounted to PLN 21.3m.	As part of the audit of the financial statements of the Company we have made an assessment as to the correctness of the accounting policies adopted in the recognition and presentation of grant income for compliance with the International Financial Reporting Standards. For grant income we have:

The Company recognizes grant income in accordance with International Accounting Standard 20 "Accounting for Government Grants and Disclosure of Government Assistance". The grant income realized in 2020 related to projects for which the Company estimates revenues on the basis of the measurement of progress by applying input based methods. The Company estimates the overall budgets of such projects, taking into account the specific costs necessary to complete them.

At the end of each reporting period, the Company calculates the due income from grants, which is calculated proportionally to the incurred eligible costs with the co-financing ratio in accordance with the signed grant contract. The Company estimates whether, within the limits of the obtained grant, there is reasonable assurance that the Company is able to fulfill all the conditions of the grant contracts and will not be obliged to return the received grants.

The appropriate presentation of income in the financial statements requires also a significant degree of the Company' Management estimates and judgments. Due to the significant amount of income from grants, as well as due to the necessity to verify the listing of the eligible costs catalogue and all necessary conditions for the grant's recognition as income, we consider this issue as a key audit matter.

In addition, due to the COVID-19 epidemic, the Management of the Company, at the time of preparing the financial statements, assessed the potential impact of the existing situation on the future realization of projects covered by grants.

- documented the operation of the identified processes and assessed the key control mechanisms of the Company;
- analyzed the conditions of significant grant contracts for the realized projects;
- on the selected sample of projects performed transaction tests of payments received in the audited period under contracts for co-financing of realized projects;
- on the selected sample of projects verified the costs and co-financing ratio that are the basis for the calculation of the grant income recognition, verified the correctness of the grant income calculation, as well as the determination of the amount of assets due to grants or deferred income related to settlement of grants;
- verified the payments to due grants settled after the balance sheet date and assessed the risk of impairment of those assets not settled as at the balance sheet date;
- we analyzed the results of control protocols from grants settlements performed by an external body;
- discussed with the Company's Management about co-financed projects to confirm that there is reasonable assurance that the Company is able to meet all the conditions of the grant contracts and will not be obliged to return the received grants;
- discussed with Management of the Company, the results of the analysis and the Management's assessment of the impact of the potential effects of the Covid-19 and subsequent events on the projects realized by the Company;
- through analytical procedures, transaction tests and the analysis of unusual items from the accounting journal, we assessed the correctness of grant income recognition over the time and the

<p>The accounting policy regarding the method of recognizing grant income is described in the financial statements in notes 3.6 "Grants" and 4.1 "Recognition of grants". The Company provided the required disclosures regarding grant income, other receivables due to grants and deferred income related to the settlement of grants in notes: 5.2, 22 and 32.</p>	<p>correctness of the value of income recognized in particular periods;</p> <p>In addition, we assessed the adequacy of the presentation and disclosures made in the financial statements regarding grant income and other receivables due to grants and deferred income related to the settlement of grants.</p>

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation, based on properly maintained accounting records, the financial statements that give a true and fair view of the financial position and the financial performance in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union, the adopted accounting policies, other applicable laws, as well as the Company's Statute, and is also responsible for such internal control as determined 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 Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

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

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Company nor effectiveness of conducting business matters now and in the future by the Company's Management.

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain 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,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent 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 independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 January 2020 to 31 December 2020, the representation on the corporate governance as a separate element of the Directors' Report (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report with separate elements meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the financial statements does not include the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the financial statements.

In addition, we are required to issue an opinion on whether the Company has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 70 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the financial statements.

Moreover, based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Company has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree/Regulations included in the representation on application of corporate governance is in accordance with applicable laws and information included in the financial statements.

Information on revenues from research and development services

In note 42 to the financial statements, the Management Board of the Company informed that sales revenues from research and development services realized by the Company in 2020 classified as scientific research and development studies, in line with Polish Classification of Goods and Services or industrial property rights, granted to the Company by authorities relevant for the industrial property rights, amounted to PLN 15,414,308.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we declare that we have not provided services other than audits of the financial statements to the Company and its subsidiaries, in particular we have not rendered services other than audits, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors.

Appointment of the audit firm



We were appointed for the audit of the Company's financial statements initially based on the resolution of the Supervisory Board from 21 June 2019. The financial statements of the Company have been audited by us uninterruptedly starting from the financial year ended on 31 December 2019, i.e. for the past 2 consecutive years.

Warsaw, 15 March 2021

Key Certified Auditor

Rafał Hummel
certified auditor
no in the register: 12455

on behalf of:
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