ProQR®

ANNUAL REPORT 2024

Axiomer™ — Leading the Era of RNA Editing Innovation

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Message to Shareholders

Dear Shareholders,

2024 was a transformative year for RNA editing, with the first clinical evidence in humans validating the potential of RNA editing as a therapeutic strategy. ProQR is well-positioned to build on this momentum with our proprietary Axiomer™ RNA editing platform, focused on addressing rare and prevalent diseases where there are no currently available treatments. Since pioneering endogenous Adenosine Deaminase Acting on RNA ("ADAR") based editing oligonucleotides ("EONs") in 2014, we have built a strong intellectual property portfolio and are now advancing a two-pronged strategy: progressing our wholly owned pipeline and forming strategic partnerships to expand the reach of Axiomer into various therapeutic areas.

Looking ahead, we anticipate up to four clinical trial readouts within the next 24 months, each targeting conditions in the liver or nervous system with high unmet medical need. These programs are all deeply rooted in human genetics, thereby helping to reduce the risk inherent in drug development.

Preclinical proof-of-concept data for AX-0810 for Cholestatic Diseases, presented at the ASGCT Annual Meeting in May, marked a breakthrough in ADAR-mediated RNA editing. It demonstrated that Axiomer EONs successfully edited RNA in vivo, leading to significant biomarker changes in non-human primates ("NHPs"). These results highlight the potential of Axiomer to regulate bile acids and ameliorate disease progression, with the first human target engagement data expected in 2025. Beyond ASGCT, ProQR participated in other scientific conferences throughout the year, showcasing advancements, increasing our pipeline's visibility, and building confidence across multiple stakeholders ahead of upcoming data readouts.

In addition, AX-2402 for Rett Syndrome (targeting MECP2 R270X) and AX-2911 for Metabolic Dysfunction-Associated Steatohepatitis ("MASH") (targeting PNPLA3) are expected to select clinical candidates in 2025, with trial readouts anticipated in 2026. Finally, we will provide an update on AX-1412, targeting B4GALT1 for Cardiovascular Disease and optimized for GalNAc delivery, in mid-2025.

On the partnership front, we are continuing to execute against our $ 3.9 billion strategic collaboration with Eli Lilly and Company ("Lilly"), which began in 2021 and expanded in 2022. This partnership underscores ProQR's leadership in ADAR-mediated RNA editing, and together, we are committed to making a meaningful impact on patients' lives. We also recently expanded our Axiomer RNA editing collaboration with the Rett Syndrome Research Trust ("RSRT") in December, securing an additional funding, for a total of $ 9.2 million. This will accelerate the development of AX-2402 for Rett Syndrome and support its progression into the clinic, offering hope to those impacted by this rare and devastating neurodevelopmental disorder.

Additionally, our global IP estate for ADAR-mediated RNA editing protects our Axiomer RNA editing platform technology and, more specifically, the use of an oligonucleotide to recruit endogenous ADAR in the cell. With more than 20 published patent families, our portfolio is extensive and growing. Throughout 2024, our strong IP foundation was reinforced, when we successfully defended against opposition to key patents for the Axiomer platform and certain targets. These victories underscore our confidence in the broad protection our IP estate provides for this groundbreaking technology.

Looking to 2025, we are well-positioned to continue executing on our strategic priorities, supported by a robust financial foundation. Following our successful financing in October 2024, which generated $ 82.1 million in gross proceeds – including Lilly's pro rata participation – we ended the year with € 149.4 million in cash. This gives us a strong financial runway extending well into mid-2027.

Finally, in 2024, we announced two key appointments that will play a critical role in helping to ensure we remain at the forefront of cutting-edge R&D in the RNA editing field and ultimately deliver transformative therapies to improve the lives of patients and families affected by genetic disorders. Peter A. Beal, Ph.D., was recently appointed to Chief ADAR Scientist in December, bringing deep expertise in ADAR biology and RNA chemistry to our scientific leadership. Martin Maier, Ph.D., joined our Board in May while continuing to serve on our Scientific Advisory Board, and his experience in multiple RNA product approvals will be instrumental, as our programs advance toward the clinic.

To conclude, I want to extend my sincere gratitude to our employees, our scientific collaborators, and our shareholders for their support and dedication over the past year. With plans to share our first human data in 2025, this year will be a pivotal one in our evolution, as we advance RNA editing therapies for those with rare and common diseases without treatment options.

Daniel A. de Boer

Founder and CEO, ProQR Therapeutics

Key Figures

	2024	2023
Result from continued operations (in € 1,000)		
Net revenue	18,905	6,514
Other income	640	3,011
Research and development costs	(36,356)	(25,148)
General and administrative costs	(13,661)	(16,236)
Operating result	(30,472)	(31,859)
Net result	**(27,763)**	**(27,735)**
Balance sheet information (in € 1,000)		
Non-current assets	14,113	16,897
Current assets	153,845	120,986
Total assets	167,958	137,883
Total equity	88,560	41,390
Non-current liabilities	40,496	62,290
Current liabilities	38,902	34,203
Cash flows (in € 1,000)		
Net cash (used in) / generated by operating activities	(36,393)	21,548
Net cash (used in) / generated by investing activities	(4,073)	4,278
Net cash generated by / (used in) financing activities	70,276	(2,275)
Ratio's		
Current ratio	4.0	3.5
Solvency (%)	52.7%	30.0%
Figures per share		
Weighted average number of shares outstanding	86,086,486	81,011,438
Basic and diluted earnings per share (in €)	(0.32)	(0.35)
Cash flow per share (in €)	0.35	0.29
Employees		
Average number of staff for the period	163	144

Board Report

At the annual general meeting of shareholders in 2024, we have adopted a one-tier governance structure for our board. Since then, ProQR's Board of Directors (or the "Board") consists of executive directors (*'uitvoerend bestuurders')* and non-executive directors (*'niet-uitvoerend bestuurders'*). The Board operates under the chairmanship of a non-executive director and is collectively responsible for the deployment of ProQR's strategy and policies, and the achievement of its objectives and results.

Under Dutch Law, the Board has ultimate responsibility for the management and external reporting of the Company and is answerable to shareholders at the General Meeting of Shareholders.

The terms of office of all our Board members are set by the annual general meeting and in accordance with our articles of association. The Board has drawn up a rotation schedule for its members, which is published on our website and shown in the below table. All of our non-executive Board members are independent under applicable NASDAQ standards and under the Dutch Corporate Governance Code ("DCGC" or "the Code") with the exception of Theresa Heggie, who was prior to her appointment on the Board in 2023 employed by ProQR as Chief Commercial Officer and Chief Operations Officer. In accordance with article 2.2.2 of the DCGC, it is noted that Mr. Valerio and Mr. Shannon were re-appointed at the AGM 2024, following tenures of ten and eight years respectively, for a period of 2 years each. The re-appointment of Mr. Valerio beyond his tenure of ten years was deemed in the interest of the Company and its stakeholders because of his vast experience in the Dutch biotech industry and in-depth knowledge of our business. The re-appointment of Mr. Shannon beyond his tenure of eight years was deemed in the interest of the Company and its stakeholders because of his broad knowledge and significant international experience in drug development.

The following table sets out information with respect to our Board members, their age, and their position at the Company as of the date of this annual report.

Name	Gender	Nationality	Date of Birth	Position	Date of Appointment	Term expires
James Shannon, M.D.	Male	US / IRE / GB	June 5, 1956	Non-executive director (chair)	June 21, 2016	2026
Alison F. Lawton	Female	US / GB	September 26, 1961	Non-executive director	September 17, 2014	2026
Theresa Heggie	Female	US / GB	November 17, 1960	Non-executive director	May 18, 2023	2027
Dinko Valerio, Ph.D.	Male	NL	August 3, 1956	Non-executive director	January 1, 2014	2026
Bart Filius	Male	NL	July 5, 1970	Non-executive director	May 21, 2019	2027
Begoña Carreño, Ph.D.	Female	ES	December 13, 1971	Non-executive director	May 18, 2023	2027
Martin Maier	Male	DE	October 31, 1965	Non-executive director	May 22, 2024	2028
Daniel de Boer	Male	NL	April 12, 1983	Chief Executive Officer and executive director	February 21, 2012	2026
René Beukema	Male	NL	March 26, 1964	Chief Corporate Development Officer, General Counsel and executive director	June 30, 2022	2026
Gerard Platenburg, Ph.D.	Male	NL	February 24, 1964	Chief Scientific Officer and executive director	May 22, 2024	2028

The following sets forth biographical information regarding our Board members.

Daniel de Boer (executive director) is our Founder and has served as our Chief Executive Officer since our incorporation in 2012 and is an executive director of our Board. Mr. de Boer is a serial entrepreneur and passionate advocate for rare disease patients. After one of his children was diagnosed with a rare disease, he started ProQR to develop RNA therapies for rare diseases. Before founding ProQR, Mr. de Boer was founder and Chief Executive Officer of several technology companies.

René Beukema (executive director) rejoined ProQR in 2022 having previously served as our Chief Corporate Development Officer and General Counsel from 2013 to 2018 and is an executive director of our Board. Mr. Beukema is a seasoned M&A and equity capital markets executive and an experienced corporate lawyer. From 2019 until June 2022, Mr. Beukema held the positions of Chief Corporate Development Officer and General Counsel at Frame Therapeutics, a neoantigen immune-oncology biotechnology company. He was instrumental in financing Frame Therapeutics and selling it to CureVac, a Nasdaq Listed biotechnology company. From 2021 to 2024 Mr. Beukema was a board member of Fibriant BV, a biotechnology company focused on the development of technology and products based on recombinant human fibrinogen and thrombin. Prior to his initial tenure at the Company, he served as General Counsel and Corporate Secretary of Crucell for twelve years, following his positions as Senior Legal Counsel at GE Capital / TIP Europe and Legal Counsel at TNT Express Worldwide. Mr. Beukema was also a venture partner of Aescap Venture, a life

sciences venture capital firm from 2011 to 2012 and is co-founder of myTomorrows, a Dutch life sciences company. He is a founder of Tzu Cancer Therapeutics 8.V., a biotechnology company focused on developing advanced solutions to combat cancer. He holds a post-doctoral degree in corporate law from the University of Nijmegen in co-operation with the Dutch Association of In-house Counsel ('*Nederlands Genootschap van Bedrijfsjuristen*') and a master's degree in Dutch law from the University of Amsterdam.

Gerard Platenburg, Ph.D., (executive director) is our co-founder and has served as our Chief Scientific Officer since 2022, following his tenure as our Chief Innovation Officer from 2014 to 2022, and joined our board as an executive director in May 2024. Dr. Platenburg has an extensive background in RNA modulation and orphan drug discovery and development and is currently in charge of our R&D. Dr. Platenburg has more than 25 years of senior managerial experience in growing biotech companies. Prior to joining our company, Dr. Platenburg worked at Isa Pharmaceuticals B.V. as its Chief Executive Officer. Dr. Platenburg co-founded Prosensa Holding N.V., growing it to become a well-known clinical stage RNA modulation company, and held various positions during his tenure including as its Chief Executive Officer and Chief Development Officer. Dr. Platenburg also worked at Pharming B.V. Dr. Platenburg is a passionate and driven pioneer of early-stage technologies. Dr. Platenburg has a master's degree in Chemistry and Molecular Biology from Leiden University in 1987 and pursued a Ph.D. work at Leiden University.

James Shannon, M.D., (non-executive director) has served on our board since June 2016 and has been Chair of our Scientific Advisory Board since 2020 and was elected Chair of our board in May 2024. Dr. Shannon has had an extensive career in drug development and pharma. From 2012 until his retirement in 2015, he was Chief Medical Officer at GlaxoSmithKline. Prior to that he was Global Head of Pharma Development at Novartis and Senior Vice-President, Clinical Development at Sterling Winthrop Pharmaceuticals. He previously held board positions at several companies including Biotie, Circassia, Crucell, Endocyte and Cerimon Pharmaceuticals. More recently Dr. Shannon also served on the boards of Immodulon Therapeutics Limited and Horizon Therapeutics. Dr. Shannon currently serves as chairman of the boards at MannKind Corp., a public biopharmaceutical company, and Kyowa Kirin NA, a private biopharmaceutical company and subsidiary of Kyowa Kirin, and and holds board positions at myTomorrows, Xilio Therapeutics, a public clinical-stage biotechnology company, and Leyden Labaratories. He received his undergraduate and postgraduate degrees at Queen's University of Belfast and is a member of the Royal College of Physicians.

Dinko Valerio, Ph.D., (non-executive director) is one of our founders and joined our board in 2014. Dr. Valerio chaired our board since its inception until May 2024. As a scientist and an experienced biotech entrepreneur Dr. Valerio is founder and former Chief Executive Officer of Crucell N.V., and one of the founders of its spinout, Galapagos Genomics. He was the founder and former general partner of Aescap Venture, a life sciences venture capital firm and co-founder and current board member of Leyden Laboratories. In 1992 Dr. Valerio was appointed professor of gene therapy at the University of Leiden, where he also received his Ph.D. with honors. Dr. Valerio was a visiting scientific specialist at Genentech, and a postdoctoral fellow at the Salk Institute.

Alison F. Lawton (non-executive director) has served on our board since 2014. Ms. Lawton is an executive leader with more than 35 years of experience in biopharma. Most recently, she served as President and Chief Executive Officer of Kaleido Biosciences, Inc. from 2018 to 2020, and prior to that, as its President and Chief Operating Officer from 2017 to 2018. Ms. Lawton previously served as Chief Operating Officer at Aura Biosciences, from 2015 until 2017, and prior to that, as its consultant. Before that, Ms. Lawton served as Chief Operating Officer at OvaScience and as a biotech consultant for various companies, including as a part-time Chief Operating Officer consultant at X4 Pharmaceuticals from 2014 to 2026. Earlier in her career, Ms. Lawton worked at various positions of increasing responsibility at Genzyme, and subsequently at Sanofi-Aventis, including as head of Genzyme Biosurgery and Global Market Access. Ms. Lawton currently serves on the boards of directors of public pharmaceutical companies including X4 Pharmaceuticals and Dianthus

Therapeutics, and on the board of directors of BlueRock Therapeutics, a private biotech company. She previously served on the boards of directors of Spyre Therapeutics, Verastem, CoLucid until its acquisition by Lilly and Cubist Pharmaceuticals until its acquisition by Merck & Co. She is past President and Chair of the board of Regulatory Affairs Professional Society and as a member of the FDA's Cellular, Tissue and Gene Therapies Advisory Committee. She earned her BSc in Pharmacology, with honors, from King's College London.

Theresa Heggie (non-executive director) was reappointed to our board in 2023. Previously, Ms. Heggie served as our Chief Operating Officer, after originally joining the Management Team in 2021 as our Chief Commercial Officer. Prior to joining us, she served as Chief Executive Officer of Freeline Therapeutics from 2020 to 2021. Previously, she held senior commercial and operating roles at Alnylam Pharmaceuticals as Senior Vice President, Head of CEMEA from 2017 to 2020. Before that, Ms. Heggie had roles at Bupa Group until 2016 and at Shire plc, where she built the EMEA rare disease business. Earlier in her career, Ms. Heggie held increasingly senior positions in the commercial organizations at Janssen Pharmaceuticals and Baxter Healthcare. She previously served as a member of the boards of directors at SOBI (Swedish Orphan Biovitrum AB) and Freeline Therapeutics, and currently serves on the board of BioCryst Pharamceuticals, a public pharmaceutical company. Ms. Heggie previously served on our board from 2019 to 2021. She earned her BSc from Cornell University.

Bart Filius (non-executive director) has served on our board since 2019. He is the former President and Chief Operating Officer of Galapagos, a position he held from 2021 to 2023. He joined Galapagos in 2014 as Chief Financial Officer and added the role of Chief Operating Officer in 2017. Prior to joining Galapagos, Mr. Filius held a variety of executive positions at Sanofi, where he was Vice President, Chief Financial Officer Europe, Country manager for The Netherlands and Vice President for Mergers & Acquisitions. Prior to joining Sanofi, Mr. Filius was a strategy consultant at Arthur D. Little. Mr. Filius currently holds a board position at Idorsia Ltd.. Mr. Filius has an MBA degree from INSEAD and a bachelor's degree in Business from Nyenrode University.

Begoña Carreño, *Ph.D., (non-executive director*) joined our board in 2023. Dr. Carreño is currently the Chief Business Development Officer at Aspeya Switzerland SA (formerly known as Vectura Fertin Pharma). Prior to this, she spent 18 years at Novartis Pharma AG in its Business Development and Licensing ("BD&L") group, her last role being World Wide BD&L Head in the Ophthalmology Franchise, based in Basel, Switzerland. Dr. Carreño has over 20 years Pharmaceutical Development experience. She is a seasoned and energetic BD&L professional that has led the BD&L efforts at Novartis across five different therapeutic franchises in the last 15 years. She has a proven track record in licensing deals, M&A as well as developing collaborations within cross functional, multi-cultural, matrix environment at global, regional and country level. Before joining Novartis, she was the Head of External Pharmaceutical projects at Almirall (Barcelona, Spain). Dr. Carreño holds a Ph.D. in Drug Delivery from the London School of Pharmacy (UK) and a BSc in Biochemistry from Keele University (UK).

Martin Maier, *Ph.D.,* (*non-executive director*) joined our board in 2024. Dr. Maier currently serves as Senior Vice President, Oncology at Alnylam Pharmaceuticals. Dr. Maier joined Alnylam in 2006 and has contributed to the development of lipid nanoparticles and GalNAc conjugates, two clinically validated platforms for siRNA delivery, and the advancement of multiple therapeutic programs to development, which has resulted in the approval of five RNAi therapeutic to date. After receiving his Ph.D. in Organic Chemistry in 1997 at the University of Tübingen, Germany, Dr. Maier moved to the U.S. for his postdoctoral research at Ionis Pharmaceuticals ("Ionis"), where he assumed a permanent position working on novel chemistries and delivery systems for antisense oligonucleotides ("AONs"). Dr. Maier currently serves on various additional boards including the board of directors of the Oligonucleotide Therapeutics Society and the Scientific Advisory Board of the Gene and RNA Therapy Center Tübingen, Germany. During his 25 years of experience in the field of

oligonucleotide therapeutics in both, ASO and RNAi platforms, Dr. Maier authored more than 90 peer-reviewed scientific publications, reviews and book chapters and is the inventor on more than 40 issued patents.

Additionally, *John Maraganore*, *Ph.D.,* joined as a strategic advisor to our Board in March 2022. He served as the founding Chief Executive Officer and a Director of Alnylam from 2002 to 2021, where he built the company from early platform research on RNA interference through global approval and commercialization of the first four RNAi therapeutic medicines, ONPATTRO®, GIVLAARI®, OXLUMO®, and Leqvio®. At Alnylam, he also led the company's value creation strategy, building $ 25.0 billion in market capitalization, and forming over 20 major pharmaceutical alliances. He continues to serve on the Alnylam Scientific Advisory Board. Prior to Alnylam, he served as an officer and a member of the management team for Millennium Pharmaceuticals, Inc., where he was responsible for the company's product franchises in oncology, and cardiovascular, inflammatory, and metabolic diseases, in addition to leadership of M&A, strategy, and biotherapeutics functions. Before Millennium, he served as Director of Molecular Biology and Director of Market and Business Development at Biogen, Inc. where he invented and led the discovery and development of ANGIOMAX® (bivalirudin) for injection. Previously, he was a scientist at ZymoGenetics, Inc. and the Upjohn Company. Mr. Maraganore received his M.S. and Ph.D. in biochemistry and molecular biology at the University of Chicago. He is currently a Venture Partner at ARCH Venture Partners, a Venture Advisor at Atlas Ventures, and an Executive Partner at RTW Investments. He is also Chair of the Board of Directors of Hemab Therapeutics and a member of the Board of Directors of Agios Pharmaceuticals, Beam Therapeutics, Kymera Therapeutics, and the Biotechnology Industry Organization, where he was Chair from 2017-2019. In addition, he serves on the Board of the Termeer Foundation, as Chair of the n-Lorem Foundation Advisory Council, on the Advisory Board of Ariadne Labs, and as a strategic advisor to several innovative companies.

The Company
ProQR Therapeutics N.V., or "ProQR" or the "Company", is a biotechnology company dedicated to changing lives by developing RNA therapies for severe rare and common diseases. We focus on advancing our proprietary Axiomer RNA-editing platform technology.

ProQR was founded in 2012 by Daniel de Boer, Gerard Platenburg, the late Henri Termeer and Dinko Valerio. Since September 18, 2014, our ordinary shares have been listed on Nasdaq. They are currently trading on Nasdaq Capital Market under the ticker symbol "PRQR". As of December 31, 2024, we had raised € 518.0 million in gross proceeds from our public offerings of shares and private placements of equity securities. In addition, we have received grants, loans and other funding from patient organizations, private lenders and government institutions supporting our programs, including from RSRT, Foundation Fighting Blindness ("FFB") and the Dutch government under the innovation credit program.

Our legal name is ProQR Therapeutics N.V. and we were incorporated in the Netherlands, on February 21, 2012. We reorganized from a private company with limited liability to a public company with limited liability on September 23, 2014. Our company has its statutory seat in Leiden, the Netherlands. The address of its headquarters and registered office is Zernikedreef 9, 2333 CK Leiden, the Netherlands, telephone number +31 88 166 7000. Our U.S. office is located at 245 Main Street, Cambridge, MA 02142, USA. The name and address of our agent for service in the United States is Sarah Kiely, 245 Main Street, Cambridge, MA 02142, USA.

We use various trademarks and tradenames, including without limitation "ProQR", "Axiomer", and our corporate logo, that we use in connection with the operation of our business. Other trademarks or trade names of third parties referred to or incorporated by reference in this Annual Report are the property of their respective owners. Solely for convenience, the trademarks and trade names in this Annual Report may be referred to without the ®, ™ or SM symbols, but such references should not be construed as any indicator

that their respective owners will not assert, to the fullest extent permissible under applicable law, their rights thereto. We do not intend to use or display other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us, any other companies.

Committees of the Board

During 2024, the Board had a (i) compensation, nominating and corporate governance committee, a (ii) research and development committee, and an (iii) audit committee, each of which has an adopted charter which is publicly made available on our website

Compensation, Nominating and Corporate Governance Committee

The nominating and corporate governance committee met five times in 2024. The meetings had an attendance rate of 100%. With respect to nominating and corporate governance matters, the compensation, nomination and corporate governance committee assists our Board in selecting individuals qualified to become our Board members, in determining the composition of the Board and its committees and our officers in developing and recommending a set of corporate governance guidelines applicable to ProQR. In furtherance of this, the compensation committee is responsible for recommending to the board persons to be nominated for election or re-election to the board at any meeting of the shareholders; overseeing the Board's annual review of its own performance and the performance of its committees; and considering, preparing and recommending to the Board a set of corporate governance guidelines.

Compensation matters

Attraction and retention of world class talent is a prerequisite for the success of ProQR and competitive compensation plays a vital role in our ability to achieve this. The compensation committee elected to offer compensation for all employees, including the Board, in the form of a fixed annual salary combined with variable, performance related, short- and long-term incentive elements.

The compensation policy is designed based on the following principles:

- Three compensation pillars consisting of:
  - Annual base salary;
  - Short Term Incentive (annual cash bonus); and
  - Long Term Incentive (share-based compensation plan).

- Flexibility: the compensation should provide flexibility to allow the Board, acting on the recommendation of the compensation committee, to reward the Board in a fair and equitable manner;
- The compensation should drive the right kind of management behavior, discourage unjustified risk taking and minimize any gaming opportunity;
- The compensation should enable paying for performance, considering not only the measurable financial performance of / or milestones achieved by the Company, but also, where appropriate, the efforts made by the Board, individually and as a group, in managing the Company. For the variable components, the compensation committee performs an analysis of the possible outcomes under different scenarios;
- Design of the compensation shall be based on current legislation applicable in the Netherlands;
- The compensation shall foster alignment of interests with shareholders;
- The pension of the Board shall be based on the defined contribution system; and
- Pay differentials and position within the Company are considered and evaluated regularly.

Compensation report 2024

In line with the practice of regularly reviewing the Compensation Policy, the Compensation Committee evaluated and reviewed the Compensation Policy in 2024. Based on the outcomes of the review no changes were made to the Compensation Policy for the Board.

The following summarizes the decisions made with respect to the Board's 2024 compensation:

Annual Base Salary

The compensation committee reviewed the annual base salary of the executive directors taking into consideration the compensation reference group as contained in the compensation policy. Based on this review the annual base salary level for 2024 has been set at € 546,000 for the Chief Executive Officer, Daniel de Boer, € 375,000 for the Chief Scientific Officer, Gerard Platenburg and at € 428,000 for the Chief Corporate Development Officer and General Counsel, René Beukema.

Short Term Incentive

The compensation committee reviewed the performance of the Company during 2024 in comparison to the objectives and reviewed the achievements of the executive directors versus the corporate goals. Based on the recommendation of the compensation committee, the Board decided in late 2024 that the Company has achieved 120% of the objectives that had been set to determine the bonus awards for the year 2024. For 2024 the individual bonus amounted to € 394,000 for Mr. de Boer, € 185,000 for Dr. Platenburg and € 231,000 for Mr. Beukema. Mr. de Boer's, Dr. Platenburg's and Dr. Beukema's bonuses were paid in cash in the first quarter of 2025.

Long Term Incentive

Based on the recommendation of the compensation committee, the Board decided to grant stock options to Mr. de Boer, Dr. Platenburg and Mr. Beukema. Based on this decision, in 2024 stock options with an average exercise price of $ 1.98 have been granted to Mr. de Boer with respect to 479,171 shares. Stock options with an exercise price of $ 1.98 have been granted to Dr. Platenburg with respect to 164,715 shares. Stock options with an exercise price of $ 1.98 have been granted to Mr. Beukema with respect to 143,175 shares.

Pensions

The pension contributions for Mr. de Boer, Dr. Platenburg and Mr. Beukema paid during 2024 amount to € 27,000, € 41,000 and € 27,000, respectively.

Internal pay ratio

The internal pay ratio between the average pay of our employees and our executive directors is calculated based on the average remuneration based on short term and long-term incentives. The pay ratio is 12:1 for 2024 (2023: 16:1).

Non-executive Board directors' remuneration

For 2024, our non-executive directors received board fees of € 34,000 per year and the chairperson received a fee of € 63,000 per year. In addition, audit committee members received a fee of € 7,000 and the audit committee chairperson received a fee of € 15,000 per year; compensation committee members received a fee of € 5,500 and the chairperson of this committee received a fee of € 12,000 per year, and research and development committee members received a fee of € 5,500 and the chairperson of the research and development committee received a fee of € 12,000 per year. Further, non-executive directors were granted options, as set out in Note 27 to the financial statements.

Research and Development Committee

The research and development committee met four times in 2024. The meetings had an attendance rate of 100%. The research and development committee assists the Board in overseeing our product pipeline and research and development strategy. The research and development committee is responsible for, among other things, reviewing ProQR's research and development strategy, including the long-term strategy goals and objectives; reviewing and assessing quality of the research and development programs; reviewing the progress of the product pipeline, including a review and analysis of the progress and results of pre-clinical studies and clinical trials; reviewing and advising the Board about strategic opportunities to enhance innovation and development; reviewing and assessing scientific activities critical to the success of ProQR's research and development strategy; and organizing and chairing meetings with ProQR's scientific advisory board for supporting its review and assessment ProQR's research and development strategy.

Audit Committee

The audit committee met four times in 2024 with the Company's Chief Financial Officer being present. The meetings had an attendance rate of 100%. The main topics that were addressed include the quarterly results, financial risk management, compliance (including SOx), the audit plan, audit updates and audit report of the current external auditor, cash management, tax and corporate governance.

The audit committee also reviewed ProQR's annual financial statements, including non-financial information, prior to publication thereof. The financial statements for 2024 have been audited and provided with an unqualified opinion by our external auditor, KPMG Accountants N.V. ("KPMG"), and were extensively discussed with the auditors in the meetings of the Board and Audit Committee on March 11, 2025. The Board is of the opinion that the 2024 Financial Statements meet all the applicable requirements and recommends that the Annual General Meeting of Shareholders adopt the financial statements and the appropriation of net result proposed by the Board.

The Company's external auditor attended all audit committee meetings. The audit committee evaluates the performance of KPMG as independent external auditor annually. Due to the limited size of the Company, it was concluded that there was currently no need to appoint an internal auditor.

Operations

We are a biotechnology company at the forefront of RNA editing innovation, pioneering transformative solutions for diseases with significant unmet medical needs. To achieve this, we are advancing our proprietary Axiomer RNA-editing platform technology developed to harness ADAR to enable precise RNA editing. Our technology has the potential to create a new class of medicines with applicability to a broad range of therapeutic areas. Using our deep RNA expertise and our strong intellectual property position, we are advancing a platform to develop these RNA editing therapeutics, which we call EONs, for a variety of human diseases.

Axiomer uses EONs to mediate single nucleotide changes to RNA with high specificity and durability. Axiomer EONs are designed to recruit and direct endogenously expressed ADARs to change an Adenosine (A) to an Inosine (I) in the RNA – an Inosine is translated as a Guanosine (G). This approach can be used to correct an RNA with a disease-causing mutation back to a normal (wild type) RNA, modulate protein expression, or alter a protein so that it will have a new function that helps prevent or treat disease.

Since discovering the Axiomer RNA editing platform technology in 2014, we have established a leading intellectual property estate in the ADAR editing space, defined the design ground rules, and optimized chemistries for therapeutic use.

Our research and development strategy focuses on the use of our Axiomer platform to develop novel RNA editing therapeutics to address diseases with high unmet medical need. We are initially focused on diseases originating in the liver and in the central nervous system ("CNS") where research into human genetics has shown us that changing the RNA or correcting pathogenic mutations via A-to-I editing may lead to a benefit for patients. Our robust pipeline is strategically centered on addressing high unmet needs in liver and CNS diseases, leveraging validated biomarkers and well-defined clinical endpoints. The lead program we are advancing is AX-0810 for Cholestatic Diseases targeting na-taurocholate cotransporting polypeptide ("NTCP"). With funding from the RSRT, we are also advancing AX-2402 targeting Methyl CpG binding protein 2 ("MECP2") mutations for Rett Syndrome, a severe neurodevelopmental disorder. Other pipeline programs include AX-1412 targeting the B4GALT1 gene for Cardiovascular Diseases ("CVDs"), AX-2911 targeting PNPLA3 for MASH, as well as a number of additional earlier-stage pipeline programs.

In addition to advancing our wholly-owned pipeline programs, we entered into a global licensing and research collaboration with Lilly in September 2021 where our Axiomer RNA editing platform is being used to progress new drug targets for disorders toward clinical development and commercialization. Initially focused on five targets, the partnership was expanded to ten targets in December 2022, with an option for further expansion to fifteen targets.

ProQR development pipeline

	TARGET	DISCOVERY	NON-CLINICAL	CLINICAL	NEXT MILESTONE	ESTIMATED POPULATION
DEVELOPMENT PIPELINE						
AX-0810 *for Cholestatic diseases*	NTCP				CTA filing in Q2 2025	~100K patients
AX-2402 *for Rett syndrome*	MECP2 R270X				Candidate selection in 2025	~5K patients
AX-1412 *for Cardiovascular disease*	B4GALT1				Scientific update in mid 2025	~200M patients
AX-2911 *for MASH*	PNPLA3				Candidate selection in 2025	~8M patients
DISCOVERY PIPELINE						
AX-1005 *for CVD*	Undisclosed					~200M patients
AX-0601 *for obesity and T2D*	Undisclosed					~650M patients
AX-9115 *for rare metabolic condition*	Undisclosed					
AX-2403 *for Rett syndrome*	MECP2 R168X					~6K patients
AX-2404 *for Rett syndrome*	MECP2 R255X					~5K patients
AX-2405 *for Rett syndrome*	MECP2 R294X					~6K patients
AX-2406 *for Rett syndrome*	MECP2 R133H					
AX-3875 *for rare metabolic & CNS disorder*	Undisclosed					
AX-4070 *for rare CNS disorder*	Undisclosed					
PARTNERED PIPELINE						
10 targets (option to expand to 15)	Undisclosed	*Progress undisclosed*				Lilly

[1]Approximately 100K people affected with Primary Sclerosing Cholangitis and Biliary Atresia in US and EU5. [2]Approximately 200 million people suffer from too high a level of cholesterol in US and EU5. SLC10A1 is the gene that encodes for NTCP protein. CVD: Cardiovascular Diseases, NASH: Nonalcoholic steatohepatitis, T2D: Type 2 Diabetes. | References: Trivedi PJ, et al. Clin Gastroenterol Hepatol. 2022 Aug;20(8):1687-1700.e4; Schreiber RA, et al. J Clin Med. 2022 Feb 14;11(4):999; Tsao CW, et al. Circulation. 2022;145(8):e153–e639. World Health Organization, World Gastroenterology Organization

We believe the platform has significant potential to yield many additional therapeutic candidates. Thus, we continuously evaluate further opportunities for beneficial collaborations or strategic partnerships to efficiently advance product candidates with the goal of bringing medicines to patients.

Our Strategy

We are advancing Axiomer as a platform to develop a new class of innovative medicines based on ADAR RNA editing, which we believe has the potential to treat a broad range of diseases that currently lack adequate treatment options. Our novel and proprietary RNA editing platform technology, known as Axiomer, use oligonucleotides to edit single nucleotides in the RNA. We believe the Axiomer technology may be applicable to thousands of disease-causing mutations by correcting RNA in genetic diseases. Beyond mutation correction, Axiomer also has the potential to address unmet medical needs in common conditions, by modulating protein expression or altering a protein so that it will have a new function to help prevent or treat diseases. We intend to continue to optimize our platform as we advance to clinical stage and beyond. Key elements of our strategy include:

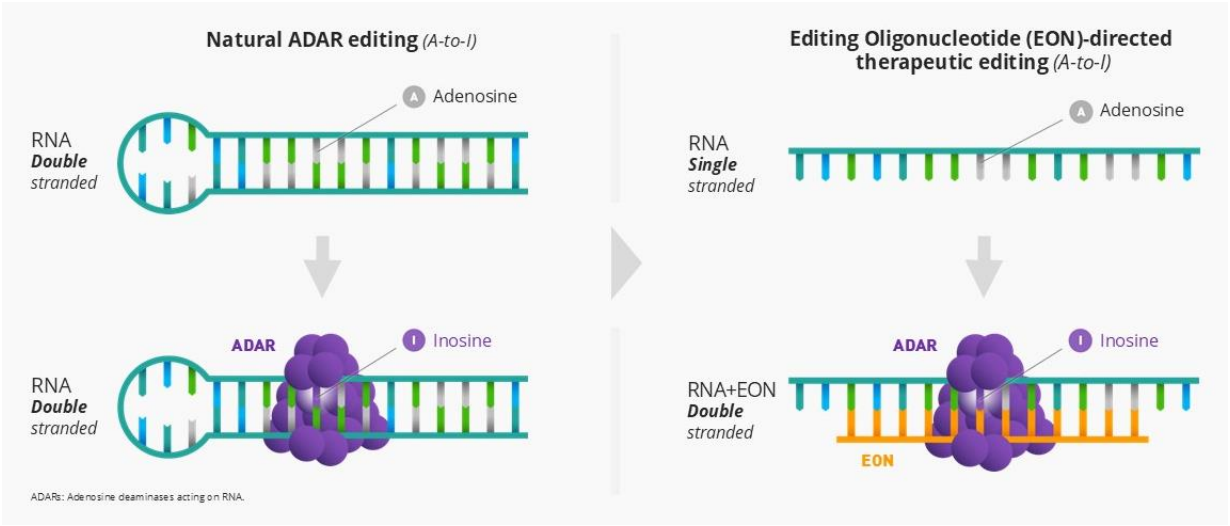
- Pipeline: We intend to use this platform to develop novel therapies initially for targets related to liver- and CNS-originating diseases, and beyond. With our Axiomer RNA-editing technology platform, we are advancing AX-0810 for Cholestatic Diseases targeting NTCP as our lead program, as well as AX-2402 targeting MECP2 for Rett Syndrome, AX-1412 for CVDs targeting B4GALT1, and AX-2911 targeting PNPLA3 for MASH as our other pipeline programs.
- Partnerships: We continue to validate and create value for this platform by selectively pursuing additional licensing, partnering, and other strategic relationships, such as our partnerships with Lilly, and the RSRT.

We seek to maximize the value of our pipeline by retaining development and commercialization rights to those product candidates, indications and geographies that we believe we can independently develop, seek approval for, and commercialize on our own. Beyond this, for other product candidates, such as those for more prevalent indications, and other geographies, we plan to selectively and opportunistically seek potential partnerships following early-stage clinical proof of concept.

Our Novel Axiomer RNA Editing Technology Platform

AONs, have been used as therapeutics for decades. Our Axiomer RNA editing technology is based on oligonucleotides that are EONs, designed to recruit endogenous, naturally occurring ADAR enzymes as shown in Figure 1a, to make single adenosine-to-inosine (A-to-I) changes in the RNA in a highly specific and targeted manner, as shown in Figure 1b.

Figure 1a (left): RNA editing is a naturally occurring process whereby ADARs perform A to I editing. Figure 1b (right): ProQR's Axiomer RNA editing technology platform uses EONs to recruit and direct endogenously expressed ADARs to edit an A to an I in the RNA, which is then translated as a G, allowing highly specific editing.



In vitro and *in vivo* work indicates that our EONs are generally applicable for the correction of RNA G-to-A mutations. The technology is also designed to modulate protein expression or alter proteins to provide a new function to help prevent or treat disease. With this applicability, we believe Axiomer has the potential to address hundreds of genetic and non-genetic diseases.

Across a range of targets, we have shown both in vitro and in vivo platform proof-of-concept for our Axiomer RNA editing technology platform, in cell models, organoids, and animal models, including relevant higher order species.

Our Pipeline Programs

AX-0810 for Cholestatic Diseases targeting NTCP

Cholestatic Diseases overview

Cholestatic Diseases are caused by a toxic buildup of bile acids in the liver due to bile duct dysfunction, which causes liver cell damage. The consequences of these disorders can be devastating and significantly impact a person's quality of life, including pruritus, dry skin, fatigue, pain, weight loss, and many others. Without treatment, the damage progresses through various stages, from fibrosis to cirrhosis, ultimately leading to liver failure and an increased risk of liver cancer. Liver transplants are often necessary for primary sclerosing cholangitis ("PSC") and biliary atresia ("BA"), two forms of Cholestatic Diseases with high unmet medical needs.

PSC is a condition that causes inflammation and is typically diagnosed in people aged 30 to 40, more commonly affecting men (66%). It is estimated that 80,000 people in North America and Europe have PSC, with a prevalence of 1 to 9 individuals per 100,000. This condition causes fibrosis and sclerosis of bile ducts, leading to a toxic buildup of bile acids in the liver.

BA is a pediatric condition that affects newborns, resulting from the absence or defect of bile ducts. This condition causes harmful bile acids to accumulate in the liver, leading to rapid progression to cirrhosis early in life. It is estimated that 20,000 individuals in North America and Europe have BA, with a prevalence of 1 in 10,000 to 15,000 births in the western world.

Limitations of the Current Treatment Landscape
Currently, there are no approved drugs for treating PSC and BA. For PSC, liver transplantation is the only treatment option with evidence to extend survival. However, PSC can return in 20 to 40% of patients who undergo liver transplantation, and the median survival without a transplant is only 21 years. Surgery in the first weeks of life for BA is the gold standard treatment. However, most patients who receive this surgery will still require a liver transplant early in life.

AX-0810 for Cholestatic Diseases targeting NTCP
The liver cells mainly obtain bile acids from the enterohepatic reuptake cycle. The process is primarily carried out by a transporter called NTCP, which takes bile acids from the portal circulation to the liver. Studies show that inhibiting NTCP can improve liver function by reducing the levels of toxic bile acids, improving liver damage markers (fibrosis, cholangiocyte proliferation, Alkaline phosphatase or ALP, alanine transaminase or ALT), and lowering inflammation biomarkers ("cytokines").

AX-0810, our Axiomer-targeted RNA editing oligonucleotide, aims to reduce the reuptake of bile acids in the liver by inhibiting NTCP function. Variants in NTCP that change its capacity to recycle bile acid into the liver naturally occur in some people without causing any symptoms associated with cholestasis. This finding suggests that our approach is safe and may reduce the accumulation of toxic bile acids in the liver. Moreover, such variants in NTCP also promote the elimination of bile acids from the body by increasing their excretion in the feces and urine, a process called sulfation of bile acids, which enhances their solubility and reduces their absorption in the intestines.

Populations in human genetics research with naturally occurring NTCP variants exhibit reduced bile acid uptake in the liver, supporting NTCP modulation as a therapeutic strategy. EON-mediated editing of NTCP introduces the Q68R variant, which disrupts sodium-binding within the NTCP channel, selectively reducing bile acids reuptake without affecting other NTCP function.

Animal models, including humanized mice and NHPs have shown that NTCP modulation through EON-mediated editing leads to hepatoprotective effects, such as reduced bile acids accumulation and improved liver biomarkers, as shown in **Figure 2**.

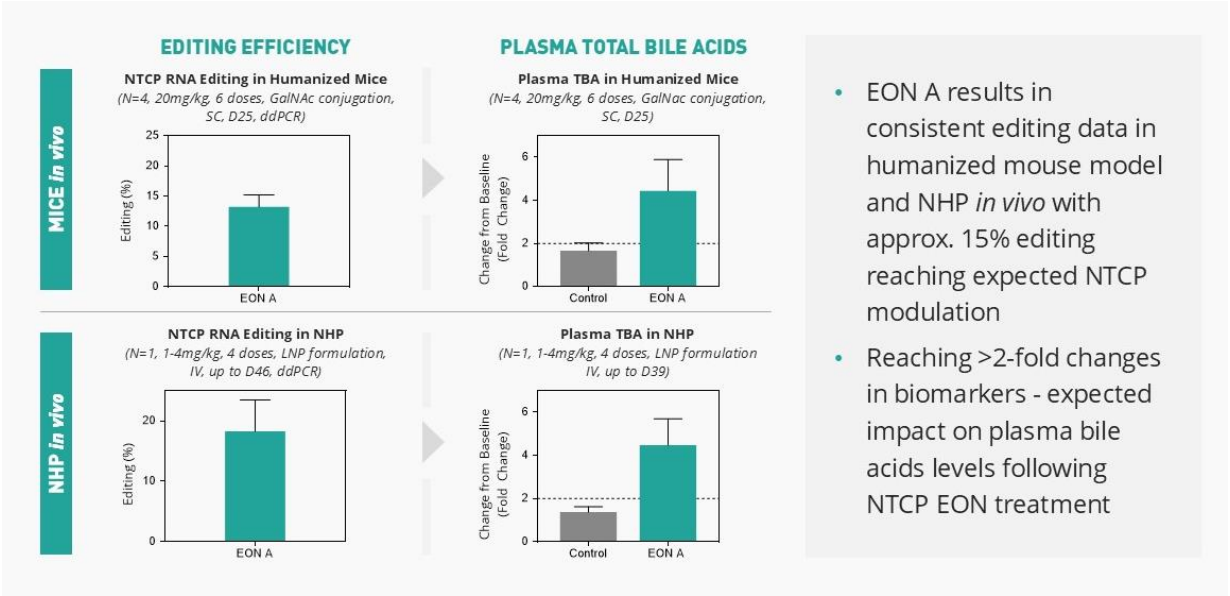


Figure 2. EON-mediated editing exhibits consistent editing of NTCP and favorable impact on biomarker in vivo.

As shown in **Figure 3**, *in vivo* studies demonstrate that NTCP modulation through EON-mediated editing results in an increase in conjugated bile acids within the plasma, confirming the specificity and efficacy of this therapeutic approach. Additionally, a bile acid challenge assay using Tauro-urso-deoxycholic acid ("TUDCA") in NHPs demonstrated reduced clearance of bile acids following treatment with Axiomer EON. This outcome, marked by a statistically significant decrease in bile acid elimination rates, underscores the ability of NTCP editing to modulate bile acid effectively.

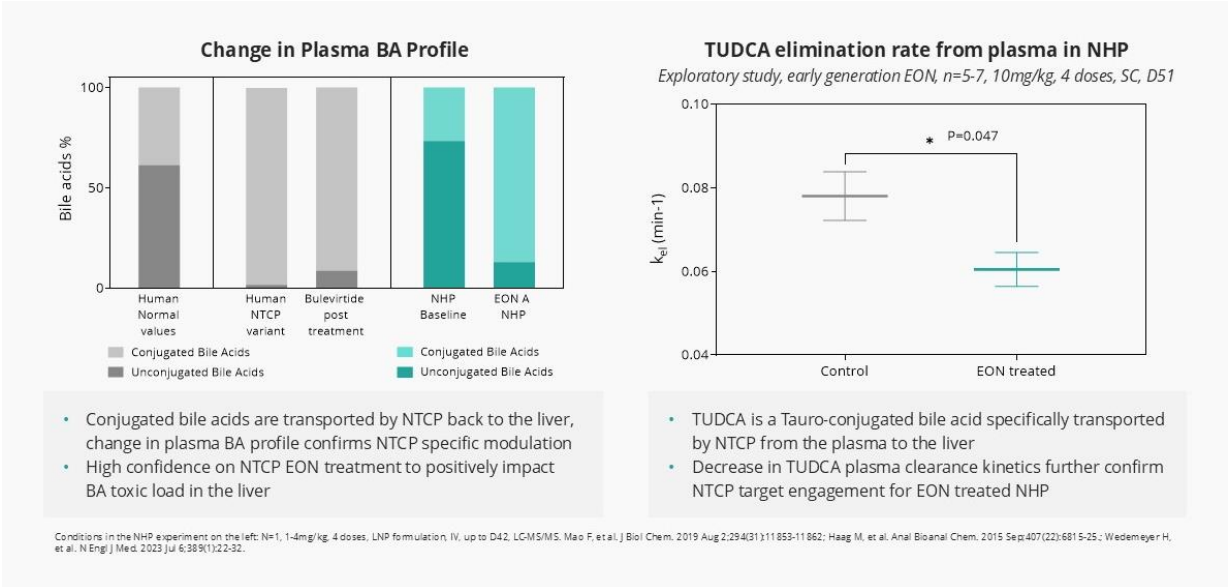


Figure 3. Proof of concept in NHP demonstrated via bile acid profile and TUDCA elimination.

We believe these findings have established a robust preclinical proof of concept for AX-0810, further supporting its clinical translation. AX-0810 has been optimized for enhanced potency and stability, with regulatory-enabling activities underway. A first-in-human clinical trial is scheduled for 2025, subject to regulatory authorization, featuring a placebo-controlled, single- and multiple-dose design across healthy

volunteers. The study aims to measure a twofold increase in plasma bile acid levels and a favorable shift in bile acid profiles. We expect to share topline data from this trial in Q4 2025.

Based on its mechanism of action, we believe AX-0810 may have the potential to modify the course of Cholestatic Diseases, delay or prevent complications such as cirrhosis and liver failure, and alleviate associated symptoms. Furthermore, NTCP and bile acids play a pivotal role in a broad spectrum of diseases, providing substantial opportunities to extend beyond Cholestatic Diseases. For example, NTCP modulation may hold significant potential for addressing certain metabolic disorders such as obesity and CNS diseases, highlighting our approach as a potentially transformative solution across multiple therapeutic domains.

AX-2402 for Rett Syndrome targeting MECP2

Rett Syndrome overview

Rett Syndrome is a rare and debilitating neurodevelopmental disorder, affecting approximately 350,000 people worldwide, predominantly girls. Rett Syndrome is characterized by apparently normal psychomotor development during the first six to 18 months after birth, followed by a period of developmental stagnation, then a regression in language and motor skills, followed by long-term relative stability. During the phase of regression, affected patients develop repetitive, stereotypic hand movements that replace purposeful hand use. Additional symptoms include gait ataxia and apraxia, seizures, tremors, episodic apnea and/or hyperpnea, gastrointestinal issues, scoliosis and musculoskeletal problems, anxiety and sleep issues and bruxism.

Mutations in the MECP2 gene are the primary cause of the disorder. Located on the X chromosome, MECP2 encodes the methyl-CpG-binding protein 2, which plays a critical role in regulating gene expression and maintaining normal brain development and function. In individuals with Rett Syndrome, mutations in MECP2 disrupt the function of this protein, leading to abnormal gene expression patterns and impairments in neural circuitry.

Limitations of the Current Treatment Landscape

Currently, there are no approved treatments for Rett Syndrome. Traditional treatments involve multidisciplinary care, including physical therapy, occupational therapy, speech therapy, and medications to address specific symptoms such as seizures, breathing irregularities, and gastrointestinal issues. Supportive measures, such as nutritional management and assistive devices, also play a significant role in maintaining health and mobility. In recent years, however, the treatment landscape has evolved with promising advances in targeted therapies, including our RNA editing approach.

AX-2402 for Rett Syndrome targeting MECP2

AX-2402 is being developed for individuals with Rett syndrome who have the R270X mutation in MECP2 gene, and is based on ProQR's proprietary Axiomer RNA editing platform. The AX-2402 program utilizes EONs to correct the R270X nonsense mutation, restoring physiological MECP2 expression levels. We believe Axiomer EONs can target many mutations beyond R270X that collectively impact a large segment of the Rett population.

As the data show in **Figure 4**, preclinical data demonstrated 80% editing efficiency in patient-derived cells carrying the R270X mutation. Typically, the R270X mutation introduces a premature termination codon ("PTC"), which triggers nonsense-mediated decay ("NMD") and reduces MECP2 mRNA levels. Axiomer's editing approach recodes the PTC and also inhibits NMD, resulting in increased MECP2 RNA levels and increased R270W MECP2 protein levels.

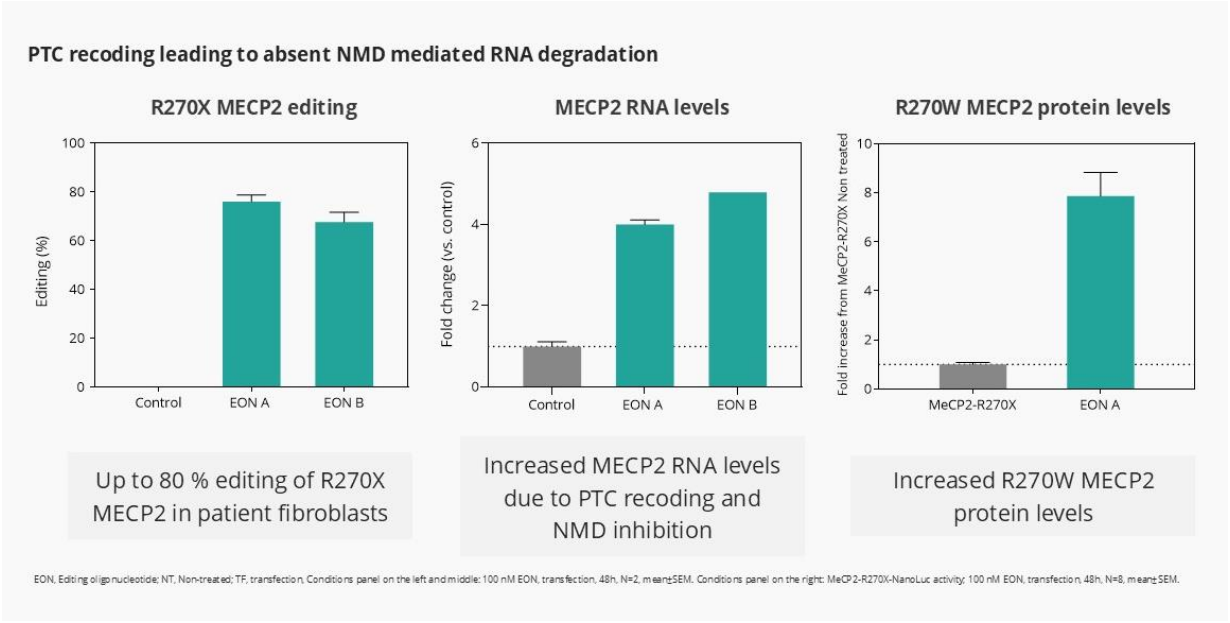


Figure 4. *In vitro* EON mediated editing of MECP2 in patient cells increases mRNA levels and restores protein expression supporting the potential of AX-2402 for Rett Syndrome.

In December 2024, we announced an expansion of our partnership with the RSRT. Building on the initial $ 1.0 million research grant announced in January 2024, the expanded partnership includes an additional $ 8.2 million in funding from the RSRT, for a total of $ 9.2 million. The funding will support the advancement of AX-2402 into clinical trials. Lead EON optimization is currently ongoing with the objective to select a clinical candidate for AX-2402 in 2025, and initiate clinical trial in 2026, with topline data readout anticipated in 2026.

AX-1412 for Cardiovascular Disease targeting B4GALT1

Cardiovascular Disease overview

CVDs are a group of health conditions that affect the heart and blood vessels, such as atherosclerosis which can lead to severe problems like heart attacks, heart failure, and stroke. The World Health Organization ("WHO") has identified unhealthy diet, physical inactivity, tobacco use, and excessive alcohol consumption as major behavioral risk factors for heart disease and stroke, increasing intermediate risk factors including but not limited to high blood pressure, cholesterol, glucose levels, and obesity.

CVDs remain the leading cause of death globally, accounting for approximately 18 million deaths annually, or 32% of all global deaths, according to a report by the WHO in 2021. In the United States, the American Heart Association estimates that by 2035, more than 130 million adults will have some form of CVD.

Current Treatment Landscape and Limitations

CVD treatment involves taking medications to lower cholesterol and blood pressure levels. Current treatments including statins, ezetimibe, and PCSK9 inhibitors primarily are used to lower LDL cholesterol levels. Other treatments, such as ANGPTL3 inhibitors, decrease the residual risk of heart disease in patients with high LDL cholesterol levels. Despite advances in therapeutic options, a substantial unmet medical need persists. For example, less than 35% of Americans with high LDL cholesterol levels reach their target levels recommended by guidelines. CVD events still occur even when LDL cholesterol levels meet clinical goals. Many patients also struggle to continue taking their medications long-term, with less than 50% of patients taking their LDL-lowering medicines 2 years after a CVD event. Additionally, 5 to 10% of patients cannot tolerate high doses of statins, primarily due to muscle aches. This underscores the need for innovative approaches, such as our RNA editing therapeutic strategy.

AX-1412 for Cardiovascular Disease targeting B4GALT1
AX-1412 represents a potential targeted approach to RNA editing of B4GALT1 that leads to a promising strategy for protecting against CVDs by simultaneously lowering levels of LDL-c and fibrinogen. Recent gene-based analysis has shown that rare protective variants changing protein activity and predicted deleterious missense variants in B4GALT1 are associated with a decreased risk of coronary artery disease. Additionally, a particular missense variant (p.Asn352Ser) in the beta-1,4-galactosyltransferase 1 B4GALT1 gene is prevalent in the Amish population and associated with lower levels of LDL-c and CVDs, and a 36% reduction in coronary artery disease risk.

The beneficial effects of these genetic variations are due to the hypo-galactosylation of apolipoprotein B100 and fibrinogen, which are known to be independent drivers of an increased risk of CVDs, as well as immunoglobulin G and transferrin. However, it's important to note that studies have shown that B4GALT1 knockdown can lead to semi-lethality and severe developmental abnormalities in mice models and therefore we believe B4GALT1 inhibition is not a feasible therapeutic approach for this purpose.

Although there are several approaches to lowering the risks of CVDs, including reducing LDL-c and ApoB levels, reducing fibrinogen levels may offer additional benefits to patients with unmet medical needs in this large population. Fibrinogen reduction can be used either as a stand-alone therapy or an adjunct therapy to other treatments.

We are developing Axiomer targeted RNA EON AX-1412 to address CVD by editing B4GALT1. RNA editing to a protective variant of B4GALT1 can have positive effect on CVDs risk factors by leading to hypo-galactosylation of apolipoprotein B100 and fibrinogen. Based on its mechanism of action, we believe that AX-1412 is a novel and unique approach to address CVD by lowering LDL-C and fibrinogen levels ultimately leading to a reduced residual risk in CVDs.

Preclinical studies using an industry standard mouse model, which closely mimics human lipid metabolism, have demonstrated the ability of AX-1412 to edit B4GALT1, with biomarker improvements, including significant reductions in total cholesterol, LDL cholesterol, fibrinogen, and ApoB levels. While initial studies employed lipid nanoparticle (LNP) delivery systems, further work to optimize for GalNAc conjugated delivery is underway to align with the target product profile for CVD conditions. We expect to provide an update on GalNAc optimization of AX-1412 in mid-2025.

Assuming regulatory authorization to conduct clinical development, we intend to advance AX-1412 targeting B4GALT1 to early clinical proof of concept stage, then following successful demonstration of clinical proof of concept following an initial trial, we would seek to partner this program.

AX-2911 for Metabolic Dysfunction-Associated Steatohepatitis targeting PNPLA3
MASH overview
MASH is a progressive and highly prevalent liver disease that poses a severe global health challenge. Characterized by liver inflammation, fibrosis and fat accumulation, MASH can lead to life-threatening complications, including cirrhosis and hepatocellular carcinoma.

Current Treatment Landscape and Limitations
Despite its widespread impact, currently there are no approved treatment therapies specifically for MASH, and management primarily relies on lifestyle modifications such as weight loss, dietary changes, and exercise, alongside treatments for associated conditions like diabetes and dyslipidemia. Investigational therapies including FXR agonists, PPAR agonists, and antifibrotic agents, are in development, but have yet to achieve regulatory approval. This lack of effective treatments highlights the significant unmet medical need, reinforcing the importance of innovative approaches like AX-2911 to address the root causes of MASH.

AX-2911 for MASH targeting PNPLA3
The AX-2911 program uses the Axiomer editing platform to address MASH by targeting the PNPLA2 (patatin-like phospholipase domain containing 3) gene, which has been strongly implicated in the pathogenesis of MASH, particularly the I148M variant, which is present in 20-60% of affected individuals and disrupts lipid metabolism in the liver. By editing the PNPLA3 I148M variant to a 148V (valine) variant, AX-2911 aims to restore wild-type protein functionality and address the root cause of MASH.

Preclinical studies of AX-2911 have demonstrated restoration of normal lipid metabolism, over 50% editing efficiency, and reduction in lipid droplet size, providing validation of its therapeutic potential. We intend to commence development activities for AX-2911 in 2025, including to select a development candidate for this program, and initiate clinical trial in 2026, with topline data readout anticipated in 2026.

Our Earlier-Stage/Discovery Programs
We have multiple other early-stage research programs ongoing that target additional diseases with our Axiomer EON approach, including AX-1005 for undisclosed targets in CVD, AX-0601 for obesity and Type 2 diabetes, AX-9115 for rare metabolic conditions, additional programs in Rett Syndrome, additional CNS programs, and multiple other unnamed targets and programs in our discovery pipeline.

Our Partnership Strategy
Our business strategy is to develop and ultimately commercialize a broad pipeline of RNA therapies based on our Axiomer RNA editing platform technology. We are initially focused on developing an internal pipeline and we believe there is broad applicability of the platform and as part of the strategy to advance Axiomer, we have entered into and expect to enter into additional collaboration and licensing agreements as a means of obtaining funding and capabilities to advance programs based on Axiomer.

A global licensing and research collaboration with Lilly focuses on the discovery, development, and commercialization of potential new medicines for genetic disorders using our Axiomer RNA editing technology with a focus on CNS and peripheral nervous system (“PNS”). The partnership, formed in 2021, initially focused on up to five targets. In December 2022, the partnership was expanded to up to ten targets, with an option for an additional five targets. Under the terms of the agreements, we received $ 125.0 million upfront from Lilly and would be paid an additional $ 50.0 million if Lilly exercises the option for five additional targets. We are also eligible to receive up to approximately $ 3.75 billion in milestones, as well as royalties on potential product sales.

In December 2024, we announced an expansion of our partnership with the RSRT. Building on the initial $ 1.0 million research grant announced in January 2024, the expanded partnership includes an additional $ 8.2 million in funding from the RSRT, for a total of $ 9.2 million. The funding will support the advancement of AX-2402 targeting MECP2 for Rett Syndrome into clinical trials.

We believe the Axiomer platform holds significant further potential for strategic transactions.

Ophthalmology Assets

In August 2022, we made the decision to exclusively focus our strategy on the advancement of our Axiomer RNA editing technology and to partner our ophthalmology programs. In December 2023, we announced that we had completed a transaction divesting the late stage ophthalmic assets sepofarsen and ultevursen to Laboratoires Théa S.A.S. ("Théa"), who will continue the development of these therapies for patients with LCA10 and Usher Syndrome. Under the terms of the agreement, ProQR received an initial payment of € 8.0 million and may be eligible for up to € 165.0 million in further development, regulatory, and commercial earn-out payments upon related achieved milestones, as well as double-digit royalties based on commercial sales in the United States and European Union. In December 2024, Sepul Bio, a business unit of Théa, announced the first clinical participant was dosed in LUNA, a Phase 2b clinical study of ultevursen for Usher Syndrome (Type 2a gene).

Competition

The pharmaceutical industry is highly competitive and subject to rapid and significant technological change. Our potential competitors include large pharmaceutical, biotechnology, specialty pharmaceutical, and generic drug companies, academic institutions, government agencies and research institutions. Key competitive factors affecting the commercial success of our product candidates are likely to be efficacy, safety and tolerability profile, delivery, reliability, convenience of dosing, patient recruitment for clinical studies, price and reimbursement. Many of our existing or potential competitors have substantially greater financial, technical, and human resources than we do and significantly greater experience in the discovery and development of product candidates, obtaining FDA, European Medicines Agency ("EMA") and other regulatory approvals of products and the commercialization of those products. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a small number of our competitors. Accordingly, our competitors may be more successful than we may be in obtaining FDA or EMA approval for therapies and achieving widespread market acceptance. Our competitors' products may be more effective, or more effectively marketed and sold, than any product we may commercialize and may render our therapies obsolete or non-competitive before we can recover development and commercialization expenses.

Our competitors are working on similar technologies in the field of RNA editing, but also in the field of gene editing and gene therapy as well as other types of therapies, such as small molecules, protein replacement or antibodies.

Sustainability

As a company active in research and development within the biotechnology sector, we are mindful of the impact our activities have on the environment and society. To address these concerns our Works Council has installed a sustainability committee. This committee is tasked with providing recommendations to our management team and the Board with respect to sustainability practices. Given that we are not a production company, and thus do not maintain a continuous supply chain, our most significant sustainability impact is centered around the behavior of our people and the operations within our office. With respect to (raw) materials needed for our R&D activities, including our chemical processing and disposal, we strictly comply with all relevant laws and regulations.

Main financial developments

Financial position

In 2024, our operating costs increased compared to last year while our current ratio and solvency also increased. At December 31, 2024, ProQR's cash and cash equivalents amounted to € 149,408,000 compared to € 118,925,000 at December 31, 2023. Net cash used in operating activities amounted to € 36,393,000 in the year ended December 31, 2024, whereas net cash generated by operating activities amounted to € 21,548,000 in the year ended December 31, 2023. The Company experienced a net negative cash flow from operating activities in 2024 mainly because of total operating costs that increased by € 8,633,000. A net positive cash flow from operating activities in 2023 was mainly because of the receipt of the Lilly up-front payment of € 56,412,000 in February 2023.

Total equity increased from € 41,390,000 to € 88,560,000 in the year ended December 31, 2024. At December 31, 2024, we had borrowings of € 4,582,000, which consisted of a loan from a government body. Based on the current state of affairs and existing funding, taking into account our current cash position and projected cash flows, it is justified that the financial statements are prepared on a going concern basis.

Income statement

We have generated losses since our inception in February 2012. For the years ended December 31, 2024 and 2023, we incurred net losses of € 27,763,000 and € 27,735,000, respectively. At December 31, 2024, we had an accumulated deficit of € 427,158,000. We expect to continue incurring losses for the foreseeable future as we invest in our Axiomer platform and continue our clinical and preclinical studies of our product candidates.

In 2024 we realized revenue from our license and research collaboration agreement with Lilly amounting to € 18,905,000 (2023: € 6,514,000). The increase in Lilly revenue is due to new projects under the Lilly collaboration that were expanded in 2024.

In 2024, other income consisted primarily of the grant income from our partnership with RSRT. In 2023, other income included net proceeds from the Company's divestment of its late-stage ophthalmic intellectual property assets, sepofarsen and ultevursen, to Théa.

Research and development costs amounted to € 36,356,000 for the year ended December 31, 2024, compared to € 25,148,000 for the year ended December 31, 2023. These costs were primarily related to the development of our Axiomer platform, including costs incurred under the Lilly collaboration in 2024 and 2023, and investments in our own pipeline targets. Research and development expenses are expected to increase as we continue our joint research projects with Lilly and our investments in the Axiomer platform, while progressing our internal pipeline targets towards clinical development.

Our research and development expenses are highly dependent on the phases of our projects.

The increase in research and development costs in the year ended December 31, 2024, compared to the year ended December 31, 2023, was due to higher outsourced research and development activities and higher employee benefits (including share-based compensation) in 2024 compared to 2023 related to our joint research projects with Lilly, increased investments in our own pipeline targets and our investments in the Axiomer platform. In addition, in 2024 there was higher allocation of general and administrative costs to research and development costs due to a higher number of employees working in research and development in 2024 as compared to 2023. The increase was partially offset by wind-down costs of contract research organizations ("CROs") for the Phase 2/3 clinical trials for ultevursen in 2023 but not in 2024.

General and administrative costs amount to € 13,661,000 for the year ended December 31, 2024 and € 16,236,000 for the year ended December 31, 2023. The decrease in general and administrative costs in the year ended December 31, 2024 compared to the year ended December 31, 2023 is primarily attributable to higher allocation of general and administrative costs to research and development costs due to a higher number of employees working in research and development in 2024 as compared to 2023.

Outlook

We expect to continue to spend substantial amounts of cash to conduct further research and development and (pre-)clinical testing of our pipeline targets and to seek regulatory approvals for any current and future product candidates. Based on our current operating plans, we believe that our existing cash and cash equivalents will be sufficient to fund our anticipated level of operations into mid-2027. Given the development stage of the Company, we do not anticipate revenues from product sales in the foreseeable future.

Risks of fraud and non-compliance with laws and regulations

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA or EMA regulations or similar regulations of other foreign regulatory authorities, to provide accurate information to the FDA, the EMA or other foreign regulatory authorities, to comply with certain manufacturing standards, to comply with U.S. federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted and implemented a Code of Business Conduct and Ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity, such as employee training on enforcement of the Code of Business Conduct and Ethics, may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions and any imposition of significant fines or other sanctions could have a significant impact on our business and results of operations.

We monitor and assess applicable Dutch and U.S. federal and state corporate governance codes, rules, and regulations. We apply the 2022 DCGC. We also are required to comply with all applicable U.S. securities laws and regulations, including the rules and regulations promulgated by the U.S. Securities and Exchange Commission (“SEC”) pursuant to the U.S. Exchange Act of 1934 and the U.S. Sarbanes-Oxley Act of 2002, as well as the U.S. Nasdaq Capital Market (“Nasdaq”) listing rules.

Our corporate governance structure is based on the requirements of the Dutch Civil Code, the Company’s Articles of Association and the rules and regulations applicable to companies listed on the Nasdaq. These procedures include a risk management and control system, as well as a system of assurance of compliance with laws and regulations.

The Board is responsible for the quality of its own performance and it discusses, once a year on its own, without the executive directors present, both its own functioning and that of the individual members, and the functioning of the Board. The Board discussed its functioning and competencies and concluded that its functioning and competencies are appropriate for the current phase of the Company. The Board continues to assess its composition and functioning on an ongoing basis with the aim to ensure and maintain the requisite expertise, experience and diversity. The performance and composition of the Board were also found to be adequate. We feel the additional efforts of all staff at ProQR form a strong foundation for the success and growth of the Company and all milestones reached this past year. Therefore, we would like to express our thanks to the Board, senior management and all other employees for their contribution and performance during the year. We thank our shareholders for their continued support.

On behalf of the Board,

James Shannon
Chairman

Leiden, March 13, 2025

Corporate Governance

ProQR values the importance of complying with Corporate Governance regulations. At the same time, the Board of Directors is of the opinion that certain deviations from the provisions of the DCGC are justified, in view of our activities, our size and the specific circumstances in which we operate. In such cases, which are mentioned in this corporate governance statement, we apply the "comply or explain" principle.

Deviations from certain aspects of the Code, when deemed necessary in the interests of the Company, will be disclosed in the Annual Report. Most deviations are justified due to our Company being listed in the United States with most of our investors being outside of the Netherlands, as well as to the international business focus of our Company. As a Company listed on NASDAQ, we comply with NASDAQ's corporate governance listing standards, except for instances where we follow our home country's corporate governance practices in lieu of certain NASDAQ's standards as explained below, as NASDAQ investors are more familiar with NASDAQ's rules than with the Code.

In this report, the Company addresses its overall corporate governance structure and states to what extent and how it applies the principles and best practice provisions of the Code. This report also includes the information which the Company is required to disclose pursuant to the Dutch governmental decree on Article 10 Takeover Directive and the governmental decree on Corporate Governance.

Substantial changes in the Company's corporate governance structure and in the Company's compliance with the DCGC, if any, will be submitted to the General Meeting of Shareholders for discussion under a separate agenda item. The Board, which is responsible for the corporate governance structure of the Company, is of the opinion that the principles and best practice provisions of the DCGC that are addressed to the Board, are interpreted and implemented in line with the best practices followed by the Company, are being applied.

The full text of the DCGC can be found at the website of the Monitoring Commission Corporate Governance Code (www.mccg.nl) and for an overview of our conformity with the Code the following documents are available at our website (www.ProQR.com): (i) Board Rules, (ii) audit committee charter, (iii) compensation, nominating and corporate governance committee charter, and (iv) code of business conduct and ethics.

Board

In 2024, the general meeting of shareholders approved the adoption of a one-tier governance framework. Therefore, as of May 23, 2024 the supervisory board and the management board were consolidated into a single henceforth replaced one Board. Under this new structure, former management board member have become executive Board members, while former supervisory Board members have become non-executive Board members. In this annual report, we will explain about our corporate governance as if the one-tier governance framework has been applicable throughout 2024 entirely, unless a specific situation requires otherwise.

ProQR is dedicated to improve the lives of patients and their loved ones through the development of RNA therapies for severe genetic rare diseases. The expectations and interests of our stakeholders is a key reference point in establishing our sustainable long term strategy.

The Board's role is to develop sustainable long term value creation by means of a strategy to pursue the sustainable long term success of ProQR, as further set out in the *Message to Shareholders* section. The strategy contains multiple elements linked to the Corporate Governance Code:

- Implementation and feasibility;
- Business model applied by the company;
- Opportunities and risks;
- Operational and financial objectives;
- Interest of shareholders;
- Impact in the field of sustainability, including the effects on people and the environment;
- Paying a fair share of tax in the countries in which ProQR operates;
- Impact of new technologies and changing business models;
- Any other relevant aspects such as charity and patient organizations.

The Board's executive directors are responsible for the execution of the strategy by assuming the authority and responsibilities assigned to it by Dutch corporate law and by combining expertise and experience with entrepreneurial leadership.

Our Board may perform all acts necessary or useful for achieving our corporate purposes, other than those acts that are prohibited by law or by our articles of association. The Board as a whole and any executive Board member individually, are authorized to represent us in dealings with third parties.

Under our articles of association, the number of Board members is determined by the Board. The Board Rules stipulate that the Board must consist of at least one executive director and at least two non-executive directors. The Board elects an executive director to be the Chief Executive Officer and a non-executive director to be the chairman of the Board. Pursuant to Dutch law, non-executive Board members must be natural persons.

Members of the Board are appointed by the general meeting of shareholders upon a binding nomination of the Board. Our general meeting of shareholders may at all times deprive such a nomination of its binding character by a resolution passed by at least two-thirds of the votes cast representing more than 50% of our issued share capital, following which our Board may draw up a new binding nomination.

Our article of association provide that, members of our Board may be appointed for a maximum term of four years, noting that each board member is immediately eligible for reappointment for another maximum term of four years. Non-executive directors who have served two terms of 4 years each, may be re-appointed twice for a term of 2 years each. Our articles of association provide that the Board members must retire periodically in accordance with a rotation schedule adopted by the Board. A Board member who retires in accordance with the rotation schedule may be reappointed immediately for a term of not more than four years at a time.

The Board is supported by senior management consisting of the Chief Financial Officer and the Chief People & Operations Officer.

Non-executive Board members

Our non-executive Board members are responsible for the supervision of the activities of our Board and our Company's general affairs and business. Our non-executive Board members may, also on its own initiative, provide the executive Board Members with advice and may request any information from the executive Board members that they deem appropriate. In performing its duties, the non-executive Board members are required to act in the interests of our Company (including its stakeholders) and its associated business as a whole.

With the exception of Theresa Heggie, each non-executive member of our Board has been and remains fully independent within the meaning of Nasdaq Rule 5605(a)(2) and best practice provision 2.1.8 of the DCGC. Ms. Heggie was, prior to her appointment on the Board in 2023, employed by ProQR as Chief Commercial Officer and Chief Operations Officer. Having been employed by the Company within three years prior to the date hereof, Ms. Heggie does not qualify as independent within the meaning of Nasdaq Rule 5605(a)(2). Having been employed by the Company within five years prior to her appointment on the (former: supervisory) Board, Ms. Heggie does not qualify as independent within the meaning of best practice provision 2.1.8 of the Code. We believe her membership of the Board is justified by her specific knowledge of and experience with our business and company. Moreover, we do comply with best practice provision 2.1.7 of the DCGC, as only one out of 7 non-executive Board members is not independent under best practice provision 2.1.8. of the DCGC.

Under our articles of association, the general meeting of shareholders may suspend or remove Board members at any time. A resolution of our general meeting of shareholders to suspend or remove a Board member may be passed by a simple majority of the votes cast, provided that the resolution is based on a proposal by our Board. In the absence of a proposal by our Board, a resolution of our general meeting of shareholders to suspend or remove a Board member shall require a majority of at least two-thirds of the votes cast representing more than 50% of our issued share capital.

In a meeting of the Board, each non-executive Board member is entitled to cast one vote. A non-executive Board member may grant a written proxy to another non-executive Board member to represent him/her at a meeting of the Board. All resolutions by our Board are adopted by a simple majority of the votes cast unless our Board rules provide otherwise. In case of a tie in any vote of the Board, the chairman of the Board shall have the casting vote. Our Board may also adopt resolutions outside a meeting, provided that such resolutions are adopted in writing, all Board members are familiar with the resolution to be passed and provided that no Board member objects to such decision-making process.

A succession plan for Board members is in place that is aimed at retaining the balance in the requisite expertise, experience and diversity.

Committees of the Board

In 2024, the Board had i) an audit committee, ii) a compensation, nominating and corporate governance committee and iii) a research and development committee. We adopted a charter for each of these committees.

Audit Committee

Our audit committee consists of Bart Filius (chairman), Alison F. Lawton and Begoña Carreño.

Each member satisfies the independence requirements of the NASDAQ listing standards / Rule 10A-3(b)(1) under the Exchange Act, and each member meets the criteria for independence set forth in best practice 2.1.8 of the DCGC. Bart Filius qualifies as an "audit committee financial expert," as defined by the SEC in Item 16A: "Audit Committee Financial Expert" and as determined by our Board. The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. The audit committee is responsible for, among other things:

- the operation of the internal risk management and control systems, including supervision of the enforcement of relevant primary and secondary legislation, and supervising the operation of codes of conduct;
- the provision of financial information by the Company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, forecasts, work of internal and external auditors, etc.);
- compliance with recommendations and observations of internal and external auditors;
- the policy of the company on tax planning;
- relations with the external auditors, including, in particular, appointment of the external auditors, their independence, remuneration and any non-audit services for the Company;
- the financing of the Company;
- the applications of information and communication technology, including risks relating to cyber security;
- annually reviewing the need for an internal audit function: the Board has decided not to create an internal audit function for the time being, since the current scope of the business does not justify such a full-time role. The Board has delegated an active role to its Audit Committee in the design, implementation and monitoring of internal risk management and control system to manage the significant risks to which the Company is exposed;
- reviewing and approving all proposed related party transactions;
- discussing the annual audited statutory financial statements with the Board; and
- annually reviewing and reassessing the adequacy of our audit committee charter.

Compensation, Nominating and Corporate Governance Committee

Our compensation, nominating and corporate governance committee consists of Theresa Heggie (chairman), Dinko Valerio and James Shannon. With the exception of Theresa Heggie, each member satisfies the independence requirements of the NASDAQ listing standards. In addition, with the exception of Theresa Heggie each member meets the criteria for independence set forth in best practice provision 2.1.8 of the DCGC. With respect to compensation matters, the compensation, nominating and corporate governance committee assists our Board in reviewing and approving or recommending our compensation structure, including all forms of compensation relating to our Board members and our officers. Members of our Board may not be present at any compensation, nominating and corporate governance committee meeting while their compensation is deliberated. With respect to nominating and corporate governance matters, the compensation, nominating and corporate governance committee assists our Board in selecting individuals qualified to be nominated as Board members, in determining the composition of the Board, and its committees and our officers and in developing, recommending and keeping up to date the corporate governance guidelines as adopted by the Board. Subject to and in accordance with the terms of the compensation policies in place from time to time and as approved by our general meeting of shareholders, as required by Dutch law, the compensation, nominating and corporate governance committee is responsible for, among other things:

- reviewing and making recommendations to the non-executive Board members with respect to compensation, including equity compensation, change-of-control benefits and severance arrangements of our Board members;
- reviewing and approving the compensation, including equity compensation, change-of-control benefits and severance arrangements, of our officers (not part of our Board) as it deems appropriate;
- overseeing the evaluation of our Board members and our officers;
- reviewing periodically and making recommendations to our Board with respect to any incentive compensation and equity plans, programs or similar arrangements;
- exercising the rights of our Board under any equity plans, except for the right to amend any such plans unless otherwise expressly authorized to do so;
- attending to such other matters as are specifically delegated to our compensation committee by our Board from time to time;
- periodically reviewing, in consultation with our Chief Executive Officer, our Board and our officers succession planning;
- recommending to the Board persons to be nominated for election or re-election to the Board at any meeting of the shareholders;
- overseeing the Board's annual review of its own performance and the performance of its committees; and
- considering, preparing and recommending to the Board on the corporate governance guidelines.

Our Board may also delegate certain tasks and powers under our share-based compensation plan to the compensation, nominating and corporate governance committee.

Research and Development Committee

Our research & development committee consists of James Shannon (chairman), Dinko Valerio, Martin Maier and Alison F. Lawton. Each member satisfies the independence requirements of the NASDAQ listing standards. In addition, each member meets the criteria for independence set forth in best practice provision 2.1.8 of the DCGC. The research & development committee assists the Board in overseeing our product pipeline and research and development strategy. The research & development committee is responsible for, among other things:

- reviewing the Company's research and development strategy, including the long-term strategy goals and objectives;
- reviewing and assessing quality of the research and development programs;
- reviewing the progress of the platform development, product pipeline, including a review and analysis of the progress and results of pre-clinical studies and clinical trials (if and when applicable);
- reviewing and advising the Board about strategic opportunities to enhance innovation and development;
- reviewing and assessing scientific activities critical to the success of the Company's research and development strategy; and
- organizing and chairing meetings with the Company's scientific advisory board for supporting its review and assessment of the company's research and development strategy.

Insurance and Indemnification of Board Members

Under Dutch law, Board members and certain other representatives may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages to the Company for infringement of the articles of association or of certain provisions of the Dutch Civil Code. They may also be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. In certain circumstances they may also incur additional specific civil and criminal liabilities.

Our articles of association provide that we will indemnify our Board members and former Board members (each an "Indemnified Person") against (i) any financial losses or damages incurred by such Indemnified Person and (ii) any expense reasonably paid or incurred by such Indemnified Person in connection with any threatened, pending or completed suit, claim, action or legal proceedings, whether civil, criminal, administrative or investigative and whether formal or informal, in which he or she becomes involved, to the extent this relates to his or her position with the Company, in each case to the fullest extent permitted by applicable law. No indemnification shall be given to an Indemnified Person (a) if a Dutch court has established, without possibility for appeal, that the acts or omissions of such Indemnified Person that led to the financial losses, damages, suit, claim, action or legal proceedings result from either an improper performance of his duties as an officer of the Company or an unlawful or illegal act and (b) to the extent that his or her financial losses, damages and expenses are covered by an insurance and the insurer has settled these financial losses, damages and expenses (or has indicated that it would do so). Our Board may stipulate additional terms, conditions and restrictions in relation to such indemnification.

Diversity and Inclusion

Our Board has seven male members and three female members. The senior management team comprising five people jointly (our three executive Board Members and the Chief Financial Officer and Chief People & Operations Officer, four of whom are male and one female. We support diversity of i.a. gender, cultural background and age in our Company. ProQR maintains a culture that reflects that ProQR is a multicultural company representing employees from over twenty countries. The culture is represented by the commitment to conducting our business ethically with due observance of applicable laws, rules and regulations. In this context the Code of Conduct and Whistleblowing policy are implemented and strongly anchored in the organization and part of routine awareness campaigns. We foster an open culture whereby all employees and stakeholders are encouraged to aim high, challenge each and to speak up and voice concerns without retaliation. We believe this open culture is essential for long-term success and growth. Effectiveness of the Code of Conduct is monitored periodically.

Our current Board members were selected based on the required profile and talent and abilities of the members without positive or negative bias on gender, culture or age. In the future, this will continue to be our basis for selection of new Board members. We apply the same methodology for hiring employees, which results in an overall gender balance of 68% female – 32% male per the end of 2024 .

General Meeting of Shareholders

General meetings of shareholders can be held in Leiden, Amsterdam, Rotterdam, Schiphol Airport (municipality Haarlemmermeer), The Hague, Oegstgeest, Leidschendam, Katwijk, Noordwijk or Wassenaar, the Netherlands. All shareholders and others entitled to attend general meetings of shareholders are authorized to attend the general meeting of shareholders, to address the meeting and, in so far as they have such right, to vote, either in person or by proxy.

Annually, at least one general meeting of shareholders shall be held, within six months after the end of our financial year. A general meeting of shareholders shall also be held within three months after our Board has considered it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid up and called up capital. If the Board have failed to ensure that such general meetings of shareholders as referred to in the preceding sentences are held in a timely fashion, each shareholder and other person entitled to attend shareholders' meetings may be authorized by the Dutch court to convene the general meeting of shareholders.

Our Board may convene additional extraordinary general meetings of shareholders whenever they so decide. Pursuant to Dutch law, one or more shareholders and/or others entitled to attend general meetings of shareholders, alone or jointly representing at least ten percent of our issued share capital may on their application, be authorized by the Dutch court to convene a general meeting of shareholders. The Dutch court will disallow the application if it does not appear to it that the applicants have previously requested that the Board convenes a shareholders' meeting and the Board has not taken the necessary steps so that the shareholders' meeting could be held within six weeks after the request.

General meetings of shareholders are convened by a notice which includes an agenda stating the items to be discussed. For the annual general meeting of shareholders the agenda will include, among other things, the adoption of our annual accounts, the appropriation of our profits or losses, discharge of the members of the Board and proposals relating to the composition and filling of any vacancies of the Board. In addition, the agenda for a general meeting of shareholders includes such items as have been included therein by our Board. Pursuant to Dutch law, one or more shareholders and/or others entitled to attend general meetings of shareholders, alone or jointly representing at least 3% of the issued share capital have the right to request the inclusion of additional items on the agenda of shareholders' meetings. Such requests must be made in writing, substantiated, or by a proposal for a resolution and received by us no later than the sixtieth day before the day the relevant general meeting is held. No resolutions will be adopted on items other than those which have been included in the agenda.

We will give notice of each general meeting of shareholders by publication on our website and, to the extent required by applicable law, in a Dutch daily newspaper with national distribution, and in any other manner that we may be required to follow in order to comply with Dutch law, applicable stock exchange and SEC requirements. We will observe the statutory minimum convening notice period for a general meeting of shareholders.

Pursuant to our articles of association, our Board may determine a registration date ('registratiedatum') of 28 calendar days prior to a general meeting of shareholders to establish which shareholders and others with meeting rights are entitled to attend and, if applicable, vote in the general meeting of shareholders. The registration date, if any, and the manner in which shareholders can register and exercise their rights will be set out in the convocation notice of the general meeting. Our articles of association provide that a shareholder must notify the Company in writing of his or her identity and his or her intention to attend (or be represented at) the general meeting of shareholders, such notice to be received by us ultimately on the seventh day prior to the general meeting. If this requirement is not complied with or if upon direction of the Company to that effect no proper identification is provided by any person wishing to enter the general meeting of shareholders, the chairman of the general meeting of shareholders may, in his or her sole discretion, refuse entry to the shareholder or his or her proxy holder.

Pursuant to our articles of association, our general meeting of shareholders is chaired by the chairman of our Board. If the chairman of our Board is absent and has not charged another person to chair the meeting in his place, the Board members present at the meeting shall appoint one of them to be chairman. If no non-executive Board members are present at the general meeting of shareholders, the general meeting of

shareholders will be chaired by our Chief Executive Officer or, if our Chief Executive Officer is absent, another executive Board member present at the meeting and, if none of them is present, the general meeting shall appoint its own chairman. The person who should chair the meeting may appoint another person in his stead.

The chairman of the general meeting may decide at his discretion to admit other persons to the meeting. The chairman of the general meeting shall appoint another person present at the shareholders' meeting to act as secretary and to minute the proceedings at the meeting. The chairman of the general meeting may instruct a civil law notary to draw up a notarial report of the proceedings at the Company's expense, in which case no minutes need to be taken. The chairman of the general meeting is authorized to eject any person from the general meeting of shareholders if the chairman considers that person to disrupt the orderly proceedings. The general meeting of shareholders shall be conducted in the English language.

Voting Rights and Quorum Requirements

In accordance with Dutch law and our articles of association, each issued ordinary share and preferred share confers the right on the holder thereof to cast one vote at the general meeting of shareholders. The voting rights attached to any shares held by us or our direct or indirect subsidiaries are suspended as long as they are held in treasury. Dutch law does not permit cumulative voting for the election of Board members.

Voting rights may be exercised by shareholders or by a duly appointed proxy holder (the written proxy being acceptable to the chairman of the general meeting of shareholders) of a shareholder, which proxy holder need not be a shareholder. Our articles of association do not limit the number of shares that may be voted by a single shareholder.

Under our articles of association, blank votes, abstentions and invalid votes shall not be counted as votes cast. Further, shares in respect of which a blank or invalid vote has been cast and shares in respect of which the person with meeting rights who is present or represented at the meeting has abstained from voting are counted when determining the part of the issued share capital that is present or represented at a general meeting of shareholders. The chairman of the general meeting shall determine the manner of voting and whether voting may take place by acclamation.

In accordance with Dutch law and generally accepted business practices, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders. To this extent, our practice varies from the requirement of NASDAQ Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting shares.

Resolutions of the general meeting of shareholders are adopted by a simple majority of votes cast without quorum requirement, except where Dutch law or our articles of association provide for a special majority and/or quorum in relation to specified resolutions.

Anti-takeover provisions

We have adopted several provisions that may have the effect of making a takeover of our Company more difficult or less attractive, including:

- granting a perpetual and repeatedly exercisable call option to a protection foundation, which confers upon the protection foundation the right to acquire, under certain conditions, the number of preferred shares in the capital of the Company. The issuance of such preferred shares will occur upon the protection foundation's exercise of the call option and will not require shareholder consent;

- the staggered four-year terms of our non-executive Board members, as a result of which only approximately one-fourth of our non-executive Board members will be subject to election in any one year;
- a provision that our Board members may only be appointed upon a binding nomination by our non-executive Board members, which can be set aside by a two-thirds majority of our shareholders representing more than 50% of our issued share capital;
- a provision that our Board members may only be removed by our general meeting of shareholders by a two-thirds majority of votes cast representing more than 50% of our issued share capital (unless the removal was proposed by the non-executive Board members); and
- a requirement that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our Board.

Deviations from the Dutch Corporate Governance Code

The Code contains a "comply-or-explain" principle, offering the possibility to deviate from the Code as long as any such deviations are explained. We acknowledge the importance of good corporate governance. However, at this stage, we do not comply with all the provisions of the DCGC for specific reasons. The main deviations from best practice provisions are listed below.

- Best practice provision 1.1.5 stipulates that a policy for dialogue with the relevant stakeholders on the sustainability aspects of the strategy should be drawn up. The Company has not formulated such policy as it believes this is already covered by our regular process for public disclosure of information.
- Best practice provision 2.1.1 stipulates that the Board shall draw up a composition profile for Board Members. Biotech companies as ours operate in a highly specialized and rapidly evolving field. The expertise required to navigate the complexities of biotechnology, including scientific research, regulatory compliance, and intellectual property management, may necessitate a board composition that is more fluid and adaptable than what a fixed board profile might allow. This flexibility can be crucial for responding to new scientific discoveries, technological advancements, and changes in the regulatory landscape. We have therefore opted to make any such board composition profile if and when the Board deems it necessary to nominate a person to be appointed on the Board.
- Pursuant to the best practice provisions 3.1.2.vi and 3.1.2.vii of the DCGC, options granted to our Board members should not be exercisable during the first three years after the date of grant; shares granted to our Board members for no financial consideration should be retained by them for a period of at least five years or until they cease to hold office, whichever is the shorter period; and the number of options and/or shares granted to our Board members should be dependent on the achievement of pre-determined performance criteria. We do not intend to comply with all of the above requirements as we believe it is in the best interest of the Company to attract and retain highly skilled Board members on conditions based on market competitiveness.
- Pursuant to best practice provision 3.2.3 the remuneration of the Board in the event of dismissal may not exceed one year's salary. The management services agreements with our Board members provide for a lump-sum equal to 24 months of the individual's monthly gross fixed salary in case of dismissal following a change of control. Based on the risk profile of the Company and to be able to attract highly skilled management, we believe this period to be appropriate.
- Best practice provision 3.3.2 prohibits the granting of shares or rights to shares to members of the non-executive Board members as compensation. It is common practice for companies listed on the NASDAQ Capital Market to grant shares to the non-executive Board members as compensation, in order to align the interests of the members of the non-executive Board members with our interests and those of our shareholders, and we have granted and expect to grant options to acquire ordinary shares to some of our non-executive Board members.

- Pursuant to best practice provision 3.3.3, any shares held by non-executive Board members are long-term investments. We do not request our non-executive Board members to comply with this provision. We believe it is in the best interest of the Company not to apply this provision in order to be able to attract and retain highly skilled non-executive Board members on internationally competitive terms.
- Best practice provision 4.1.8 stipulates that candidates nominated for appointment on the Board are present at the general meeting of shareholders where they are to be appointed. At the Annual General Meeting of Shareholders of 2024, Dr. Platenburg and Mr. Maier were nominated to be appointed as executive board member and non-executive board member respectively and were not present. Their absence was due to the fact that both nominees have been involved long-term with the Company already and were known to the shareholders. Given other pressing engagements Dr. Platenburg and Mr. Maier informed the chairman of the Supervisory Board prior to the annual general meeting of shareholders of 2024 of their absence, with apologies.
- Best practice provision 4.2.2 stipulates that an outline policy on bilateral contacts with the shareholders shall be formulated and published on the Company's website. The Company has not formulated such policy as it believes this is already covered by our regular process for public disclosure of information.
- Best practice provision 4.2.3 stipulates that meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences must be announced in advance on the Company's website and by means of press releases. Provision must be made for all shareholders to follow these meetings and presentations in real time, for example by means of webcasting or telephone. After the meetings, the presentations must be posted on the Company's website. We believe that enabling shareholders to follow in real time all the meetings with analysts, presentations to analysts and presentations to investors, would create an excessive burden on our resources and therefore, we do not intend to comply with all of the above requirements.
- Best practice provision 4.3.3 provides that the general meeting of shareholders may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the Board or a resolution to dismiss such member by an absolute majority of the votes cast. It may be provided that such majority should represent a given proportion of the issued capital, but this proportion may not exceed one third. In addition, best practice 4.3.3 provides that if such proportion of the share capital is not represented at the meeting, but an absolute majority of the votes cast is in favor of a resolution to cancel the binding nature of the nomination, a new general meeting of shareholders will be convened where the resolution may be adopted by absolute majority, regardless of the proportion of the share capital represented at the meeting. Our articles of association provide that these resolutions can only be adopted with at least a 2/3 majority which must represent more than 50% of our issued capital, and that no such second meeting will be convened, because we believe that the decision to overrule a nomination by the Board for the appointment or dismissal of a member of our Board must be widely supported by our shareholders.

Summary of significant corporate governance differences from NASDAQ Listing Standards

Our ordinary shares are listed on NASDAQ. The Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our Company, to comply with various corporate governance practices. As a foreign private issuer, subject to certain exceptions, the NASDAQ listing standards permit a foreign private issuer to follow its home country practice in lieu of the NASDAQ listing standards. Our corporate governance practices differ in certain aspects from those that U.S. companies must adopt in order to maintain a NASDAQ listing. The home country practices followed by our Company in lieu of NASDAQ rules are described below:

- We do not intend to follow NASDAQ's quorum requirements applicable to meetings of shareholders. In accordance with Dutch law and generally accepted business practice, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders.
- We do not intend to follow NASDAQ's requirements regarding the provision of proxy statements for general meetings of shareholders. Dutch law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business practice in the Netherlands. We do intend to provide shareholders with an agenda and other relevant documents for the general meeting of shareholders and shareholders will be entitled to give proxies and voting instructions to us and/or third parties.
- We do not intend to follow NASDAQ's requirements regarding the independence of all members of the compensation, nominating and corporate governance committee. Dutch law and the DCGC do not require that the compensation, nominating and corporate governance committee be composed entirely of independent directors and only requires a mere majority. In accordance with Dutch law and the DCGC, our compensation, nominating and corporate governance committee consists of a majority of members who qualify as independent under applicable NASDAQ standards and under the DCGC.
- We do not intend to follow NASDAQ's requirements regarding NASDAQ Listing Rule 5605(b)(2), which mandates that independent directors must meet at regularly scheduled executive sessions where only independent directors are present. In accordance with Dutch law and the DCGC, our directors may choose to meet in executive sessions at their discretion.

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and NASDAQ's listing standards.

Controls and procedures

In accordance with the DCGC, we have assessed the design and operational effectiveness of our Risk & Control framework. Based on the activities performed during 2024, and in accordance with provision 1.4.3, the Board considers that:

- this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of this report.

In accordance with the Dutch Financial Supervision Act, section 5.25c, the Board declares that, to the best of its knowledge:

- the financial statements for 2024 provide, in accordance with IFRS as endorsed by the European Union, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2024, and of the 2024 consolidated income statement of ProQR Therapeutics N.V.;
- the annual report provides a true and fair view of the situation as at December 31, 2024, and the state of affairs during the financial year 2024, together with a description of the principal risks faced by the Company.

Board Composition and Culture

We value diversity as a way of recognizing and valuing the differences between individuals to come to the most efficient and effective way to achieve our strategic objectives.

For our Board members, this means that when making recommendations to the general meeting for the (re-) appointment of Board members, the Board will aim for a diverse composition in terms of such factors as gender and age, in accordance with our diversity policy as may be in force from time to time. Currently, our Board has seven male members and three female members. The senior management team comprising five people jointly (our three executive Board Members and the Chief Financial Officer and Chief People & Operations Officer), four of whom are male and one female. Under Dutch law reporting rules, we will be required to address diversity of our Board members in our Annual Report: (i) composition of the Board by gender; (ii) objectives of the diversity policy; (iii) description of how the diversity policy is being implemented and the results thereof and (iv) if there is no diversity policy, this should be explained.

Our policy is that we will balance our board of directors in terms of gender, age, background and nationality as much as reasonably possible while still having our board composed of the best possible candidates overall. Moreover, we strongly embrace the notion that diversity as a concept is not limited to the mere parameters of e.g. gender and age and therefore, we embrace a holistic perspective on diversity, to include any kind of identity characteristic of an individual, including -but not limited to- sexual orientation, sexual expression, gender expression and identity, disabilities, religious background, ethnicity, and disabilities. It has been and will remain our priority to have the best available specialists on our Board, irrespective of e.g. age, background, nationality, ethnicity and gender, who make a balanced panel of directors able to advise and guide ProQR to further growth and success for all its stakeholders. This means we require a number of specialties and character traits to be present. Taking into account the aforementioned and the specialist nature of our business, we will actively seek to further improve diversity on our Board if and when proposing new appointments of directors, whilst acknowledging that diversity in all aspects are important, but not the only factors relevant for the ultimate decision to select a Board member. It is important to note that in the context of culture, the Code of Conduct and Whistleblowing policy are implemented and strongly anchored in the organization and part of routine awareness campaigns. The Code of Conduct and the Whistleblowing policy provide guidance and security as to the conduct we aim for as a company and expect from our employees and stakeholders. We foster an open culture whereby all employees and stakeholders are encouraged to aim high, challenge each and to speak up and voice concerns without retaliation. We believe this open culture is essential for long-term success and growth. Effectiveness of the Code of Conduct is monitored periodically.

Risk Management

Our business is subject to numerous risks and uncertainties. In the table below, we focus on the key risks and uncertainties the Company currently faces. For the avoidance of doubt, this does not mean that the risks which were previously signaled and not described here are no longer relevant. For a complete understanding of the risks that we face you should also read the full list of risks and uncertainties as disclosed in item 3.D Risk Factors of the annual report on Form 20-F. Some of these risks and uncertainties are outside the control of the Company, others may be influenced or mitigated. In 2015, we have implemented a Risk & Control framework, based on the COSO 2013 internal control framework, for enhancing our control environment as well as compliance with the U.S. SEC's Sarbanes Oxley (SOx) Act of 2002, which we are required to do as a company listed on the NASDAQ. As part of the SOx implementation program, our Risk & Control framework was further enhanced in 2024, focusing on business process, IT and entity level controls. Improvement of our Risk & Control framework is an ongoing effort of the Company.

We have defined our risk tolerance on a number of internal and external factors including:

- Financial strength in the long run;
- Liquidity in the short run;
- Business performance measures;
- Scientific risks and opportunities;
- Compliance with relevant rules and regulations;
- Turnover of staff;
- Reputation.

The identification and analysis of risks is an ongoing process that is naturally a critical component of internal control. On the basis of these factors and ProQR's risk tolerance, improvement of our Risk & Control framework and monitoring of the risks is an ongoing effort of the Company.

Our main risks are those that threaten the achievement of the Company's corporate objectives, including compliance. If any of these risks actually occurs, our business, prospects, operating results and financial condition could suffer materially. These risks include, but are not limited to, the following:

Risk related to	Risk area	Expected impact upon materialization	Risk mitigating actions
Our therapeutic candidates are based on a novel mechanism of action, which makes it difficult to develop a marketable product	Although we have discovered and are developing our novel Axiomer editing platform and will focus our resources exclusively on RNA editing platform as announced during our strategy update in 2022, there can be no assurance that we will be able to leverage our technology to create viable product candidates to advance into the clinic, or develop those candidates to submit for regulatory approval.	We may never succeed in developing a marketable product, and as a consequence we may not become profitable and the value of our ordinary shares would decline.	The Company reviews and monitors the activities of our research on RNA editing closely at each stage in the process.

Risk related to	Risk area	Expected impact upon materialization	Risk-mitigating actions
Capital Needs and Financial Position	The Company depends largely on equity financing, third party collaboration agreements and government subsidies.	Volatility of the Company's share price, failure to deliver under collaboration agreements and/or the reevaluation or withdrawal of government subsidies may have a negative impact on the Company's ability to obtain future financing, and with that continue research and development activities.	The ability of third-party financing is dependent on external factors and is therefore not entirely in the Company's control. The Company monitors the market conditions for opportunities to add additional capital.
Dependence on Third Parties	The Company relies upon third-party contractors and service providers for the execution of several aspects of its preclinical and clinical development programs, which include CRO's, third party manufacturers and other service providers.	Failure of third parties to provide services of a suitable quality and within acceptable timeframes may cause delay or failure of the Company's development programs.	The Company reviews and monitors the activities of the third parties. These include setting contractual deliverables, quality assurance audits and performance reports, among other activities.
	The Company has entered into a partnership with Lilly pursuant to which Lilly is to further develop and commercialize select targets compounds or products based on the Company's platform.	If Lilly decides to not further pursue the development and commercialization of the products subject of the collaboration for any reason, the Company will miss out on significant revenue streams.	Development of own product pipeline and securing partnerships with multiple partners.
Intellectual Property	The Company is highly dependent on its portfolio of patents and other intellectual property, proprietary information and knowhow and its ability to protect and enforce these assets. The Company is subject to the risk of infringing third party intellectual property rights.	Inadequate intellectual property protection or enforcement may impede the Company's ability to compete effectively. If the Company is not able to protect its trade secrets, know-how or other proprietary information, the value of its technology could be significantly diminished. Intellectual property rights conflicts may result in costly litigation and could result in the Company having to pay substantial damages or limit the Company's ability to commercialize its product candidates.	The Company files and prosecutes patent applications to protect its technologies to the best of its knowledge and with assistance from internal and external counsel. Prior to disclosing any confidential information to third parties, the Company maintains strict confidentiality standards and agreements for collaborating parties.

Risk related to	Risk area	Expected impact upon materialization	Risk-mitigating actions
Information technology systems	We increasingly rely upon technology systems and infrastructure, including support provided by our partners and third parties, to support our business. For example, we routinely rely on our technology systems and infrastructure to aid us in the collection, use, storage and transfer, disclosure and other processing of voluminous amounts of data (including confidential, business, personal and other sensitive information).	The increasing use and evolution of technology, including cloud-based computing, and reliance on third parties creates additional opportunities for the unintentional, intentional and/or unauthorized exposure, dissemination, misuse, and/or destruction of confidential information stored in our technology systems, infrastructure, and products. Our computer systems, servers, and other technology systems (and those of third parties that we use) are vulnerable to breakdown, interruption, cyber and other security attacks, system malfunction, unauthorized access, misuse, and other events. Security threats, including cyber and other attacks are becoming increasingly sophisticated, frequent, and adaptive	The Company has invested in the protection of data and information technology. to protect its IT system to the best of its knowledge. Our IT Director has responsibility for overseeing and implementing the cybersecurity program and reports directly to the Chief People & Operations Officer and has over 20 years of experience in the field of IT, including in network and systems security. We have also appointed an Information Security Officer to assist in managing our cybersecurity threat management program.
Key Personnel	The success of a biotech company often depends on the expertise and experience of its key personnel. Loss of key personnel can adversely affect the Company's operations.	A loss of key research personnel or their work product could compromise our ability to commercialize, or prevent us from commercializing, our product candidates, which could severely harm our business. Attracting and retaining skilled scientists, researchers, and executives is critical for ongoing innovation and development.	The Company has been able to attract and keep the appropriate skilled personnel for its business. We have built a strong team of ProQRians from all walks of life and different nationalities, who are up to the challenge and committed to make a difference for the patients we serve.

In addition to the above key risks, the Company’s activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Unfavorable exchange rate developments and interest rates may impact the financial income of the Company. The Company has a cash management policy in place to minimize potential adverse effects resulting from unpredictability of financial markets on the Company’s financial performance. For additional details on the Company’s financial risk management, reference is made to Note 5 to the consolidated financial statements.

Financial Statements 2024

Consolidated Statement of Financial Position

	Note	2024	2023
		€ 1,000	*€ 1,000*
ASSETS			
Non-current assets			
Property, plant and equipment	7	14,113	16,897
Investments in financial assets	9	—	—
		14,113	**16,897**
Current assets			
Other taxes	10	690	523
Prepayments and other receivables	11	3,747	1,538
Cash and cash equivalents	12	149,408	118,925
		153,845	**120,986**
TOTAL ASSETS		**167,958**	**137,883**
EQUITY			
Share capital		4,308	3,370
Share premium		483,812	412,894
Reserves		27,598	25,976
Accumulated deficit		(427,158)	(400,850)
Equity attributable to owners of the Company		**88,560**	**41,390**
Non-controlling interests		—	—
TOTAL EQUITY	**13**	**88,560**	**41,390**
LIABILITIES			
Non-current liabilities			
Borrowings	14	—	4,292
Lease liabilities	25	11,067	13,828
Deferred income	15	29,429	44,170
		40,496	**62,290**
Current liabilities			
Borrowings	14	4,582	—
Lease liabilities	25	1,567	1,614
Derivative financial instruments	14	468	311
Trade payables		16	1,541
Social securities and other taxes		1,478	1,659
Deferred income	15	21,942	20,569
Other current liabilities	16	8,849	8,509
		38,902	**34,203**
TOTAL LIABILITIES		**79,398**	**96,493**
TOTAL EQUITY AND LIABILITIES		**167,958**	**137,883**

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

Consolidated Statement of Profit or Loss and Comprehensive Income

	Note	2024	2023
		€ 1,000	*€ 1,000*
Revenue	**17**	**18,905**	**6,514**
Other income	**18**	**640**	**3,011**
Research and development costs		(36,356)	(25,148)
General and administrative costs		(13,661)	(16,236)
Total operating costs	**19**	**(50,017)**	**(41,384)**
Operating result		**(30,472)**	**(31,859)**
Financial income	21	3,251	2,593
Financial expense	21	(1,084)	(1,458)
Results related to associates	8	—	—
Gain on disposal of subsidiary	14	—	92
Results related to derecognition of financial liabilities	14	—	1,866
Results related to financial liabilities measured at FVTPL	22	345	953
Result before corporate income taxes		**(27,960)**	**(27,813)**
Corporate income taxes	23	197	78
Result for the year		**(27,763)**	**(27,735)**
Other comprehensive income (attributable to equity holders of the Company)			
Items that will never be reclassified to profit or loss			
Fair value loss on investment in financial asset designated as at FVTOCI		—	(621)
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		533	(395)
Total comprehensive loss		**(27,230)**	**(28,751)**
Result attributable to			
Owners of the Company		(27,763)	(28,119)
Non-controlling interests		—	384
		(27,763)	**(27,735)**
Total comprehensive loss attributable to			
Owners of the Company		(27,230)	(29,135)
Non-controlling interests		—	384
		(27,230)	**(28,751)**
Share information	24		
Weighted average number of shares outstanding[1]		86,086,486	81,011,438
Earnings per share attributable to the equity holders of the Company (expressed in Euro per share)			
Basic earnings per share[1]		(0.32)	(0.35)
Diluted earnings per share[1]		(0.32)	(0.35)

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

[1] Basic and diluted earnings are equal due to the anti-dilutive nature of the options outstanding since the Company is loss-making.

Consolidated Statement of Changes in Equity

	Attributable to Equity Holders of the Company								
	Share Capital	Share Premium	Equity Settled Employee Benefit Reserve	Option premium on convertible loan	Translation Reserve	Accumulated Deficit	Total	Non-controlling Interests	Total Equity
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*
Balance at January 1, 2023	**3,370**	**412,540**	**29,052**	**—**	**1,212**	**(379,109)**	**67,065**	**(384)**	**66,681**
Result for the year	—	—	—	—	—	(28,119)	(28,119)	384	(27,735)
Other comprehensive loss	—	—	—	—	(395)	(621)	(1,016)	—	(1,016)
Recognition of share-based payments	—	—	3,106	—	—	—	3,106	—	3,106
Share options lapsed	—	—	(6,280)	—	—	6,280	—	—	—
Share options exercised	—	354	(719)	—	—	719	354	—	354
Balance at December 31, 2023	**3,370**	**412,894**	**25,159**	**—**	**817**	**(400,850)**	**41,390**	**—**	**41,390**
Result for the year	—	—	—	—	—	(27,763)	(27,763)	—	(27,763)
Other comprehensive income	—	—	—	—	533	—	533	—	533
Recognition of share-based payments	—	—	2,544	—	—	—	2,544	—	2,544
Issue of ordinary shares	938	70,695	—	—	—	—	71,633	—	71,633
Share options lapsed	—	—	(1,040)	—	—	1,040	—	—	—
Share options exercised	—	223	(415)	—	—	415	223	—	223
Balance at December 31, 2024	**4,308**	**483,812**	**26,248**	**—**	**1,350**	**(427,158)**	**88,560**	**—**	**88,560**

The accompanying notes are an integral part of these consolidated financial statements. Specific reference is made to Note 13.

Consolidated Statement of Cash Flows

	Note	2024	2023
		€ 1,000	*€ 1,000*
Cash flow from operating activities			
Result for the year		(27,763)	(27,735)
Adjustments for:			
— Other income	18	(640)	(3,011)
— Depreciation	7	2,761	2,513
— Results on derecognition of subsidiary		—	(131)
— Share-based compensation	13	2,544	3,106
— Financial income and expense	21	(2,167)	(1,135)
— Results related to derecognition of financial liabilities	14	—	(1,866)
— Results related to financial liabilities measured at FVTPL	22	(345)	(953)
— Income tax (gains) / expenses	23	(197)	(78)
Changes in deferred income	17	(12,728)	(6,470)
Other changes in working capital		(536)	55,426
Cash (used in) / generated by operations		(39,071)	19,666
Corporate income tax received / (paid)		197	78
Interest received		3,251	2,593
Interest paid		(770)	(789)
Net cash (used in) / generated by operating activities		***(36,393)***	***21,548***
Cash flow from investing activities			
Purchases of property, plant and equipment		(1,418)	(1,371)
Proceeds from sale of property, plant and equipment		—	60
Proceeds from sale of intellectual property		—	7,940
Transaction costs on sale of intellectual property		(2,655)	(2,351)
Increase in short-term deposits		(17,000)	—
Decrease in short-term deposits		17,000	—
Net cash (used in) / generated by investing activities		***(4,073)***	***4,278***
Cash flow from financing activities			
Proceeds from issuance of shares, net of transaction costs	13	71,635	—
Proceeds from exercise of share options		223	354
Repayment of (convertible) loans	14	—	(1,008)
Repayment of lease liability	25	(1,582)	(1,621)
Net cash generated by / (used in) financing activities		***70,276***	***(2,275)***
Net increase / (decrease) in cash and cash equivalents		***29,810***	***23,551***
Currency effect cash and cash equivalents		673	599
Cash and cash equivalents at the beginning of the year	12	118,925	94,775
Cash and cash equivalents at the end of the year	**12**	***149,408***	***118,925***

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

Notes to the Consolidated Financial Statements

1. General Information

ProQR Therapeutics N.V. ("ProQR" or "the Company"), is a biotechnology company domiciled in the Netherlands that primarily focuses on the discovery and development of novel therapeutic medicines.

Since September 18, 2014, the Company's ordinary shares are listed on Nasdaq. They are currently trading at Nasdaq Capital Market under ticker symbol PRQR.

The Company was incorporated in the Netherlands, on February 21, 2012 (Chamber of Commerce no. 54600790) and was reorganized from a private company with limited liability to a public company with limited liability on September 23, 2014. The Company has its statutory seat in Leiden, the Netherlands and is registered in the Trade Register at the Chamber of Commerce under number 54600790. The address of its headquarters and registered office is Zernikedreef 9, 2333 CK Leiden, the Netherlands.

At December 31, 2024, ProQR Therapeutics N.V. is the ultimate parent company of the following entities:

- ProQR Therapeutics Holding B.V. (the Netherlands, 100%);
- ProQR Therapeutics I B.V. (the Netherlands, 100%);
- ProQR Therapeutics II B.V. (the Netherlands, 100%);
- ProQR Therapeutics III B.V. (the Netherlands, 100%);
- ProQR Therapeutics IV B.V. (the Netherlands, 100%);
- ProQR Therapeutics V B.V. (the Netherlands, 100%);
- ProQR Therapeutics VI B.V. (the Netherlands, 100%);
- ProQR Therapeutics VII B.V. (the Netherlands, 100%);
- ProQR Therapeutics VIII B.V. (the Netherlands, 100%);
- ProQR Therapeutics IX B.V. (the Netherlands, 100%);
- ProQR Therapeutics I Inc. (United States, 100%);

ProQR Therapeutics N.V. is also statutory director of Stichting Bewaarneming Aandelen ProQR ("ESOP Foundation") and has full control over this entity.

As used in these consolidated financial statements, unless the context indicates otherwise, all references to "ProQR", the "Company" or the "Group" refer to ProQR Therapeutics N.V. including its subsidiaries and the ESOP Foundation.

Revision of comparative figures

In the Company's application of IAS 21 *The Effects of Changes in Foreign Exchange Rates*, certain deferred income positions were incorrectly treated as monetary items in 2022. To correct for the effects of this error, which is immaterial for all affected prior periods, the comparative figures for the years ended December 31, 2022 have been revised as follows:

- In the Statement of profit or loss and other comprehensive income ("OCI") for the year ended December 31, 2022, revenue decreased by € 443,000 and financial income increased by € 1,130,000. Net loss for the year ended December 31, 2022 decreased by € 687,000.
- In the Statement of changes in equity, accumulated deficit at January 1, 2022 decreased by € 881,000.

- In the Statement of cash flows for the year ended December 31, 2022, in addition to the above revisions in result for the year and net financial income and expense, changes in working capital decreased by € 443,000. Net cash used in operating activities for the years ended December 31, 2022 was not affected by the revision.

2. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS accounting standards as endorsed by the European Union ("EU-IFRS").

These consolidated financial statements were authorized for issue by the Company's Board of Directors ("Board or "board") and its Senior Management on March 13, 2025.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments and share-based payment obligations which have been based on fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Going concern

The board of ProQR has, upon preparing and finalizing the 2024 financial statements, assessed the Company's ability to fund its operations for a period of at least one year after the date of signing these financial statements. Management has not identified significant going concern risks.

The financial statements of the Company have been prepared on the basis of the going concern assumption based on its existing funding, taking into account the Company's current cash position and the projected cash flows based on the activities under execution on the basis of ProQR's business plan and budget.

(e) Use of critical estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties that may have a significant risk of resulting in a material adjustment is included below:

(i) Revenue recognition for the Eli Lilly and Company research and collaboration agreement

a. Identification of the performance obligation

Note 17 describes the Company's original research and collaboration agreement with Eli Lilly and Company ("Lilly"), and the amended and restated research and collaboration agreement (collectively, the "Collaboration agreement"). Under the Collaboration agreement, ProQR provides Lilly with a license (with a right to sub-license) to exploit compounds resulting from the collaboration and ProQR provides other promises such as the performance of R&D services. A significant amount of judgement is required to determine whether the license is distinct from the other promises in the contract. The license was concluded not to be distinct from the other promises in the contract based on the following considerations:

- the license has no stand-alone value to Lilly without the Company being involved in the research and development collaboration, and;
- there are significant interdependencies between the license and the research and development services to be provided by the Company.

Moreover, the compounds resulting from the collaboration do not represent a series of distinct services because they were not predetermined at the inception of the contract and can be terminated or replaced at the discretion of Lilly subject to the terms and conditions of the Collaboration agreement. In addition, the R&D services are the predominant factor within this contract until the handover of a compound to Lilly, rather than the individual targets. As such, the single combined performance obligation consists of multiple activities that are not distinct.

b. Determining the timing of satisfaction of performance obligations

Under the Collaboration agreement, the Company recognizes revenue over time, using an input method that estimates the satisfaction of the performance obligation as the percentage of labor hours incurred compared to the total estimated labor hours required to complete the promised services. As the Company's estimate of the total labor hours required is dependent on the evolution of the research and development activities, it may be subject to change. If the progression and/or outcome of certain research and development activities would be different from the assumptions that were made during the preparation of these financial statements, this could lead to material adjustments to the total estimated labor hours, which might result in a reallocation of revenue between current and future periods.

c. Determining the transaction price

The Company applied judgement to determine whether the equity investments made by Lilly in ProQR are part of the transaction price for the Collaboration agreement. The Company concluded that the differences between the prices that Lilly paid for the shares and the ProQR stock closing prices on the days of entering into the equity investment agreements arose because of the Company's existing obligations to deliver research and development services to Lilly under the terms of the Collaboration agreement. Therefore, the above differences between the closing share prices on the agreement effective dates and the equity investment prices paid by Lilly are considered to be part of the transaction price of the contract and are initially allocated to deferred revenue.

The contract also includes variable consideration, but no variable consideration was included in the initial transaction price at the inception, as it is not highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company includes such variable consideration in the transaction price when the uncertainty associated with the variable consideration is resolved.

Development milestone payments are variable considerations under the agreement. There are development milestones to be reached during the ProQR research program and development milestones to be reached, after the ProQR research program (during the R&D activities performed by Lilly).

The variable consideration for development milestone payments to be reached during the ProQR research program will be added to the transaction price of the identified single combined performance obligation once the variable constraint is resolved and revenue will be recognized based on the status of completion (satisfied part) of the single combined performance obligation.

The variable consideration for development milestones to be reached after the ProQR research program is linked to a separable right to use the license which comes into existence for each successful compound transferred to Lilly. This license is a separate performance obligation and will be recognized at a point in time when the development milestone for a license is achieved and the variable constraint is resolved.

As further described in Note 17, during 2024, the Company achieved development milestones during the ProQR research program under the agreement, which were added to the transaction price and recognized partially as revenue during 2024 based on the status of completion (satisfied part) of the single combined performance obligation.

The Collaboration agreement includes sales-based royalties, including commercial milestone payments based on the level of sales. The variable consideration for commercial milestones is linked to a separable right to use the license which comes into existence for each successful compound transferred to Lilly. This license is a separate performance obligation and will be recognized at a point in time when the commercial milestone for a license is achieved and the variable constraint is resolved. For sales-based royalties, the license is the predominant item to which the royalty relates. The sales-based royalties will be recognized after the handover of the compound to Lilly (after completion of the initial performance obligation) and once the respective sale level occurs.

Related revenue is recognized as the subsequent underlying sales occur at a point in time.

(ii) Research and development expenditures
Research expenditures are reflected in the income statement. Development expenses are currently also reflected in the income statement because the criteria for capitalization are not met. At each balance sheet date, the Company estimates the level of service performed by the vendors and the associated costs incurred for the services performed.

Although the Company does not expect the estimates to be materially different from amounts actually incurred, the understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and could result in reporting amounts that are too high or too low in any particular period.

(f) Changes in accounting policies

The following standards, amendments to standards and interpretations became effective for annual reporting periods beginning on or after January 1, 2024:

- IFRS 7 *Financial Instruments: Disclosure* and IAS 7 *Statement of Cash Flows:* Amendments for additional disclosure requirements for supplier finance arrangements.
- IFRS 16 *Leases:* Amendments relating to sale and leaseback transactions.

- IAS 1 *Presentation of Financial Statements:* Amendments to classification of liabilities as current or non-current, specifically those related to debt with covenants.

None of the new standards, amendments to standards and interpretations had a material impact on the Company's financial statements. No changes in accounting policies occurred in 2024.

3. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it 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 over the entity. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of these elements. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(v) Associates

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recording the investment in associates initially at cost, and recognizing the Company's share of the post-acquisition results of associates in the consolidated income statement and the Company's share of post-acquisition other comprehensive income in consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments in associates in the consolidated statement of financial position.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses unless it has incurred or guaranteed obligations in respect of the associate.

(b) Classes of financial instruments

Financial instruments are both primary financial instruments, such as receivables and payables, and financial derivatives. For the Company's primary financial instruments, reference is made to the treatment per the corresponding balance sheet item.

Financial derivatives are valued at fair value. Upon first recognition, financial derivatives are recognized at fair value and then revalued as at balance sheet date. Changes in the fair value of derivatives are generally recognized in profit or loss. If the Company is involved with hybrid contracts, the Company applies the following with regard to the embedded derivatives in the hybrid contract. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the following criteria are met:

- the economic characteristics and risk of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivate; and
- the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.

If an embedded derivative is separated from the hybrid contract, the host contract is accounted for in accordance with the determined policies for such a contract. The embedded derivative is accounted for in accordance with the Company's principles for the applicable derivatives.

(c) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

(d) Revenue

Revenues to date have consisted principally of non-refundable upfront fees and research and development service fees in connection with collaboration and license agreements. The Company recognizes revenue when its customers obtain control of promised goods or services, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods and services. Revenue is recognized for agreements that are in scope of IFRS 15 *Revenue from contracts with customers*, based on the following five steps:

(i) Identify the contract

The Company entered into collaboration and license agreements in which the Company licenses its intellectual property and/or provides research and development services. These arrangements include upfront payments, milestone payments based on clinical and regulatory criteria, research and development service fees and future sales-based milestones and sales-based royalties. In some cases, concurrently with the collaboration and license agreements, the Company enters into share purchase agreements with the customer. If this is the case, the Company analyzes whether the criteria to combine contracts, as set out by IFRS 15, are met.

(ii) Identify performance obligations

Contracts with customers can have one or more distinct performance obligations under IFRS 15. Identifying the performance obligations is based on an assessment of whether the promises in an agreement are capable of being distinct and are distinct from the other promises to transfer goods and/or services in the context of the contract. The Company assessed that there is one performance obligation in each of its material ongoing collaboration and license agreements, for the transfer of a license combined with performance of research and development services.

This is because the Company considers the two obligations cannot be distinct in the context of the contract as the licenses have no stand-alone value without the Company being involved in the research and development collaboration and that there is interdependence between the license and the research and development services to be provided.

(iii) Determine the transaction price

The Company's research and collaboration agreements include non-refundable upfront payments; equity components; milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones; royalties on sales and research and development service fees. The transaction price excludes the amount of the part (or parts) of the contract that are initially measured in accordance with other Standards and allocate the amount of the transaction price that remains (if any) to each performance obligation.

a. Non-refundable upfront payments or license fees

If the license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenue from non-refundable upfront fees allocated to this license at the point in time the license is transferred to the customer and the customer has the right to use the license.

For all its material ongoing research and collaboration agreements, the Company considers the performance obligations related to the transfer of the license as not distinct from the other promises to transfer goods and/or services; the Company uses judgement to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time. If over time, revenue is then recognized based on a pattern that best reflects the transfer of control of the service to the customer.

b. Milestone payments other than sales-based milestones

A milestone payment, being a variable consideration, is only included in the transaction price to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company estimates the amount to be included in the transaction price upon achievement of the milestone event. The transaction price is then allocated to each performance obligation on a stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each reporting period, the Company re-evaluates the probability of achievement of such milestones and any related constraint, and, if necessary, adjusts the estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue and earnings in the period of adjustment.

c. Research and development service fees

The Company's collaboration and license agreements may include reimbursement for research and development services. R&D services are performed and satisfied over time because the customer simultaneously receives and consumes the benefits provided by us. Revenue associated with such R&D service fees is then recognized based on a pattern that best reflects the transfer of control of the service to the customer.

d. Sales based milestone payments and royalties

The Company's material collaboration and license agreements include sales-based royalties, including commercial milestone payments based on the level of sales. The Company concluded that the licenses are not the predominant items to which the royalties and commercial milestone payments relate. Related revenue will be recognized as the subsequent underlying sales occur.

(iv) Allocate the transaction price

An entity shall allocate the transaction price to each performance obligation identified in a contract on a relative stand-alone selling price basis. As the Company's collaboration and license agreements only contain one single performance obligation, the transaction price is entirely allocated to this single performance obligation.

(v) Recognize revenue

Revenue is recognized when the customer obtains control of the goods and/or services as provided in the research and collaboration agreements. Control can be transferred over time or at a point in time, which results in the recognition of revenue either over time or at a point in time.

The Company's research and collaboration agreements only contain one performance obligation, for which the Company's performance creates and subsequently enhances assets (e.g. exploitable compounds) that the customers control as the assets are created and/or enhanced. As such, the Company recognizes revenue over time.

The recognition of revenue over time is based on a pattern that best reflects the satisfaction of the related performance obligation, applying the input method. The input method estimates the satisfaction of the performance obligation as the percentage of labor hours incurred compared to the total estimated labor hours required to complete the promised services.

(e) Other income

Other income includes amounts earned from third parties and are recognized when earned in accordance with the substance and under the terms of the related agreements and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the income can be measured reliably. The grants are recognized in other income on a systematic basis over the period the Company recognizes as expenses the related costs for which the grants are expected to compensate.

(f) Government grants — WBSO

The WBSO ("afdrachtvermindering speur- en ontwikkelingswerk") is a Dutch fiscal facility that provides subsidies to companies, knowledge centers and self-employed people who perform research and development activities (as defined in "the WBSO Act"). Under this Act, a contribution is paid towards the labor costs of employees directly involved in research and development. The contribution is in the form of a reduction of payroll taxes and social security contributions recognized on a net basis within the labor costs. This reduction of payroll taxes and social security contributions is classified under research and developments costs.

(Government) Grant income is not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them. (Government) Grants are recognized in profit or loss on a systematic basis over the period the Company recognizes as expenses the related costs for which the grants are intended to compensate.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Pension obligations

The Company operates defined contribution pension plans for all employees funded through payments to insurance companies. The Company has no legal or constructive obligation to pay further contributions once the contributions have been paid. The contributions are recognized as employee benefit expense when employees have rendered the 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.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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. Since the Company does not expect to be profitable in the foreseeable future, its deferred tax assets are valued at nil.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss. Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Buildings and leasehold improvements: 5 - 10 years;
- Laboratory equipment: 5 years;
- Other: 3 - 5 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) 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 measure reliably 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 listed above. Where no internally generated intangible asset can be recognized, development expenditures are recognized in the consolidated statements of profit and loss and other comprehensive income in the period in which they are incurred.

Due to uncertainties inherent to the development and registration with the relevant healthcare authorities of its products, the Company estimates that the conditions for capitalization are not met until the regulatory procedures required by such healthcare authorities have been finalized. The Company currently does not own products that have been approved by the relevant healthcare authorities and this has resulted in all development costs being recognized as an expense in the period in which they are incurred.

(k) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-current assets, including right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Financial assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value and subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost, and;
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or the Company transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and all highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and bear an insignificant risk of change in value.

(n) Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(i) Equity instruments

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 the Company are recognized at the proceeds received, net of direct issue costs.

(ii) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes denominated in euro that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognized in equity will be transferred to accumulated losses. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible loan notes using the effective interest method.

Interest related to the financial liability is recognized in profit or loss.

(iii) Financial liabilities at fair value through profit or loss
Financial liabilities held for trading are classified as at FVTPL. A financial liability is classified as held for trading if it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss. The net gain or loss recognized is included in the 'results related to financial liabilities measured at FVTPL line item in profit or loss.

Fair value is determined in the manner described in Note 5.

(iv) Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Borrowings and other financial liabilities are classified as 'non-current liabilities,' other than liabilities with maturities up to one year, which are classified as "current liabilities".

The Company derecognizes financial liabilities when the liability is discharged, cancelled or expired. For all financial liabilities, the fair value approximates its carrying amount.

(v) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(o) Leases

The Company assesses whether a contract is or contains a lease when it obtains the right to control the use of an identified asset for a period of time, in exchange for consideration. The Company 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 (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments in operating costs 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.

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 interest rate implicit in the lease. When the interest rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed 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 Company under residual value guarantees;
- The exercise price of purchase options, if the Company 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 presented as a separate line in the consolidated statement of financial position. In the cash flow statement, repayments of the principal portion of the lease liability are included in financing activities. Payments relating to the interest component of the lease liability are included in operating activities. Short-term lease payments and payments for leases of low-value assets are included in operating activities.

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 Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is presented under Property, Plant and Equipment in the consolidated statement of financial position, in the category Buildings and leasehold improvements.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

(p) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale. When the Company is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Company then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2025 and have not been applied in preparing these consolidated financial statements. There are no standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. The Company does not plan to adopt these standards early.

5. Financial Risk Management

5.1. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall financial risk management seeks to minimize potential adverse effects resulting from unpredictability of financial markets on the Company's financial performance.

Financial risk management is carried out by the finance department. The finance department identifies and evaluates financial risks and proposes mitigating actions if deemed appropriate.

(a) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities in foreign currencies, primarily with respect to the U.S. dollar. The Company has an exposure associated with the time delay between entering into a contract, budget or forecast and the realization thereof. The Company operates a foreign exchange policy to manage the foreign exchange risk against the functional currency based on the Company's cash balances and the projected future spend per major currency.

At year-end, a substantial amount of the Company's cash balances are denominated in U.S. Dollars. This amount reflects the Company's current expectation of future expenditure in U.S. dollars.

At December 31, 2024 the Company's net position of financial instruments denominated in U.S. dollars was a net asset of € 5,898,000 (2023: net liability of € 726,000). Foreign currency denominated receivables and trade payables are short term in nature (generally 30 to 45 days). As a result, the foreign exchange results recognized in 2024 and 2023 are mainly caused by the cash balance denominated in U.S. dollars.

A reasonably possible weakening of the U.S. dollar by 10% against the functional currency of the Company at December 31, 2024 would have increased the Company's net loss by € 590,000 (2023: decreased by € 73,000). A 10% strengthening of the U.S. dollar against the functional currency of the Company would have an equal but opposite effect on the Company's net loss. The analysis assumes that all other variables, in particular interest rates, remain constant.

Price risk

The market prices for the production of preclinical materials and services as well as external contracted research may vary over time. Currently, the commercial prices of any of the Company's future product candidates is uncertain. When product candidates approach the regulatory approval date or potential regulatory approval date, the uncertainty of potential sales prices decreases. The Company is not exposed to commodity price risk.

Furthermore, the Company does not hold investments designated for sale and is therefore not exposed to equity securities price risk.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from current accounts and deposits and the sensitivity analysis below has been determined based on the exposure to interest rates on these short-term maturity primary financial instruments.

A 10% increase or decrease on actual interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As of December 31, 2024, if interest rates had been 10% higher, then pre-tax earnings for the year would have been € 324,000 higher, while if interest rates had been 10% lower, then pre-tax earnings for the year would have been € 324,000 lower.

The Company's exposure to interest rate risks on loans and leases is limited due to the use of fixed interest rates. The Company has a loan with a fixed interest rate, totaling € 4,582,000 at December 31, 2024 (2023: € 4,292,000). Details on the interest rates and maturities of these loans are provided in Note 14.

(b) Credit risk

Credit risk represents the risk of financial loss caused by default of the counterparty. The Company has no large receivables balances with external parties outside of cash and cash equivalents. The Company's cash management policy is focused on preserving capital, providing liquidity for operations and optimizing yield while accepting limited risk (Short-term credit ratings must be rated A-1/P-1/F1 at a minimum by at least one of the Nationally Recognized Statistical Rating Organizations ("NRSROs") specifically Moody's, Standard & Poor's or Fitch. Long-term credit rating must be rated A2 or A at a minimum by at least one NRSRO). As of December 31, 2024, the Company is in compliance with its cash management policy.

At December 31, 2024 and December 31, 2023, all of the Company's cash and cash equivalents were held at five large institutions, Rabobank, ABN Amro, BNP Paribas, Wells Fargo and JP Morgan. All institutions are highly rated (Moody's long-term debt ratings of Aa2, Aa3, A1, Aa2 and Aa2 for Rabobank, ABN Amro, BNP Paribas, Wells Fargo and JP Morgan respectively) with sufficient capital adequacy and liquidity metrics.

There are no financial assets past due date or impaired. No credit limits were exceeded during the reporting period.

(c) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. Prudent liquidity risk management implies ensuring sufficient availability of cash resources for funding of operations and planning to raise cash if and when needed, either through issue of shares or through credit facilities. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyzes ProQR's undiscounted liabilities into relevant maturity groupings based on the remaining period at year-end until the contractual maturity date:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*
At December 31, 2024				
Borrowings	4,872	—	—	—
Lease liabilities	2,114	2,306	6,917	3,459
Trade payables and other payables	10,343	—	—	—
	17,329	**2,306**	**6,917**	**3,459**

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*
At December 31, 2023				
Borrowings	—	4,583	—	—
Lease liabilities	2,288	2,496	7,487	6,240
Trade payables and other payables	11,709	—	—	—
	13,997	**7,079**	**7,487**	**6,240**

The Company's future capital requirements and the period for which the Company's existing resources will support its operations may vary significantly from what the Company expects. The Company's monthly spending levels will vary based on new and ongoing development and corporate activities. Because the length of time and activities associated with successful development of the Company's product candidates is highly uncertain, the Company is unable to estimate the actual funds it will require for development of its product candidates.

5.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders (although at this time the Company does not have retained earnings and is therefore currently unable to pay dividends), return capital to shareholders, issue new shares or sell assets to reduce debt.

The total amount of equity as recorded on the balance sheet is managed as capital by the Company.

5.3. Fair value measurement

For financial instruments that are measured on the balance sheet at fair value, IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique and inputs used).

Financial assets and liabilities	Valuation technique and key inputs	Significant unobservable inputs	Relationship and sensitivity of significant unobservable inputs to fair value
Investment in Phoenicis Therapeutics, Inc.	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the result of the investee. The estimate is adjusted for the net debt of the investee.	Adjusted market multiple	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).
Investment in Yarrow Biotechnology, Inc.	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the result of the investee. The estimate is adjusted for the net debt of the investee.	Adjusted market multiple	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).
Warrants and conversion options	Black-Scholes model. The following variables were taken into consideration: current underlying price of the Company's shares, options strike price, expected life, historical volatility of ProQR share returns over a period equal to the expected life, risk-free rate: based on the US Treasury yield curve rates per the valuation date (interpolated) for the expected life.	Not applicable	Not applicable

The investments in Phoenicis Therapeutics, Inc and Yarrow Biotechnology, Inc ("Yarrow"), are measured using valuation methods based on so-called Level 3 inputs. Level 3 inputs are unobservable inputs. Changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not significantly change the fair value determined for Phoenicis Therapeutics, Inc and Yarrow.

Warrants are measured using valuation methods based on so-called Level 2 inputs. Level 2 inputs are inputs other than quoted prices that are observable for the liability, either directly or indirectly.

The carrying amount of all financial assets and financial liabilities is a reasonable approximation of the fair value and therefore information about the fair values of each class has not been disclosed.

Share options and restricted stock units ("RSUs") granted to employees and consultants are measured at the fair value of the equity instruments granted. The fair value of options is determined through the use of an option-pricing model considering, among others, the following variables:

- the exercise price of the option;
- the expected life of the option;
- the current value of the underlying shares;
- the expected volatility of the share price;
- the dividends expected on the shares; and
- the risk-free interest rate for the life of the option.

6. Segment Information

The Company operates in one reportable segment, which comprises the discovery and development of innovative, RNA based therapeutics. The board is identified as the chief operating decision maker. The board reviews the operating results regularly to make decisions about resources and to assess overall performance.

Revenues are generated from external customers whose main registered offices are all geographically located in the United States. Substantially all non-current assets of the Company are located in the Netherlands. The amounts provided to the board with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

7. Property, Plant and Equipment

	Buildings and Leasehold improvements	Laboratory equipment	Other	Total
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*
Balance at January 1, 2023				
Cost	22,863	4,912	1,339	29,114
Accumulated depreciation	(8,069)	(3,473)	(1,332)	(12,874)
Carrying amount	**14,794**	**1,439**	**7**	**16,240**
Additions	30	1,278	63	1,371
Depreciation	(1,951)	(546)	(16)	(2,513)
Effect of lease modification (Note 25)	1,859	—	—	1,859
Transfer	23	(30)	7	—
Disposals - cost	—	(252)	—	(252)
Accumulated depreciation on disposals	—	192	—	192
Movement for the period	**(39)**	**642**	**54**	**657**
Balance at December 31, 2023				
Cost	24,775	5,908	1,409	32,092
Accumulated depreciation	(10,020)	(3,827)	(1,348)	(15,195)
Carrying amount	**14,755**	**2,081**	**61**	**16,897**
Additions	244	916	43	1,203
Depreciation	(2,027)	(710)	(24)	(2,761)
Effect of lease modification (Note 25)	(1,226)	—	—	(1,226)
Transfer	—	—	—	—
Disposals – cost	—	—	—	—
Accumulated depreciation on disposals	—	—	—	—
Movement for the period	**(3,009)**	**206**	**19**	**(2,784)**
Balance at December 31, 2024				
Cost	23,793	6,824	1,452	32,069
Accumulated depreciation	(12,047)	(4,537)	(1,372)	(17,956)
Carrying amount	**11,476**	**2,287**	**80**	**14,113**

The depreciation charge for 2024 is included in research and development costs for an amount of € 2,331,000 (2023: € 1,994,000) and in general and administrative costs for an amount of € 430,000 (2023: € 519,000).

Buildings and leasehold improvements include a right-of-use asset relating to the lease of the Company's Leiden office and laboratory space, with a carrying amount of € 11,433,000 at December 31, 2024 (2023: € 14,524,000).

8. Investments in Associates

In May 2021, the Company obtained an 8% share in the common stock of Yarrow. ProQR's share in Yarrow subsequently changed to 5.1%. Although ProQR only owns 5.1% of Yarrow's shares, the Company had significant influence over Yarrow by virtue of its right to appoint one of Yarrow's three board members, as well as its participation in Yarrow's policy-making process, amongst other factors. As such, the Company's interest in Yarrow was initially recognized as an investment in associate.

In October 2023, Gerard Platenburg, Chief Scientific Officer at ProQR, ended his term on Yarrow's board of directors. From that moment onwards, ProQR no longer had significant influence over Yarrow. Yarrow was therefore derecognized as an associate and was accounted for as a financial asset, as disclosed in Note 9.

As the carrying amount of the Company's investment in Yarrow was € nil at December 31, 2022, ProQR did not recognize any further share of Yarrow's loss from continuing operations for the period from January through October 2023.

9. Investments in Financial Assets

Yarrow Biotechnology, Inc.
As disclosed in Note 8, Gerard Platenburg, Chief Scientific Officer at ProQR, ended his term on Yarrow's board of directors in October 2023. From then on, ProQR no longer had significant influence over Yarrow. Yarrow was therefore derecognized as an associate and was accounted for as a financial asset and measured at fair value.

ProQR holds a 5.1% interest in Yarrow. The Company elected to recognize subsequent changes in the fair value of its investment in Yarrow in Other Comprehensive Income. In October 2023, ProQR initially recognized its investment in the Yarrow financial asset at € nil. As at December 31, 2024, the fair value of the Yarrow financial asset amounted to € nil.

Phoenicis Therapeutics, Inc.
In May 2019, the Company acquired a non-controlling interest in Wings Therapeutics Inc. ("Wings") as part of the strategic spin out of its Dystrophic Epidermolysis Bullosa ("DEB") activities. In January 2021, Wings merged into Phoenicis Therapeutics Inc. ("Phoenicis") by means of a non-cash transaction. Consequently, Wings ceased to exist, and the related investment was derecognized. In 2021, a gain on disposal of associate was recognized amounting to € 514,000, which consisted of the € 621,000 fair value of Phoenicis equity instruments received by the Company, partly off-set by the derecognition of the carrying value of the Company's investment in Wings of € 107,000.

ProQR holds a 3.9% interest in Phoenicis. ProQR does not have significant influence in Phoenicis. The Company elected to recognize subsequent changes in the fair value of its investment in Phoenicis in Other Comprehensive Income. In September 2023, the investment was remeasured to nil, and ProQR recognized a fair value loss of € 621,000 in other comprehensive income. As at December 31, 2024 the fair value of the Phoenicis financial asset amounted to € nil (2023: € nil).

10. Other Taxes

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Value added tax	690	523
	690	**523**

All receivables are considered short-term and due within one year.

11. Prepayments and Other Receivables

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Prepayments	2,410	793
Other receivables	835	745
Accrued income from Rett Syndrome Research Trust	502	—
	3,747	**1,538**

All receivables are considered short-term and due within one year. At December 31, 2024 and 2023, prepayments consisted principally of payments made by the Company for services not yet provided by vendors. At December 31, 2024 other receivables consisted principally of accrued grant income and deposits. The accrued grant income relating to Rett Syndrome Research Trust ("RSRT") includes the initial fair value of the warrants issued to RSRT that was accounted for as a reduction of the transaction price. The nature of the agreement with RSRT is described in Note 26. At December 31 2023, other receivables consisted principally of deposits.

12. Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Cash at banks	74,199	59,775
Deposits	75,209	59,150
	149,408	**118,925**

The cash at banks is at full disposal of the Company. Deposits are fixed for at most 3 month periods at a time.

13. Shareholders' Equity

(a) Share capital

	Number of ordinary shares	
	2024	2023
Balance at January 1	84,248,384	84,246,967
Issued for cash	23,463,610	—
Issued for services	—	—
Exercise of share options / vesting of RSUs	(395,559)	537,513
Treasury shares issued (transferred)	394,481	(536,096)
Balance at December 31	**107,710,916**	**84,248,384**

The authorized share capital of the Company amounting to € 13,600,000 consists of 170,000,000 ordinary shares and 170,000,000 preference shares with a par value of € 0.04 per share. At December 31, 2024, 107,710,916 ordinary shares were issued. 105,212,527 ordinary shares were fully paid, and 2,498,389 ordinary shares were held by the Company as treasury shares (2023: 2,893,792).

In December 2022, the Company issued 9,381,586 shares to Lilly pursuant to the amended and restated licensing and research collaboration between the Company and Lilly (Note 17), resulting in gross proceeds of € 14,122,000, with no significant transaction costs.

In September 2024, the Company filed a shelf registration statement on Form F-3, which permitted: (a) the offering, issuance and sale by the Company of up to a maximum aggregate offering price of $ 300,000,000 of its ordinary shares, warrants and/or units; and (b) as part of the $ 300,000,000, the offering, issuance and sale by the Company of up to a maximum aggregate offering price of $ 75,000,000 of its ordinary shares that may be issued and sold under a sales agreement (the "sales agreement") with Cantor Fitzgerald & Co. ("Cantor") in one or more at-the-market ("ATM") offerings. The Company will pay Cantor a commission equal to 3% of the gross proceeds of the sales price of all ordinary shares sold through it as sales agent under the sale agreement. As of December 31, 2024, no shares have been issued pursuant to this ATM facility.

In October 2024, the Company consummated an underwritten public offering of 18,000,000 ordinary shares (the "Offering") at a public offering price of $ 3.50 per share (the "public offering price"). In addition, the Company granted the underwriters a 30-day option to purchase up to 2,700,000 additional ordinary shares at the public offering price, less underwriting discounts and commissions. The option was partially exercised on October 31, 2024, resulting in the issuance of 1,940,072 shares. The gross proceeds from the Offering and subsequent partial exercise of the underwriters' option, amounted to $ 69,790,000 (€ 64,600,000) while the transaction costs amounted to approximately € 4,365,000, resulting in net proceeds of approximately € 60,235,000.

Concurrently with the Offering, the Company entered into a share purchase agreement with Lilly in a separately negotiated transaction (the "concurrent private placement"), pursuant to which the Company agreed to offer and sell, and Lilly agreed to purchase, 3,523,538 ordinary shares at a price per share equal to the public offering price, for total gross proceeds of approximately $ 12,300,000, subject to a purchase price cap of $ 15,000,000, the consummation of the Offering and the satisfaction of other customary closing conditions. The proceeds of $ 12,300,000 million (€ 11,400,000) from the concurrent private placement were received on October 25, 2024. The ordinary shares purchased in the concurrent private placement are not subject to any underwriting discounts or commissions.

(b) Equity settled employee benefit reserve

The costs of share options and RSUs for employees, members of the Board are recognized in the income statement, together with a corresponding increase in equity during the vesting period, taking into account (deferral of) corporate income taxes. The accumulated expense of share-based compensation recognized in the income statement is shown separately in the equity category 'equity settled employee benefit reserve' in the 'statement of changes in equity'. On September 25, 2017, the Company established a Dutch foundation named Stichting Bewaarneming Aandelen ProQR for holding shares in trust for employees, members of the Board of the Company and its group companies who from time to time could exercise options under the Company's equity incentive plans.

(c) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(d) Share options and restricted stock units

The Company operates an equity-settled share-based compensation plan which was introduced in 2013. Options and RSUs may be granted to employees, members of the Board and consultants. The compensation expenses included in operating costs for this plan were € 2,544,000 in 2024 (2023: € 3,106,000), of which € 1,984,000 (2023: € 2,629,000) was recorded in general and administrative costs and € 560,000 (2023: € 477,000) was recorded in research and development costs based on employee allocation.

Options granted under this stock option plan are exercisable once vested. Any vesting schedule may be attached to the granted options and RSUs. Typical vesting periods are:

- Four years, with 25% vesting after every year.
- Four years, in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date.
- Two years, with 25% vesting after every six months.

The options expire ten years after date of grant. Options granted under the stock option plan are granted at exercise prices which equal either the face value or the fair value of the ordinary shares of the Company at the date of the grant.

The fair value of the options is estimated at the date of grant using the Black-Scholes option-pricing model, with on average the following assumptions:

	Options granted in 2024	Options granted in 2023
Risk-free interest rate	3.903%	3.960%
Expected dividend yield	0%	0%
Expected volatility	96.5%	105.6%
Expected life in years	5 years	5 years

The resulting weighted average grant date fair value of the options amounted to € 1.51 in 2024 (2023: € 2.14). The stock options granted have a 10-year life following the grant date and are assumed to be exercised seven years from date of grant for all awards.

The fair value of RSUs is determined at the grant date by using the Company's share price at the grant date. The resulting weighted average grant date fair value of the RSUs amounted to € 2.76 in 2023. No RSUs were granted in 2024.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Number of options	Average exercise price	Number of options	Average exercise price
Balance at January 1	11,186,240	€ 3.10	11,279,210	€ 3.66
Granted	1,377,780	€ 1.94	1,793,449	€ 2.76
Forfeited	(179,259)	€ 1.61	(276,272)	€ 4.62
Exercised	(300,036)	€ 0.79	(337,746)	€ 1.07
Expired	(412,933)	€ 4.05	(1,272,401)	€ 7.80
Balance at December 31	**11,671,792**	**€ 3.38**	**11,186,240**	**€ 3.10**
Exercisable at December 31	8,152,467		6,679,018	

The options outstanding at December 31, 2024 had an exercise price in the range of € 0.64 to € 21.06 (2023: € 0.60 to € 19.80) and a weighted-average contractual life of 6.3 years (2023: 6.8 years). The weighted-average share price at the date of exercise for share options exercised in 2024 was € 2.09 (2023: € 1.45).

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs in 2024	Number of RSUs in 2023
Balance at January 1	166,306	370,962
Granted	—	52,319
Forfeited	(17,775)	(66,881)
Released	(94,962)	(190,094)
Balance at December 31	**53,569**	**166,306**

Refer to Note 27 for the share-based compensation granted to senior management personnel.

14. Borrowings

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Innovation credit	2,899	2,899
Accrued interest on innovation credit	1,683	1,393
Convertible loans	—	—
Accrued interest on convertible loans	—	—
Total borrowings	**4,582**	**4,292**
Current portion	4,582	—
Total non-current borrowings	**—**	**4,292**

Innovation credit ("Innovatiekrediet")
In December 2018, ProQR was awarded an Innovation credit for the sepofarsen program. Amounts were drawn under this facility from 2018 through 2022. The credit of € 3,907,000 was used to conduct the Phase 2/3 clinical study and efforts to obtain regulatory and ethical market approval (New Drug Applications ("NDA")/ Marketing Authorization Applications ("MAA")) of sepofarsen for LCA10. In the fourth quarter of 2023, ProQR made a partial repayment of the principal, amounting to € 1,008,000. The remaining amount payable of € 2,899,000 is recognized under current borrowings at December 31, 2024.

In December 2023, ProQR received a conditional waiver for the € 4,292,000 remaining balance of the Innovation credit including accrued interest. Consequently, the repayment of the total loan of € 4,292,000, including interest, will be waived if conditions are met, which will be reviewed annually. In January 2025, the conditional waiver for the total balance of € 4,582,000, including interest, was extended until December 31, 2025.

The amounts receivable relating to development & regulatory milestone payments under the Amended and Restated Asset Purchase Agreement with Laboratoires Théa S.A.S. ("Théa") are subject to a right of pledge for the benefit of the Rijksdienst voor Ondernemend Nederland ("RVO").

Convertible loans: Pontifax and Kreos
In July 2020, the Company entered into a convertible debt financing agreement with Pontifax Medison Debt Financing ("Pontifax"). Under the agreement, the Company had access to up to $ 30.0 million in convertible debt financing in three tranches of $ 10.0 million each that would mature over a 54-month period and had an interest-only period of 24 months. One tranche of $ 10.0 million (€ 8.4 million) was drawn down over the course of the agreement.

A second close of the convertible debt financing agreement was completed in August 2020 with Kreos Capital ("Kreos"). Under the second agreement, the Company had access to up to € 15.0 million in convertible debt financing in three tranches of € 5.0 million each that would mature over a 54-month period and had an interest-only period of 24 months. One tranche of € 5.0 million was drawn down over the course of the agreement.

In connection with the loan agreement, the Company issued to Pontifax and Kreos warrants to purchase up to an aggregate of 302,676 shares of its common stock at a fixed exercise price.

In December 2021, the Company amended its convertible debt financing agreement with the lenders. Under the amended agreement the Company drew down an additional $ 30.0 million (€ 26.5 million) that would mature over a 54-month period and had an interest-only period of 33 months. The amendment replaced the two undrawn tranches under the original convertible debt financing agreements.

In connection with the amended loan agreement, the Company issued to the lenders warrants to purchase up to an aggregate of 376,952 shares of its common stock at a fixed exercise price.

The convertible loans from Pontifax and Kreos bore an interest of 8.2% per annum.

In September 2022, ProQR extinguished its debt with Pontifax and Kreos by repaying all outstanding principal amounts. In addition, an early repayment penalty was incurred. The financial liability relating to Pontifax' conversion options was derecognized from derivative financial instruments. The option premium on convertible loans relating to Kreos' conversion options was derecognized from equity.

Pontifax' and Kreos' warrants remain in place until their five-year economic life expires. These warrants are accounted for as embedded derivatives and were recognized separately from the host contract as derivative financial liabilities at FVTPL.

Convertible loans: Amylon Therapeutics B.V.
Convertible loans amounting to € 2.3 million were issued to Amylon Therapeutics B.V. ("Amylon") in 2018 and 2019 and were interest-bearing at an average rate of 8% per annum. In 2022 and 2023, Amylon entered into waiver agreements with its lenders. Such lenders' loan agreements with Amylon are severed and any claims to repayment of any outstanding debt and accumulated interest are renounced. The total amount of convertible loans and accumulated interest waived under these agreements in 2023 is € 1,866,000 (2022: € 1,144,000). The resulting gains are recognized as a gain on derecognition of financial liabilities.

In the third quarter of 2023, Amylon was legally dissolved. The effect of the resulting derecognition of Amylon's remaining assets and liabilities is included in profit and loss as 'result on derecognition of subsidiary'.

The results related to the derecognition of financial liabilities, as described above, are as follows:

	2024	2023
	€ 1,000	*€ 1,000*
Gain on waiver of Amylon convertible loans	—	1,866
	—	**1,866**

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Innovation credit	Convertible loans	Lease liabilities
	€ 1,000	*€ 1,000*	*€ 1,000*
Balance at January 1, 2023	**4,943**	**1,828**	**15,200**
Changes from financing cash flows			
Repayments	(1,008)	—	(1,621)
The effect of changes in foreign exchange rates	—	—	—
Other changes			
Interest expense	357	38	—
Interest paid	—	—	—
Transaction costs	—	—	—
Repayments allocated to option premium on convertible loans (equity)	—	—	—
Repayments recognized as result on derecognition of financial liabilities	—	—	—
Effect of waived loan agreements	—	(1,866)	—
Effect of lease amendments	—	—	1,863
Balance at January 1, 2024	**4,292**	**—**	**15,442**
Changes from financing cash flows			
Repayments	—	—	(1,582)
The effect of changes in foreign exchange rates	—	—	—
Other changes			
Interest expense	290	—	—
Interest paid	—	—	—
Effect of waived loan agreements	—	—	—
Effect of lease amendments	—	—	(1,226)
Balance at December 31, 2024	**4,582**	**—**	**12,634**

15. Deferred Income

The following table summarizes details of deferred income at December 31, 2024 and December 31, 2023. The nature of the deferred income relating to Lilly is described in Note 17. The nature of the deferred income relating to RSRT is described in Note 26.

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Payments from Eli Lilly and Company	50,930	64,739
Payments from Rett Syndrome Research Trust	441	—
Total deferred income	**51,371**	**64,739**
Current portion	(21,942)	(20,569)
Total non-current deferred income	**29,429**	**44,170**

The current portion of deferred income reflects the estimated value of the Company's work under the Lilly collaboration and RSRT grant that is expected to be performed within one year after the balance sheet date.

The table below analyzes ProQR's undiscounted deferred income release based on estimates for the measure of progress and allocated into relevant maturity groupings until the contractual maturity date:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*
At December 31, 2024				
Deferred Income	21,942	21,087	8,342	—
Total	**21,942**	**21,087**	**8,342**	**—**
At December 31, 2023				
Deferred Income	20,569	27,950	16,220	—
Total	**20,569**	**27,950**	**16,220**	**—**

16. Other Current Liabilities

At December 31, 2024, other current liabilities amount to € 8,849,000 (2023: € 8,509,000). At December 31, 2024 and December 31, 2023, other current liabilities consisted principally of accruals for services provided by vendors not yet billed, payroll related accruals and other miscellaneous liabilities.

17. Revenue

The following table summarizes details of revenue recognized in the years ended December 31, 2024 and 2023 by collaboration agreement and by category of revenue: upfront payments, other research and development service fees and equity consideration.

	2024	2023
	€ 1,000	*€ 1,000*
Up-front payments		
Eli Lilly and Company	15,584	5,996
Yarrow Biotechnology, Inc.	—	—
Other R&D services		
Eli Lilly and Company	—	—
Yarrow Biotechnology, Inc.	—	—
Equity component		
Eli Lilly and Company	496	518
Yarrow Biotechnology, Inc.	—	—
Milestone payments		
Eli Lilly and Company	2,825	—
	18,905	**6,514**

The table below summarizes the changes in current and non-current deferred revenue for the years ended December 31, 2024 and 2023.

	Eli Lilly
	€ 1,000
Balance at January 1, 2023	**71,209**
Received or receivable	
Upfront payment	—
Equity component	—
Milestones achieved	—
Revenue recognition	
Upfront payment	(5,996)
Equity component	(518)
Milestones achieved	—
Foreign currency translation effects	44
Balance at January 1, 2024	**64,739**
Received or receivable	
Upfront payment	—
Equity component	—
Milestones achieved	5,096
Revenue recognition	
Upfront payment	(15,584)
Equity component	(496)
Milestones achieved	(2,825)
Foreign currency translation effects	—
Balance at December 31, 2024	**50,930**

Eli Lilly and Company collaboration

In September 2021, the Company entered into a global licensing and research collaboration with Lilly focused on the discovery, development, and commercialization of potential new medicines for genetic disorders in the liver and nervous system. ProQR and Lilly will use ProQR's proprietary Axiomer RNA editing platform to progress new drug targets toward clinical development and commercialization.

Under the terms of the agreement, ProQR received an upfront payment and equity consideration, and is eligible to receive milestone payments and royalties on the net sales of any resulting products. In September 2021, the Company issued 3,989,976 shares to Lilly, resulting in gross proceeds of $ 30,000,000 (€ 25,270,000). These shares were issued at a premium of $ 2,429,000 (€ 2,047,000), which was determined to be part of the transaction price and as such was initially recognized as deferred revenue. An up-front payment of $ 20,000,000 (€ 16,849,000) was received in October 2021.

In December 2022, the Company and Lilly amended their research and collaboration agreement described above, which expanded the collaboration. Under the amended and restated research and collaboration agreement, Lilly will gain access to additional targets in the central nervous system ("CNS") and peripheral nervous system ("PNS") with ProQR's Axiomer platform.

As described under Note 13, pursuant to the amended and restated agreement, the Company issued 9,381,586 shares to Lilly in December 2022, resulting in gross proceeds of $ 15,000,000 (€ 14,122,000). These shares were issued at a discount of $ 480,000 (€ 451,000), which is accounted for as a reduction of the transaction price. In February 2023, ProQR also received an upfront payment of $ 60,000,000 (€ 56,412,000). Lilly has the ability to exercise an option to further expand the partnership for a consideration of $ 50,000,000.

With regard to the original and amended and restated research and collaboration agreements with Lilly, the Company concluded as follows:

- The amended and restated research and collaboration agreement is accounted for as a separate contract under IFRS 15 given the group of promises to be delivered are distinct and are priced commensurate with stand-alone selling prices.
- For each of the agreements the Company identified one performance obligation under IFRS 15, for the transfer of a license combined with the performance of research and development activities. The Company concluded that the license is not capable of being distinct and is not distinct in the context of the contract. ProQR's services are evaluated as predominant at inception of the contract and the compounds resulting from the collaboration do not represent a series of distinct promises because they were not predetermined at the inception of the contract and can be terminated or replaced at the discretion of Lilly subject to the terms and conditions of the Collaboration agreement.
- The transaction price of the agreement includes fixed components, consisting of an up-front fee and an equity component (premium or discount). The agreement also contains variable parts, notably milestones, which are included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Development milestone payments to be reached during the ProQR research program will only be included to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the milestones is subsequently resolved. Sales-based milestones and sales-based royalties will be included as the underlying sales occur.
- Initially, the Company recognizes revenue over time, using an input method that estimates the satisfaction of the performance obligation as the percentage of labor hours incurred compared to the total estimated labor hours required to complete the promised services.

After the handover of a compound to Lilly:

- The variable consideration for development milestones to be reached during the Lilly R&D activities is linked to a separable right to use the license which comes into existence for each successful compound transferred to Lilly. This license is a separate performance obligation and revenue will be recognized at a point in time when the development milestone for a license is achieved and the variable constraint is resolved.
- The variable consideration for commercial milestones is linked to a separable right to use the license which comes into existence for each successful compound transferred to Lilly. This license is a separate performance obligation and will be recognized at a point in time when the commercial milestone for a license is achieved and the variable constraint is resolved.
- For sales-based royalties, the license is the predominant item to which the royalty relates. The sales-based royalties will be recognized after the handover of the compound to Lilly (after completion of the initial performance obligation) and once the respective sale level occurs.

During the year ended December 31, 2024, the Company reached milestones amounting to $ 5,500,000 (€ 5,096,000) under the agreement, which were added to the transaction price and recognized partially as revenue during the year ended December 31, 2024.

Yarrow Biotechnology, Inc. collaboration

In May 2021, the Company entered into an exclusive worldwide license and discovery collaboration for an undisclosed target with Yarrow. Under the terms of the agreement, ProQR received an upfront payment, equity consideration and reimbursement for ongoing R&D services. ProQR was also eligible to receive milestone payments and royalties on the net sales of any resulting products. In May 2021, ProQR received an up-front payment of € 419,000 and 8% of the shares of Yarrow's common stock (see Note 8). In 2021, ProQR also received reimbursements for R&D services performed amounting to € 178,000.

With regard to its collaboration with Yarrow, the Company concluded as follows:

- There is one single performance obligation under IFRS 15, which is the transfer of a license combined with the performance of research and development activities. The Company concluded that the license is not capable of being distinct and is not distinct in the context of the contract.
- The transaction price of this agreement currently includes both fixed and variable components. The fixed part consists of an up-front fee and an equity component. The variable part consists of a cost reimbursement for research and development activities. The agreement also contains other variable parts, but those are not yet included in the transaction price. Milestone payments will only be included to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the milestones is subsequently resolved. Sales-based milestones and sales-based royalties will be included as the underlying sales occur.
- The Company recognizes revenue over time, using an input method that estimates the satisfaction of the performance obligation as the percentage of labor hours incurred compared to the total estimated labor hours required to complete the promised services.

The Yarrow collaboration was terminated in the third quarter of 2022.

18. Other Income

	2024	2023
	€ 1,000	*€ 1,000*
Net gain on divestment of intellectual property	—	2,931
Grant income	640	75
Other income	—	5
	640	**3,011**

In January 2024, the Company entered into an agreement with RSRT that focuses on the design and development of editing oligonucleotides ("EONs") using the Company's Axiomer technology platform targeting the transcription factor Methyl CpG binding protein 2 ("MECP2") and correcting mutations of interest. Under the agreement, RSRT awarded the Company up to € 1,015,000 as a research grant for the initial phase of the project that was received during 2024, out of which € 640,000 was recognized as Other income during 2024 and the remaining part recorded as Deferred income. As further described in Note 26, in December 2024, the Company expanded partnership with RSRT to include an additional $ 8,150,000 in funding from the RSRT to support the advancement of the selected candidates into clinical trials.

In December 2023, ProQR completed the divestment of its late-stage ophthalmic intellectual property assets, sepofarsen and ultevursen, to Théa. Under the terms of the agreement, ProQR received an initial payment of € 8,000,000. The Company incurred costs directly associated to the transaction amounting to € 5,069,000. The net gain on the divestment amounting to € 2,931,000 was recognized in other income. Costs directly associated to the transaction include the partial repayment of grant income received from Foundation Fighting Blindness ("FFB") for the development of ultevursen (€ 1,117,000), financial advisory fees (€ 2,715,000), incentive payments (€ 913,000), assignment and success fees (€ 260,000), and other costs (€ 64,000).

In February, 2018, the Company entered into a partnership agreement with FFB, under which FFB agreed to provide funding of $ 7,500,000 for the preclinical and clinical development of ultevursen for Usher syndrome type 2A targeting mutations in exon 13. FFB grant income amounted to € nil in 2023. Grant income in 2024 and 2023 further includes income from grants received from various institutions.

19. Operating Costs

Total operating costs include the following expenses by nature:

	2024	2023
	€ 1,000	*€ 1,000*
Employee benefits	19,367	20,349
External R&D costs	12,838	4,809
Laboratory costs and other consumables	4,675	3,473
Advisory and legal costs	4,384	4,262
Insurance costs	918	1,458
Depreciation	2,761	2,513
Patent and license expenses	721	303
Other	4,353	4,217
	50,017	**41,384**

20. Employee Benefits

	2024	2023
	€ 1,000	*€ 1,000*
Wages and salaries	13,438	13,797
Social security costs	2,367	2,480
Pension costs — defined contribution plans	1,018	966
Equity-settled share based payments	2,544	3,106
	19,367	**20,349**
Average number of employees for the period	163	144

Employees per activity at December 31 (converted to FTE):

	December 31, 2024	December 31, 2023
Research and Development	133.9	122.4
General and Administrative	32.2	34.2
Total number of employees (converted to FTE)	**166.1**	**156.6**

Of all employees 164.1 FTE are employed in the Netherlands (2023: 153.6 FTE).

Included in the wages and salaries for 2024 is a credit of € 1,888,000 (2023: € 1,170,000) with respect to WBSO subsidies.

21. Financial Income and Financial Expense

	2024	2023
	€ 1,000	*€ 1,000*
Interest income		
Current accounts and deposits	3,251	2,593
Interest costs		
Current accounts and deposits	(74)	(31)
Lease liability	(713)	(774)
Loans and borrowings	(290)	(398)
Foreign exchange result		
Net foreign exchange (loss) / benefit	(7)	(255)
	2,167	**1,135**

Financial income amounting to € 3,251,000 (2023: € 2,593,000) consists of interest income of € 3,251,000 (2023: € 2,593,000) for the year ended December 31, 2024. Financial expenses amounting to € 1,084,000 (2023: € 1,458,000) consist of interest costs of € 1,077,000 (2023: € 1,203,000) and net foreign exchange costs of € 7,000 (2023: € 255,000).

22. Results related to financial liabilities measured at fair value through profit or loss

	2024	2023
	€ 1,000	*€ 1,000*
Warrants to Rett Syndrome Research Trust	132	—
Warrants from convertible loans	213	953
	345	**953**

Results related to financial liabilities measured at FVTPL represent changes in the fair value of derivative financial instruments since their initial recognition. These derivative financial instruments consist of conversion options and warrants issued in connection with the Company's convertible loans, which are described in Note 14, and warrants issued in connection with the Company's partnership with RSRT, which is described in Note 26.

23. Income Taxes

The calculation of the tax charge is as follows:

	2024	2023
	€ 1,000	*€ 1,000*
Consolidated result before corporate income taxes	(27,960)	(27,813)
Exclude: results related to associates	—	—
	(27,960)	**(27,813)**
Income tax based on domestic rate (25.8%)	7,214	7,176
Tax effect of:		
Different tax rates in foreign jurisdictions	—	(8)
(Non-deductible expenses) / non-taxable gains	(269)	(289)
Share and loan issue expenditures that are tax deductible	1,117	—
Change in unrecognized deductible temporary differences	(73)	(67)
Current year losses for which no deferred tax asset was recognized	(7,989)	(6,820)
True-up for prior year	197	86
Income tax benefit / (charge)	**197**	**78**
Effective tax rate	0.7%	0.3%

The Company recognizes deferred tax assets arising from unused tax losses, deductible temporary differences or tax credits only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized. Management's judgment is that such convincing evidence is currently not sufficiently available and a deferred tax asset is therefore only recognized to the extent that the Company has sufficient taxable temporary differences. Consequently, the Company has not recognized a deferred tax asset related to operating losses.

A deferred tax liability amounting to € 2,950,000 (2023: € 3,747,000) arises due to a taxable temporary difference associated with the Company's right-of-use asset for the lease of its Leiden headquarters. A deferred tax asset amounting to € 3,260,000 (2023: € 3,984,000) arises due to a deductible temporary difference associated with the corresponding lease liability. As these deferred tax positions relate to income taxes levied by the same taxation authority (namely that of the Netherlands), and there is a legally enforceable right to offset current tax assets against current tax liabilities, and the Company intends to settle its current tax assets and liabilities on a net basis, the deferred tax asset associated with the lease liability is offset against the deferred tax liability associated with the right-of-use asset. The remaining balance of the deferred tax asset is not recognized, as it is Management's judgment that there is no sufficient convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized.

As per December 31, 2024, the Company has a total amount of € 437.3 million (2023: € 402.3 million) tax loss carry-forwards available for offset against future taxable profits, which may be carried forward indefinitely. However, the offset of losses will be limited in a given year against the first € 1.0 million of taxable profit. For taxable profit in excess of this amount, losses may only be offset up to 50% of this excess. In addition, as per December 31, 2024, the Company has a total of € 1.3 million (2023: € 2.3 million) of unused non-deductible interest expenses, which may be carried forward indefinitely. However, the offset will be limited in a given year against the higher of 20% of adjusted taxable profit or € 1.0 million of interest income.

24. Earnings Per Share

(a) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the result attributable to owners of the Company by the weighted average number of shares outstanding during the year.

	2024	2023
Result attributable to owners of the Company (€ in thousands)	(27,763)	(28,119)
Weighted average number of shares outstanding	86,086,486	81,011,438
Basic (and diluted) earnings per share (€ per share)	**(0.32)**	**(0.35)**

(b) Diluted earnings per share

For the periods included in these financial statements, the share options are not included in the diluted earnings per share calculation as the Company was loss-making in all periods. Due to the anti-dilutive nature of the outstanding options, basic and diluted earnings per share are equal.

(c) Dividends per share

The Company did not declare dividends for any of the years presented in these financial statements.

25. Leases

The Company leases office and laboratory facilities of 4,818 square meters at Zernikedreef in Leiden, the Netherlands, where the Company's headquarters and its laboratories are located. The current lease agreement for these facilities terminates on June 30, 2031. The lease agreement contains no significant dismantling requirements.

The initial 10-year lease agreement for the Leiden office and laboratory facilities was accounted for as of commencement date July 1, 2020. This 10-year period was extended by 1 year to an 11-year period in December 2020. The lease contract may be extended for subsequent 5-year periods. As the Company is not reasonably certain to exercise these extension options, these are not included in the lease term.

The initially recognized lease liability and the corresponding right-of-use asset for this lease contract, on July 1, 2020, amounted to € 16,203,000 and € 16,332,000, respectively. A modification to reflect the additional 1 year lease period resulted in an increase in the carrying amounts of the lease liability and the right-of-use asset in 2020 of € 1,260,000.

Annually in June, the lease price is amended to reflect an indexation. In addition, based on the lease agreement the Company can in consultation with the owner amend a prepayment for non-lease component. During 2024 the Company reached an agreement to decrease the prepayment that resulted in remeasurement of the lease liability. This amendment did not qualify as a lease modification. As a result of the indexation and decrease of the prepayment in 2024, the lease liability was remeasured, resulting in an increase in the carrying amounts of the lease liability and the right-of-use asset of € 1,226,000 (2023: € 1,863,000).

The following table summarizes the relevant disclosures in relation to the Company's leases in 2024 and 2023:

	2024	2023
	€ 1,000	*€ 1,000*
Depreciation charge for right-of-use assets	1,867	1,833
Interest expense on lease liabilities	713	774
Expense relating to short-term leases	7	28
Total cash outflow for leases	2,302	2,423
Additions to right-of-use assets during the period	1,226	1,863

The carrying amount of the right-of-use asset at the end of the reporting period is disclosed in Note 7 Property, Plant & Equipment.

A maturity analysis of the Company's lease liability is included in Note 5 Financial Risk Management under (c) Liquidity risk. The total undiscounted commitment for lease agreements to which the Company had committed at December 31, 2024 amounts to € 14,795,000 (2023: € 18,511,000). This amount does not include potential commitments that may arise from contractual extension options, as the Company is not reasonably certain that any extension options will be exercised.

26. Commitments and Contingencies

(a) Claims

There are no claims known to management related to the activities of the Company.

(b) Patent license agreements

In October 2018, ProQR signed an agreement with Ionis Pharmaceuticals ("Ionis") to license QR-1123 (formerly "IONIS-RHO-2.5Rx"), an RNA medicine for autosomal dominant retinitis pigmentosa ("adRP") caused by the P23H mutation in the rhodopsin ("RHO") gene. Under the terms of the agreement, ProQR was granted an exclusive worldwide license to QR-1123 and relevant patents. In 2018, ProQR paid the first installment of an upfront payment in ordinary shares in the aggregate amount of $ 2,500,000 at $ 22.23 per share, which represents a 20% premium (based on the volume weighted average price of the previous 20 trading days) to its common stock, to Ionis upon signing the agreement. In 2019, ProQR paid the second installment of the upfront payment in ordinary shares in the aggregate amount of $ 3,501,000, at $ 9.43 per share. This license agreement was terminated effective January 2024.

In April 2014, the Company entered into a Patent License Agreement with Radboud University Medical Center ("Radboud") in the field of antisense oligonucleotide-based therapy for Leber congenital amaurosis ("LCA"). Under the terms of this license agreement, the Company has an exclusive, sublicensable, world-wide royalty-bearing license under certain Radboud patent rights to develop, make, have made, use, sell, offer for sale and import certain licensed products of Radboud for use in all prophylactic and therapeutic uses in the field of LCA. This license is assigned in full per December 2023 as part of the divestment of the product sepofarsen.

In June 2015, the Company entered into another license agreement with Radboud. Under the terms of this license agreement, the Company has an exclusive, sublicensable, world-wide royalty-bearing license under certain Radboud patent rights to develop, make, have made, use, sell, offer for sale and import certain licensed products of Radboud for use in all prophylactic and therapeutic uses in the field of Usher syndrome. This license was assigned in full per December 2023 as part of the divestment of the product ultevursen.

In January 2018, the Company entered into a license agreement with Inserm Transfert SA and Assistance-Publique-Hôpiteaux de Paris. Under the terms of the agreement, the Company has a world-wide, exclusive, royalty-bearing license under patent rights belonging to Inserm Transfert SA and other co-owners to develop, have developed, make, have made, use, have used and sell, have sold or otherwise distribute certain licensed products related to antisense oligonucleotides ("AONs") for treating LCA and method of treatment claims relating to modulation of the splicing of the CEP290 gene product. This license agreement is assigned per December 2023 in connection with the sale of the ophthalmology products, sepofarsen and ultevursen. In consideration for the assignment, the Company has agreed to accept certain royalty obligations upon sepofarsen reaching certain regulatory milestones and net sales of products sold.

In January 2017, the Company entered into an agreement with the Leiden University Medical Center ("LUMC"), which gives the Company a world-wide, exclusive, royalty-bearing license in the field of Huntington's disease, under certain patent rights of LUMC regarding antisense oligonucleotide based therapies. This license agreement contains certain diligence obligations for the Company coupled to milestone payments and complements the Company's intellectual property relating to the HD program. This license was terminated per July 2023.

In February 2019, the Company entered into an agreement with the University of Rochester, New York, which gives the Company a world-wide, exclusive, royalty-bearing, sublicensable license in the field of AONs for use in nucleotide specific RNA editing through pseudouridylation, under certain patent rights of University of Rochester. This license agreement contains certain diligence obligations for the Company coupled to milestone payments and complements the Company's intellectual property relating to the Axiomer/pseudouridylation program.

In September 2020, the Company entered into an agreement with Vico Therapeutics B.V., which gives the Company a world-wide, exclusive, royalty-bearing, sublicensable license in the field of the prophylactic and therapeutic use of antisense oligonucleotide for the treatment of Fuch's Endothelial Corneal Dystrophy caused by a trinucleotide repeat, under certain patent rights of Vico Therapeutics B.V. In partial consideration of the rights and licenses granted by the license agreement, the Company is required to make annual maintenance payments. Unless terminated earlier in accordance with the terms of the license agreement, the agreement will stay in effect until the expiration of all of the licensed patent rights. The license agreement may be terminated by either party in the event of an uncured breach by the breaching party. Vico Therapeutics B.V. may terminate the license agreement if the Company applies for an order or an order is made declaring the Company bankrupt or granting the Company suspension of payments, or a liquidator is appointed for the Company, or the Company is dissolved, liquidated, or ceases to carry on all or a substantial

part of its business or a decision is taken to that effect, or in the event uncured payment defaults. The development of this candidate has been suspended per the strategic shift in focus as announced in August 2022.

(c) Clinical support agreements

In February 2018, the Company entered into an agreement with FFB, under which FFB has provided funding of $ 6,800,000 (€ 6,300,000) to advance ultevursen into the clinic.

Pursuant to the terms of the agreement, the Company was obligated to make certain repayments to FFB subject to development milestones. In December 2023, upon the occurrence of the sale of ultevursen to Théa, these payables were settled by means of a lump-sum payment in the amount of € 1,100,000 and a percentage of earn-out payments for milestones and sales to be received by the Company from Théa, ranging from 5-10%.

On January 4, 2024, the Company entered into an agreement with RSRT, under which committed funding in the amount of € 1,015,000 for research and development purposes related to Rett syndrome. On December 5, 2024, the Company and RSRT entered into a further agreement, under which the RSRT provides an additional award of up to $ 8,150,000 to support the development program to advance the Rett syndrome related program into clinical trials.

Pursuant to the terms of the agreement dated December 5, 2024, the Company is obligated to make a one-time milestone payment to RSRT of up to $ 40,750,000, payable in four equal annual installments following the first commercial sale of the product, the first of which is due within 60 days following the first commercial sale. The Company has also issued warrants with a term of 7 years to RSRT to purchase up to 2,144,772 ordinary shares at a fixed price of $ 3.73. These warrants will vest in full upon the occurrence of (i) product approval by the FDA or EMA, or (ii) a change of control transaction. Upon the occurrence of a change of control transaction, RSRT may elect to receive an amount of $ 16,300,000 in lieu of the warrants (which shall then immediately terminate), which amount shall be set-off against the aforementioned milestone payments, in four equal tranches. In case the Company licenses out the program, the Company shall pay 10% of the royalties received to RSRT, within 60 days of receipt of such licensing revenue. The warrants shall then lapse immediately. Either RSRT or ProQR may terminate the agreement for cause, which includes the Company's material failure to achieve certain milestones. The Company's payment obligations survive the termination of the agreement in case of termination by RSRT.

(d) Research and development commitments

The Company has research and development commitments, mainly with contract research organizations ("CRO's"), amounting to € 9,828,334 at December 31, 2024 (2023: € 8,893,000). Of these obligations an amount of € 9,542,784 is due in 2025, the remainder is due in 2 to 5 years.

27. Related-Party Transactions

Details of transactions between the Company and related parties are disclosed below.

(a) Compensation of the Board of Directors and senior management

In May 2024, the Company changed the governance structure from a two-tier to one-tier board with the previous members of the Supervisory Board appointed to the Board of Directors as Non-Executive Directors and the previous members of the Management Board appointed to the Board of Directors as Executive Directors. The Company's Board is supported by its senior management. Mr. Daniel de Boer, Mr. René Beukema and Dr. Gerard Platenburg (from May 2024 onwards) are the executive directors of the Company. The statutory directors comprise the executive and non-executive directors. Following the change in the governance, for 2024, the Company discloses the remuneration of the Board and senior management combined. The comparative information for 2023 has been amended accordingly.

The remuneration of the Board of Directors and senior management in 2024 is set out in the table below:

	2024			
	Short term employee benefits	Post employment benefits	Share-based payment	Total
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*
Non-Executive Directors				
Dinko Valerio, Ph.D.	56	—	51	107
Alison F. Lawton	48	—	51	99
James Shannon, M.D.	71	—	51	122
Bart Filius	49	—	51	100
Begoña Carreño, Ph.D.	42	—	35	77
Theresa Heggie	48	—	127	175
Martin Maier, Ph.D.*	26	—	—	26
Total Non-Executive Directors	340	—	366	706
Executive Directors				
Daniel de Boer**	939	27	864	1,830
René Beukema**	659	27	294	980
Gerard Platenburg, Ph.D.***	321	24	143	488
Total Executive Directors	1,919	78	1,301	3,298
Senior Management	946	48	323	1,317
	3,205	**126**	**1,990**	**5,321**

* Dr. Maier was elected to the Board of Directors on May 22, 2024. The remuneration set forth for Dr. Maier in the table above covers the period from May 22, 2024 to December 31, 2024.

** Short term employee benefits include bonuses for Mr. de Boer of € 394,000 and for Mr. Beukema of € 231,000 based on goals realized in 2024.

*** Dr. Platenburg was elected to the Board of Directors on May 22, 2024. Dr. Platenburg served as Chief Scientific Officer in 2024, 2023 and 2022. Until May 22, 2024, his renumeration was included as part of the Senior Management. Short term employee benefits include bonuses for Dr. Platenburg of € 185,000 based on goals realized in 2024, of which € 67,000 was included as part of the Senior Management.

The remuneration of the Board of Directors and senior management in 2023 is set out in the table below:

	2023			
	Short term employee benefits	Post employment benefits	Share-based payment	Total
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*
Non-Executive Directors				
Dinko Valerio, Ph.D.	74	—	76	150
Antoine Papiernik*	—	—	—	—
Alison F. Lawton	50	—	76	126
James Shannon, M.D.	56	—	76	132
Bart Filius	49	—	78	127
Begoña Carreño, Ph.D.**	50	—	34	84
Theresa Heggie***	30	—	241	271
Total Non-Executive Directors	309	—	581	890
Executive Directors				
Daniel de Boer****	1,167	27	1,245	2,439
René Beukema****	892	23	395	1,310
Total Executive Directors	2,059	50	1,640	3,749
Senior Management	1,145	52	562	1,759
	3,513	**102**	**2,783**	**6,398**

* Mr. Papiernik stepped down from the supervisory board on May 18, 2023. In 2023, Mr. Papiernik waived his compensation

** Dr. Carreño was elected to the supervisory board on May 18, 2023. The remuneration set forth for Dr. Carreño in the table above covers the period from May 18, 2023 to December 31, 2023.

*** Ms. Heggie was elected to the supervisory board on May 18, 2023. The remuneration set forth for Ms. Heggie in the table above covers the period from May 18, 2023 to December 31, 2023. Ms. Heggie's share-based payments include the effects of options and RSUs that were granted to her before her reappointment to the supervisory board on May 18, 2023.

**** Short term employee benefits include bonuses for Mr. de Boer of € 643,000 and for Mr. Beukema of € 481,000 based on goals realized in 2023.

As at December 31, 2024:

- Dr. Valerio holds 725,692 ordinary shares in the Company, as well as 216,453 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Dr. Valerio was awarded 23,489 options to acquire ordinary shares at an exercise price of $ 1.98 per option. In 2023, Dr. Valerio was awarded 22,608 options to acquire ordinary shares at an exercise price of $ 3.41 per option. In 2022, Dr. Valerio was granted 23,931 options to acquire ordinary shares at an exercise price of $ 8.01 per option.
- Ms. Alison F. Lawton holds 221,423 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024 Ms. Lawton was granted 23,489 options to acquire ordinary shares at an exercise price of $ 1.98 per option. In 2023, Ms. Lawton was granted 22,608 options to acquire ordinary shares at an exercise price of $ 3.41 per option. In 2022, Ms. Lawton was granted 23,931 options to acquire ordinary shares at an exercise price of $ 8.01 per option.
- Dr. Shannon holds 61,538 ordinary shares in the Company and 225,533 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Dr. Shannon was granted 23,489 options to acquire ordinary shares at an exercise price of $ 1.98 per option. In 2023, Dr. Shannon was granted 22,608 options to acquire ordinary shares at an exercise price of $ 3.41 per option. In 2022, Mr. Shannon was granted 23,931 options to acquire ordinary shares at an exercise price of $ 8.01 per option.
- Mr. Filius holds 130,637 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Mr. Filius was granted 23,489 options to acquire ordinary shares at an exercise price of $ 1.98 per option. In 2023, Mr. Filius was granted 22,608 options to acquire ordinary shares at an exercise price of $ 3.41 per option. In 2022, Mr. Filius was granted 23,931 options to acquire ordinary shares at an exercise price of $ 8.01 per option.
- Dr. Carreño holds 49,957 options. These options vest in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Dr. Carreño was granted 23,489 options to acquire ordinary shares at an exercise price of $ 1.98 per option. In 2023, Dr. Carreño was granted 22,903 options to acquire ordinary shares at an exercise price of $ 3.41 per option. In 2022, Dr. Carreño was granted 3,565 options to acquire ordinary shares at an exercise price of $ 0.95 per option.

- Ms. Heggie holds 37,489 ordinary shares in the Company and 358,245 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Ms. Heggie was granted 23,489 options to acquire ordinary shares at an exercise price of $ 1.98 per option. In 2023, Ms. Heggie was granted 14,418 options to acquire ordinary shares at an exercise price of $ 1.74 per option. In 2022, Ms. Heggie was granted 159,150 options to acquire ordinary shares at an average exercise price of $ 0.84 per option.
- Dr. Maier holds 1,500 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Dr. Maier was granted 500 options to acquire ordinary shares at an exercise price of $ 1.98 per option.
- Mr. de Boer holds 4,435,067 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Mr. de Boer was awarded 479,171 options at an exercise price of $ 1.98 per option. In 2023, Mr. de Boer was awarded 442,182 options at an exercise price of $ 3.41 per option. In 2022, Mr. de Boer was awarded 1,650,051 options to acquire ordinary shares at an average exercise price of $ 0.76 per option.
- Mr. Beukema holds 460,000 ordinary shares in the Company as well as 1,506,493 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Mr. Beukema was awarded 143,175 options to acquire ordinary shares at an exercise price of $ 1.98 per option. In 2023, Mr. Beukema was awarded 132,123 options to acquire ordinary shares at an exercise price of $ 3.41 per option. In 2022, Mr. Beukema was awarded 1,000,000 options to acquire ordinary shares at an exercise price of $ 0.66 per option.
- Dr. Platenburg holds 824,338 ordinary shares in the Company as well as 990,909 options. These options either vest in four annual equal tranches of 25% starting for the first time as of the first anniversary of the date of grant, or in thirteen tranches where the first tranche vests at the first anniversary of the grant date, and the remaining options vest in twelve equal tranches of 6.25% each subsequent quarter until the fourth anniversary of the grant date. In 2024, Dr. Platenburg was awarded 164,715 options to acquire ordinary shares at an exercise price of $ 1.98 per option.

ProQR does not grant any loans, advance payments and guarantees to members of the Board of Directors.

(b) Transactions with Yarrow Biotechnology, Inc.

As described in Note 8. Investments in Associates, the Company, as of October 2023, no longer has significant influence over Yarrow. Yarrow is therefore, no longer considered a related party as of that point onwards. The Company did not have any transactions with Yarrow in the year ended December 31, 2024. Transactions with Yarrow for the year ended December 31, 2023 are described in Note 17. *Revenue*.

28. Subsequent events

No significant events occurred after the balance sheet date.

Company Balance Sheet

(Before appropriation of result)

	Note	December 31, 2024	December 31, 2023
		€ 1,000	*€ 1,000*
ASSETS			
Non-current assets			
Participating interests	31	—	—
Receivables from group companies	32	68,080	52,617
Other investments in financial assets		—	—
		68,080	**52,617**
Current assets			
Other taxes	33	690	523
Prepayments and other receivables	34	1,164	308
Cash and cash equivalents	35	143,382	112,580
		145,236	**113,411**
TOTAL ASSETS		**213,316**	**166,028**
EQUITY			
Shareholders' equity			
Share capital	36	4,308	3,370
Share premium reserve	36	483,812	412,894
Equity settled employee benefits reserve	36	26,248	25,159
Translation reserve	36	1,350	817
Accumulated deficit	36	(399,395)	(371,192)
Unappropriated result	36	(27,763)	(29,658)
		88,560	**41,390**
LIABILITIES			
Provisions	**37**	**61,485**	**50,648**
Current liabilities			
Derivative financial instruments at FVTPL		468	311
Payables to group companies	38	61,565	72,251
Trade payables		—	22
Social securities and other taxes		93	336
Other current liabilities		1,145	1,070
		63,271	**73,990**
TOTAL LIABILITIES		**124,756**	**124,638**
TOTAL EQUITY AND LIABILITIES		**213,316**	**166,028**

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

Company Income Statement

	Note	2024	2023
		€ 1,000	*€ 1,000*
Share in results of participating interests, after taxation	31	(25,004)	(26,418)
Other result after taxation		(2,759)	(3,240)
Net result for the year		**(27,763)**	**(29,658)**

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

Notes to the Company Financial Statements

29. General

The company financial statements are part of the 2024 financial statements of ProQR Therapeutics N.V. (the "Company") and have been prepared in accordance with the legal requirements of Part 9, Book 2 of the Netherlands Civil Code.

With reference to the income statement of the Company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

For information on risk exposure and risk management, see Note 5 to the consolidated financial statements.

30. Principles for the Measurement of Assets and Liabilities and the Determination of the Result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of the Company are the same as those applied for the consolidated IFRS financial statements. See page 46 for a description of these principles.

Participating interests in group companies

Participating interests in group companies are valued using the equity method, applying the IFRS accounting policies endorsed by the European Union. Following the adoption of IFRS 9 by the Company, and our interpretation of the Dutch Accounting Standard 100.107A, the Company shall, upon identification of a credit loss on an intercompany loan and/or receivable, eliminate the carrying amount of the intercompany loan and/or receivable for the value of the identified credit loss.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Insofar as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealized, they have not been recognised.

Provisions

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Corporate income taxes

ProQR Therapeutics N.V. is the head of the Dutch fiscal unity for corporate income taxes. The Company recognizes the portion of corporate income tax that it would owe as an independent taxpayer, taking into account the allocation of the advantages of the fiscal unity.

31. Participating Interests

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Participating interests	—	—
	—	—

At December 31, 2024, the Company, having its statutory seat in Leiden, the Netherlands, is the ultimate parent company of the following consolidated participating interests:

Name	Location	Share in issued capital
ProQR Therapeutics Holding B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics I B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics II B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics III B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics IV B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics V B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics VI B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics VII B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics VIII B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics IX B.V.	Leiden, the Netherlands	100%
ProQR Therapeutics I Inc.	Delaware, United States	100%

ProQR Therapeutics Holding B.V. is an intermediate holding company and the only subsidiary owned directly by ProQR Therapeutics N.V.

ProQR Therapeutics N.V. is also statutory director of Stichting Bewaarneming Aandelen ProQR ("ESOP Foundation"). For details on accounts receivable from group companies and other receivables, reference is made to Notes 32 and 34.

32. Receivables from Group Companies

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Non-current receivables from group companies	68,080	52,617
	68,080	**52,617**

33. Other Taxes

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Value added tax	690	523
	690	**523**

Other taxes are considered short-term and due within one year.

34. Prepayments and Other Receivables

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Prepayments	86	63
Other receivables	576	245
Accrued income from from Rett Syndrome Research Trust	502	—
	1,164	**308**

All receivables are considered short-term and due within one year.

35. Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Cash at banks	68,482	53,430
Deposits	74,900	59,150
	143,382	**112,580**

The cash at banks is at full disposal of the Company. Deposits are fixed for at most 3 month periods at a time.

36. Shareholders' Equity

	Share Capital	Share Premium	Equity Settled Employee Benefit Reserve	Option premium on convertible loan	Trans-lation Reserve	Accumu-lated Deficit	Unappro-priated Result	Total Equity
	€ 1,000	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*	*€ 1,000*
Balance at January 1, 2023	**3,370**	**412,540**	**29,052**	**—**	**1,212**	**(312,272)**	**(65,298)**	**68,604**
Retained result	—	—	—	—	—	(65,298)	65,298	—
Other comprehensive loss	—	—	—	—	(395)	(621)	—	(1,016)
Recognition of share-based payments	—	—	3,106	—	—	—	—	3,106
Share options lapsed	—	—	(6,280)	—	—	6,280	—	—
Share options exercised	—	354	(719)	—	—	719	—	354
Result for the year	—	—	—	—	—	—	(29,658)	(29,658)
Balance at December 31, 2023	**3,370**	**412,894**	**25,159**	**—**	**817**	**(371,192)**	**(29,658)**	**41,390**
Retained result	—	—	—	—	—	(29,658)	29,658	—
Other comprehensive loss	—	—	—	—	533	—	—	533
Recognition of share-based payments	—	—	2,544	—	—	—	—	2,544
Issue of ordinary shares	938	70,695	—	—	—	—	—	71,633
Share options lapsed	—	—	(1,040)	—	—	1,040	—	—
Share options exercised	—	223	(415)	—	—	415	—	223
Result for the year	—	—	—	—	—	—	(27,763)	(27,763)
Balance at December 31, 2024	**4,308**	**483,812**	**26,248**	**—**	**1,350**	**(399,395)**	**(27,763)**	**88,560**

The 2023 result was added to the accumulated deficit in accordance with the resolution of the Annual General Meeting of shareholders. At the upcoming Annual General Meeting of shareholders, it will be proposed to add the 2024 result to the accumulated deficit. For more details we refer to Note 13 to the consolidated financial statements.

Reconciliation of shareholders' equity and net result per the consolidated financial statements with shareholders' equity and net result per the Company financial statements

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Shareholders' equity according to the consolidated balance sheet	**88,560**	**41,390**
Share in results of participating interests with negative equity for which no provision is recognized	—	—
Shareholders' equity according to the Company balance sheet	**88,560**	**41,390**

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Net result according to the consolidated profit and loss account	**(27,763)**	**(27,735)**
Effect of results of participating interests with negative equity for which no provision is recognized	—	(1,923)
Net result according to the Company profit and loss account	**(27,763)**	**(29,658)**

37. Provisions

Provision for negative equity group company	2024	2023
	€ 1,000	*€ 1,000*
Balance at January 1	**50,648**	**41,881**
Provisions made during the year	9,687	8,767
Balance at December 31	**61,485**	**50,648**

38. Payables to Group Companies

	December 31, 2024	December 31, 2023
	€ 1,000	*€ 1,000*
Payables to group companies	61,565	72,251
	61,565	**72,251**

39. Employee Benefits

ProQR Therapeutics N.V. has three employees: Daniel de Boer, René Beukema and Gerard Platenburg. The disclosure of their remuneration is included in Note 27 to the consolidated financial statements.

40. Commitments and Contingencies

(a) Claims

There are no claims known to management related to the activities of the Company.

(b) Several liability and guarantees

The Company has issued declarations of joint and several liabilities for debts arising from the actions of Dutch consolidated participating interests, as meant in article 2:403 of the Netherlands Civil Code.

The Company constitutes a tax entity with its Dutch subsidiaries for corporate income tax purposes; the standard conditions prescribe that all companies of the tax entity are jointly and severally liable for the corporate income tax payable.

41. Auditor Fees

The fees for services provided by our external auditor, KPMG Accountants N.V. for the years ended December 31, 2024 and 2023 are specified below for each of the financial years indicated:

	2024	2023
	€ 1,000	*€ 1,000*
Audit fees	618	588
Audit-related fees	257	—
Tax fees	—	—
All other fees	—	—
	875	**588**

Audit fees consist of aggregate fees for professional services provided in connection with the annual audit of our financial statements. Audit-related fees consist of procedures relating to share offerings, such as comfort letters, as well as consents and review of documents filed with the SEC.

Signing of the Annual Report

Leiden, March 13, 2025,

D.A. de Boer

D. Valerio

R.K. Beukema

A.F. Lawton

G. Platenburg

J.S.S. Shannon

B. Filius

T. Heggie

B. Carreño

M. Maier

Other information

Independent auditor's report
Reference is made to the independent auditor's report as included hereinafter.

Statutory arrangement concerning the appropriation of the result
In the Company's articles of association the following has been presented concerning the appropriation of result:

1. The profit is at the free disposal of the General Meeting of Shareholders.
2. The Company may only distribute profits to shareholders and other recipients to distributable profits to the extent that the equity exceeds the paid up capital plus the reserves required by law.
3. Distribution of profits shall take place after adoption of the annual accounts from which it becomes clear that distribution is permissible.
4. When calculating the distribution of profits shares held by the Company shall be disregarded, unless this shares has been encumbered with usufruct or right of pledge or certificates thereof are issued as a result of which the entitlement to profits accrue to the usufructuary, pledgee or holder of the certificates.
5. Certificates held by the Company or whereon the Company holds limited rights as a result of which the Company is entitled to distribution of profits shall also be disregarded when calculating the distribution of profits.
6. The Company may make interim distributions, only if the requirements in paragraph 2 are met.

Independent auditor's report

To: the General Meeting of Shareholders and the Board of Directors of ProQR Therapeutics N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2024 INCLUDED IN THE ANNUAL REPORT

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of ProQR Therapeutics N.V. as at December 31, 2024 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of ProQR Therapeutics N.V. as at December 31, 2024 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 financial statements 2024 of ProQR Therapeutics N.V. (the Company) based in Leiden, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at December 31, 2024;
2. the following consolidated statements for 2024: the statements of profit or loss and comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at December 31, 2024;
2. the company income statement for 2024; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of ProQR Therapeutics N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act)' and 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (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).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality
• Materiality of EUR 1.4 million • 5% of result before corporate income taxes

Group audit
• Performed substantive procedures for 99% of total assets • Performed substantive procedures for 100% of total operating costs

Risk of material misstatements related to Fraud, NOCLAR and Going concern risks
• Fraud risk: presumed risk of management override of controls identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'. • Non-compliance with laws and regulations (NOCLAR) risk: no reportable risk of material misstatements related to NOCLAR risks identified. • No risk of material misstatement for going concern identified.

Key audit matters
• Accounting for research and development costs • Allocation of the achievement of development milestones to the applicable performance obligation in the Eli Lilly Research and Collaboration Agreement

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 1.4 million (2023: EUR 1.2 million). The materiality is determined with reference to result before corporate income taxes (5%). We consider result before corporate income taxes as the most appropriate benchmark because this best reflects the nature of the entity being in the pre-clinical phase, including both operating costs as well as revenue from collaboration agreements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee of the Board of Directors that misstatements identified during our audit in excess of EUR 70,000 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ProQR Therapeutics N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of ProQR Therapeutics N.V.

The financial administration for all group entities is centralized in the Netherlands. Consequently, we have centralized our audit approach and we performed the audit procedures ourselves. By performing the procedures ourselves, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

This year, we applied the revised group auditing standard in our audit of the financial statements. The revised standard emphasizes the role and responsibilities of the group auditor. The revised standard contains new requirements for the identification and classification of components, scoping, and the design and performance of audit procedures across the group.

We consider that the scope of our group audit forms an appropriate basis for our audit opinion. Through performing the procedures mentioned above we obtained sufficient and appropriate audit evidence about the Group's financial information to provide an opinion on the financial statements as a whole.

Audit response to the risk of fraud and non-compliance with laws and regulations
In chapter "Risks of fraud and non-compliance with laws and regulations" of the annual report, the Board of Directors describes its procedures in respect of the risk of fraud and non- compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing policy, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, the Audit Committee of the Board of Directors and other relevant functions, such as Legal Counsel. We have also incorporated elements of unpredictability in our audit, such as selecting items for control testing outside our customary selection parameters.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- FDA and EMA regulations;
- Intellectual property and information protection laws and regulations; and
- Anti-bribery and corruption regulations.

Further, we assessed the presumed fraud risk on revenue recognition as not significant, because the revenue transactions are related to collaboration agreements and are not resulting from commercialization of products. As such, the recurring entries related to amortization of deferred upfront payments are limited and non-complex.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks, such as processes related to journal entries;

- As part of the fraud risk assessment, we performed a data analysis of the high-risk journal entries population to determine the high-risk journals for testing. We evaluated key estimates and judgments for bias by the Company's management. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information;
- We paid particular attention to journal entries manipulating the allocation of various costs between R&D (Research and Development) and general and administrative expenses from the basis that the external users of the financial statements focus on its R&D. R&D costs consist principally of the costs associated with R&D activities, conducting pre-clinical studies and clinical trials and activities related to regulatory filings; and
- We identified and selected journal entries and other adjustments made throughout the year and at the end of the reporting period for testing.

Our evaluation of procedures performed related to fraud did not result in an additional key audit matter.

We communicated our risk assessment, audit responses, and results to Management and the Audit Committee of the Board of Directors.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non- compliance that are considered material for our audit.

Audit response to going concern – no significant risk identified
As explained in Note 2(d) of the financial statements, management has performed its going concern assessment and has not identified any going concern risks. To assess management's assessment, we have performed, inter alia, the following procedures:

- we considered whether management's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analyzed the company's financial and liquidity position as at year-end and compared it to the previous financial year as well as expected research and development cash outflows in terms of indicators that could identify significant going concern risks; and
- we compared the current financial year's operating loss and the related cash outflows with the expected current financial year's operating loss and cash outflows.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Our key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee of the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

Accounting for research and development costs

Description
Research and development (R&D) expenses, amounting to EUR 36.3 million (2023: EUR 25.1 million), relate to the development of the RNA editing platform that form the primary business of the Company. The treatment candidates are in the development phase and do not generate revenue from sales. The size of the transactions and to a lesser extent the complexity of the recognition and measurement resulted in significant audit effort. As such, we have considered the accounting for R&D expenses a key audit matter.

Our response
The following are the primary procedures we performed to address this key audit matter:

- We evaluated the design and implementation and tested the operating effectiveness of internal controls related to the Company's R&D expense process, including controls over the monthly accrual process;
- Further, we performed test of details by validating R&D expenses to underlying support of the recorded expenses and related accruals; and
- Among others, we have assessed the accounting for a selection of significant contracts of vendors and suppliers.

Our observation
Overall, the results of our procedures performed on management's accounting and disclosure for R&D expenses in the financial statements are satisfactory.

Allocation of the achievement of development milestones to the applicable performance obligation in the Eli Lilly Research and Collaboration Agreement

Description
As disclosed in Note 17 of the financial statements, ProQR reached development milestones for certain targets under the Eli Lilly Research and Collaboration Agreement and attributed these development milestone amounts (EUR 5.1 million) to the single combined performance obligation of the contract.

We identified the allocation of the achievement of development milestones to the applicable performance obligation as a key audit matter. This was significant to our audit due to significant audit effort and judgement required to determine whether the variable consideration for development milestones reached during the research and development activities is linked to the identified single combined performance obligation or to separate performance obligations.

Our response
The following are the primary procedures we performed to address this key audit matter:

- We obtained an understanding, evaluated the design and tested the operating effectiveness of the control over the Company's revenue recognition process for allocation of the achievement of development milestones to the identified performance obligation; and
- We evaluated whether the achieved development milestones were appropriately allocated to the applicable performance obligation in accordance with relevant accounting guidance by obtaining and reading the Eli Lilly and Company Research and Collaboration Agreement, evaluating its terms and conditions, and conducting inquiries with R&D personnel.

Our observation
Overall, the results of our procedures performed on management's evaluation of the accounting of achieved development milestones (of the Eli Lilly Research and Collaboration Agreement) in the financial statements are satisfactory.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

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

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

By performing these 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 the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement
We were initially appointed by the General Meeting of Shareholders as auditor of ProQR Therapeutics N.V. on June 23, 2020, as of the audit for the year 2021 and have operated as statutory auditor ever since that financial year.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Board of Directors for the financial statements
The Board of Directors 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. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the executive members of the Board of Directors, under supervision of the non-executive members of the Board of Directors, are responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting

unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report . This description forms part of our auditor's report.

Amstelveen, March 13, 2025

KPMG Accountants N.V.

B.S. Geerling RA

Appendix: Description of our responsibilities for the audit of the financial statements

APPENDIX

Description of our 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 included among others:

- 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 the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 Board of Directors;
- concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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. However, future events or conditions may cause a 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.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

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

We provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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, not communicating the matter is in the public interest.