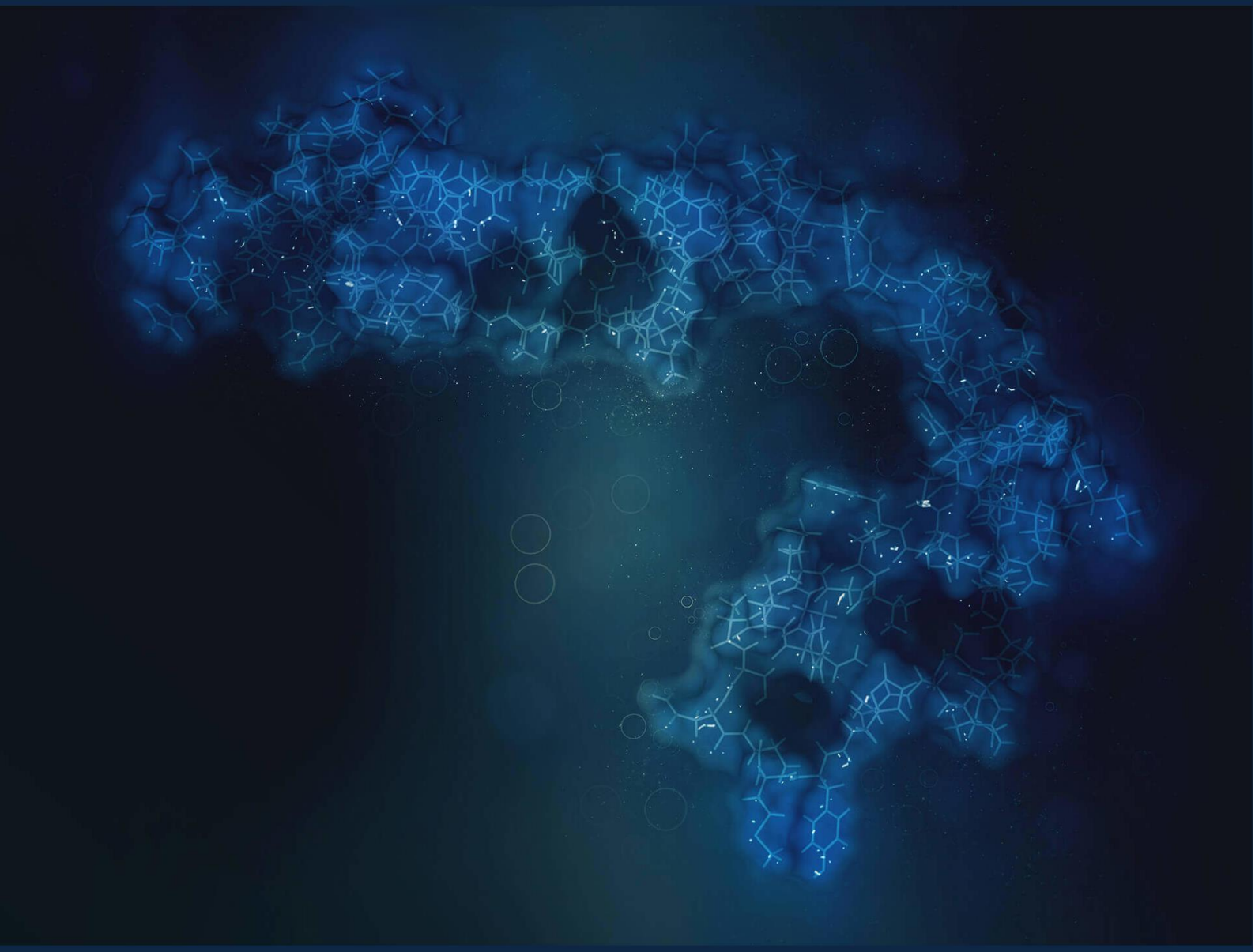

Captor Therapeutics®

EXTENDED CONSOLIDATED QUARTERLY REPORT OF THE GROUP FOR THE PERIOD BETWEEN 1 JANUARY 2022 AND 31 MARCH 2022

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1. SELECTED FINANCIAL DATA OF THE CAPITAL GROUP OF CAPTOR THERAPEUTICS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PERFORMANCE AND OTHER COMPREHENSIVE INCOME

	(Data in thousand PLN)		*(Data in thousand EUR)*	
	01.01.2022 - 31.03.2022	**01.01.2021 - 31.03.2021**	**01.01.2022 - 31.03.2022**	**01.01.2021 - 31.03.2021**
Research and development income	1 036	424	223	93
Cost of services sold	282	-	61	-
Gross profit (loss) on sales	754	424	162	93
Operating profit (loss)	-10 853	-5 214	-2 335	-1 140
Profit (loss) before tax	-10 976	-5 327	-2 362	-1 165
Net profit (loss)	-10 976	-5 327	-2 362	-1 165
Number of shares	4 127 972	3 256 472	4 127 972	3 256 472
Net profit (loss) per share (in PLN/EUR)	-2.66	-1.64	-1	-0.36

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
Non-current assets	11 591	12 986	2 491	2 823
Current assets	122 431	130 555	26 315	28 385
Equity	115 671	124 201	24 862	27 004
Non-current liabilities	2 327	2 973	500	646
Current liabilities	16 024	16 367	3 444	3 559

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	01.01.2022 - 31.03.2022	**01.01.2021 - 31.03.2021**	**01.01.2022 - 31.03.2022**	**01.01.2021 - 31.03.2021**
Net cash flows from operating activities	-5 467	-10 251	-1 176	-2 242
Net cash flows from investing activities	-17	-86	-4	-19
Net cash flow from financing activities	-1 753	7 015	-377	1 534

Conversion into EURO was made on the basis of the following principles:

- items of the statement of financial position according to the average exchange rate of the National Bank of Poland as at the balance sheet date, i.e. as at 31 March 2022, the exchange rate of EUR 1 = PLN 4.6525, and as at 31 December 2021 the exchange rate of EUR 1 = PLN 4.5994;
- items of the statement of performance and other comprehensive income and the cash flow statement - at the average exchange rate being the arithmetic mean of average exchange rates published by the National Bank of Poland (NBP) as at the end of each calendar month in a given period, i.e. for the period from 1 January 2022 to 31 March 2022 EUR 1 = PLN 4.6472, and for the period from 1 January 2021 to 31 March 2021 EUR 1 = PLN 4.5721.

SELECTED FINANCIAL DATA OF CAPTOR THERAPEUTICS S.A.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PERFORMANCE AND OTHER COMPREHENSIVE INCOME

	(Data in thousand PLN)		*(Data in thousand EUR)*	
	01.01.2022 - 31.03.2022	**01.01.2021 - 31.03.2021**	**01.01.2022 - 31.03.2022**	**01.01.2021 - 31.03.2021**
Research and development income	1 036	424	223	93
Cost of services sold	282	-	61	-
Gross profit (loss) on sales	754	424	162	93
Operating profit (loss)	-10 755	-5 231	-2 314	-1 144
Profit (loss) before tax	-10 878	-5 344	-2 341	-1 169
Net profit (loss)	-10 878	-5 344	-2 341	-1 169
Number of shares	4 127 972	3 256 472	4 127 972	3 256 472
Net profit (loss) per share (in PLN/EUR)	-2.64	-1.64	-1	-0.36

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
Non-current assets	11 569	13 049	2 487	2 837
Current assets	122 359	130 220	26 300	28 312
Equity	115 631	124 063	24 854	26 974
Non-current liabilities	2 327	2 973	500	646
Current liabilities	15 970	16 233	3 433	3 529

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	01.01.2022 - 31.03.2022	**01.01.2021 - 31.03.2021**	**01.01.2022 - 31.03.2022**	**01.01.2021 - 31.03.2021**
Net cash flows from operating activities	-5 203	-10 259	-1120	-2 244
Net cash flows from investing activities	-17	-86	-4	-19
Net cash flow from financing activities	-1 754	7 015	-377	1534

Conversion into EURO was made on the basis of the following principles:

- items of the statement of financial position according to the average exchange rate of the National Bank of Poland as at the balance sheet date, i.e. as at 31 March 2022, the exchange rate of EUR 1 = PLN 4.6525, and as at 31 December 2021 the exchange rate of EUR 1 = PLN 4.5994;
- items of the statement of performance and other comprehensive income and the cash flow statement - at the average exchange rate being the arithmetic mean of average exchange rates published by the National Bank of Poland (NBP) as at the end of each calendar month in a given period, i.e. for the period from 1 January 2022 to 31 March 2022 EUR 1 = PLN 4.6472, and for the period from 1 January 2021 to 31 March 2021 EUR 1 = PLN 4.5721.

2. INFORMATION ON CAPTOR THERAPEUTICS S.A. AND THE GROUP

2.1. Basic information about Captor Therapeutics S.A. and the Captor Therapeutics Group

Captor Therapeutics is a biopharmaceutical group and European leader in innovative Targeted Protein Degradation ("**TPD**") technology. The Group's strategy focuses on building competitive advantage through the development of methods and principles for the design of small-molecule degrader drugs, which has thus far remained in the realm of empirical research. An additional element of the strategy is therapeutic intervention in the area of severe oncological and autoimmune diseases, by inhibiting the activity of pathological proteins inaccessible to conventional methods. On 19 April 2021 Captor Therapeutics S.A. debuted on the Warsaw Stock Exchange, becoming the first European public company fully dedicated to the TPD technology.

The Parent Company was formed as a result of the transformation of Captor Therapeutics spółka z ograniczoną odpowiedzialnością (limited liability company) pursuant to a resolution of the Extraordinary Shareholders Meeting of Captor Therapeutics sp. z o.o. dated 28 August 2018. On 7 November 2018 the Company was registered in the National Court Register kept by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Register under number KRS 0000756383. The Company's registered office is located in Wrocław. The Parent Company was incorporated for an indefinite period of time and operates under the laws of Poland.

Company	CAPTOR THERAPEUTICS SPÓŁKA AKCYJNA
REGISTERED OFFICE ADDRESS	54-427 Wrocław ul. Duńska 11
TELEPHONE	+48 537 869 089
WEBSITE	http://www.captortherapeutics.com/
E-MAIL	info@captortherapeutics.com
REGON	363381765
NIP	8943071259
KRS	0000756383

Table 1: Basic data

2.2. Structure of the Group

The Captor Therapeutics Group consists of the parent company: **Captor Therapeutics Spółka Akcyjna ("Parent Company", "Company", "Issuer", "Captor Therapeutics")** and the subsidiary: **Captor Therapeutics GMBH ("Subsidiary")**; the Captor Therapeutics Group is hereinafter also referred to as the **"Group"**, **"Capital Group"** or the **"Captor Therapeutics Group** ".

As of 31 December 2021, and as at the date of this report, the Captor Therapeutics Group comprised CAPTOR THERAPEUTICS GMBH with its registered office in Switzerland. The object of the company's activity consists of drug research and development, implementation of related projects, creation of intellectual property and cooperation with pharmaceutical companies in this field. The Parent Company holds 100% of shares in the share capital of the Subsidiary.

2.3. Changes in the structure of the Captor Therapeutics Group

There were no changes in the structure of the Captor Therapeutics Group during the reporting period.

2.4. Information about the Parent Company Captor Therapeutics S.A.

2.4.1 Corporate Bodies

2.4.1.1 The Management Board of Captor Therapeutics S.A.

As of 31 March 2022, and as of the date of publication of this report, the Management Board of the Issuer consisted of the following persons:

Table 1: Composition of the Management Board of Captor Therapeutics S.A. as of 31 March 2022 and as of the date of publication of this report

Composition of the Management Board of Captor Therapeutics S.A.		
1.	Thomas Shepherd	- President of the Management Board
2.	Radosław Krawczyk	- Member of the Management Board, Chief Financial Officer
3.	Michał Walczak	- Member of the Management Board, Chief Scientific Officer

In the reporting period there were no changes in the composition of the Issuer's Management Board.

2.4.1.2 The Supervisory Board of Captor Therapeutics S.A.

As of 31 March 2022, and as of the date of publication of this report, the following persons were members of the Supervisory Board:

Table 2: Composition of the Supervisory Board of Captor Therapeutics S.A. as of 31 March 2022 and as of the date of publication of this report

Composition of the Supervisory Board of Captor Therapeutics S.A.		
1.	Paweł Holstinghausen Holsten	- Chairman of the Supervisory Board
2.	Robert Florczykowski	- Member of the Supervisory Board
3.	Florent Gros	- Member of the Supervisory Board
4.	Krzysztof Samotij	- Member of the Supervisory Board
5.	Maciej Wróblewski	- Member of the Supervisory Board

Changes in the composition of the Supervisory Board

In connection with the resignation of Marek Skibiński from the Supervisory Board of the Company on 14 December 2021, on 5 January 2022 the Supervisory Board of the Company appointed Robert Florczykowski to the Supervisory Board of the Company, by co-option, on the basis of § 25 of the Company's Statute (information provided by current report no. 33/2021/ESPI dated 14 December 2021 and no. 2/2022/EPSI dated 5 January 2022). The co-option of Robert Florczykowski was approved by the Extraordinary General Meeting of the Company on 21 February 2022.

2.4.2 Share capital of the Company

As of 31 March 2022 the Issuer's share capital amounted to PLN 412 797.20 and was divided into 4 127 972 shares with a nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 5 275 365.

The share capital structure as of 31 March 2022 was as follows:

Table 3: Share capital of the Issuer as of 31 March 2022

Share series	Number of shares	Nominal value of shares	Preference rights	Number of votes
A	799 750	0.10	yes	1 599 500
B	1 757 075	0.10	no	1 757 075
C	82 449	0.10	no	82 449
D	97 051	0.10	no	97 051
E	347 643	0.10	yes	695 286
F	26 925	0.10	no	26 925
G	871 500	0.10	no	871 500
H	52 354	0.10	no	52 354
I	9 082	0.10	no	9 082
J	84 143	0.10	no	84 143
Total	**4 127 972**			**5 275 365**

Changes in the share capital of the Company

On 12 May 2022 the registry court having jurisdiction over the Company registered the amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 10 December 2021 on the issuance of 30,738 series K ordinary bearer shares within the limits of the Company's authorized capital, disapplying the pre-emptive rights of the existing shareholders of the Company in full. The information was communicated by interim report no. 17/2022 of 12 May 2022.

As of 31 March 2022 the Issuer's share capital amounted to PLN 415 871.00 and was divided into 4 158 710 shares with a nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 5 306 103.

The share capital structure as of the date of publication of this report :

Table 5: Share capital of the Issuer as of the date of publication of this report

Share series	Number of shares	Nominal value of shares	Preference rights	Number of votes
A	799 750	0.10	yes	1 599 500
B	1 757 075	0.10	no	1 757 075
C	82 449	0.10	no	82 449
D	97 051	0.10	no	97 051
E	347 643	0.10	yes	695 286
F	26 925	0.10	no	26 925
G	871 500	0.10	no	871 500
H	52 354	0.10	no	52 354
I	9 082	0.10	no	9 082
J	84 143	0.10	no	84 143
K	30 738	0.10	no	30 738
Total	**4 158 710**			**5 306 103**

2.4.3. Shareholders with significant shareholdings

As of 31 March 2022, the Issuer's shareholding structure was as follows:

Table 4: Issuer's shareholding structure, indicating the shareholders with at least 5% of votes at the General Meeting as of 31 March 2022

No.	Shareholder	Total number of shares	Total number of votes	Percentage of share capital	Percentage of total votes at the GSM
1.	Michał Walczak	915 378	1 456 395	22.18%	27.61%
2.	Paweł Holstinghausen Holsten	589 966	950 041	14.29%	18.01%
3.	Sylvain Cottens	340 897	526 730	8.26%	9.98%
4.	Funds Managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	303 075	303 075	7.34%	5.75%
5.	Others	1 978 656	2 039 124	47.93%	38.65%
Total		**4 127 972**	**5 275 365**	**100.0%**	**100.0%**

** Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 5.15% of the total number of votes and 6.58% of the share capital.*

Changes in the Issuer's shareholding structure

In the period from the date of submission of the previous interim report, i.e., the report for 2022 published on 29 April 2022, until the date of submission of this report, there were no changes in the list of shareholders holding at least 5% of votes at the General Meeting of the Company.

In connection with the registration by the registry court of the amendment to the Company's Articles of Association made pursuant to Resolution No. 2 of the Company's Management Board of 10 December 2021 on the issuance of 30,738 series K ordinary bearer shares within the limits of the Company's authorized capital, disapplying pre-emptive rights of the Company's existing shareholders, the percentage share of Shareholders holding at least 5% of votes at the General Meeting in the share capital and in the total number of votes at the General Meeting has changed.

As of the date of publication of this report, the Company's shareholding structure is as follows:

Table 7: Issuer's shareholding structure, indicating the shareholders with at least 5% of votes at the General Meeting as of the date of publication of this report

No.	Shareholder	Total number of shares	Total number of votes	Percentage of share capital	Percentage of total votes at the GSM
1.	Michał Walczak	915 378	1 456 395	22.01%	27.45%
2.	Paweł Holstinghausen Holsten	589 966	950 041	14.19%	17.90%
3.	Sylvain Cottens	340 897	526 730	8.20%	9.93%
4.	Funds Managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	303 075	303 075	7.29%	5.72%
5.	Others	2 009 394	2 069 862	48.32%	39.01%
Total		**4 158 710**	**5 306 103**	**100.0%**	**100.0%**

** Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 5.12% of the total number of votes and 6.53% of the share capital.*

2.4.4 Shares in the Company held by managing and supervising persons

In the period from the date of publication of the report for 2022, i.e., 29 April 2022, until the date of publication of this report, there were the following changes in the ownership of the Company's shares by its managing and supervising persons:

- On 5 May 2022, the Company received from Paweł Holstinghausen Holsten, member of the Company's Supervisory Board, a notification of a transaction involving the Company's shares (conclusion of a share subscription agreement), as referred to in Article 19(1) of the MAR Regulation. The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report No. 14/2022 of 5 May 2022;
- On May 5, 2022, the Company received from Florent Gros, member of the Company's Supervisory Board, a notification of a transaction involving the Company's shares (conclusion of a share subscription agreement) referred to in Article 19(1) of the MAR Regulation. The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report No. 15/2022 of 5 May 2022;
- On May 5, 2022, the Company received from Krzysztof Samotij, member of the Company's Supervisory Board, a notification of a transaction involving the Company's shares (conclusion of a share subscription agreement), as referred to in Article 19(1) of the MAR Regulation. The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report No. 16/2022 of 5 May 2022.

The table below presents the shareholdings of the Company's management and supervisory staff as at the date of publication of this report.

Table 8: Shares in the Company held by managing and supervising persons as at the date of publication of this report.

Shareholder	Number of shares	Number of votes	Percentage of share capital	Percentage of total votes at the GSM
Management Board				
Tom Shepherd	19 443	19 443	0.47%	0.37%
Michał Walczak	915 378	1 456 395	22.01%	27.45%
Radosław Krawczyk	1 500	1 500	0.04%	0.03%
Supervisory Board				
Paweł Holstinghausen Holsten	589 966	950 041	14.19%	17.90%
	3 110*	3 110*	0.07%	0.06%
Florent Gros	3 110*	3 110*	0.07%	0.06%
Krzysztof Samotij	3 110*	3 110*	0.07%	0.06%

** Shares have not yet been issued (registration with the National Court Register is pending)*

3. ACTIVITIES OF THE COMPANY AND CAPTOR THERAPEUTICS GROUP

The Company is an innovative biopharmaceutical company specializing in targeted protein degradation technology to remove pathogens .The Company focuses its operations on development of therapeutic molecules for treating certain oncological and autoimmune diseases. The drug candidates being developed are characterized by high efficacy and the ability to remove proteins beyond the reach of classical methods.

The targeted protein degradation ("**TPD**") approach of the Company overcomes the limitations of small molecule drugs in destroying proteins resistant to available therapeutics exploiting the pharmacological advantage of degraders[1] over inhibitors[2]. Owing to the TPD technology the Company has much wider possibilities of discovering drug candidates than traditional biotechnology companies.

The Company's research and development facilities, including professional scientific staff and modern laboratories, allow it to carry out all early phases of drug development using the protein degradation technology. This makes the Company a European leader in this respect.

The Company's business model assumes the commercialization of drug candidates in advanced preclinical stages or early stages of clinical development. The Optigrade™ platform enables the discovery and development of drug candidates using two complementary approaches, i.e. molecular glues or bispecific degraders. The Company is planning to grant a license for the research program being developed (or to sell it) to a pharmaceutical company which, based on its experience and operational potential, will carry out further phases of clinical tests and will place the drug on the Polish and foreign markets. Normally, this is done based on a license for technology and related patents and know-how, with a typical structure comprising the following payment phases: up-front payment, multiple milestone payments and royalties on sales.

3.1. Targeted Protein Degradation

Targeted Protein Degradation *("***TPD**") technology overcomes many existing drug limitations of small molecule drugs by removing proteins resistant to available therapeutics.

The top five advantages of TPD over other therapeutic approaches include:

1. The ability to remove disease-causing proteins, including structural proteins that are commonly considered "untreatable" or undruggable" with classical drugs such as inhibitors or antibodies.
2. The ability to use lower doses - compared to inhibitors, resulting in a reduced incidence of the number and type of side effects.
3. Prolonged therapeutic effect due to a change in the relationship between the therapeutic effect (pharmacodynamics) and the drug concentration in the blood (pharmacokinetics).
4. Removal of pathogenic proteins from cells instead of just inhibiting or blocking them. Protein degradation eliminates all functions of a pathogenic protein, whereas usually, only one function of the pathogenic protein is inhibited. Disabling all functions of a pathogenic protein can lead to much improved efficacy.
5. Ability to overcome cancer resistance to classical drugs.

The purpose of TPD is to remove dysfunctional proteins at the post-translation level, i.e., without interference with the genetic material of a cell. Many diseases, such as for example autoimmune diseases, are presently treated using biological drugs, i.e., therapeutic proteins (peptides, antibodies, or their fragments) and nucleotide technologies, which regulate the function of receptors of pathogenic proteins. In many cases various receptors are activated by the same protein activators (ligands), which results in activation of several signal transduction pathways – both those leading to the development of a diseases but also those involved in proper functioning of the body. Therefore, inhibition of several receptors or a shared ligand does not only result in inhibition of the disease, but also negatively affects other control mechanisms of the human body. Such therapy can lead to strong side effects which is the main drawback of currently available drugs.

The Company uses a drug discovery approach developed internally using its own resources which enables selective degradation of specific proteins while maintaining other signal transduction pathways or receptors intact, thus minimizing the side effects of the therapy. Drugs on which the Company is working are also easier to administer (most often, orally) than biological drugs which often need to be administered by (intravenous or subcutaneous) injection.

TPD drugs have the potential to address unlimited numbers of new molecular targets that are currently beyond the reach of classical drugs (known as undruggable targets), which translates into tremendous potential for the development of new therapies. Because of the vast pool of available targets, the Company has a lot of room to work on targets where there is little or no competition.

[1] *a small molecule compound which induces protein degradation (usually proteasomal degradation). Proteasomal degradation is a process of decomposition of ubiquitin-labelled proteins into smaller molecules, the so-called oligopeptides, by the proteasome (i.e. multienzyme complex). A degrader can be designed to target the degradation process towards disease-related protein. As opposed to inhibitors, the pharmacological effect of a degrader can last longer, until the cell will synthesize a new portion of the degraded protein.*

[2] *small molecule compound, which blocks biochemical reactions or biological processes. The effect of inhibitor drugs is maintained until the compound is decomposed or excreted, and until drug concentration is sufficiently high.*

3.2. Company strategy

The Company's strategy is based on building a competitive advantage through a complete focus on the development of the TPD platform and, above all, on rational drug discovery, as well as on continuously maintaining a high value portfolio of projects in the area of severe diseases where classical drugs (inhibitors and antibodies) are not applicable.

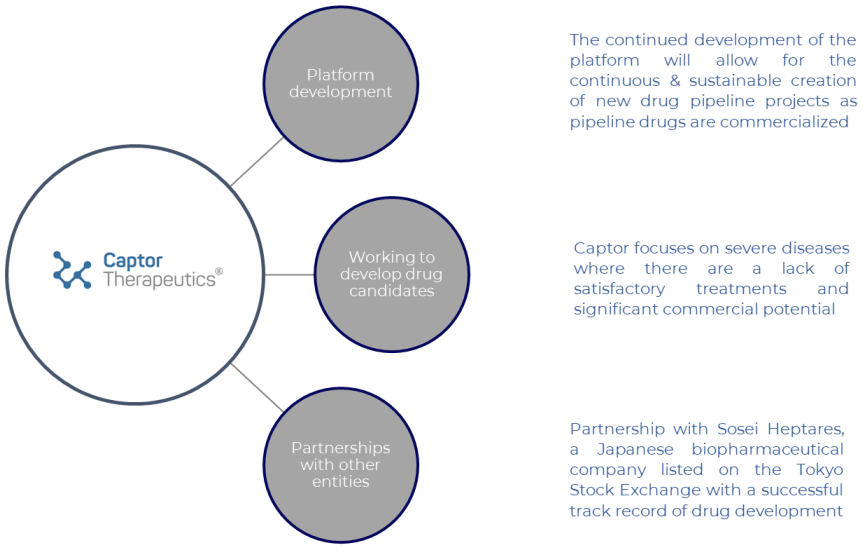
TPD drugs being developed by the Company overcome some of the limitations of classical small-molecule drugs and biological drugs, thus have the potential to treat diseases that have developed resistance to current drugs. It is estimated that existing drugs can inhibit the activity of about 20% of the total number of potential drug targets in humans, while TPD drugs can potentially also address the remaining protein pool that are unavailable. As a result, the Company has a much broader capability to discover high value drug candidates compared to traditional Biotech companies. The Company is currently developing first-in-class compounds with therapeutic potential against autoimmune and neoplastic diseases (e.g., hepatocellular carcinoma, breast and lung cancers).

In accordance with the data published by the *Institute for Health Metrics and Evaluation* of the University of Washington the incidence of oncological diseases successively grows, in 2017 9.6 million people died of neoplastic diseases, whereas it is estimated that in 2017 approx. 100 million people had cancer, so the number of cancer patients more than doubled in relation to 1990 when 45 million people suffered from oncological diseases. According to the report entitled: *"Global Oncology Trends 2019 – therapeutics, clinical development and health system implications",* published by IQVIA Institute for Human Data Science, in 2018 global expenditures on oncological drugs amounted to USD 150 bn (12.9% increase year-over-year). It is estimated that in the next 5 years the value of the oncological drug market will grow up to approximately USD 220-250 billion. In the period 2014-2018 57 drugs for 89 therapeutic indications with respect to 23 types of oncological diseases were developed. The growth pace is also stimulated by the growing number of active substances used in oncological treatment which are at an advanced phase of clinical tests. In 2008-2018 the number of such molecules grew from almost 500 to 849 in 2018 in accordance with the above-indicated report. Consequently, the Company's activity fits into the market demand.

The market volume and demand for new medical solutions also grows with respect to autoimmune diseases. According to the report: *"Autoimmune Disease Therapeutics Market by Drug Class (Anti-Inflammatory, Antihyperglycemics, NSAIDs, Interferons, and Others), Indication (Rheumatic Disease, Type 1 Diabetes, Multiple Sclerosis, Inflammatory Bowel Disease and Others) and Sales Channel (Hospital Pharmacy, Drug Store & Retail Pharmacy, and Online Store): Global Opportunity Analysis and Industry Forecast, 2018–2025*", published by Allied Market Research, in 2017 the value of autoimmune drug market amounted to USD 109.93 billion and it is estimated that by 2025 it will grow to USD 153.32 billion. Until 2016 over 80 types of autoimmune diseases were discovered, and almost 24 million people suffer from immunological diseases in the United States alone (data from the *American Autoimmune Related Diseases Association*). In 2016 311 new drug candidates against autoimmune diseases were developed. The dynamic growth of the autoimmune drug market causes that the Company's research and development programs intended to develop new drug candidates for diseases that are hard to cure meet market needs, as part of which there is a great demand for innovative medical solutions. Just like in case of the oncological drug market the growing value of the autoimmune drug market causes that this area of activity conducted by the Company is very attractive from a commercial point of view.

Focus on the above-mentioned two therapeutic areas (autoimmune and oncological diseases), for which there is a significant demand among patients, makes it possible to build a balanced product portfolio due to the following reasons. Firstly, there are no effective therapies for many neoplastic diseases and early phases of clinical development are carried out in patients. The foregoing makes it possible to carry out relatively quick proof of mechanism studies, which results in the increase of the scientific value of the developed drug candidate. Secondly, drugs targeting uncurable or ineffectively treated neoplastic diseases have greater chances of accelerated evaluation process by supervisory institutions (FDA, EMA), which in turn enables much faster and cost effective commercialization of the results of the research program. Thirdly, targeting autoimmune diseases which are mostly chronic and treated by injected biological drugs (such as Humira® and Enbrel®, which are one of the top-selling drugs in the world), the Company opens new possibilities of developing oral medications for such diseases. The Company expects that drugs using TPD will be simpler and cheaper to produce than biological drugs, and at the same time easier to administer to patients.

The business model of Captor Therapeutics is based on three strategic pillars.



The first aspect of the business model involves commercializing drug candidates from the company's own portfolio of projects at early stages of drug development, i.e. preclinical or early clinical, and then entering into a collaboration with a partner with whom subsequent stages of clinical trials will be conducted. It is the intention of the Company that such molecules would be commercialized through licensing or selling rights to the research results and intellectual property to pharmaceutical or biotechnology companies which will be responsible for their further development and marketing. In exchange for the transfer of said rights, Captor will receive payments typically split into tranches: an upfront payment, payments on milestones achieved in drug development through to market, and royalties on sales.

The second aspect of the Company's business model focuses on so-called early collaborations, where the Group pursues a drug discovery and development with a partner from the outset. This allows the potential of the technology platform to be realized in indications outside the Company's area of interest. Such partnership agreements enable both the expansion of the technology platform's operations and strengthen the competencies of the team, and above all build the Company's brand.

The third element of the business model is the technology platform, whose targeted development, enables the creation of new drug candidates with improved properties or by targeting more challenging pathogenic proteins.

As part of the adopted strategy the Company intends to maximize the Company’s value for shareholders through the achievement of the short-term and long-term goals.

The Company’s strategy in a short time horizon (i.e. 2-3 years) is focused on developing targeted anticancer therapies and refining the technological platform in order to enter new therapeutic areas such as: central nervous system diseases, infectious diseases and chronic diseases where it is particularly important to minimise side effects. Implementation of the strategy in the short time horizon will focus on:

- Application of a validated approach to degradation based on CRBN. The Company is an expert in the development of both “molecular glues” and “bifunctional degraders” which allows it to choose the best approach, depending on a particular molecular target. CRBN is the most familiar ubiquitin ligase being the only ligase that is clinically validated and successfully used for targeted degradation of proteins. Further, degraders based on CRBN that are developed by Captor are characterized by an innovative chemical structure, show high selectivity and much better physical and chemical properties, such as stability.
- Intensive development of projects focused on neoplastic diseases characterized by the most rapid drug development process where the first therapeutic response can already be obtained as early as in the first phase of clinical trials. Due to this choice, there is less need to carry out time-consuming toxicological studies in the initial phases of drug development compared to projects outside of oncology.
- Development of the technological platform in order to increase competitive advantage of future projects, including both pipeline projects and projects carried out in collaboration with partners. Ligands for new ligases (other than CRBN) will make it possible in the future to use such ligases for therapeutic purposes, whereas a rationalized approach to identification of molecular glues, combined with a large chemical library, will make it possible to work on targets defined as “undruggable.”

The strategy for the longer term (i.e., beyond two-three years) is focused on intensive activities in the area of autoimmune diseases and other areas having large market potential, primarily based on molecular targets well known in terms of their role in the disease, for which no therapy has been registered. The advantage of the TPD technology is the possibility of oral drug administration and extended effect, also in case of molecular targets already validated by existing drugs. Another element of this part of the strategy consists of further development of the protein degradation technology platform, in particular through the use of new E3 ligases, which have not been used thus far in targeted degradation of proteins. The choice of an appropriate ligase gives a chance for specific degradation of proteins engaged in the development of a disease, depending on the biological context, for example in different organs, tissues, or cellular compartments. This, in turn, maximizes the potential for development of an effective therapy and minimizes the risks of side effects, and supports expansion of TPD into other therapeutic areas.

3.2.1. Competitive advantages

Application of degradation of proteins inaccessible to other technologies to treat deadly cancers and autoimmune diseases

The Company's short-term strategy is based on the development of drugs for use in the treatment of cancers where there is a lack of satisfactory treatments, while the long-term strategy focuses on autoimmune disease. Currently, many biotechnology companies operate in these therapeutic areas using mostly biological drugs or classical inhibitors, but the number of new solutions that can be created based on these long-established techniques is limited. Using TPD technology the Company has many more alternatives to develop therapeutic molecules constituting drug candidates against diseases where existing therapies do not meet patient needs.

Strong and experienced Captor Therapeutics team

One of the Company's main competitive advantages is the long-standing, unique and international experience of the Company's management as well as the specialized and highly qualified research staff in the area of TPD technology. The Company is managed by a team of individuals with links to the world of science, finance, and the biotechnology industry. The Company is also strongly supported by its experienced Supervisory Board, which provides support in terms of industry experience, international network of contacts as well as financial competence.

The Group also has access to highly qualified human resources, and cooperates with specialists with appropriate educational profile and industry experience. The Company's scientific staff are highly skilled individuals who graduated from various universities/institutes in Poland or abroad and have significant professional experience gained in companies from the biotech and pharmaceutical sectors. The Company takes efforts to recruit junior staff from among the most talented students of the best Polish and foreign scientific centres specializing in biotechnology.

In addition to many years of experience in the biotech industry and significant scientific achievements, a great strength of the Company's scientific staff is their passion and commitment to the development of new therapies for diseases for which there are presently no effective medicines. To motivate and reward the Company's team for their efforts, the Company introduced an incentive scheme based on the Company's shares which the Company expects will serve as an additional incentive for employees and will help retain employees in the Company by ensuring their participation in the future growth of the Company's value, through the achievement of the Company's goals and progress in commercialization of drugs. This program is available to all members of the Group, which is standard in the biotechnology world, but new to the domestic market.

Funding enabling further development of the Company and undisturbed continuation of research related to projects

The Company has been successful in obtaining public funding for research and development as an innovative branch of the Polish economy. Until the date of approval of this report the Company has entered into grant agreements with the NCRD for over PLN 175 million for nine research and development projects. The Smart Development Program for financing research, development, and innovation, led by the NCRD, under which the company received funding, lasts until 2023.

Moreover, due to a public offering of series G shares ("**IPO**") the Parent Company's equity increased by approximately PLN 149.9 million in the first half of 2021.

Acquisition of these financial resources from investors and public grants allows the Parent Company to implement our adopted strategy and has dramatically changed the Group's financial situation.

Firstly, the Group has become a reliable partner for its service providers and financial institutions, i.e., banks, insurance and leasing companies, thanks to which it will have a stronger position in business negotiations in the future.

Secondly, the Group can use equity financing to provide equity participation in grant-funded projects and to expand areas such as research and development, business development, protection of intellectual property and other corporate resources. In this way, the Company increases the probability of success and accelerates the most promising projects.

Thirdly, owing to the funds raised from the IPO and the funds from the NCRD, the Group has secured financing for further development and uninterrupted research on its projects in the medium term.

3.3. Report on Company Activities

At the end of the reporting period, the Company's portfolio included five proprietary drug development projects in its product pipeline in the areas of autoimmune and oncology diseases with unmet medical needs.

In January 2021, in addition to this product pipeline, the Company started a new collaborative project partnered with the Japanese company Sosei Heptares. The Company also has a list of several validated molecular targets which may potentially provide attractive drug candidates for the treatment of autoimmune or neoplastic conditions which, in the Company's opinion, will be interesting to pharmaceutical companies with strong demand for new and effective products. As a result, if some of the current pipeline projects reach the commercialization stage, the Company may add to its pipeline further projects based on these already selected and validated molecular targets. In addition to the pipeline projects, the company is working on one project dedicated to the further development of the TPD platform (Project P3 described below).

The Company emphasizes that the forward-looking statements and forecasts provided below are based on Company's estimates that may change depending on the circumstances, including those which are beyond the Company's control; therefore, they should not constitute grounds for any final assessments or forecasts concerning any projects.

3.3.1.Company pipeline projects

Below please find a brief description of each project and their level of progress in the first quarter of 2022.

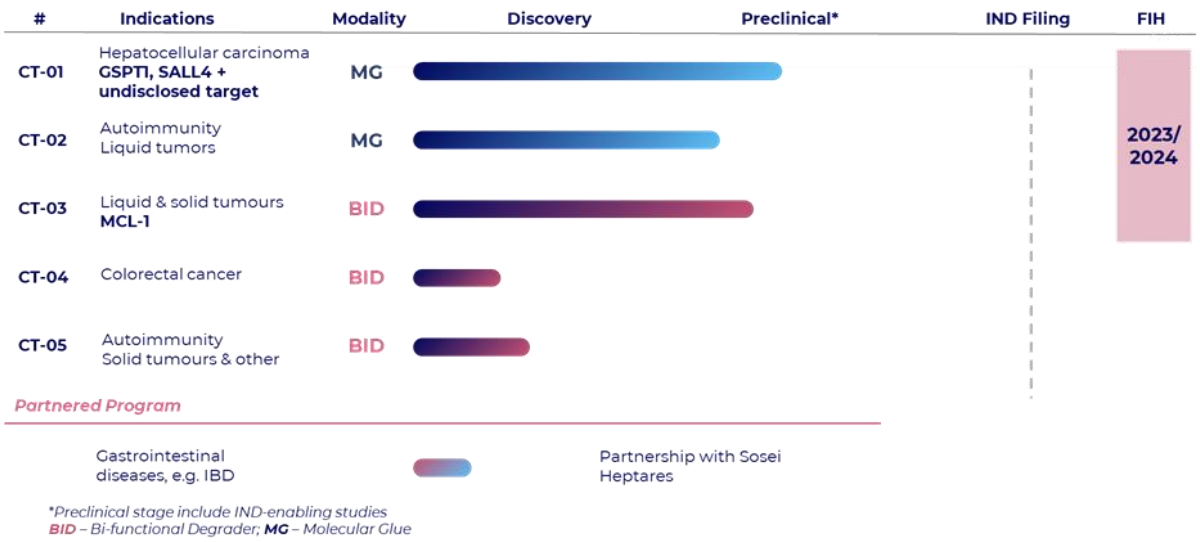


Figure 1: Progress of works with respect to discovery and development of drugs constitute projects carried out by the Issuer and in collaboration with an external entity

3.3.2. Most advanced pipeline projects of the Company

CT-01 Project: *Discovery and development of a drug candidate in the treatment of hepatocellular carcinoma to eliminate neoplastic stem cells by induced degradation of oncogenic transcription factor*

The purpose of Project CT-01 is to develop, based on targeted protein degradation technology, a drug candidate which will stop the progress of hepatocellular carcinoma and will offer significant benefits for patients.

In Q1 2022, the Company announced the results of proof-of concept *in vivo* studies in an animal model. The *in vivo* proof-of-concept data confirm the potent antitumor activity of two CT-01 lead compounds in a liver cancer mouse xenograft model since the studies demonstrated complete regression of tumours created from human cells Hep 3B2.1-7 after their implantation in mice.. Strong and comparable efficacy was demonstrated in both therapeutic groups (100 mg/kg bid and 300 mg/kg bid upon oral administration twice a day).

Further, in April 2022, the Company announced the results of additional *in-vivo studies* that confirm the potent antitumor activity of two lead compounds developed as part of the Project in a liver cancer mouse xenograft model. These new results demonstrate that oral administration of these CT-01 candidates causes complete disappearance (regression) of hepatocellular carcinoma tumors in a mouse model of Hep3B2.1-7.

The study was designed to establish the minimal effective dose of the two drug candidates. High levels of compound activity were observed at all reported concentrations for compound A where the minimum concentration was 10 mg/kg body weight and at concentrations in the range of 100, 50 and 25 mg/kg for compound B. All doses demonstrates complete tumor regression, and low doses decreases risk of potential treatment-related adverse effects. The results of the two studies are illustrated with Figure 2.

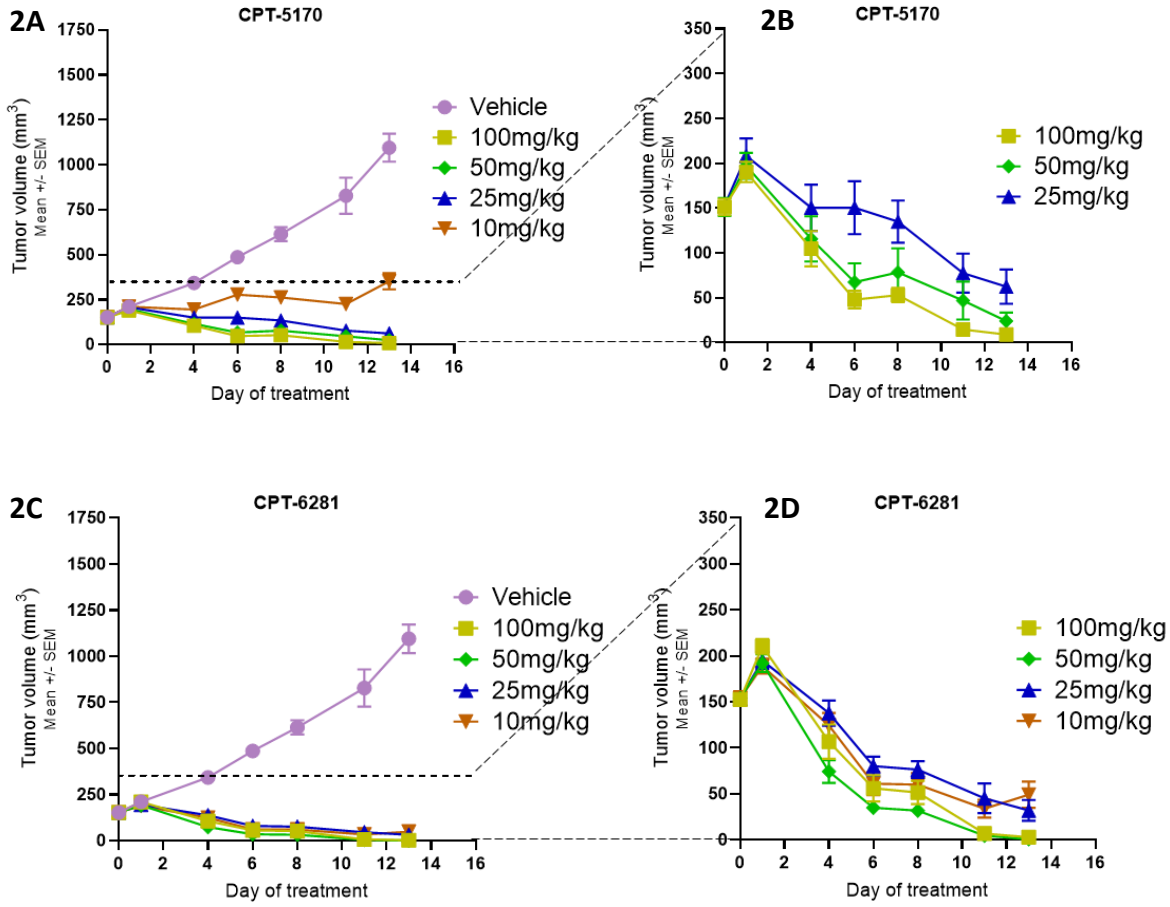


Figure 2: In vivo efficacy studies. Graphs 2A and 2C present tumour volume in response to oral administration of CT-01 compounds CPT-5170 and CPT-6281, or vehicle control. As compared to the rapid growth of tumours in the vehicle control, tumour growth inhibition was observed in response to both compounds, for all dose levels. Graphs 2B and 2D present the same data (without vehicle control) on a different scale, where we can observe robust regression of the tumours. The study was performed on Hep 3B2.1-7 model of liver carcinoma, in NSG mice.

The Company succeeded in generating *in vivo* data as planned, and confirmed that the optimized compounds display properties consistent with moving to the next stage of development. The Company aims at candidate nomination in H1 2022 and expects the project to enter clinical phase in 2023.

Detailed information about hepatocellular carcinoma, the molecular targets of CT-01 compounds and key achievements before 2022 can be found in the 2021 Annual Report published April 29, 2022.

Project CT-03: *Apoptosis induction using low molecular weight chemical compounds as a therapeutic intervention in neoplastic diseases*

The purpose of the CT-03 project is to develop a bifunctional degrader of MCL-1, a protein that serves as a major pro-survival signal in many cancers and functions as a resistance mechanism that can counteract BCL-2 inhibition. Degrading MCL-1 is an attractive approach for treating several tumour types, including haematological malignancies, small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC) and triple-negative breast cancer (TNBC) which are all cancers with very high medical needs. The CT-03 drug candidate may be considered a first-in-class MCL-1 degrader since the Company is not aware of any other MCL-1 degrader in pharmaceutical development by another company.

In Q1 2022, the Company announced the results of a multiple dose proof-of-concept efficacy experiment which specifically monitored tumour volumes, performed by an independent contract research organisation working on behalf of the Company. These results demonstrated that once a day administration of Company's MCL-1 degrader results in tumour regression in the MV-4-11 mouse model of acute myeloid leukaemia. A strong anticancer effect was observed at both dose levels used, 75 mpk (milligrams per kilogram) and 150 mpk. This data, presented in figure 3, is an important milestone towards the selection of the drug candidate to be advanced to clinical phase.

Detailed information about MCL-1 protein, and key achievements regarding project CT- 01 can be found in the 2021 Annual Report published on 29 April 2022.

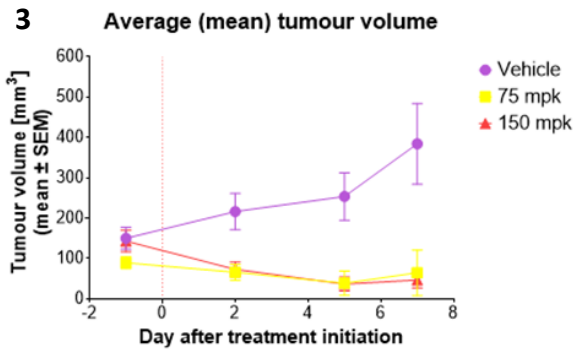


Figure 3: Study of the researched compound's ability to inhibit tumour growth. Mice were injected with human AML cells to induce the formation of a tumour. The treatment started after the tumours reached the appropriate size, the mice were treated once per day and tumour volumes were measured.

Project CT-02: *Preparation and development of non-toxic ligase ligands and their use in the treatment of autoimmune diseases and hematologic malignancies*

Project CT-02 is primarily focused on autoimmune diseases, such as gout, inflammatory bowel disease and non-alcoholic steatohepatitis (NASH), where the Company sees the potential to address important patient needs with large market potential. In addition, CT-02 degraders also have potential application in CNS diseases.

More detailed description of the CT-02 project can be found in the 2021 Annual Report published on 29 April 2022.

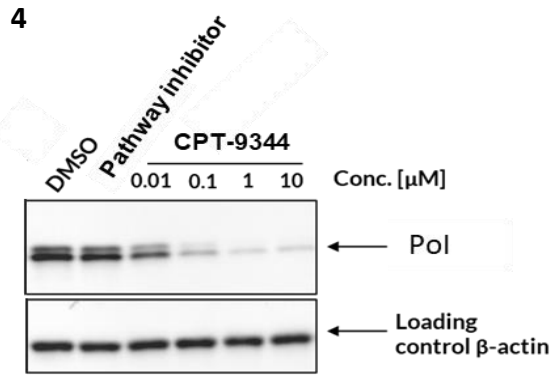


Figure 4. Results of Western Blot analysis of CT-02 (PolI) protein levels in PBMCs (peripheral blood mononuclear cells.). CPT-9344 is one of the compounds that induce significant protein degradation of PolI.

3.3.3 Other projects

Other pipeline projects of the Company: **CT-04 project** (Development of a first-in-class oral drug in the therapy of colon cancer) and **CT-05 project** (Development of a degrader of a kinase involved in proinflammatory signalling pathways leading to increased cytokine secretion) are described in the 2021 Annual Report published on 29 April 2022.

In the **Sosei Heptares partnership project** the project is advancing on time and within budget. Both Captor and Sosei Heptares R&D teams are pleased with the project progress and Captor is receiving reimbursement for the R&D efforts as agreed by the parties.

In **Project P3** the Company is expanding the technology platform through the development of new small-molecule ligase ligands E3 which has thus far been unavailable for the pharmaceutical sector. For two of the ligases, we have identified high affinity binders of novel chemical structure, and obtained crystal structures co-crystalized with binders, that will enhance further development.

3.4. Significant achievements and failures, as well as events and factors affecting operations and results in the first quarter of 2022

During the reporting period, certain events took place in the Company and the Group which may significantly affect the Issuer.

Information on the progress of research and development work under project CT-01 and disclosure of its molecular target

During the reporting period, the Company informed on the progress of research work under project CT-01 which is dedicated to the development of hepatocellular carcinoma therapy based on targeted protein degradation technology.

The results obtained in pre-clinical *proof-of-concept* tests confirm high anticancer activity of two lead compounds developed within project CT-01 in the mouse model of human liver cancer (so-called *xenograft*). The results obtained by the Company confirm that oral administration of such CT-01 compounds causes tumour regression in Hep 3B2.1-7 hepatocellular carcinoma model in mice subject to tests.

The molecular target of project CT-01 are CT-01 compounds which have an unique degradation profile: they induce degradation of proteins GSPT1 and SALL4 and another undisclosed neo-substrate playing a key role in neoplasia.

GSPT1 (ang. *Eukaryotic peptide chain release factor GTP-binding subunit ERF3A*) is a protein involved in translation termination (the process in which ribosomes synthesize protein after the transcription from DNA to RNA). Due to the demonstrated link between the degradation of GSPT1 and anticancer activity, selective GSPT1 degraders, such as CC-90009 which is now under clinical trials, are developed. SALL4 (Sal-like protein 4) is a transcription factor expressed in embryonic development of the liver, and its expression is silenced in adults. In patients suffering from hepatocellular carcinoma re-expression of SALL4 often occurs which correlates with worse prognoses. An additional target degraded by CT-01 compounds remains undisclosed due to certain aspects related to intellectual property protection. This target is also involved in development of tumours, and its targeted elimination constitutes a strong value added in treatment of several cancers such as liver and lung cancer. A unique joint degradation profile leads us to believe that the competitive value of this program is strong.

The results of the above-mentioned studies constitute a significant milestone and support further works under project CT-01 intended to enter the phase of IND-enabling studies with one of such compounds. Further, such results prove that the Company has capabilities of discovering degraders such as a molecular glue using the technological platform Optigrade™ (information thereon was provided in current report no. 3/2022 dated 11 January 2022 and no. 11/2022 dated 11 April 2022). For more information on project CT-01, please refer to chapter 3.3.2. of this report.

Submission to the NCRD of information on potential irregularities in reconciliation of qualified costs related to EU projects

On 26 January 2022, the Parent Company informed that there is a risk that certain potential irregularities may have occurred in the past in reconciliation of qualified costs incurred by the Company, as part of execution of EU projects, on the basis of agreements concluded by the Company with the National Centre for Research and Development ("**NCRD**", "**Projects**"). The potential irregularities referred to above concern the Company's historical activity and they do not affect the results or research and development conducted by the Company.

In connection with the fact that the Company became aware of the proceedings conducted by the state authorities concerning potential irregularities in carrying out public procurement procedures as part of EU projects, the Company appointed external reputable financial and legal advisors to carry out an audit ("**Audit**"). In accordance with the provisions of the concluded agreements for implementation of the Projects, the Company also decided that it is necessary to inform the NCRD of the above-mentioned risk of irregularities.

The scope of the Audit covered settlements of qualified costs incurred by the Company in the course of implementation of all EU projects on the basis of agreements concluded by the Company with the NCRD. The Audit period covered agreements concerning the incurrence of qualified costs by the Company concluded until 31 December 2021.

As a result of the Audit, certain irregularities were identified which, in the Company's opinion, trigger the obligation to return the following amounts with respect to particular Projects:

POIR.01.01.01-00-0931/19-00 – PLN 104,889.98

POIR.01.01.01-00-0741/19-00 – PLN 279,190.33

POIR.01.01.01-00-0747/16-00 – PLN 1,008,328.40

POIR.01.02.00-00-0073/18-00 – PLN 557,027.89

POIR.01.02.00-00-0079/18-00 – PLN 476,541.33

POIR.01.01.01-00-0956/17-00 – PLN 1,026,946.40

POIR.01.01.01-00-0740/19-00 – PLN 437,914.08

The total amount which, in the Company's opinion, needs to be repaid to the NCRD is PLN 3,890,838.41, which constitutes 2.22% of the total amount for which the Company concluded all agreements with the NCRD (i.e., PLN 175.1 million) and 5.4% of the grants thus far received by the Company from the NCRD (i.e., PLN 72.5 million as of 31 March 2022). The above amount was additionally increased by interest calculated as at the refund date in the total amount of PLN 767 thousand. The Company notified the NCRD of the identified irregularities and repaid the above amount to the NCRD on 13 April 2022. In the Company's opinion the above-mentioned amounts which the Company intends to repay to the NCRD were determined applying a precautionary (conservative) approach and the Company does not expect that as a result of verification thereof by the NCRD such amounts are to be increased but it cannot be excluded that the NCRD will take a different view. The above amounts were recognized in the result for the financial year 2021 as a provision for the return of funds to NCBR (a component of other operating expenses) in the total amount of PLN 4,658 thousand and did not affect the company's result in the first quarter of 2022.

Current reconciliation of costs related to the Projects is carried out by the NCRD without any disruptions and without any negative impact on the progress of research and development work. Information on the above-mentioned events was provided in current reports no. 5/2022 dated 26 January 2022 and no. 10/2022 dated 8 April 2022.

The armed conflict in Ukraine

In connection with the outbreak of the armed conflict between Ukraine and Russia, the Company analysed the impact of the current situation on the Group's operations. In the Management Board's opinion there are no material risks which may significantly affect the activities being conducted. The Group does not either have any assets in Ukraine or conduct any activities within the areas affected by the conflict.

As a result of military operations conducted by Russia, the EU countries and the USA introduced a number of severe sanctions on Russia which cover key sectors of the Russian economy through blocking access to technologies and markets, including financial markets. In view of the foregoing it cannot be excluded that the implemented sanctions package may affect the activities conducted by companies, including those in Poland, for example due to deliveries of raw materials from Russia. Also, deliveries of materials from Ukraine may be significantly disturbed or even stopped, which may consequently disrupt the global supply chain.

Further, the armed conflict in Ukraine may affect the macroeconomic situation in Poland, and in particular interest rates and valuation of Polish currency (Polish zloty). The foreign exchange risk may result in the increase of the costs of servicing liabilities related to research services and reagents purchased abroad. As of the date of preparation of this report the Management Board of the Company is not able to determine the exact impact of such events on the research programs being conducted or availability of funding. The Company is analysing the situation on an ongoing basis and the Management Board of the Parent Company will keep you updated of any new circumstances affecting the financial results and business situation of the Group.

Other significant events

During the reporting period and after the end thereof, the Issuer participated in meetings with both investors and representatives of the pharmaceutical and biotechnology community.

In May 2022, the Company participated in the 8th Annual LSX World Congress 2022 held in London on 10-11 May 2022. Tom Shepherd, President of Captor Therapeutics, participated in a panel discussion on targeted protein degradation and partner meetings.

On 17 March 2022 Michal Walczak, Chief Scientific Officer, gave a presentation at the 2nd Annual Targeted Protein Degradation Europe Summit in London.

In January 2022 the Company participated in the 11th annual LifeSci Partners Corporate Access Event, held online on 5-7 January 2022. The LifeSci Partners Corporate Access Event showcased innovative, publicly traded biotechnology, medical technology, pharmaceutical, life sciences and digital health companies from around the world. The event featured meetings with company executives and panel discussions with Key Opinion Leader (KOL's), investors and healthcare experts to address the most relevant topics impacting the life sciences industry today.

Moreover, the Company was ranked first in the category "Innovation of products and services" in the 23rd edition of the ranking organized by the daily newspaper Puls Biznesu.

3.5. Events after the balance sheet date

Registration of amendments to the Company's Articles of Association

After the end of the reporting period, on 12 May 2022 the registry court competent for the Company registered the amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 10 December 2021 on the issue of 30,738 series K ordinary bearer shares within the limits of the Company's authorized capital, disapplying pre-emptive rights of the existing shareholders of the Company in full. The information was communicated by interim report no. 17/2022 of 12 May 2022.

Adoption of a resolution by the Company's Management Board concerning the issuance of shares as part of an authorized share capital increase

On 27 April 2022 the Company's Management Board adopted a resolution about an issuance of 9,420 series L ordinary bearer shares within the Company's authorized share capital, disapplying pre-emptive rights of the existing shareholders in full.

The issuance is related to the implementation of the Company's share-based incentive program for employees and members of the Company's governing bodies. As of the date of publication of the report share have not been issued yet (registration in the National Court Register is pending). The information was communicated by interim report no. 13/2022 of 27 April 2022.

Potential delays in the Company's project

After the end of the reporting period, the Company announced that having analysed the information received from external contractors it has identified a potential risk of delays in implementation of Project CT-03 (MCL-1) ("**Project**") due to limitations in the global availability of key chemical building blocks.

As IND-enabling studies require large amounts (kilograms) of drug substance to be manufactured, there is a risk of a delay of several months in the project, which could mean entering the clinical phase in 2024 (previously the Company estimated that the Project will enter the first phase of clinical trials by the end of 2023). The Company is continuing to seek alternative solutions to reduce such risk of delay.

These potential delays have no impact on the project results to date nor the market potential offered by a first-in-class MCL-1 degrader. The information was communicated by interim report no. 19/2022 of 17 May 2022.

3.6. Related party transactions

In the reporting period, transactions between related parties took place on terms equivalent to those prevailing in transactions concluded at arm's length. Information about transactions concluded with related parties has been included in:

- the interim condensed consolidated financial statements for the 3-month period ended 31 March 2022 in Note 6.5.21; and
- the interim condensed financial statements for the 3-month period ended 31 March 2022 in Note 7.5.14.

3.7. Guarantees and surety bonds for loans or borrowings

In the period covered by this report, the Group did not grant any surety bonds for any loans or borrowings, or any guarantees. Information on contingent liabilities was included in the interim condensed financial statements for the 3-month period ended 31 March 2022 in Note 7.5.14.

4. MANAGEMENT COMMENTS TO THE FINANCIAL RESULTS

4.1. Principles of preparation of the consolidated quarterly financial report of the Company and the Group

The interim condensed consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") endorsed by the EU, including primarily International Accounting Standard no. 34 "Interim Financial Reporting", based on the assumption that the Group and the Company will continue as a going concern in the foreseeable future, for at least 12 months after the balance sheet date.

The consolidated and separate financial statements for the period from 1 July 2022 to 31 March 2022 have been prepared in thousands of PLN.

Other information included in the Management Board's quarterly report for first quarter of 2022 includes information required to be disclosed in accordance with § 66 sec. 8 in connection with sec. 10 of the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state.

4.2. Basic economic and financial data

Revenues from sales

During the reporting period, the Group continued to implement the project in cooperation with an industry entity, Sosei Heptares. The issue is detailed in the 2022 financial statements, which were published on 29 April 2022 and in section 6.5.1 of this report. In the first quarter of 2022, revenue from research and development services (derived entirely from cooperation with Sosei Heptares) amounted to PLN 1,036 thousand. In the first quarter of 2021, revenue from research and development services amounted to PLN 424 thousand.

Operating costs

The Group's total operating expenses in the first quarter of 2021 amounted to PLN 16,545 thousand and represent the aggregate operating expenses, i.e., own costs of sold services, research costs, project overheads and administrative expenses. The largest item in this group are research costs and overheads, representing 76% of the Group's operating expenses (84% in the corresponding period of the previous year). Research costs accounted for 39% of operating expenses in the analysed period and increased by PLN 1,802 thousand compared to the first quarter of 2021. The increase is related to entering subsequent stages of research projects, which is connected with higher costs of conducted research. Project overheads accounted for 22% of all operating expenses in the period under review and increased by PLN 2,047 thousand compared to the first quarter of 2021 due to the emergence of additional expenses that were not eligible for reimbursement from the financing obtained by the Group.

A significant item of the Group's operating expenses are general and administrative costs, which in the audited period amounted to PLN 6,041 thousand (representing 37% of all operating expenses) and increased by PLN 2,272 thousand compared to the first quarter of 2021, when they amounted to PLN 3,769 thousand.

A significant part of the general administrative expenses, in addition to salaries, is the cost resulting from the valuation of the incentive scheme (in the first quarter of 2022, the incentive scheme valuation amounted to PLN 2,446 thousand and increased by PLN 534 thousand compared to the corresponding period of 2021, when they amounted to PLN 1,912 thousand). The valuation of the incentive scheme is based on actuarial valuation and does not represent real (i.e. cash) cost for the Group in the analysed period.

In the structure of the Group's costs by type, the largest item are costs of employee benefits which amounted to PLN 6,879 thousand. Further, 50% of this value are salaries of employees (mainly scientific staff) and benefits for the management, 36% is the incentive program, which is not a cash expense, and other benefits (social security costs, pension and vacation costs and other) account for 14%.

Another item in the structure of costs by type is external services, which in the first quarter of 2022 amounted to PLN 6,503 thousand and were higher by PLN 4,318 thousand than in the comparable period in connection with the outsourcing of further studies to external service providers.

Grant income and other operating income

This item represents predominantly revenue from grants received by the Group from NCBR and in the first quarter of 2022 amounted to PLN 4,436 thousand (PLN 4,029 thousand in the corresponding period of the previous year). Other operating

income in the audited period amounted to PLN 221 thousand and decreased compared to the first quarter of 2021 by PLN 254 thousand.

Operating profit (loss)

In the first quarter of 2022 the Group recorded a loss from operations of PLN 10,853 thousand. The Group is at an early stage of research and is not yet generating significant revenue from its core business, and the loss generated was mainly due to research costs and project overheads which accounted for 62% of the Group's total operating expenses as well as increased costs of employee benefits, in particular the costs of evaluation of the incentive scheme.

Net profit (loss)

Net loss in the first quarter of 2022 amounted to PLN 10,976 thousand and was PLN 5,649 thousand higher than in the corresponding period of 2021. This amount is due to factors contributing to the operating loss.

Assets

As at the balance sheet date of 31 March 2022, total assets amounted to PLN 134,022 thousand, of which 91.4% were current asset. Mainly cash in the amount of PLN 110,706 thousand, and 8.6% fixed assets. At the end of 2021, total assets amounted to PLN 143,541 thousand, of which 9% were fixed assets and 91% were current assets.

Fixed assets

As of 31 March 2022, non-current assets amounted to PLN 11,591 thousand, which means that compared to 31 December 2021, non-current assets decreased by PLN 1,395 thousand. The most significant non-current assets as of 31 March 2022 and 31 December 2021 were property, plant, and equipment (laboratory equipment and buildings and structures leased by the Group). As of 31 March 2022, property, plant, and equipment amounted to PLN 11,175 thousand, representing 96.4% of total non-current assets, and as of 31 December 2021, it amounted to PLN 12,612 thousand, representing 97.1% of total non-current assets.

Circulating assets

Current assets decreased during the periods under review. As of 31 March 2022, current assets amounted to PLN 122,431 thousand and decreased by PLN 8,124 thousand compared to 31 December 2021. The most significant components of current assets as of 31 March 2022 and 31 December 2021 were cash and cash equivalents, which accounted for 90.4% of current assets in the first quarter 2022 and 90.3% in 2021.

Equity

The value of this balance sheet item as of 31 March 2022 was PLN 115,671 thousand, which is mainly from the issuance of Series G, H and J shares.

Long-term liabilities

Long-term liabilities at the end of the reporting period amounted to PLN 2,327 thousand. In the analysed period the value of long-term liabilities decreased by PLN 646 thousand compared to 31 December 2021. As at the balance sheet date, these liabilities represent to a significant extent (98.6%) the long-term portion of the lease agreements for laboratory equipment.

Short-term liabilities

Short-term liabilities are predominantly trade payables and the short-term portion of lease payables and at the end of the reporting period amounted to PLN 16,024 thousand and are by PLN 343 thousand lower than as of 31 December 2021, when they amounted to PLN 16,367 thousand.

4.3. Financial indicators of effectiveness

The Group recognized a net loss both in the first quarter of 2022 and in the corresponding period of 2021, therefore it is not possible to determine financial indicators for the Group related to profitability.

The Parent Company uses alternative performance measures (APM indicators) to describe the financial position of the Group. In the opinion of the Management Board of the Parent Company the selected APM indicators are a source of additional (apart from the data presented in the financial statements) valuable information on the financial and operating situation as well as they facilitate the analysis and assessment of the financial results achieved by the Group in particular reporting periods. The Company presents alternative performance measures as they represent standard measures and ratios commonly used in financial analysis; however, these ratios may be calculated and presented differently by different companies. Therefore, the Company provides below the precise definitions used in the reporting process. The selection of alternative performance measurements was preceded by an analysis of their usefulness in terms of providing investors with useful information about

the financial situation, cash flows and financial efficiency and, in the Issuer's opinion, allows for an optimal assessment of the achieved financial results. The APM indicators presented by the Group were calculated using the formulas specified below.

The following table provides a summary of debt ratios.

Table 9: Group indicator

Indicator	Method of calculation	31.03.2022	31.03.2021
total debt ratio	total liabilities/total assets	13.69%	13.47%
long-term debt ratio	long-term liabilities/total liabilities	12.68%	15.37%
short-term debt ratio	short-term liabilities/total liabilities	87.32%	84.63%

As of 31 March 2022 a decrease of the long-term debt ratio as well as a slight increase in total liabilities occurred, and a short-term debt ratio slightly increased which is a consequence of the development of the Group's operations.

4.4. Impact of the Subsidiary's financial data on the consolidated results and financial position of the Group

The Company's operations and assets constitute the major part of the Group's operations and assets (revenues from the Company's research and development services account for 100% of the Group's revenues, the Company's equity accounts for 99.9% of the Group's equity, the Company's assets constitute 99.9% of the Group's assets), economic and financial figures for the Company are subject to similar changes for similar reasons as the economic and financial figures for the Group.

5. OTHER MATERIAL INFORMATION AND EVENTS

5.1. Factors and events, including those of an untypical nature, which have a significant impact on the condensed financial statements

Apart from the factors and events indicated in the remaining sections of this report, there were no other significant factors and events, including those of an unusual nature, affecting the interim condensed consolidated and separate financial statements in the first quarter of 2022.

5.2. Position of the Management Board on the feasibility of meeting forecasts

The Company has not published any financial forecasts for the fiscal year 2022.

5.3. Factors that may affect results over at least the next quarter

Looking ahead to at least the next quarter, results will depend primarily on the following factors:

- the pace of development of individual research projects. After verification of the dates of research, it cannot be ruled out that the adopted schedule of implementation of particular projects may change and, consequently, the Company may not be able to use all subsidy received for a given project from the NCBR and will have to finance further works from its own resources;
- the rate of receipt of funding for ongoing research projects;
- progress in activities aimed at commercialization of the most advanced development projects;
- development of cooperation with current and future industry partners;
- the employment growth rate in the Group and new employees being covered by the Incentive Program (circumstances affecting the increase in salaries and non-cash costs recognized in relation to the Incentive Program);
- macroeconomic situation related to the COVID-19 pandemic and the war in Ukraine.

5.4. Proceedings before a court, a competent authority for arbitration proceedings or a public administration body

During the reporting period there were no material proceedings before any court, arbitration authority or public administration authority, concerning liabilities or creditors of the Company or its subsidiary.

5.5. Other information relevant to the assessment of the Captor Therapeutics Group's human resources, assets, financial standing, financial performance and their changes and the ability to meet its obligations

In the opinion of the Management Board, there will be no significant differences in the Captor Therapeutics Group's human resources, assets, financial standing, financial performance and their changes.

5.6. Contact for Investors

All relevant information for investors along with contact details is available on the Captor Therapeutics S.A. website at: http://www.captortherapeutics.com/

6. CAPTOR THERAPEUTICS GROUP - INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

6.1. Interim condensed consolidated statement of performance and comprehensive income

Interim condensed consolidated statement of performance and comprehensive income for the 3-month period ended 31 March 2022 and comparative data for the 3-month period ended 31 March 2021 (in thousand PLN).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Note	01.01.2022-31.03.2022	01.01.2021-31.03.2021
CONTINUING OPERATIONS			
Research and development income	6.5.1	1 036	424
Cost of services sold		282	-
Gross profit (loss) on sales		**754**	**424**
Subsidy revenues	6.5.1	4 436	4 029
Research and development expenditures	6.5.2.1	6 504	4 702
Project overheads	6.5.2.1	3 718	1 671
General administrative expenses	6.5.2.1	6 041	3 769
Other operating income	6.5.3	221	475
Other operating costs	6.5.3	1	-
Operating profit (loss)		**-10 853**	**-5 214**
Financial income	6.5.4	1	-
Financial expenses	6.5.4	124	112
Profit (loss) from continued operations before tax		**-10 976**	**-5 328**
Income tax	6.5.5	-	-
Net profit (loss) from continued operations		**-10 976**	**-5 327**
Net profit (loss) from discontinued operations		**-**	**-**
Net profit (loss) for period		**-10 976**	**-5 327**
- attributable to the shareholders of the parent company		-10 976	-5 327
- attributable to non-controlling interests		-	-

Other comprehensive income			
Items that may be transferred to the result in subsequent reporting periods		**-**	**-**
Foreign exchange differences on translation of foreign operations		-	-
Items that will not be carried forward to the result in subsequent reporting periods		-	26
Actuarial gains/losses		**-**	**26**
Other net comprehensive income		-	**26**
Total comprehensive income		**-10 976**	**-5 301**
- attributable to the shareholders of the parent company		-10 976	-5 301
- attributable to non-controlling interests		-	-

Earnings (loss) per share (in PLN)		**-2.66**	**-1.64**
Diluted earnings (loss) per share (in PLN)		**-2.52**	**-1.55**

6.2. Interim condensed consolidated statement of financial position

Interim condensed consolidated statement of financial position as of 31 March 2022 and comparative figures as of 31 December 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31.03.2022	31.12.2021
I. NON-CURRENT ASSETS		**11 591**	**12 986**
Expenditure on development work (in progress)		180	180
Property, plant, and equipment	**6.5.8**	11 175	12 612
Intangible assets	**6.5.9**	138	180
Other non-current assets		98	14
II. CURRENT ASSETS		**122 431**	**130 555**
Trade and other receivables, including:	**6.5.11**	11 061	11 706
Prepayments and accrued income		664	906
Cash and cash equivalents		**110 706**	**117 943**
TOTAL ASSETS		**134 022**	**143 541**

EQUITY AND LIABILITIES	Note	31.03.2022	31.12.2021
I. EQUITY		**115 671**	**124 201**
Share capital	**6.5.12.1**	413	413
Share premium reserve	**6.5.13**	170 031	170 031
Other capital reserves	**6.5.14**	175	175
Capital from share-based payments		14 225	11 779
Retained earnings / Uncovered losses		-69 184	-58 208
Exchange rate differences from the conversion		11	11
Non-controlling interests		-	-
TOTAL LIABILITIES		**18 351**	**19 340**
II. NON-CURRENT LIABILITIES		**2 327**	**2 973**
Pension benefit obligations	**6.5.15**	33	33
Interest-bearing borrowings	**6.6.16**	-	-
Lease liabilities	**6.5.17**	2 294	2 940
III. CURRENT LIABILITIES		**16 024**	**16 367**
Trade and other payables		5 296	4 738
Lease liabilities	**6.5.17**	4 744	5 241
Provisions for liabilities	**6.5.15**	5 858	6 262
Other liabilities/deferred income	**6.5.18**	126	126
TOTAL EQUITY AND LIABILITIES		**134 022**	**143 541**

6.3. Interim condensed consolidated statement of cash flows

Interim condensed consolidated statement of cash flows for the 3-month period ended 31 March 2022 and comparative data for the 3-month period ended 31 March 2021 (in thousand PLN).

CONSOLIDATED STATEMENT OF CASH FLOWS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
OPERATING ACTIVITIES		
Profit (loss) before tax	**-10 976**	**-5 327**
Adjustments:	**5 509**	**-4 923**
Depreciation	1 947	1 821
Foreign exchange (gains) losses	11	-1
Interest	149	100
Incentive scheme	2 446	1 912
Change in receivables	426	-2 651
Change in liabilities, excluding loans and borrowings	692	-5 493
Change in provisions	-404	-287
Change in accruals	242	-324
Net cash flow from operating activities	**-5 467**	**-10 251**
INVESTING ACTIVITIES		
I. Inflows	**-**	**-**
II. Outflows	**17**	**86**
Expenditure on tangible and intangible fixed assets	17	86
Net cash flow from investing activities	**-17**	**-86**
FINANCING ACTIVITIES		
I. Inflows	**-**	**9 001**
Proceeds from issue of shares		9 001
II. Outflows	**1 753**	**1 986**
Expenditures on borrowings	-	-
Interest and commission expenses	149	100
Payments of liabilities under lease agreements	1 604	1 886
Net cash flow from financing activities	**-1 753**	**7 015**
Total cash flows	**-7 237**	**-3 321**
Balance sheet change in cash and cash equivalents	**-7 237**	**-3 321**
Cash at the beginning of period	**117 943**	**10 654**
Cash at the end of period	**110 706**	**7 333**
- restricted cash	-	-

6.4. Interim condensed consolidated statement of changes in equity

Interim condensed consolidated statement of changes in equity for the 3-month period ended 31 March 2022 and comparative data for the 3-month period ended 31 March 2021 (in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium RESERVE	Other capital reserves	Capital from share-based payments	Retained earnings / Uncovered losses	Foreign currency translation difference	Equity attributable to the Parent Company	Non-controlling interests	Total equity
As at 01.01.2022	**413**	**170 031**	**175**	**11 779**	**-58 208**	**11**	**124 201**	**-**	**124 201**
Profit/loss for period					-10 976		-10 976		-10 976
Other comprehensive income							-		-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-10 976**	**-**	**-10 976**	**-**	**-10 976**
Issue of shares							-		-
Share redemption							-		-
Incentive scheme				2 446			2 446		2 446
As at 31.03.2022	**413**	**170 031**	**175**	**14 225**	**-69 184**	**11**	**115 671**	**-**	**115 671**

As at 01.01.2021	**359**	**16 292**	**5 690**	**2 284**	**-25 636**	**7**	**-1 004**	**-**	**-1 004**
Profit/loss for period					-5 327		-5 327		-5 327
Other comprehensive income			26				26		26
Total comprehensive income for the period	**-**	**-**	**26**	**-**	**-5 327**	**-**	**-5 301**	**-**	**-5 301**
Issue of shares	15	14 586	-5 600				9 000		9 000
Share redemption	-48		48				-		-
Incentive scheme				1 912			1 912		1 912
As at 31.03.2021	**326**	**30 878**	**164**	**4 196**	**-30 964**	**7**	**4 607**	**-**	**4 607**

6.5. Explanatory notes

6.5.1.Total Revenues

SALES REVENUES AND TOTAL REVENUES	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Revenue from research and development services	1 036	424
Total sales revenues	**1 036**	**424**
Subsidy revenues	4 436	4 029
Other operating income	221	475
Financial income	1	-
Total revenues	**5 694**	**4 928**

The increase in revenue from research and development services is due to the fact of entering increasingly costly research stages, which is connected with increased reimbursements from THE NCRD, mainly from projects CT-01 and CT-05.

The Group recorded a decrease in other operating income compared to the comparative period, which is described in Note 6.5.3.

6.5.2.Costs by type

6.5.2.1. Operational costs

OPERATIONAL COSTS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Depreciation	1 947	1 821
- depreciation of fixed assets	1 905	1 800
- amortisation of intangible assets	42	21
Consumption of materials and energy	983	1 057
External services	6 503	2 185
Taxes and charges	140	43
Costs of employee benefits	6 879	5 000
Other costs by nature	93	36
Total costs by type, including:	**16 545**	**10 142**
Items recognised in costs of sales of services	282	-
Items included in research costs	6 504	4 702
Items included in project overheads	3 718	1 671
Items included in general administrative costs	6 041	3 769
Change in products	-	-
Costs of services for the entity's own needs	-	-

The increase in the Group's operating expenses compared to the comparative period is mainly due to an increase in the Parent Company's third-party service costs related to projects entering the next stages of research.

6.5.2.2. Depreciation and amortisation expenses recognized in the result

DEPRECIATION AND AMORTISATION EXPENSE RECOGNISED IN THE RESULT	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Items included in cost of sales of services	**59**	**-**
Depreciation of fixed assets	59	-
Amortization of intangible assets	-	-
Impairment of property, plant, and equipment	-	-
Impairment of intangible assets	-	-
Items included in research costs	**1 431**	**1 432**
Depreciation of fixed assets	1 399	1 411
Amortisation of intangible assets	32	21
Impairment of property, plant, and equipment	-	-
Impairment of intangible assets	-	-
Items included in project overheads	**397**	**385**
Depreciation of fixed assets	391	385
Amortisation of intangible assets	6	-
Impairment of property, plant, and equipment	-	-
Impairment of intangible assets	-	-
Items included in general administrative costs	**60**	**4**
Depreciation of fixed assets	55	4
Amortisation of intangible assets	5	-
Impairment of property, plant, and equipment	-	-
Impairment of intangible assets	-	-
Sum of depreciation and impairment allowances	**1 947**	**1 821**

6.5.2.3. Employee benefit costs

EMPLOYEE BENEFIT COSTS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Wages and salaries	3 432	2 420
Social security costs	665	418
Pension and holiday benefit costs	246	129
Other employee benefit costs	90	120
Costs of incentive programme	2 446	1 912
Total employee benefit costs, including:	**6 879**	**5 000**
Items included in cost of sales of services	167	-
Items included in research costs	1 883	1 925
Items included in project overheads	1 040	543
Items included in general administrative costs	3 789	2 532
Change in products	-	-
Costs of services for the entity's own needs	-	-

The main contributors to the cost of employee benefits are the Group's employee remuneration costs which in the period of 3 months ended 31 March 2022 amounted to PLN 3,432 thousand as well as the costs of the incentive scheme introduced in the Parent Company in 2019, the cost of which in the period from 1 January to 31 March 2022 amounted to PLN 2,446 thousand (however, this is an accounting cost not related to real cash outflow). For comparison, in the

corresponding period of the previous year this cost amounted to PLN 1,912 thousand. Details regarding this program and its valuation in subsequent quarters are described in the "Accounting principles (policy) and additional information".

6.5.3.Other operating income and expenses

OTHER OPERATING INCOME	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Profit from disposal of fixed assets	-	-
Release of asset write-downs	-	-
Other	221	475
Total other operating income	**221**	**475**

OTHER OPERATING EXPENSES	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Loss on disposal of fixed assets	-	-
Revaluation of assets	-	-
Other	1	-
Total other operating expenses	**1**	**-**

6.5.4.Financial income and costs

FINANCIAL INCOME	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Interest income	1	-
Release of revaluation write-downs	-	-
Total financial income	**1**	**-**

FINANCIAL COSTS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Interest expense on bank loans and borrowings received	-	-
Financial costs related to leasing agreements	75	100
Revaluation of investments	-	-
Excess negative exchange rate differences	49	12
Other	-	-
Total financial costs	**124**	**112**

6.5.5.Income tax

6.5.5.1. Tax expense

The Group has no income tax expense due to tax losses.

6.5.5.2. Deferred income tax

The Group has not created any deferred income tax assets or reserves taking into account the prudence principle. With no tax losses to be deducted, the impact of temporary differences is immaterial.

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TEMPORARY DIFFERENCES, TAX LOSSES FOR WHICH DEFERRED INCOME TAX ASSETS HAVE NOT BEEN RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	Basis for asset recognition at the end of the period	Basis for asset recognition at the end of the period	Date of expiry of temporary differences, tax losses
	31.03.2022	31.12.2021	
Due to:			
Difference between leasing assets and liabilities	615	737	-
Tax losses	46 837*	42 989	2022-2027
Total:	**47 452**	**43 726**	

**The tax loss presented in the above table includes cumulative tax losses incurred by the Parent Company in 2017-2021 and in the period between 1 January and 31 March 2022.*

6.5.6. Discontinued operations

There were no discontinued operations between 1 January and 31 March 2022 or in the corresponding period of 2021.

6.5.7. Dividends paid and proposed to be paid

The Parent Company did not pay any dividends in the period from 1 January to 31 March 2022 and in the corresponding period of 2021. No advances on dividends were paid either.

6.5.8. Tangible fixed assets

The Group's property, plant and equipment consists solely of the Parent Company's property, plant, and equipment.

TANGIBLE FIXED ASSETS	31.03.2022	31.12.2021
Owned	4 753	5 175
Used under a rental, lease, or any other agreement, including a leasing agreement	6 422	7 437
Total	**11 175**	**12 612**

TANGIBLE FIXED ASSETS	31.03.2022	31.12.2021
Fixed assets, including:	**11 175**	**12 612**
buildings and structures	3 502	3 615
machinery and equipment	7 174	8 440
other	499	557
Fixed assets under construction	**-**	**-**
Total	**11 175**	**12 612**

Plant and equipment comprises medical and specialized equipment acquired and used by the Parent Company.

The following tables show the changes in fixed assets from 1 January to 31 March 2022 and the comparative period.

CHANGES IN FIXED ASSETS BY TYPE 01.01.2022 – 31.03.2022	buildings and structures	machinery and equipment	other	total fixed assets
Gross fixed assets, beginning of period	**9 771**	**24 852**	**702**	**35 326**
Increases, due to	**451**	**17**	**-**	**468**
acquisitions	451	17	-	468
Decreases	**-**	**-**	**-**	**-**
Gross fixed assets, end of period	**10 222**	**24 869**	**702**	**35 793**
Accumulated depreciation, beginning of period	**6 156**	**16 413**	**145**	**22 714**
Increases, due to	**564**	**1 283**	**58**	**1 905**
Depreciation	564	1 283	58	1 905
Decreases	**-**	**-**	**-**	**-**
Accumulated depreciation, end of period	**6 720**	**17 695**	**203**	**24 618**
Impairment losses, beginning of period	**-**	**-**	**-**	**-**
Impairment losses, end of period	**-**	**-**	**-**	**-**
Net fixed assets, end of period	**3 502**	**7 174**	**499**	**11 175**

CHANGES IN FIXED ASSETS BY TYPE 01.01.2021 - 31.12.2021	buildings and structures	machinery and equipment	other	total fixed assets
Gross fixed assets, beginning of period	**8 204**	**18 749**	**-**	**26 953**
Increases, due to	**1 567**	**7 303**	**702**	**9 572**
acquisitions	1 567	7 303	702	9 572
Decreases, due to	-	**1 200**	**-**	**1 200**
termination of lease agreement	-	1 200	-	1 200
Gross fixed assets, end of period	**9 771**	**24 852**	**702**	**35 326**
Accumulated depreciation, beginning of period	**3 622**	**11 134**	**-**	**14 756**
Increases, due to	**2 534**	**5 734**	**145**	**8 412**
Depreciation	2 534	5 734	145	8 412
Decreases, due to	**-**	**454**	**-**	**454**
termination of lease agreement	-	454	-	454
Accumulated depreciation, end of period	**6 156**	**16 413**	**145**	**22 714**
Impairment losses, beginning of period	**-**	**-**	**-**	**-**
Impairment losses, end of period	**-**	**-**	**-**	**-**
Net fixed assets, end of period	**3 615**	**8 440**	**557**	**12 612**

The Group has no property, plant, and equipment whose title would be restricted, or which would serve as security for liabilities.

The Group has no contractual commitments to acquire property, plant, and equipment in the future.

6.5.9.Intangible assets

The Group's intangible assets consist solely of intangible assets of the Parent Company.

INTANGIBLE ASSETS	31.03.2022	31.12.2021
Acquired concessions, patents, licences and similar	-	-
Other intangible assets	138	180
Total	**138**	**180**

The Group has no internally generated intangible assets.

Reported intangible assets are mainly licenses and software used in the Group's operations.

The Group does not have any intangible assets with the Group's title thereto being restricted or serving as a security for liabilities.

The Group has no contractual commitments to acquire intangible assets in the future.

6.5.10. Mergers of business entities, acquisitions of assets of significant value and acquisition of minority interests

In 2022 there were no business combinations, acquisitions of assets of significant value and acquisitions of shares to which the Parent Company or the Subsidiary would be a party. As of 31 March 2022, there was no goodwill in the interim condensed consolidated statement of financial position.

6.5.11. Trade and other receivables

TRADE RECEIVABLES	31.03.2022	31.12.2021
Net trade receivables	**769**	**974**
- from related parties	-	-
- from other undertakings	769	974
Write-downs on receivables	-	-
Gross trade receivables	**769**	**974**

OTHER RECEIVABLES	31.03.2022	31.12.2021
Other net receivables	**10 292**	**10 732**
Budgetary receivables	2 615	2 004
Receivables from grants	7 634	8 681
Other	43	47
Write-downs on receivables	-	-
Other gross receivables	**10 292**	**10 732**

Trade receivables are not interest-bearing.

There are no overdue receivables not covered by allowances that would be considered uncollectible. In the opinion of the Parent Company's Management Board, there is no credit risk above the level determined by the allowance for uncollectible receivables specific to the Group's trade receivables.

Receivables from grants relate to eligible costs incurred in a given period year and subject to reimbursement in subsequent reporting periods.

6.5.12. Equity

6.5.12.1. Share capital

As of 31 March 2022, the Parent Company's share capital (share capital) amounted to PLN 412,797.20 and was divided into 4,127,972 shares with a par value of PLN 0.10 each.

SHARE CAPITAL	31.03.2022	31.12.2021
Number of shares (pcs.)	4 127 972	4 127 972
Nominal value of shares (PLN)	0.10	0.10
Share capital	**413**	**413**

Changes in the share capital of the Parent Company

Changes in share capital are described in section 2.4.2 of this report.

6.5.13. Share premium reserve

The Group's share premium reserve is equal to the Parent Company's share premium reserve and results from the following items:

SHARE PREMIUM RESERVE	31.03.2022	31.12.2021
Issuance of Series B AGIO shares	3 774	3 774
Voluntary capital reduction without consideration	36	36
Issuance of C series AGIO shares investment agreements 2018	3 898	3 898
Issuance of series C2 and D AGIO shares investment agreements 2019	8 584	8 584
Issuance of G, H, I, J	153 739	153 739
Total	**170 031**	**170 031**

6.5.14. Capital reserve

The Group's capital reserve is equal to the Parent Company's capital reserve and results from the following items

OTHER CAPITAL RESERVES	31.03.2022	31.12.2021
Redemption of shares	103	103
Actuarial gains and losses	72	72
Unregistered share issue	-	-
Total	**175**	**175**

6.5.15. Retirement benefit obligations and provisions for liabilities

PROVISIONS FOR EMPLOYEE BENEFITS	31.03.2022	31.12.2021
Provision for outstanding holiday entitlement	665	441
Provision for pensions	59	59
Total, including:	**724**	**500**
long-term	33	33
short-term	691	467

The provision for outstanding holiday entitlement is presented in the interim condensed consolidated statement of financial position in short-term liabilities, in the item provisions for liabilities.

CHANGE IN EMPLOYEE PROVISIONS	Provision for outstanding holiday entitlement	Provision for pensions	Total
As at 01.01.2022	**441**	**59**	**500**
Creation of a provision	246	-	246
Costs of benefits paid (use)	-	-	-
Provisions released	22	-	22
As at 31.03.2022	**665**	**59**	**724**

As at 01.01.2021	**278**	**66**	**344**
Creation of a provision	163	11	174
Costs of benefits paid (use)	-	-	-
Provisions released	-	18	18
As at 31.12.2021	**441**	**59**	**500**

PROVISIONS FOR LIABILITIES	31.03.2022	31.12.2021
External services	509	137
Reserve for the return of funds to the NCBR	4 658	4 658
Internal audit reserve	-	1 000
Total other provisions	**5 167**	**5 795**

As the Parent Company became aware of the proceedings conducted by the state authorities concerning potential irregularities in carrying out the procedures for awarding contracts within the framework of EU projects, the Parent Company commissioned external renowned financial and legal advisors to conduct an audit. As a result, the Parent Company established a provision for the return of a portion of funds received from the NCBR in the amount of PLN 4,658 thousand (which includes the principal amount of PLN 3,891 thousand and interest of PLN 767 thousand). Additionally, the Parent Company established a provision for audit costs in the amount of PLN 1,000 thousand, which was released in the first quarter of 2022 due to the receipt of invoices related to this audit. After the balance sheet date, on the basis of the audit results, on 13 April 2022, the Parent Company repaid to the NCRD funds in the amount of PLN 4,658 thousand. The remaining provisions for outsourced services in the amount of PLN 509 thousand were set up for the costs of subcontractors.

CHANGE IN PROVISIONS FOR LIABILITIES	External services	Reserve for the return of funds to the NCRD	Reserve for internal audit	Total
As at 01.01.2022	**137**	**4 658**	**1 000**	**5 795**
Creation of reserves	372	-	-	372
Use of provisions	-	-	-	-
Release of provisions	-	-	1 000	1 000
As at 31.03.2022	**509**	**4 658**	**-**	**5 167**
As at 01.01.2021	**416**	**-**	**-**	**416**
Creation of reserves	148	4 658	1 000	5 806
Use of provisions	427	-	-	427
Release of provisions	-	-	-	-
As at 31.12.2021	**137**	**4 658**	**1 000**	**5 795**

6.5.16. Loans received

The Group had no loans received as at 31 March 2022 and 31 December 2021.

6.5.17. Lease liabilities

Structure of lease liabilities by maturity

LEASE LIABILITIES	31.03.2022	31.12.2021
Short-term lease liabilities, including	4 744	5 241
- up to 1 month	555	545
- from 1 month to 3 months	1 098	1 066
- from 3 months to 6 months	1 164	1 591
- from 6 months to 1 year	1 927	2 039
Long-term leasing liabilities, including:	2 294	2 940
- from one to five years	2 294	2 940
- more than five years	-	-
TOTAL	**7 038**	**8 181**

Lease liabilities mainly relate to the lease of office space, laboratory space and specialist equipment used in the Group's day-to-day operations.

6.5.18. Other liabilities/deferred income

The Group has deferred income which relates to grant advances received by the Parent Company. These funds will be used to cover the corresponding costs in the next reporting period. The value of advances received and unused as at the balance sheet date is as follows:

DEFERRED INCOME	31.03.2022	31.12.2021
- project POIR.01.02.00-00-0073/18	-	-
- project POIR.01.01.01-00-0956/17	-	-
- project POIR.04.01.04-00-0116/16	-	-
- project POIR.01.01.01-00-0931/19	-	-
- project POIR.01.01.01-00-0747/16	-	-
- project POIR.01.01.01-00-0740/19	-	-
- project POIR.01.01.01-00-0741/19	-	-
- project POIR.04.01.02-00-0147/16	126	126
- project POIR.01.02.00-00-0079/18	-	-
Total	**126**	**126**

6.5.19. Financial instruments

Fair values of particular classes of financial instruments

The following table provides a comparison of the carrying amounts and fair values of all of the Group's financial instruments, by class and category of assets and liabilities.

FAIR VALUES OF PARTICULAR CLASSES OF FINANCIAL ASSETS AND LIABILITIES	Category	Carrying amount		Fair Value	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
Financial assets					
Loans granted	WwgZK	-	-	-	-
Trade receivables	WwgZK	769	974	769	974
Other receivables	WwgZK	10 292	10 732	10 292	10 732
Cash and cash equivalents	WwgZK	110 706	117 943	110 706	117 943
Total		**121 767**	**129 649**	**121 767**	**129 649**
Financial liabilities					
Interest-bearing bank loans and borrowings	PZFwgZK	-	-	-	-
Leasing liabilities	IFRS16	7 038	8 181	7 038	8 181
Trade payables	PZFwgZK	3 573	3 193	3 573	3 193
Other liabilities	PZFwgZK	1 723	1 545	1 723	1 545
Total		**12 334**	**12 919**	**12 334**	**12 919**

Abbreviations used:
WwgZK - Measured at amortised cost
PZFwgZK - Other financial liabilities measured at amortised cost

The lease liabilities presented in the table above are measured in accordance with IFRS 16 'Leases'.

The fair value of financial instruments held by the Group as at the balance sheet date does not differ from the value presented in the financial statements due to the fact that in relation to short-term instruments the discount effect, if any, is not significant, as these instruments relate to transactions concluded on market terms.

6.5.20. Explanations to the cash flow statement

SPECIFICATION	31.03.2022	31.03.2021
Depreciation:	**1 947**	**1 821**
amortisation of intangible assets	42	21
depreciation of property, plant, and equipment	1 905	1 800
Foreign exchange gains (losses)	**11**	**-1**
accrued exchange differences	11	-1
Interest:	**149**	**100**
interest accrued on loans received	-	-
interest paid on leasing	149	100
Change in reserves:	**-404**	**-287**
balance sheet change in provisions for trade liabilities	-650	-416
balance sheet change in provisions for employee benefits	246	129
Change in receivables:	**426**	**-2 651**
change in short-term receivables as per balance sheet	426	-2 652
change in long-term receivables as per balance sheet	-	1
Change in short-term liabilities, except for financial liabilities:	**692**	**-5 493**
change in short-term liabilities as per the balance sheet	692	159
change in other liabilities	-	-5 652
Change in accruals:	**242**	**-324**
Change in prepayments and accrued income as per the balance sheet	242	-324

6.5.21. Transactions with related parties

Below please find a list of the Group's related entities as of 31 March 2022 with which the Company executed transactions in the period covered by these financial statements.

Entity or natural person	Role / description of relationship
Sylvain Cottens	Member of the Management Board of Captor Therapeutics GmbH, shareholder of Captor Therapeutics S.A.
Thomas Shepherd	President of the Management Board of Captor Therapeutics S.A. from 20.01.2021
Michał Walczak	President of the Management Board of Captor Therapeutics GmbH, Member of the Management Board of Captor Therapeutics S.A., employed in Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A.
Radosław Krawczyk	Member of the Management Board of Captor Therapeutics S.A. from 29.06.2021, shareholder of Captor Therapeutics S.A.
Captor Therapeutics GMBH	Company in which 100% of shares are held by Captor Therapeutics S.A.
Paweł Holstinghausen Holsten	Member of the Supervisory Board
Maciej Wróblewski	Member of the Supervisory Board from 17 March 2021
Florent Gros	Member of the Supervisory Board
Krzysztof Samotij	Member of the Supervisory Board
Swissvention Partners GMBH	Company in which Florent Gros is the owner and managing director
Robert Florczykowski	Member of the Supervisory Board from 5 January 2021

The following table presents transactions executed in the period from 1 January to 31 March 2022 with entities related to the Group.

01.01.2022-31.03.2022	Towards subsidiaries	Towards jointly owned subsidiaries	Towards key management *	Towards other related parties **
Purchases	-	-	-	-
Sales	-	-	-	-
Loans granted	-	-	-	-
Financial income - interest on loans	-	-	-	-
Loans received	-	-	-	-
Financial costs - interest on loans and remuneration for the establishment of a registered pledge	-	-	-	-
Trade receivables	-	-	-	19
Trade payables	-	-	-	-
Remuneration – paid by the Company	-	-	794	-
Other – received by the Company	-	-	-	-

** This item includes persons having authority and responsibility for planning, directing, and controlling the activities of the entity*

*** This item includes entities related through key management*

Transactions between related parties took place on terms equivalent to those applicable to transactions concluded at arm's length.

7. CAPTOR THERAPEUTICS S.A. - INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2022 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

7.1. Interim condensed unconsolidated statement of financial performance and comprehensive income

Interim condensed separate statement of profit or loss and comprehensive income for the 3-month period ended 31 March 2022 and comparative data for the 3-month period ended 31 March 2021 (in thousand PLN).

SEPARATE STATEMENT OF PERFORMANCE AND OTHER COMPREHENSIVE INCOME	Note	01.01.2022-31.03.2022	01.01.2021-31.03.2021
CONTINUING OPERATIONS			
Research and development income	7.5.1	1 036	424
Cost of services sold		282	-
Gross profit (loss) on sales		**754**	**424**
Subsidy revenues		4 436	4 029
Research and development expenditures	7.5.2.1	6 504	4 702
Project overheads	7.5.2.1	5 943	13 786
General administrative expenses	7.5.2.1	3 718	1 671
Other operating income	7.5.3	221	475
Other operating costs	7.5.3	1	-
Operating profit (loss)		**-10 755**	**-5 231**
Financial income	7.5.4	1	-
Financial expenses	7.5.4	124	113
Profit (loss) from continued operations before tax		**-10 878**	**-5 344**
Income tax	7.5.5	-	-
Net profit (loss) from continued operations		**-10 878**	**-5 344**
Net profit (loss) from discontinued operations		-	-
Net profit (loss) for period		**-10 878**	**-5 344**

Other comprehensive income			
Items that may be transferred to the result in subsequent reporting periods		-	-
Items that will not be carried forward to the result in subsequent reporting periods		-	**26**
Actuarial gains/losses		-	26
Other net comprehensive income		-	**26**
Total comprehensive income		**-10 878**	**-5 318**

Earnings (loss) per share (in PLN)		**-2.64**	**-1.64**
Diluted earnings (loss) per share (in PLN)		**-2.49**	**-1.56**

7.2. Interim condensed separate statement of financial position

Interim condensed separate statement of financial position as of 31 March 2022 and comparative figures as of 31 December 2021.

SEPARATE STATEMENT OF FINANCIAL POSISION

ASSETS	Note	31.03.2022	31.12.2021
I. FIXED ASSETS		**11 569**	**13 049**
Expenditure on development work (in progress)		180	180
Property, plant, and equipment	**6.5.8**	11 175	12 612
Intangible assets	**6.5.9**	138	180
Other non-current assets		76	77
II. CURRENT ASSETS		**122 359**	**130 220**
Trade and other receivables	**7.5.9**	11 046	11 696
Prepayments and accrued income		664	902
Cash and cash equivalents		110 649	117 622
TOTAL ASSETS		**133 928**	**143 269**

EQUITY AND LIABILITIES	Note	31.03.2022	31.12.2021
I. EQUITY		**115 631**	**124 063**
Share capital	**7.5.10.1**	413	413
Share premium reserve	**6.5.13**	170 031	170 031
Other capital reserves	**6.5.14**	175	175
Capital from share-based payments		14 225	11 779
Retained earnings / Uncovered losses		-69 213	-58 335
TOTAL LIABILITES		**18 297**	**19 206**
II. NON-CURRENT LIABILITIES		**2 327**	**2 973**
Pension benefit obligations	**6.5.15**	33	33
Interest-bearing borrowings	**6.5.16**	-	-
Lease liabilities	**6.5.17**	2 294	2 940
III. CURRENT LIABILITIES		**15 970**	**16 233**
Trade and other payables		5 242	4 625
Lease liabilities	**6.5.17**	4 744	5 241
Provisions for liabilities	**6.5.15**	5 858	6 241
Other liabilities/deferred income	**6.5.18**	126	126
TOTAL EQUITY AND LIABILITIES		**133 928**	**143 269**

7.3. Interim condensed separate statement of cash flows

Interim condensed separate statement of cash flows for the 3-month period ended 31 March 2022 and comparative data for the 3-month period ended 31 March 2021 (in thousand PLN).

SEPARATE STATEMENT OF CASH FLOWS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
OPERATING ACTIVITIES		
Net profit (loss)	**-10 878**	**-5 344**
Adjustments:	**5 675**	**-4 916**
Depreciation	1 947	1 821
Foreign exchange (gains) losses	10	-
Interest	149	100
Incentive scheme	2 446	1 912
Change in receivables	650	-2 595
Change in liabilities, excluding loans and borrowings	618	-5 547
Change in provisions	-382	-287
Change in accruals	238	-320
Net cash flow from operating activities	**-5 203**	**-10 259**
INVESTING ACTIVITIES		
I. Inflows	**-**	**-**
II. Outflows	**17**	**86**
Expenditures on tangible and intangible fixed assets	17	86
Net cash flow from investing activities	**-17**	**-86**
FINANCING ACTIVITIES		
I. Inflows	**-**	**9 001**
Proceeds from issue of shares		9 001
II. Outflows	**1 754**	**1 986**
Expenditures on borrowings		
Interest and commission expenses	149	100
Payments of liabilities under lease agreements	1 604	1 886
Net cash flow from financing activities	**-1 754**	**7 015**
Total cash flows	**-6 973**	**-3 331**
Balance sheet change in cash and cash equivalents	**-6 973**	**-3 331**
Cash at the beginning of period	**117 622**	**10 650**
Cash at the end of period	**110 649**	**7 320**
- restricted cash	-	-

7.4. Interim condensed separate statement of changes in equity

Interim condensed separate statement of changes in equity for the 3-month period ended 31 March 2022 and comparative data for the 3-month period ended 31 March 2021 (in thousand PLN).

	Share capital	Share premium reserve	Other capital reserves	Share-based payment reserve	Retained earnings/accumulated losses	Total equity
As at 01.01.2022	**413**	**170 031**	**175**	**11 779**	**-58 335**	**124 063**
Profit/loss for period					-10 878	-10 878
Other comprehensive income						-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-10 878**	**-10 878**
Issue of shares						-
Share redemption						-
Incentive scheme				2 446		2 446
As at 31.03.2022	**413**	**170 031**	**175**	**14 225**	**-69 213**	**115 631**

As at 01.01.2021	**359**	**16 292**	**5 690**	**2 284**	**-25 584**	**-959**
Profit/loss for period					-5 344	-5 344
Other comprehensive income			26			26
Total comprehensive income for the period	**-**	**-**	**26**	**-**	**-5 344**	**-5 318**
Issue of shares	15	14 586	-5 600			9 000
Redemption of shares	-48		48			-
Incentive scheme				1 912		1 912
As at 31.03.2021	**326**	**30 878**	**164**	**4 196**	**-30 928**	**4 636**

7.5. Additional information and explanations

7.5.1. Total revenues

SALES REVENUES AND TOTAL REVENUES	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Revenues from research and development services	1 036	424
Total sales revenues	**1 036**	**424**
Subsidy revenues	4 436	4 029
Other operating income	221	475
Financial income	1	-
Total revenues	**5 694**	**4 928**

The increase in revenue from research and development services is due to entering into increasingly costly research stages, which is associated with increased reimbursements from the NCBR, mainly from projects CT-01 and CT-05.

The Parent Company recorded a decrease in other operating income compared to the comparative period, which is described in Note 7.5.3.

7.5.2. Costs by type

7.5.2.1. Operating costs

OPERATING COSTS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Depreciation	1 947	1 821
- depreciation of fixed assets	1 905	1 800
- amortisation of intangible assets	42	21
Consumption of materials and energy	983	1 057
External services	6 602	2 389
Taxes and charges	138	43
Costs of employee benefits	6 684	4 813
Other costs by nature	93	36
Total costs by type, including:	**16 447**	**10 159**
Items recognised in costs of sales of services	282	-
Items included in research costs	6 504	4 702
Items included in project overheads	3 718	1 671
Items included in general administrative costs	5 943	3 786
Change in products	-	-
Costs of services for the entity's own needs	-	-

The increase in the Company's operating expenses compared to the comparative period is primarily due to an increase in third-party service costs related to the increase in services provided by subcontractors.

This is closely related to projects entering the next stages of testing.

7.5.2.2. EMPLOYEE BENEFIT COSTS

EMPLOYEE BENEFIT COSTS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Wages and salaries	3 331	2 254
Social security costs	571	396
Pension and holiday benefit costs	246	129
Other employee benefit costs	90	120
Costs of incentive programme	2 446	1 912
Total employee benefit costs, including:	**6 684**	**4 813**
Items included in cost of sales of services	167	-
Items included in research costs	1 883	1 925
Items included in project overheads	1 040	543
Items included in general administrative costs	3 594	2 344
Change in products	-	-
Cost of services for the entity's own needs	-	-

The main share of employee benefits expenses is represented by the Company's employee remuneration costs, which in the period of 3 months ended 31 March 2022 amounted to PLN 3,331 thousand and the costs of the incentive program introduced in 2019, the cost of which in the period from 1 January to 31 March 2022 amounted to PLN 2,446 thousand (with this being an accounting cost unrelated to real cash outflows). For comparison, in the corresponding period of the previous year the cost amounted to PLN 1,912 thousand. Details of this program and its valuation in subsequent quarters are described in "Accounting principles (policy) and additional information".

7.5.3. Other operating income and expenses

OTHER OPERATING INCOME	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Profit from disposal of fixed assets	-	-
Release of asset write-downs	-	-
Other	221	475
Total other operating income	**221**	**475**

Other operating income includes mainly financial income from impairment allowances and income from revaluation of leases.

OTHER OPERATING EXPENSES	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Loss on disposal of fixed assets	-	-
Revaluation of assets	-	-
Other	1	-
Total other operating expenses	**1**	**-**

7.5.4. Financial revenue and costs

FINANCIAL REVENUE	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Interest income	1	-
Release of revaluation write-downs	-	-
Total financial income	**1**	**-**

FINANCIAL COSTS	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Interest expense on bank loans and borrowings received	-	-
Financial costs related to leasing agreements	75	100
Revaluation of investments	-	-
Excess negative exchange rate differences	49	12
Other	-	-
Total finance costs	**124**	**113**

7.5.5. Income tax

7.5.5.1. Tax expense

The company, due to tax losses, has no income tax expense.

7.5.5.2. Deferred income tax

The Company has not recognised deferred tax assets and reserves taking into account the prudence principle. With no tax losses to be deducted, the impact of temporary differences is immaterial.

NEGATIVE TEMPORARY DIFFERENCES, TAX LOSSES FOR WHICH DEFERRED INCOME TAX ASSETS HAVE NOT BEEN RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	Basis for asset recognition at the end of the period	Basis for asset recognition at the end of the period	Date of expiry of negative temporary differences, tax losses
	31.03.2022	31.12.2021	
Due to:			
Difference between leasing assets and liabilities	615	737	-
Tax losses	46 837*	42 989	2022-2027
Total:	**47 452**	**43 726**	

**The tax loss presented in the table above includes the cumulative tax losses incurred by the Company in 2017-2021 and in the period between 1 January and 31 March 2022.*

7.5.6. Discontinued operations

There were no discontinued operations during the 3-month period ended 31 March 2022 or in 2021.

7.5.7. Dividends paid and proposed to be paid

The Company did not pay a dividend in the period from 1 January to 31 March 2022 and in the corresponding period of 2021 No dividend advances were paid either.

7.5.8. Mergers of business entities, acquisition of assets of significant value and acquisition of minority interests

There were no mergers of business entities, acquisitions of assets of significant value or acquisitions of minority interests to which the Entity was a party during 2022.

7.5.9.Trade and other receivables

Trade receivables are not interest-bearing.

TRADE RECEIVABLES	31.03.2022	31.12.2021
Net trade receivables	**769**	**974**
- from related parties	-	-
- from other undertakings	769	974
Write-downs on receivables	-	-
Gross trade receivables	**769**	**974**

OTHER RECEIVABLES	31.03.2022	31.12.2021
Other net receivables	**10 277**	**10 722**
Budgetary receivables	2 600	2 004
Receivables from grants	7 634	8 681
Other	43	37
Write-downs on receivables	-	-
Other gross receivables	**10 277**	**10 722**

Trade receivables are not interest-bearing.

There are no overdue receivables not covered by write-downs which would be considered as uncollectible. In the opinion of the Company's Management Board, there is no credit risk beyond the level specified by the allowance for uncollectible receivables applicable to the Company's trade receivables.

Receivables from subsidies relate to eligible costs incurred in a given financial year and subject to reimbursement in the subsequent reporting periods.

7.5.10. Equity

7.5.10.1. Share capital

As of 31 March 2022, the share capital (share capital) of the Entity amounted to PLN 412,797.10 and was divided into 4,127,972 shares with a par value of PLN 0.10 each.

SHARE CAPITAL	31.03.2022	31.12.2021
Number of shares (pcs.)	4 127 972	4 127 972
Nominal value of shares (PLN)	0.10	0.10
Share capital	**413**	**413**

7.5.11. Financial instruments

Fair values of particular classes of financial instruments

The following table provides a comparison of the carrying amounts and fair values of all the Company's financial instruments, by class and category of assets and liabilities

FAIR VALUES OF PARTICULAR CLASSES OF FINANCIAL ASSETS AND LIABILITIES	Category	Carrying amount		Fair value	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
Financial assets					
Loans granted	WwgZK	-	-	-	-
Trade receivables	WwgZK	769	974	769	974
Other receivables	WwgZK	10 277	10 722	10 277	10 722
Cash and cash equivalents	WwgZK	110 649	117 622	110 649	117 622
Total		**121 695**	**129 318**	**121 695**	**129 318**
Financial liabilities					

FAIR VALUES OF PARTICULAR CLASSES OF FINANCIAL ASSETS AND LIABILITIES	Category	Carrying amount		Fair value	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
Interest-bearing bank loans and borrowings	PZFwgZK	-	-	-	-
Leasing liabilities	IFRS16	7 038	8 181	7 038	8 181
Trade payables	PZFwgZK	3 537	3 096	3 537	3 096
Other liabilities	PZFwgZK	1 705	1 529	1 705	1 529
Total		**12 280**	**12 806**	**12 280**	**12 806**

Abbreviations used:

WwgZK - Measured at amortised cost

PZFwgZK - Other financial liabilities measured at amortised cost

The lease liabilities presented in the table above are measured in accordance with IFRS 16 'Leases'.

The fair value of financial instruments held by the Entity as at the balance sheet date does not differ from the value presented in the financial statements due to the fact that in relation to short-term instruments the discount effect, if any, is not significant, these instruments relate to transactions concluded on market terms.

7.5.12. Explanations to the cash flow statement

SPECIFICATION	31.03.2022	31.03.2021
Depreciation:	**1 947**	**1 821**
amortisation of intangible assets	42	21
depreciation of property, plant, and equipment	1 905	1 800
Foreign exchange gains (losses)	**10**	**-**
accrued exchange differences	10	-
Interest:	**149**	**100**
interest accrued on loans received	-	-
interest paid on leasing	149	100
Change in reserves:	**-382**	**-287**
balance sheet change in provisions for trade liabilities	-628	-416
balance sheet change in provisions for employee benefits	246	129
Change in receivables:	**650**	**-2 595**
change in short-term receivables as per balance sheet	650	-2 597
change in long-term receivables as per balance sheet	-	1
Change in short-term liabilities, except for financial liabilities:	**618**	**-5 547**
change in short-term liabilities as per the balance sheet	618	105
change in other liabilities	-	-5 652
Change in accruals:	**238**	**-320**
Change in prepayments and accrued income as per the balance sheet	238	-320

7.5.13. Transactions with related parties

Below please find a list of the Company's related entities as of 31 March 2022 with which the Company executed transactions in the period covered by these financial statements.

Entity or natural person	Role / description of relationship
Sylvain Cottens	Member of the Management Board of Captor Therapeutics GmbH, shareholder of Captor Therapeutics S.A.
Thomas Shepherd	President of the Management Board of Captor Therapeutics S.A. from 20.01.2021
Michał Walczak	President of the Management Board of Captor Therapeutics GmbH, Member of the Management Board of Captor Therapeutics S.A., employed in Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A.
Radosław Krawczyk	Member of the Management Board of Captor Therapeutics S.A. from 29.06.2021, shareholder of Captor Therapeutics S.A.
Captor Therapeutics GMBH	Company in which 100% of shares are held by Captor Therapeutics S.A.
Paweł Holstinghausen Holsten	Member of the Supervisory Board
Maciej Wróblewski	Member of the Supervisory Board from 17 March 2021
Florent Gros	Member of the Supervisory Board
Krzysztof Samotij	Member of the Supervisory Board
Swissvention Partners GMBH	Company in which Florent Gros is the owner and managing director
Robert Florczykowski	Member of the Supervisory Board from 5 January 2022

The following table sets forth transactions entered into during the period from 1 January to 31 March 2022 with parties related to the Company.

01.01.2022- 31.03.2022	Towards subsidiaries	Towards jointly owned subsidiaries	Towards key management *	Towards other related parties **
Purchases	135	-	-	-
Sales	-	-	-	-
Loans granted	-	-	-	-
Financial income - interest on loans	-	-	-	-
Loans received	-	-	-	-
Financial costs - interest on loans and remuneration for the establishment of a registered pledge	-	-	-	-
Trade receivables	-	-	-	-
Trade payables	-	-	-	-
Remuneration - paid by the Company	-	-	693	-
Other – received by the Company	-	-	-	-

** This item includes persons having authority and responsibility for planning, directing, and controlling the activities of the entity*

*** This item includes entities related through key management*

Transactions between related parties took place on terms equivalent to those applicable to transactions concluded at arm's length.

8. ADDITIONAL INFORMATION AND EXPLANATIONS

8.1. Approval of the financial statements

These interim condensed consolidated and separate financial statements of Captor Therapeutics S.A. ("**financial statements**") were approved by the Management Board of the Parent Company on 30 May 2022.

8.2. Basis for the preparation of the financial statements

These interim condensed consolidated and separate financial statements of Captor Therapeutics S.A. have been prepared in accordance with the historical cost principle, except for those financial instruments that are measured at fair value. These interim condensed consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU, including in particular with International Accounting Standard no. 34 "Interim Financial Reporting".

The interim condensed consolidated and separate financial statements have followed the same accounting policies and calculation methods as in the last annual financial statements. Taking into account the ongoing process of introducing IFRS standards in the EU and the Group's and Company's activities, there is no difference in the accounting principles applied between IFRS standards that have come into force and IFRS standards approved by the EU. IAS and IFRS include standards and interpretations accepted by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committee ("**IFRIC**").

The interim condensed consolidated and separate financial statements do not include all the information and disclosures required in the annual consolidated and separate financial statements and should be read in conjunction with the consolidated and separate financial statements of Captor Therapeutics S.A. for the year ended 31 December 2021, published on 29 April 2022.

8.3. Reporting period and comparative figures

The period covered by these interim condensed consolidated and separate financial statements comprises the 3-month period from 1 January 2022 to 31 March 2022 and data as of 31 March 2022.

The interim condensed consolidated and separate statement of performance and other comprehensive income include data for the period of 3 months ended 31 March 2022. The interim condensed consolidated and separate statements of financial position include data as of 31 March 2022 and comparative data as of 31 December 2021. The interim condensed consolidated and separate statement of cash flows and the interim condensed consolidated and separate statement of changes in equity include data for the 3-month period ended 31 March 2022 and comparative data for the 3- month period ended 31 March 2021.

8.4. Functional currency and currency of the financial statements

The functional currency of the Parent Company is the Polish zloty (PLN).

The functional currency of the subsidiary included in these interim condensed consolidated financial statements is the Swiss franc (CHF).

The reporting currency of the entire Group is the Polish zloty (PLN).

The functional currency of the entities is considered to be the currency in which the entity generates and spends most of its cash.

8.5. Transactions in foreign currencies

At the end of each reporting period:

- monetary items expressed in a foreign currency are translated using the closing rate prevailing on that date, i.e., the average rate set for that currency by the NBP,
- non-cash items measured at historical cost in a foreign currency are translated using the exchange rate (i.e., the average NBP exchange rate set for the currency) in effect on the transaction date, and
- non-cash items measured at fair value in a foreign currency are translated using the exchange rate (i.e., the average NBP exchange rate set for the currency) at the date the fair value is determined.

Foreign exchange gains and losses resulting from:

- settlement of transactions in a foreign currency,

– balance sheet valuation of monetary assets and liabilities other than derivatives denominated in foreign currencies are recognised as financial income or expenses.

The following exchange rates were adopted for balance sheet valuation purposes:

exchange rates applied in the financial statements	2022 January - March		2021 January - March		2021 January- December	
	EUR	*CHF*	*EUR*	*CHF*	*EUR*	*CHF*
exchange rate at the end of the reporting period	4.6525	4.5207	4.6603	4.2119	4.5994	4.4484
average exchange rate during the reporting period	4.6472	4.4949	4.5721	4.1813	4.5775	4.2416

8.6. Correction of an error

No correction of prior period errors has been made in these interim condensed consolidated and separate financial statements.

8.7. Change in estimates

There has been no change in estimation methods during the 3 months ended 31 March 2022 that would have an impact on the current period or future periods.

8.8. New standards and interpretation

Impact of new and amended standards and interpretations on the financial statements of the Group and the Company

The following are new or amended IFRS/IFRS regulations and IFRIC interpretations that have been adopted in the EU for use and that the Group and the Company have applied since 1 January 2022:

– IFRS 3 Business Combinations (published on 14 May 2020) - applicable to reporting periods beginning on 1 January 2022 or later,
– IAS 16 Property, Plant and Equipment (published on 14 May 2020) - applicable to reporting periods beginning on 1 January 2022 or later,
– IAS 37 Provisions, Contingent Liabilities and Contingent Assets (published on 14 May 2020) - applicable to reporting periods beginning on or after 1 January 2022,
– Annual Improvements 2018-2020 (published on 14 May 2020) - applicable to reporting periods beginning on or after 1 January 2022

New or amended IFRS/IAS regulations and IFRIC interpretations that have already been issued by the International Accounting Standards Board and have been endorsed by the EU but are not yet effective are presented below:

– IFRS 17 Insurance Contracts (published on 18 May 2017) including amendments to IFRS 17 (published on 25 June 2020) - applicable to reporting periods beginning on or after 1 January 2023,
– Amendments to IAS 1 Presentation of Financial Statements and IFRS Code of Practice 2: Disclosure of Accounting Policies (published on 12 February 2021) - applicable to reporting periods beginning on or after 1 January 2023,
– Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (published on 12 February 2021) - applicable to reporting periods beginning on or after 1 January 2023,

The following standards and interpretations have been issued by the International Accounting Standards Board and have not been endorsed by the EU:

– Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current - Deferral of the effective date (published on 23 January 2020 and 15 July 2020, respectively) - applicable to reporting periods beginning on or after 1 January 2023,
– Amendments to IAS 12 Income Taxes: Deferred tax on assets and liabilities arising from a single transaction (published on 7 May 2021) - applicable to reporting periods beginning on 1 January 2023 or later,
– Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information (published on 9 December 2021) - applicable to reporting periods beginning on 1 January 2023 or later

The effective dates are those resulting from the content of the standards promulgated by the International Financial Reporting Council. The application dates of the standards in the European Union may differ from the application dates resulting from the content of the standards and are announced at the time of approval for application by the European Union.

In the opinion of the Parent Company's Management Board, the above changes will not have a significant impact on the consolidated and separate financial statements.

8.9. Business continuity

These interim condensed consolidated and separate financial statements of Captor Therapeutics S.A. have been prepared on the assumption that the Group and the Company will continue as a going concern in the foreseeable future, for at least 12 months after the balance sheet date.

The Group is a biopharmaceutical company specialising in the development of drugs that induce targeted degradation of pathogenic proteins. The Group is active in the area of cancer and autoimmune diseases for which there are currently no treatment options, or the available methods show significant therapeutic limitations. The Group is in the early stages of ongoing research. The Group's ability to generate profits from the sale of drugs or the licensing of therapeutic solutions will depend on the success in developing drug candidates and the eventual commercialisation of drugs. The target group will be large pharmaceutical companies developing and implementing new drugs based on drug candidates. The Group mainly plans to sell licences for the results of its projects to a company which, based on its experience and operational potential, will conduct further phases of clinical trials, develop production and market the drug in Poland and abroad. In addition, the Company will seek to attract partners from the pharmaceutical industry to jointly develop drug candidates not currently in the research phase.

Given the nature of the Group's operations as described above and the early stage of research being conducted, the Group is currently incurring losses from operations, and it is expected that this situation may continue for the foreseeable future. However, in the last 12 months, the Group has pursued its strategy and made progress in its ongoing projects, reaching significant milestones, in particular in project CT-01 and CT-03, which was communicated by the parent company in accordance with the applicable regulations

In 2021, the Group commenced implementation of the project in cooperation with Heptares Therapeutics Ltd (an entity from the Sosei Heptares Group). As a result, in the first quarter of 2022, the Group recorded a revenue of PLN 1,037 thousand from the execution of this project.

In 2021, the Parent Company conducted an initial public offering of the Parent Company's shares, and in April 2021 the Parent Company's shares were admitted to trading on the regulated market operated by the Warsaw Stock Exchange.

As a result of the share offering, the Parent Company's equity increased by approximately PLN 149.9 million in the first half of 2021.

The Group has since financed its operations with cash received under grants from EU funds and funds raised from the IPO process.

Obtaining cash from investors changed the Group's financial situation dramatically. Firstly, the Group has become a reliable partner for its service providers and for financial institutions, i.e., banks, insurance and leasing companies, thanks to which the Group will have a stronger position in business negotiations in the future.

Secondly, thanks to the funds raised from the IPO and the funds from the NCRD (National Centre for Research and Development), the Group has secured funding for further development and uninterrupted research on its projects in the medium time horizon.

In view of the state of epidemic emergency in Poland in the first quarter of 2022 and the SARS-CoV-2 coronavirus pandemic announced by the WHO (World Health Organisation) worldwide, the Parent Company's Management Board was taking measures to minimise the risk of delay in research and development work. At the time of preparing these financial statements, this work is proceeding without major disruptions, in accordance with the planned schedules. There have been no significant delays in the supply of components, materials, machinery, and equipment. However, it cannot be ruled out that such delays may occur in the future. Nevertheless, in the reporting period there were no events affecting the framework work schedules in the Group.

In connection with the outbreak of the armed conflict between Ukraine and Russia, the Management Board of the Parent Company performed an analysis of the influence of the current situation on the Group's activities. In the opinion of the Management Board, there are no significant risks that could significantly affect the conducted operations. The Group does not own any assets in Ukraine and does not conduct any business activities in areas affected by the conflict.

Therefore, in view of the financing obtained, the capital increase executed and the implementation of the adopted strategy through progress in scientific research, in particular in project CT-01 and CT-03, the Management Board of the Parent Company is of the opinion that as of 31 March 2022 there is no risk to the continuation of operations by the Group.

8.10. Accounting policies and additional information

In preparing the interim condensed consolidated and separate financial statements, the same accounting principles and calculation methods were applied as in the most recent annual consolidated and separate financial statements. The most significant accounting policies applied by the Group are presented below.

8.11. Significant values based on professional judgment and estimates

Criteria for Assessing the Likelihood of Commercialisation of Projects

When the Group begins work on a particular project, it assesses whether the expenditure incurred should be classified as research or development. The following is first assessed: the scope of the work in question, what product it relates to, what are the regulatory requirements for that product, what is the potential market in which it is to be commercialised, and the Group's management assesses the likelihood of obtaining registration and the possibility of commercialisation according to the decision criteria below.

The Group makes a clear distinction between projects in terms of their likelihood of commercialisation. Consequently, it is possible to determine how the costs arising from them will be accounted for. The costs of projects whose commercialisation is uncertain will be charged to the current period's costs, while those whose commercialisation is certain are capitalised in accordance with the terms of IAS 38. The Group has set an internal probability level, the achievement of which will indicate that a given project and its expenditures may be subject to capitalisation - this level was set at no less than 70% probability.

The decision criteria for assessing probability relate to the following:

1) the size and trend of the market to which the project is related,
2) compatibility of the new project with the Group's current portfolio,
3) compatibility of the new project with the Group's commercial model,
4) meeting the registration requirements in the shortest possible time,
5) possessed production and laboratory facilities,
6) sufficiency of financial resources or potential sources of financing through existing or future contracts,
7) obtaining an independent or internal opinion on the implementation of the project.

Projects are evaluated annually according to the same business criteria as well as the requirements according to par. 57 of IAS 38.

Grants

The Group estimates the probability of having to repay the grants received. Depending on the adopted estimation, the received subsidies may be charged to profit or loss in the year when the costs financed by the subsidies are incurred or suspended on deferred income until there is reasonable assurance that the amounts received will not be returned.

The Group distinguishes three types of risk related to the return of received subsidies:

Risks relating to project implementation (risk number 1), in the opinion of the Parent Company's management, are as follows:

- The Group refuses to undergo or hinders the inspection or does not implement the post-inspection recommendations within the indicated timeframe;
- In the course of control proceedings by authorised institutions, errors or shortcomings were found in the submitted documentation of the Project's environmental impact and these were not corrected or supplemented within the indicated deadline;
- The Group does not submit a payment application or interim report on time;
- The Group does not correct the payment claim or interim report containing gaps or errors within the set deadline;
- The Group fails to provide information and explanations about the implementation of the Project;
- The Group uses the grant money contrary to its purpose, collects the grant money unduly or in excessive amount;
- The Group uses the grant with violation of procedures referred to in Article 184 of the Public Finance Act;
- Any Interim Report was negatively assessed by the authorized institutions as referred to in the grant agreement;
- Further implementation of the Project by the Group is impossible or pointless;
- The Group ceases to implement the Project or implements it in a manner contrary to the agreement or in breach of law;
- There is no progress in the implementation of the Project in relation to deadlines specified in the application for a grant, which causes that there are reasonable grounds to believe that the Project will not be implemented in full or that its objective will not be achieved.

These risks are under the Group's control. The Group ensures that projects are implemented in compliance with the guidelines and provisions of the grant agreements. Project expenditures are incurred in compliance with the principle of competitiveness, which is verified at three levels of project audit, i.e. internal audit, verification of project expenditures when submitting a payment application in the SL System by the National Centre for Research and Development and verification of project expenditures by an external company indicated by the National Centre for Research and Development.

Risks related to the Group's activities (risk number 2), in the opinion of the Parent Company's management, are as follows:

- The Group or the Parent Company makes legal and organisational changes that threaten the implementation of the Agreement or fails to inform the Intermediate Body of its intention to make legal and organisational changes that may have a negative impact on the implementation of the Project or the achievement of the Project objectives. This risk is controlled by the Group. The Management Board of the Parent Company informs the Intermediate Body about all legal and organisational changes.
- The Group does not promote the Project as specified in the Agreement. This risk is controlled by the Group. The Group promotes the Projects at thematic scientific conferences and the execution of promotional activities is in line with the grant agreements.
- Laboratory facilities - the Group has existing laboratory facilities.
- Insufficient resources of specialised staff and laboratories able to design and implement studies intended to use the new drug development technology.
- Insufficient financial resources or potential funding sources through existing or future licensing or collaboration agreements.

The risks of project sustainability (risk number 3) in the assessment of the Parent Company's management are presented below.

The Management of the Parent Company ensures that the project sustainability requirement is met. In accordance with the Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006, and with the subsidy agreements, the Group is obliged to ensure project sustainability for a period of three years from their completion.

The sustainability principle is infringed if during its period at least one of the premises occurs:

- the Group ceases its activity or moves it outside the programme support area,
- a change of ownership of an element of the co-financed infrastructure occurs, which gives an undue advantage to the company,
- there is a significant change affecting the nature of the project, its objectives or the conditions for its implementation which could lead to a violation of its original assumptions.

Notwithstanding the foregoing, it should be noted that grant agreements with the NCRD concern the execution and funding of the Company's projects until the end of 2023. The Company estimates that some of its projects will enter phase I clinical tests in 2023, and some of them between 2023 and 2025. Even if the time schedule of some projects, as estimated by the Company, presently provides for the entry into phase I clinical tests in 2023, it cannot be excluded that such time schedule will change, and projects will enter phase I clinical tests after 2023. Consequently, the Company might not have time to use the entire subsidy granted for a relevant project by the NCRD and will have to finance further works from own resources. The Company is also exposed to the risk of the grant being withheld or significantly reduced or being required return part or all of the funds received from the grant.

Further, the Company received some of the NCRD funding as a consortium member. This situation occurred in the case of implementation of two projects: (i) the project entitled" "Development of laboratory kits for screening testing of chemical compounds in the development of a new class of drugs", under which the Company cooperated with the Institute of Immunology and Experimental Therapy of the Polish Academy of Sciences based in Wrocław, (ii) the project entitled: "Development and implementation of an innovative platform for screening analysis of degron-type therapeutic compounds" under which the Company cooperated with PORT Polski Ośrodek Rozwoju Technologii sp. z o.o. with its registered office in Wrocław (formerly: Wrocławskie Centrum Badań EIT+ spółka z o.o.). In both cases, the Company and the other member of the consortium share the rights to the results of work and research under the project. As a result, the economic implementation of research results, e.g., their sale or licensing, requires the cooperation of the consortium members and cannot be carried out by the Company alone. Because of the necessity of cooperation between the consortium members, the Company cannot exclude the risk of lack of cooperation from the other consortium member or inability to reach agreement on the terms of sale

or implementation of project results, which might consequently have an adverse impact on the Company's operations, financial position, development prospects and results.

Moreover, agreements providing for sale or granting a license for the project results must meet a number of requirements described in more detail in the grant agreement. It cannot be excluded that it will not be possible to meet some or all of the above-mentioned requirements or that the Company will not manage to implement the results of research and development work within the deadlines indicated in agreements which may result in subsidies being withheld or grant agreements being terminated and, in an obligation, to return all or some subsidies with interest.

Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that non-financial assets are impaired. If any indication exists that the carrying amount of these assets may not be recoverable, the Group tests the non-financial assets for impairment. As at the balance sheet date, in the opinion of the Group's Management Board, there is no indication of impairment of the carrying amount of non-financial assets held.

8.12. Important accounting principles

Research and development costs

Research costs are charged to the result as incurred. Expenditure incurred on development work performed as part of a project is carried forward if it can be deemed to be recoverable in the future. Subsequent to the initial recognition of development expenditure, the historical cost model is applied requiring assets to be carried at cost less accumulated depreciation and accumulated impairment losses. Any expenditure carried forward is amortised over the expected period of benefit to be derived from the project.

Development costs are reviewed for impairment annually - if the asset has not yet been placed in service, or more frequently - if during the reporting period an indication of impairment becomes apparent that its carrying amount may not be recoverable.

In order to correctly identify development work, the Group distinguishes it from research work. According to IAS 38, research work is an innovative and planned search for solutions undertaken with the intention of acquiring and assimilating new scientific and technical knowledge. Examples of research work according to IAS 38 include:

- activities aimed at acquiring new knowledge;
- the search for, evaluation and selection of the use of the results of research work or other knowledge;
- the search for alternative materials, devices, products, systems processes or services;
- the formulation, design, evaluation, and final selection of new or improved materials, devices, products, processes, systems, or services.

When generating intangible assets on its own, the Group allocates the expenditure to research and development accordingly. If the Group is unable to separate the research stage from the development stage, it treats the entire costs incurred as research stage costs. This results in charging the result for the period in which the costs were incurred. Expenditure incurred in the course of development work is recognised as an expense when incurred or is recognised as an intangible asset, depending on whether the criteria for capitalisation are met.

It is possible to recognise expenditure and classify it as development work provided that:

- it is technically possible to complete the intangible asset so that it is suitable for use or can be held for sale,
- there is a realistic possibility that the intangible asset will generate probable future economic benefits,
- there is the ability to use or sell the intangible asset,
- there are available technical, financial, and other resources and expenditures can be measured reliably,
- there is a method of implementation and applicability taking into account the existence of a market for the product.

When development expenditure meets the above conditions, the expenditure incurred is capitalised and reported in the statement of financial position as "Development expenditure (work in progress)".

In accordance with IAS 38, development cost includes all expenditure that is directly attributable to the activities of creating, producing, and adapting an asset for use in the manner intended by management. These expenditures include:

- expenditures for materials and services used or consumed in generating the intangible asset,
- costs of employee benefits arising directly from the generation of the intangible asset,
- fees to register a legal title,
- amortisation of patents and licences that are used to generate the intangible asset.

Leasing

Under IFRS 16, the Group classifies arrangements as leases if, under the arrangement, the Group obtains the right to control the use of an identified asset for a specified period in return for consideration. The entity reassesses whether an arrangement is or contains a lease only if the terms of the arrangement change.

With respect to an arrangement that is a lease, the Group applies a practical solution and does not separate the non-lease elements from the lease elements and instead recognises each lease element and any accompanying non-lease elements as a single lease element.

The Group applies a single recognition and measurement approach for all leases to which it is a lessee, except for short-term leases and leases of low-value assets, which are recognised as an expense in earnings on a straight-line basis over the lease term.

In determining the lease term for leases with an indefinite term, the Group exercises professional judgement taking into account

- the expenditures incurred in relation to a particular contract; or
- the potential costs of terminating the lease, including the costs of obtaining a new lease, such as negotiation costs, relocation costs, the costs of identifying another underlying asset to meet the lessee's needs, the costs of integrating the new asset into the lessee's operations, or termination penalties and similar costs, including the costs of returning the underlying asset in the condition specified in the contract or to the location specified in the contract.

Where the costs associated with termination of the lease are significant, the lease term is assumed to be the same as the assumed depreciation period for a similar fixed asset with characteristics similar to those of the leased asset. To the extent that the costs associated with termination of the lease are reliably determinable, the lease term over which termination is not justified is determined. When the expenditure incurred on a particular arrangement is significant, the lease term is the period over which the economic benefits from the use of the expenditure are expected to flow. The value of the expenditure incurred is a separate asset from the right-of-use asset. If there is no expenditure on a contract, or no termination costs, or if the expenditure is immaterial, the termination period is the lease term.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date that the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation, and impairment losses, adjusted for any revaluation of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease commitments, initial direct costs incurred, and any lease payments made on or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, recognised right-of-use assets are amortised on a straight-line basis over the shorter of the estimated useful life or the lease term.

At the inception of the lease, the Group measures its lease liabilities at the present value of the lease payments outstanding at that date. Lease payments comprise fixed payments (including substantially fixed lease payments) less any lease incentive payable, variable payments that depend on an index or rate and amounts expected to be paid under the guaranteed residual value. Lease payments also include the exercise price of a call option, if the exercise by the Group can be assumed with reasonable certainty, and payments of lease termination penalties, if the terms of the lease provide for the Group's ability to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition giving rise to the payment occurs.

In calculating the present value of lease payments, the Group uses the lessee's incremental borrowing rate at the inception of the lease if the lease rate cannot be readily determined. After the commencement date, the amount of the lease liability is increased to reflect interest and reduced by lease payments made. In addition, the carrying amount of the lease liability is remeasured if there is a change in the lease term, a change in the substantially fixed lease payments, or a change in judgement regarding the purchase of the underlying assets.

Leases where control of the assets does not pass are operating leases. Lease payments made under operating leases (adjusted for any special promotional offers received from the lessor (financing party)) are charged to expense on a straight-line basis over the lease term.

Impairment of non-financial fixed assets

At each balance sheet date, the Group assesses whether there is any indication that a non-financial non-current asset may be impaired. If any such indication exists, or if an annual impairment test is required, the Group estimates the recoverable amount of the asset or the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or a cash-generating unit is the fair value less costs to sell the asset or cash-generating unit, or its value in use, whichever is higher. The recoverable amount is determined for individual assets, unless a given asset

does not generate cash inflows independently, which are mostly independent from those generated by other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, the asset is impaired and is written down to its recoverable amount. In assessing value in use, the projected cash flows are discounted to their present value using a discount rate before taking into account the effects of taxation, which reflects the current market estimate of the time value of money and the risks specific to the asset. Impairment losses on assets used in continuing operations are recognized in those expense categories that correspond to the function of the asset that is impaired

At each balance sheet date, the Group assesses whether there is any indication that an impairment loss recognised in prior periods in respect of an asset is no longer necessary or should be reduced. If such indications exist, the Group estimates the recoverable amount of the asset. A previously recognised impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. The increased amount cannot exceed the carrying amount of the asset that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss for an asset is recognised as income in the income statement. After the reversal of an impairment loss is recognised, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Grants

The Group operates in the biopharmaceutical industry, specialising in the development of drugs that induce targeted degradation of pathogenic proteins. The Group benefits from government grants, mainly from the National Centre for Research and Development (NCRD). The Group receives grants in the form of cash upon fulfilment of the conditions set out in the grant agreements and upon acceptance of payment applications. This is done after the Group has incurred expenses, either in the form of refunds or advances.

Government grants, including non-monetary grants recognised at fair value, are recognised only when there is reasonable assurance that the Group will satisfy the conditions attached to the grant and that the grant will actually be received. Where a grant relates to a specific cost item, it is recognised as income over the period necessary to match it with the related costs which the grant is intended to compensate. On the other hand, if a grant relates to a specific asset, then its fair value is recognised in the deferred income account and then it is gradually recognised in the income statement as revenue in proportion to the depreciation write-offs made on that asset.

Grants may relate to expenditure on research, industrial research, development work (intangible assets) or fixed assets.

When a grant becomes repayable, it results in a change of estimate and the repayment of the grant is recognised immediately in profit or loss.

Grant reimbursement risks are further described in Section 8.11 Significant values based on professional judgment and estimates in the "Grants" paragraph.

The Criteria for Assessing the Likelihood of Commercialization of Projects are further described in Section 8.11 Significant Values Based on Professional Judgment and Estimates in the paragraph entitled "Criteria for Assessing the Likelihood of Commercialization of Projects."

Employee share ownership programme – share-based payments

The Parent Company operates an equity-settled share-based benefit plan under which employees have the opportunity to acquire shares in the Parent Company upon satisfying the conditions set out in the Incentive Plan Regulations. The scheme covers a total of no more than 237,244 ordinary shares in the Parent Company.

The Incentive Scheme was established pursuant to Resolution no. 14 of the Parent Company's Annual General Meeting of 16 May 2019, as amended by Resolution no. 22 of the Parent Company's Annual General Meeting of 26 June 2020 and Resolution no. 10 of the Parent Company's Extraordinary General Meeting of 8 January 2021. On the basis of the Incentive Scheme, eligible persons (i.e. persons employed in the Parent Company or its subsidiaries, on the basis of an employment contract or other legal basis, indicated by the Management Board of the Parent Company after obtaining the approval of the Supervisory Board, as well as members of the Supervisory Board indicated by the General Meeting) will have the right to purchase existing or newly issued shares of the Parent Company. The decision as to whether the Parent Company will offer employees the treasury shares acquired by the Parent Company from the shareholders of the Parent Company (the Parent Company's primary obligation) or issue newly issued shares (the so-called alternate authorisation) has been left to the Parent Company.

The sale price per share (or issue price in the case of newly issued shares) is PLN 0.10 (ten groszy), i.e., employees participating in the Incentive Scheme will be able to purchase (take up) shares at the issue price corresponding to the nominal value of the shares. The number of shares in the Parent Company to be offered to a given employee shall depend on the decision of the

Management Board and the Supervisory Board, which shall be guided by such criteria as the employee's position, length of service, assessment of the employee's contribution to the value of the Parent Company to date and the importance of the employee's position to the achievement of the objectives of the Parent Company. In order to participate in the Incentive Scheme, employees of the Parent Company will conclude agreements on participation in the Incentive Scheme, on the basis of which shares will be acquired in four equal tranches falling on the first, second, third and fourth anniversary of the conclusion of the agreement on participation in the Incentive Scheme. The condition for acquiring the right to successive tranches is that the employee remains employed on the dates of successive anniversaries of signing the agreement on participation in the Incentive Scheme. Employees of the Parent Company in agreements concerning participation in the Incentive Scheme undertake towards the Parent Company not to dispose of the acquired shares for a period of one year from the date of acquisition of a given tranche of shares

The valuation of employee share schemes is based on IFRS2. The Parent Company has decided to estimate the fair value of the rights arising from the Incentive Scheme by an external, independent actuary. The fair value of the rights is recognised as an expense over the vesting period.

The total amount to be recognised as an expense is determined by reference to the fair value of the shares granted, determined at the grant date:

- taking into account any market conditions (for example, the entity's share price);
- without taking into account the effect of any seniority-related or non-market vesting conditions (for example, sales profitability, sales growth targets and the indicated period of mandatory service with the entity).

At the end of each reporting period, the Parent Company revises its estimates of the expected number of shares that will vest as a result of non-market vesting conditions. The Group presents the effect of any revision to the original estimates in the statement of profit or loss, with a corresponding adjustment to equity.

According to the valuation, the value of the incentive programme is as follows in each quarter for the years 2022-2026:

Quarter	Cumulative cost [PLN]	Cost of the period [PLN]
2022 Q2	16 621 388.88	2 395 982.40
2022 Q3	18 305 123.43	1 683 734.55
2022 Q4	19 784 084.04	1 478 960.61
2023 Q1	21 058 430.82	1 274 346.78
2023 Q2	22 300 015.67	1 241 584.85
2023 Q3	23 144 794.10	844 778.43
2023 Q4	23 874 345.22	729 551.11
2024 Q1	24 492 214.36	617 869.14
2024 Q2	25 079 784.76	587 570.40
2024 Q3	25 400 008.27	320 223.51
2024 Q4	25 651 773.31	251 765.04
2025 Q1	25 824 543.62	172 770.31
2025 Q2	25 976 568.74	152 025.12
2025 Q3	26 028 823.84	52 255.10
2025 Q4	26 049 395.26	20 571.43
2026 Q1	26 050 513.27	1 118.01

The above values may change in subsequent periods if rights are granted to new employees or if cooperation with existing employees is terminated, resulting in the loss of their rights.

8.13. Information on business segments

A company is organised and managed by segments, taking into account the type of products and services offered. Each operating segment represents a strategic business unit offering different products and goods. Operating segments are aggregated into reportable segments based on the nature of the business.

Management believes that the Group has one reportable segment - research and development.

Due to the existence of one reportable segment, the Management Board of the Parent Company has refrained from preparing information on operating segments.

8.14. Shareholders

The list of significant shareholders of the Parent Company (holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting) is presented in chapter 2.4.3 of this report.

8.15. Contingent liabilities

The Company issues registered blank promissory notes for each grant agreement (for each project). This is required by the regulations for projects co-financed from public funds.

As collateral for proper performance of obligations under the project funding agreement, the Parent Company's Management Board submitted a security in the form of a blank promissory note bearing the clause "not to order". The security was established until the end of the projects' durability period. This is a requirement resulting from the subsidy (grant) agreement. Such a provision is included in each of the agreements to which the Parent Company is a party.

The Company has also issued blank promissory notes related to lease agreements for laboratory equipment. The lessor is authorised to fill these promissory notes up to the amount equivalent to all due but unpaid receivables due to the lessor under the lease agreements.

The contingent liabilities presented below are the same for both the Company and the Group.

CONTINGENT LIABILITIES			31.03.2022
Type of contract to be secured			Promissory note together with a promissory note agreement
Description	Contractual amount	Potential contingent liability	Type of promissory note
POIR.01.01.01-00-0747/16	24 320	13 206	in blanco
POIR.01.01.01-00-0956/17	27 683	16 181	in blanco
POIR.01.02.00-00-0073/18	25 511	11 454	in blanco
POIR.01.02.00-00-0079/18	29 558	9 457	in blanco
POIR:01.01.01-00-0740/19	28 960	8 196	in blanco
POIR.01.01.01-00-0931/19	7 759	2 093	in blanco
POIR.01.01.01-00-0741/19	27 411	4 708	in blanco
Lease agreement no. 18/015253	2 839	808	in blanco
Lease agreement no. 18/007516	598	127	in blanco
Lease agreement no. 18/021031	496	159	in blanco
Total	**175 135**	**66 390**	

8.16. Litigation

As of 31 March 2022, and as at the date of these interim condensed consolidated and separate financial statements, the Group entities are not party to any litigation.

8.17. Seasonality

There is no seasonality or cyclicality in the business segments in which the Group companies operate.

8.18. Significant events after the balance sheet date

Events after the balance sheet date are described in section 3.5 of this report

8.19. COVID-19 pandemic

In connection with the ongoing pandemic of the coronavirus SARC-Cov2, which causes COVID-19 disease worldwide, the following factors have been identified as at the date of these financial statements, which may temporarily affect the extension of the period of individual research work in ongoing research and development projects and/or the financial situation of the Group and the Company.

In the event that new restrictions and limitations in the economies of the countries affected by the pandemic persist or are introduced, as well as uncertainty about developments in the capital markets

- there may be delays in the supply of materials and reagents from contractors with operations or collaborations in affected countries;
- research work by certain highly specialised external service providers working with the Group may be delayed, postponed or unable to be contracted due to staffing constraints or inability to commit based on the extremely high uncertainty index, restrictions in place;
- it may be necessary to quarantine one or more or all employees working in the research or laboratory teams as well as other personnel.

At the date of preparation of these interim condensed consolidated and separate financial statements of Captor Therapeutics S.A. the Management Board of the Parent Company was not able to estimate the possible scale of the effects of potential economic risks. The Parent Company monitors on an ongoing basis the development of the situation affecting the likelihood of the effects of potential risks. As at the date of these financial statements, the coronavirus pandemic has not adversely affected the ability of the Group and the Company to continue as a going concern. The Management Board of the Parent Company has introduced a number of measures to increase safety at work and measures to eliminate potential risks associated with its operations. Measures to enhance occupational safety and eliminate risks associated with operations have also been implemented at the Subsidiary

The state of epidemic was abolished by the Ordinance of the Council of Ministers of 13 May 2022, amending the Ordinance on the establishment of certain restrictions, orders and prohibitions in connection with the occurrence of a state of epidemic.

8.20. War in Ukraine

In connection with the outbreak of the armed conflict between Ukraine and Russia, the Group analysed the impact of the current situation on the Group's operations. In the Management Board's opinion there are no material risks which may significantly affect the activities being conducted. The Group does not either have any assets in Ukraine or conduct any activities within the areas affected by the conflict.

As a result of military operations conducted by Russia, the EU countries and the USA introduced a number of severe sanctions on Russia which cover key sectors of the Russian economy through blocking access to technologies and markets, including financial markets. In view of the foregoing it cannot be excluded that the implemented sanctions package may affect the activities conducted by the Company, including those in Poland, for example due to deliveries of raw materials from Russia. Also, deliveries of materials from Ukraine may be significantly disturbed or even stopped, which may consequently disrupt the global supply chain.

Further, the armed conflict in Ukraine may affect the macroeconomic situation in Poland, and in particular interest rates and valuation of Polish currency (Polish zloty). The foreign exchange risk may result in the increase of the costs of servicing liabilities related to research services and reagents purchased abroad. As of the date of preparation of this report the Management Board of the Company is not able to determine the exact impact of such events on the research programs being conducted or availability of funding. The Company is analysing the situation on an ongoing basis and the Management Board of the Parent Company will keep you updated of any new circumstances affecting the financial results and business situation of the Group.

The extended consolidated quarterly report for the period from 1 January 2022 to 31 March 2022 was approved for publication on 30 May 2022.

Thomas Shepherd	Radosław Krawczyk	Michał Walczak
Signed with an electronic signature	*Signed with an electronic signature*	*Signed with an electronic signature*
President of the Management Board	Member of the Management Board Chief Financial Officer	Member of the Management Board Chief Scientific Officer