EXTENDED CONSOLIDATED QUARTERLY REPORT OF THE GROUP FOR THE PERIOD 01.01.2023 - 31.03.2023

TABLE OF CONTENTS

1. FINANCIAL DATA

Below please find selected financial data of Captor Therapeutics S.A. and Captor Therapeutics capital group from the consolidated and separate financial statements. The consolidated and separate financial statements of Captor Therapeutics S.A. have been prepared in accordance with the historical cost principle, except for financial instruments that are measured at fair value. The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU. The going concern assumptions are described in note 8.9 in the additional information and notes section of this report.

1.1. Selected financial data of the Capital Group of Captor Therapeutics S.A.

— INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

	Data in PLN'000		*Data in EUR'000*	
	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022	01.01.2023 - 31.03.2023	01.01.2022- 31.03.2022
Research and development income	1,543	1,036	328	223
Cost of services sold	433	282	92	61
Gross profit (loss) on sales	1,110	754	236	162
Operating profit (loss)	-15,457	-10,853	-3,286	-2,335
Profit (loss) before tax	-14,230	-10,976	-3,027	-2,362
Net profit (loss)	-14,230	-10,976	-3,027	-2,362
Number of shares	4,209,149	4,127,972	4,209,149	4,127,972
Net profit (loss) per share (in PLN/EUR)	-3.38	-2.66	-0.72	-1

— INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Non-current assets	10,506	11,676	2,247	2,490
Current assets	91,699	101,324	19,613	21,605
Equity	83,414	96,322	17,841	20,538
Non-current liabilities	2,744	3,286	587	701
Current liabilities	16,047	13,392	3,432	2,855

— INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
Net cash flows from operating activities	-7,313	-5,467	-1,556	-1,176
Net cash flows from investing activities	4,300	-17	915	-4
Net cash flow from financing activities	-1,752	-1,753	-373	-377

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 of 31 March 2023 the exchange rate of EUR 1 = PLN 4.6755, and as of 31 December 2022 the exchange rate of EUR 1 = PLN 4.6899;
- items of the statement of financial performance and other comprehensive income and the cash flow statement - according to the average exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland as at the end of each calendar month in a given period, i.e. for the period from 1 January 2023 to 31 March 2023, the exchange rate of EUR 1 = PLN 4.7005, for the period from 1 January 2023 to 31 March 2023, the exchange rate of EUR 1 = PLN 4.6472.

1.2. Selected financial data of Captor Therapeutics S.A.

— **INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME**

	Data in PLN'000		*Data in EUR'000*	
	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
Research and development income	1,543	1,036	328	223
Cost of services sold	433	282	92	61
Gross profit (loss) on sales	1,110	754	236	162
Operating profit (loss)	-15,466	-10,755	-3,290	-2,314
Profit (loss) before tax	-14,221	-10,878	-3,026	-2,341
Net profit (loss)	-14,221	-10,878	-3,026	-2,341
Number of shares	4,209,149	4,127,972	4,209,149	4,127,972
Net profit (loss) per share (in PLN/EUR)	-3.38	-2.64	-0.72	-1

— **INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION**

	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Non-current assets	8,205	9,209	1,755	1,963
Current assets	91,790	101,390	19,632	21,619
Equity	83,428	96,327	17,844	20,539
Non-current liabilities	1,039	1,430	222	305
Current liabilities	15,528	12,842	3,321	2,738

— **INTERIM CONDENSED SEPARATE CASH FLOW STATEMENT**

	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022	01.01.2023 - 31.03.2023	01.01.2022 - 31.03.2022
Net cash flows from operating activities	-7,416	-5,203	-1,578	-1,120
Net cash flows from investment activities	4,300	-17	915	-4
Net cash flow from financing activities	-1,621	-1,754	-345	-377

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 of 31 March 2023 the exchange rate of EUR 1 = PLN 4.6755, and as of 31 December 2022 the exchange rate of EUR 1 = PLN 4.6899;
- items of the statement of financial performance and other comprehensive income and the cash flow statement - according to the average exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland as at the end of each calendar month in a given period, i.e. for the period from 1 July 2023 to 31 March 2023, the exchange rate of EUR 1 = PLN 4.7005, for the period from 1 January 2022 to 31 March 2022 the exchange rate of EUR 1 = PLN 4.6472.

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

2.1 Basic information on Captor Therapeutics S.A. and the Capital Group

Captor Therapeutics is an innovative biopharmaceutical group specializing in the development of drugs based on Targeted Protein Degradation ("**TPD"**) and a European leader of this young technology. The Group's strategy is based on building a competitive advantage by completely focusing on the development of the TPD drug discovery platform and the continuous maintenance and commercialization of a high value pipeline composed of drug candidates with the potential to treat severe diseases where there is no satisfactory treatment. 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.

Table 1: Basic data

Company	**Captor Therapeutics Spółka Akcyjna**
Registered office address	54-427 Wrocław, Duńska 11
Telephone	+48 537 869 089
Website	www.captortherapeutics.com
e-mail	info@captortherapeutics.com
Regon	363381765
NIP	8943071259
KRS	0000756383

2.2 Structure of the Group

The Captor Therapeutics Group consists of the parent company: **Captor Therapeutics Spółka Akcyjna ("Parent Company", "Company", "Captor Therapeutics")** and the subsidiary: **Captor Therapeutics GMBH ("Subsidiary"** hereafter also collectively with the Company as **the "Group" or "Capital Group, and Captor Therapeutics Group").**

As of 31 March 2023, and as of the date of publication this report, the Captor Therapeutics Group comprised, in addition to the Company, Captor Therapeutics GMBH with its registered office in Switzerland. The object of the Subsidiary'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 The Company's governing bodies

2.4.1.1 The Management Board of Captor Therapeutics S.A.

As of 31 March 2023, and as of the date of publication of this report, the Management Board of Captor Therapeutics consisted of the following persons:

— **Table 2: Composition of the Management Board of Captor Therapeutics S.A. as of 31 March 2023 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.	Michał Walczak	- Member of the Management Board, Chief Scientific Officer of the Company
3.	Radosław Krawczyk	- Member of the Management Board, Chief Financial Officer of the Company

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

2.4.1.2 Supervisory Board of Captor Therapeutics S.A.

As of 31 March 2023, and as of the date of publication of this report, the Supervisory Board of Captor Therapeutics consisted of the following persons:

— **Table 3: Composition of the Supervisory Board of Captor Therapeutics S.A. as of 31 March 2023 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

In the reporting period there were no changes in the composition of the Company's Supervisory Board.

2.4.2 Share capital of the Company

As of 31 March 2023, and as of the date of publication of this report, the Company's share capital amounts to PLN 420,914.90 and is divided into 4,209,149 shares with a nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 5,356,542.

The share capital structure as of 31 March 2023 and as of the date of publication of this report:

Table 4: Share capital of Captor Therapeutics as of 31 March 2023 and 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
L	9,420	0.10	no	9,420
M	41,019	0.10	no	41,019
Total	**4,209,149**			**5,356,542**

Changes in the share capital of Captor Therapeutics:

Changes in the Company's share capital which took place during the reporting period:

- on 10 February 2023 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 28 September 2022 on the issue of 41,019 series M ordinary bearer shares, within the limits of the Company's authorized capital, excluding the pre-emptive rights of the existing shareholders of the Company in full. The shares were issued as part of the Company's incentive programme;
- on 14 February 2023, the Management Board adopted a resolution on the issue of 11,292 series N ordinary bearer shares, within the limits of the Company's authorized capital, excluding pre-emptive rights of the existing shareholders of the Company in full. The shares were issued within the framework of the Company's incentive programme (The information was provided in current report no. 3/2023 of 14 February 2023). As of the date of publication of the report, shares have not yet been issued (i.e. the increase in the Company's share capital has not been registered by the registry court having jurisdiction over the Company).

2.4.3 Shareholders with significant shareholdings

As of 31 March 2023 the Company's shareholding structure is as follows:

— **Table 5: Captor Therapeutics' shareholding structure, indicating the shareholders with at least 5% of the votes at the General Meeting as of 31 March 2023 and as of the date of publication of this report**

No.	Shareholder	Total number of shares	Total number of votes	Percentage of shares capital	Percentage of total votes at the GSM
1.	Michał Walczak	955,128	1,496,145	22.70%	27.93%
2.	Paweł Holstinghausen Holsten	593,076	953,151	14.09%	17.80%
3.	Sylvain Cottens	340,897	526,730	8.10%	9.83%
4.	Funds Managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	303,075	303,075	7.20%	5.66%
5.	Others	2,016,973	2,077,441	47.92%	38.78%
Total		**4,209,149**	**5,356,542**	**100,0%**	**100,0%**

* *Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 5.07% of the total number of votes and 6.45% of the share capital.*

Changes in the Company's shareholding structure

In the period from the date of submission of the previous interim report, i.e., the annual report for 2022 published on 6 April 2023, until the date of submission of this report,. the following change in the ownership of the Company's shares by management and supervisory personnel took place:

- on 5 May 2023, 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 3 108 ordinary share subscription agreement), as referred to in Article 19(1) of the MAR Regulation (the share issue has not yet been registered by the Company's competent registry court). The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report no. 17/2023 of 5 May 2023.

2.4.4 Shares in the Company held by managing and supervising persons

The table below presents the shareholdings of the Company's management and supervisory staff as of 31 March 2023.

Table 6: Shares in the Company held by managing and supervising persons as of 31 March 2023 and as of 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				
Thomas Shepherd	38,886	38,886	0.92%	0.73%
Michał Walczak	955,128	1,496,145	22.69%	27.93%
Radosław Krawczyk	2,954	2,954	0.07%	0.06%
Supervisory Board				
Paweł Holstinghausen Holsten	593,076	953,151	14.09%	17.79%
Florent Gros	3,110	3,110	0.07%	0.06%
Krzysztof Samotij	3,110	3,110	0.07%	0.06%

In the period from the date of submission of the previous interim report, i.e., the annual report for 2022 published on 6 April 2023, until the date of submission of this report, the following change in the ownership of the Company's shares by management and supervisory personnel took place:

- on 4 May 2023, the Company received from Krzysztof Samotij, member of the Company's Supervisory Board, a notification of a transaction in the Company's shares (conclusion of 3,111 ordinary share subscription agreement), as referred to in Article 19(1) of the MAR Regulation (the share issue has not yet been registered by the Company's competent registry court). The share subscription agreement was concluded within the framework of an incentive scheme. The information was provided in current report no. 15/2023 of 4 May 2023;
- on 4 May 2022, the Company received from Florent Gross, member of the Company's Supervisory Board, a notification of a transaction in the Company's shares (conclusion of 3,111 ordinary share subscription agreement) referred to in Article 19(1) of the MAR Regulation (the share issue has not yet been registered by the Company's competent registry court). The share subscription agreement was concluded within the framework of the incentive scheme. The information was provided in current report no. 16/2023 of 4 May 2023;
- On 5 May 2023, 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 3,108 ordinary share subscription agreement), as referred to in Article 19(1) of the MAR Regulation (the share issue has not yet been registered by the Company's competent registry court). The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report no. 17/2023 of 5 May 2023.

3. ACTIVITIES OF THE COMPANY AND THE CAPTOR THERAPEUTICS GROUP

The Company is an innovative biopharmaceutical company specializing in targeted protein degradation technology to discover and develop new drugs that treat severe diseases where satisfactory treatments do not exist. 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 disease causing proteins that are either beyond the reach of classical inhibitor or blocking drugs or are inadequately treated.

The targeted protein degradation (**"TPD"**) approach of the Company overcomes the limitations of classical inhibitor and antibody drugs by destroying disease causing proteins which are resistant to available therapeutics. This is achieved by exploiting the pharmacological advantage of degraders[1] over inhibitors[2]. Thanks to 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 discovery and development of protein degradation drugs. This makes the Company a European leader in this respect.

The Company's business model assumes advancing the drug candidates in its pipeline to the late preclinical or early clinical stages of development to demonstrate preclinical and clinical proof of concept for drug candidates. Captor's Optigrade™ platform enables the discovery and development of drug candidates using two complementary degrader drug modalities, i.e., molecular glues and bifunctional degraders. This approach distinguishes the Company from many companies in the TPD area who focus more on one of these areas and it provides the Company with great flexibility in the way it can address different diseases. The commercial strategy of Captor is to take the most promising and appropriate pipeline programmes into early clinical trials, one of the key value inflection points in development, to ensure that the Company captures optimum value for shareholders in any future transactions, while at the same time entering partnerships earlier for those programmes where a pharma partner would be more appropriate to take the project to the global market place. Partnerships of this nature normally involve 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.

In addition to collaborations on its pipeline of drug candidates, Captor also intends to enter discovery partnerships with pharma and large biotech companies to develop new drug candidates in other diseases, outside of the disease of interest in Captor's own drug pipeline.

3.1 Targeted Protein Degradation

Targeted Protein Degradation overcomes many existing drug limitations of small molecule inhibitor drugs or antibodies by removing disease causing proteins resistant to, or poorly treated by, available therapeutics, rather than just inhibiting or blocking them.

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

[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.*

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 disease-causing 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 a principal drawback of many currently available drugs.

The Company uses the Optigrade™ technology platform, developed internally using its own resources to enable selective degradation of specific proteins while maintaining other signal transduction pathways or receptors intact, thus minimizing the side effect potential of the therapy. Degrader 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 a potentially 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.

3.2 Company strategy

3.2.1 Products and services

The Group has one reporting segment which is research and development work.

The Company's strategy is based on building a competitive advantage through a complete focus on the development of the Optigrade™ TPD platform and, above all, on rational drug discovery, as well as on continuously maintaining a high value pipeline 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 diseases and cancer (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 global incidence of cancer (oncological diseases) is growing continuously, from 18.7 million in 2010 to 23.6 million in 2019. Only in 2019, 10 million people died of cancer. According to the report entitled: *"Global Oncology Trends 2022 – therapeutics, clinical development and health system implications",* published by IQVIA Institute for Human Data Science, in 2021 global expenditures on cancer drugs amounted to USD 185 bn (12.1% increase year-over-year). It is estimated that by 2026 the value of the oncology drug market will reach more than USD 300 billion. In the period 2017-2021 104 novel active substances were launched globally for the treatment of cancer, with a record of 30 launched in 2021. The pace of growth is also stimulated by the growing number of clinical trials. Oncology trial starts reached historically high levels in 2021, up 56% from 2016 and mostly focused on rare cancer indications.

The market volume and demand for new medical solutions also continues to grow with respect to autoimmune diseases. According to the report: *"The Global Use of Medicines 2023. Outlook to 2027"* published by IQVIA the value of autoimmune drug market amounted to USD 143 billion in 2022 and it is estimated that by 2027 it will grow to USD 177 billion. There are over 100 types of autoimmune diseases, and almost 50 million people suffer from immunological diseases in the United States alone (data from the *American Autoimmune Related Diseases Association*, published in 2019). There are over 300 new drug candidates in development for autoimmune diseases (according to https://phrma.org). The dynamic growth of the autoimmune drug market causes that the Company's research and development programs intend 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 for the following reasons. Firstly, this focus reflects the fact that there are no effective therapies for many oncological 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 and commercial value of the developed drug candidate. Secondly, drugs targeting incurable or poorly treated cancers 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 some of the top-selling drugs in the world), the Company opens new possibilities of developing oral medications for such diseases without the need for injection. 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.

3.2.2 Business model

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

Captor Therapeutics' Business Model

The first aspect of the business model involves adding significant value to Captor's most promising lead assets by taking them into early clinical trials in patients, one of the significant value inflection points in drug development. We will seek partnering agreements or liquidity events for these clinical assets at the optimal time to ensure effective access to global markets while managing risk and maximizing value for our shareholders.

The second aspect of the Company's business model focuses on early collaborations, where the Group pursues a drug discovery and development with a partner from the outset using our Optigrade™ platform in indications outside the Company's area of interest. This was the case with our collaboration with Ono Pharmaceutical Co Ltd., where we have a partnership to apply our TPD platform in neurodegeneration. 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 global brand.

We are particularly excited by two new areas for development, the potential of our platform to develop next generation degrader drugs through exploiting novel E3 Ligases that are not currently in development, and our series of very high potency degraders that have potential to be combined with antibodies in the area of Antibody Drug Conjugates, which could result in a whole new class of Antibody - Degrader Conjugate drugs.

The third element of the business model is development of Captor into a global, clinical stage TPD leader which will entail accessing global capital at the appropriate time outside of Europe.

3.3 Competitive advantages

Strong and experienced Captor Therapeutics team

One of the Company's main competitive advantages consists of decades of unique international experience of the Company's management team and specialist and highly qualified scientific staff. The Company is managed by a team of people associated with scientific, financial and biotech circles. The Company is also provided with very strong support from its experienced Supervisory Board which has industry experience, international networks of contacts and financial competences.

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

Further, the Company's employees responsible for building relationships with potential partners have many years of international experience gained in large pharmaceutical companies (in the United States, United Kingdom, Europe, and Asia) and a track record of

licensing and partnering agreements with most of the top ten global pharmaceutical companies.

In addition to many years of experience in biotechnology sector and significant scientific achievements, the source of success 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. In order 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, as a result of the achievement of the Company's goals and progress in commercialization of drugs.

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, as a result of 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.

With the funds raised from the IPO and from NCBR, the Company has secured adequate funding to continue to develop and conduct research on its projects in an uninterrupted manner over the near-term horizon. In addition, the Company has become a reliable partner for its service providers and for financial institutions, which will put the Company in a stronger position in business negotiations in the future.

In addition, in order to secure financing for the Company's further development and to carry out project research in a seamless manner in the medium term, in line with the next steps of the Strategy 2023-2025, as announced in current report no. 7/2023 of 6 March 2023, the Board has obtained shareholder approval for an augmentation of authorized share capital, which will enable Captor to obtain equity financing in a timely manner when opportunities present themselves. The increase in authorized share capital will provide the Management Board, under the supervision of the Supervisory Board, with the flexibility to optimize the financing of development plans in the medium term and take advantage of positive developments in the capital markets when they arise.

The target capital may be used to raise financing on the international capital markets or on the domestic market in Poland. The Management Board will decide on the specific financing structures and timeframe, taking into account, among other aspects, market conditions and investor interest.

3.4 Sales and supply markets

3.4.1 Sales markets

The Group's business area did not change during the reporting period. Due to the early stage of development, the Group has no traditional manufacturing, service, or commercial activities. In the first quarter 2023, the Company continued its research and development collaboration with Sosei Heptares to discover and develop new small molecules to degrade G protein-coupled receptors (GPCR), and with Ono Pharmaceutical Co., Ltd primarily targeting

neurodegenerative diseases. As a result, in the first quarter 2023, the Company achieved from these two agreements, total revenues of PLN 1.54 million.

3.4.2 Supply markets

Due to the specificity of the Company's activity, the Company does not identify any key suppliers of services or materials on which the Company's activity would depend. The main costs the first quarter 2023 were related to analyses and tests carried out by external entities. For more information, please refer to note 6.5.2 of the consolidated financial statement for the three months ended 31 March 2023.

3.5 Report on Company's and the Group's Activities

At the end of the reporting period, the Company's portfolio included four proprietary drug development projects in the area of autoimmune and oncological diseases with unmet medical needs, as well as a joint project with Sosei Heptares for targeted GPCR receptors, which started in 2021.

In addition, in November 2022, the Company entered into a collaboration agreement with Ono Pharmaceutical Co, Ltd., the object of which is to cooperate on the development of small molecules capable of degrading a molecular target agreed by both parties, which may have applications primarily in the field of neurodegenerative diseases. This agreement will provide the Company with additional funding as work progresses on the above project.

At the same time, the Company has identified several molecular targets that may represent attractive drug candidates in the areas of autoimmunity or oncology, which the Company believes will be of interest to pharmaceutical companies where there is a strong demand for new and effective products. If current projects reach the commercialization stage, the Company may add additional projects to its pipeline based on the molecular targets already selected and validated. The Company also carries out a project dedicated to the further development of the TPD platform (as part of the P3 project described below).

Based on the dynamic progress of research and the achievement of successive milestones in 2022, in particular in the leading projects CT-01 and CT-03, the Company announced the next steps of its Strategy for 2023-2025, in which it also presented development opportunities in new research areas, such as ADC conjugates and the evolution of the Optigrade™ platform. Details are presented in section 3.3.3 of the annual report for 2022 published on 6 April 2023.

Please note that the following statements and projections are based on estimates that are subject to change depending on circumstances, including those beyond the Company's control. They should not be relied upon as a basis for making definitive estimates or projections with respect to any of the projects.

3.5.1 Company pipeline projects

Below please find a brief description of the objectives of each project and their level of progress at the time of publication of this report.

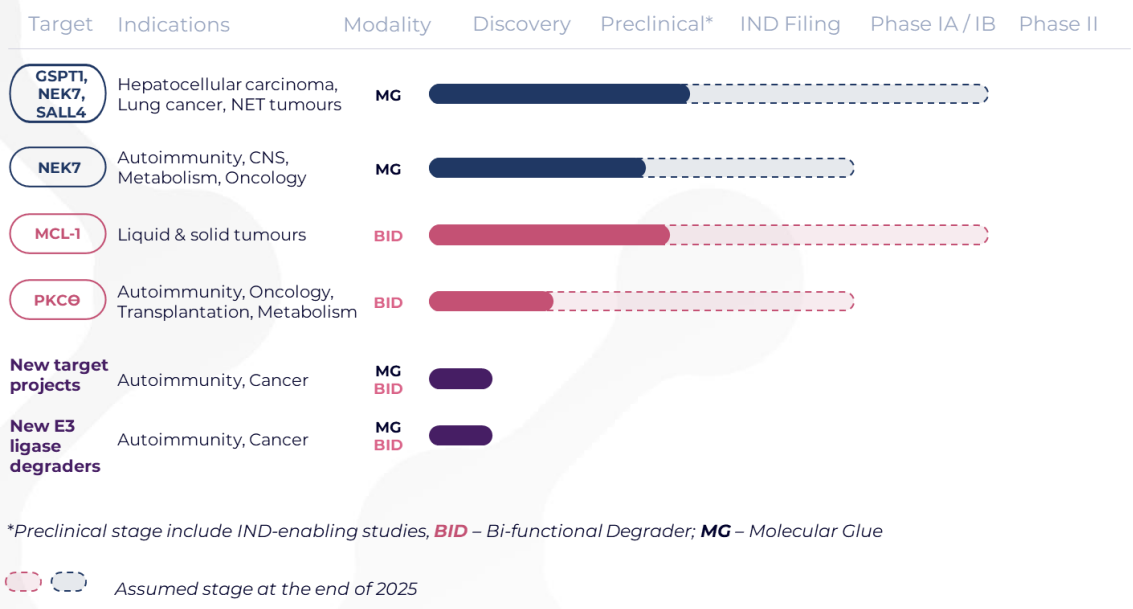

Figure 1: Progress of works with respect to discovery and development of drugs constitute projects carried out by the Issuer and in collaboration with an external entity

3.5.2 Most advanced pipeline projects of the Company

3.5.2.1 GSPT1, SALL4, NEK7 (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 the CT-01 project is to develop a drug candidate based on targeted protein degradation technology that will stop the progress of hepatocellular carcinoma and will offer significant clinical benefit for patients. Detailed information about hepatocellular carcinoma, the molecular targets of CT-01 candidate drug and key achievements before 2023 can be found in the 2022 Captor Annual Report published on 6 April 2022.

In August 2022, the Company nominated the candidate drug CPT-6281 and commenced CTA/IND-enabling studies to support clinical trials initiation in the near future. In the third and fourth quarters of 2022, the Company improved the process of large-scale synthesis of the compound CPT-6281 and conducted *in vivo* and *in vitro* tests that allow the selection of animal species for toxicological studies. New pharmacological results obtained in additional patient derived xenograft (PDX) models of hepatocellular carcinoma support the therapeutic efficacy of CPT-6281 (Figure 2). The three presented models achieved growth arrest of 60% or more, which is a very promising result in terms of predicted efficacy in patients.

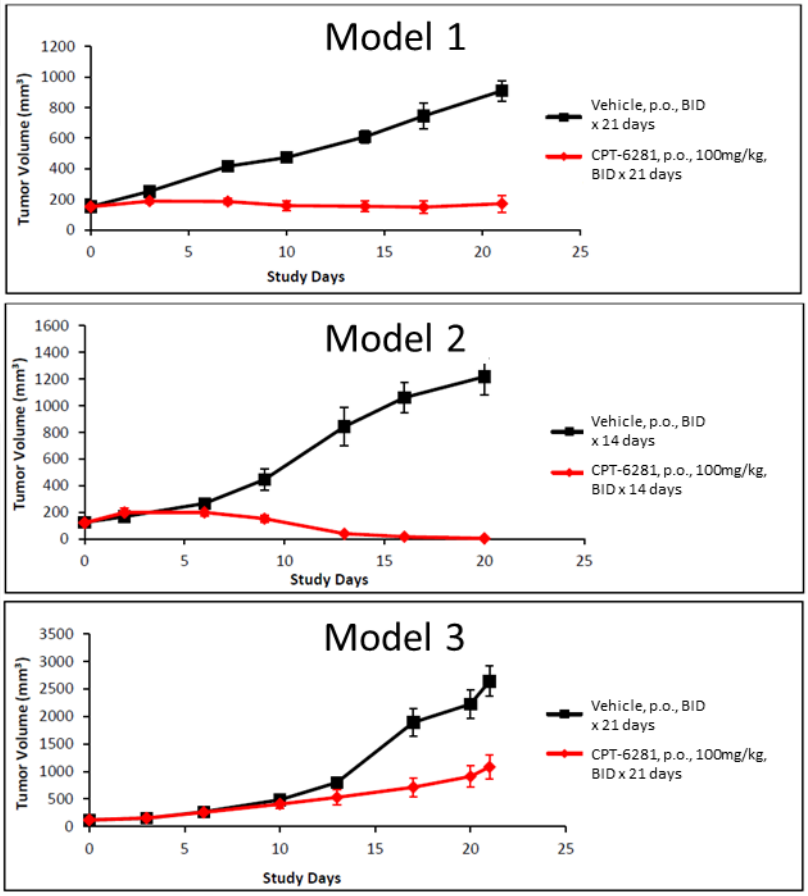

Figure 2: Results of pharmacology studies in additional models of hepatocellular carcinoma - xenografts from patient samples. Figures 3A-3C show tumor volumes in response to oral administration of drug CPT-6281 or control. Compared to the rapid growth in the control group, inhibition of tumor growth was observed after administration of the candidate. In contrast to the Hep3B model results presented previously, these models are obtained from cells taken directly from patients and are more similar to cancers that develop in patients.

In the first quarter of 2023, a preliminary toxicological evaluation was performed on two selected animal species. Those results will support the appropriate design of longer toxicological studies to be performed under GLP (Good Laboratory Practice) standards in Q2 and Q3 of 2023. GLP toxicology package constitute an essential part of the documentation for clinical trial authorization. CPT-6281 large-scale manufacturing process was optimized to achieve a higher purity and yield, and the compound has been manufactured in amounts required for toxicological studies. The GMP (Good Manufacturing Practice) campaign has been initiated to secure drug substance delivery for the clinical trial. The Company continues discussing with reputable clinicians to select clinical sites best suited for the first-in-human CPT-6281 study in hepatocellular carcinoma. The Company has also identified providers that will support clinical trial in terms of analyzing patient-derived samples for pharmacokinetic and pharmacodynamic effects. The company expects the project to enter the clinical phase in 2023.

The expected major milestones for the CT-01 project are as follows:

- IND/CTA approval (Investigational New Drug) allowing the initiation of clinical trials (testing in humans) in Q3 2023;
- Initiation of Phase I clinical trial in Q4 2023;
- Phase I top-line data to be reported by the end of 2024.

3.5.2.2 MCL-1 (CT-03) Project: *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 MCL-1 protein bi-functional degrader. MCL-1 is the major survival signal for many cancers. It is also responsible for the mechanism of resistance to treatment with e.g., BCL-2 inhibitors. MCL-1 degradation is an attractive treatment strategy for many cancers, including hematologic malignancies, small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC), and triple-negative breast cancer (TNBC)-cancers with very high unmet medical needs due to the limited possibility of effective treatment-as well as acute myeloid leukemia (AML), which is the most common type of leukemia in adults, affecting more than 5 per 100,000 people (2013 data). The drug candidate being developed under the CT -03 project may be considered "*first-in-class*" because, to the Company's knowledge, it is the only MCL-1 degrader currently being developed by a pharmaceutical company.

In the first quarter of 2022, the Company announced the results of an experiment demonstrating the validity of the therapeutic hypothesis in an animal model (*in vivo proof of concept*), including tumor volume monitoring following the administration of multiple doses of the compounds, conducted by an independent research organization on behalf of the Company. These results show that once-daily administration of MCL-1 degraders leads to regression (shrinkage) of tumors in the MV-4-11 mouse model of acute myeloid leukemia. At both doses, 75 mpk (milligrams per kilogram) and 150 mpk, a strong anticancer effect was observed. These results, shown in Figure 3, are another milestone on the way to selecting a candidate for clinical development.

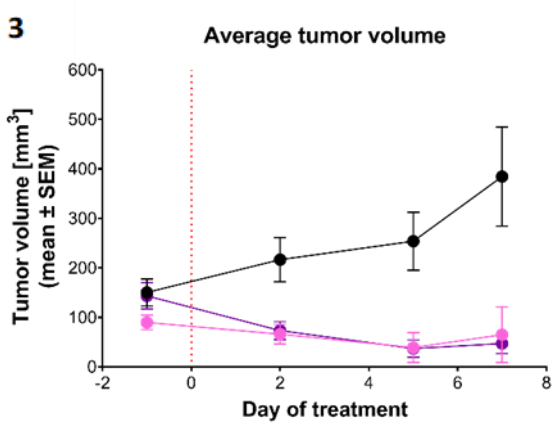

Figure 3: Testing the ability of the developed lead compound to inhibit tumor growth. Mice were injected with human acute myeloid leukemia cells to induce tumor formation. After the tumors reached the appropriate size, the compound was administered once daily, and the volume of the tumors was measured.

Following the promising research results on the efficacy of MCL-1 degraders in the MV-4-11 mouse model of acute myeloid leukemia, the compounds were subjected to further pharmacological studies. Based on these studies, internal analyzes are performed to help clearly select the best candidate for preclinical development. The Company has launched a large-scale synthesis process, which is carried out by an experienced subcontractor.

Experiments were also conducted during the reporting period to select animal models for toxicological studies. In the first place, the safety of multiple doses of the clinical candidate was

being evaluated in one rodent species. Based on these studies, the maximum tolerated dose of what is known as MTD (Maximum Tolerated Dose) was determined when a clinical candidate was administered once, and then it was investigated whether this dose could be safe when administered repeatedly over a 14-day period. Recently, toxicological studies have also started on non-rodent species. The completion of the first stage of these studies, i.e. the determination of the maximum tolerated dose (MTD), is planned for the end of May 2023.

In addition, to complete the toxicology data package for the lead compound, dose-response studies were conducted for off-target enzyme inhibition. These enzymes were identified as "hit" in the safety panel assay using 44 different proteins. The data obtained indicate a negligible risk of inhibition of these proteins in vivo at therapeutic doses of the lead compound.

Clinical trials with MCL-1 inhibitors, which are not degraders, conducted by pharmaceutical companies are in various stages of phase I/ II trials. In these studies, correlations between the use of inhibitor drugs and side effects on cardiac muscle function were found in some cases. The technology developed by the Company to degrade MCL-1 has a completely different mode of action, as well as a different pharmacokinetic and pharmacodynamic profile compared to the inhibitors used in these clinical trials, which is likely to reduce the risk of cardiotoxicity. To confirm these assumptions, Captor degrader drug candidates have been tested in *in vitro* assays that allow detection of side effects on cardiac muscle function. At the time of publication of this report, the results are promising, and the indications are that therapy with the Captor candidates should not cause cardiotoxicity.

In the last reporting period, the intensity of work on the optimization of the clinical formulation was also increased and the selection of potential CDMO (Contract Development & Manufacturing Organization) contractors specializing in the production of a medicinal products for clinical trials was started.

The expected major milestones for the CT-03 project are as follows:

- IND/CTA approval in Q3 2024;
- Initiation of Phase I clinical trial in Q3/Q4 2024;
- Phase I top-line data to be reported in 2025.

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

The key therapeutic area in the CT-02 project is in autoimmune diseases such as inflammatory bowel disease, gout, and non-alcoholic fatty liver disease, as well as other diseases where the Company sees an opportunity to address important patient needs and a large market potential.

In addition, CT-02 degraders also show high potential for the treatment of central nervous system disorders.

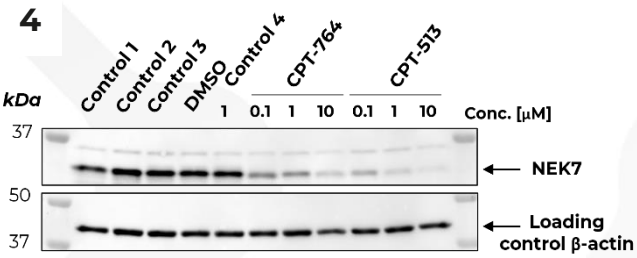

Figure 4: Western blot analysis of the target protein NEK7 in CT-02 project in macrophages differentiated from human peripheral blood mononuclear cells. Compound CPT-513 exhibits an increased potential for degradation of the NEK7 protein in the tested model.

In the first quarter of 2023, screening assays were conducted in CT-02 project to identify new derivatives of the lead compound CPT-764 (CPT-9344) capable of degrading the NEK7 protein as the main molecular target. It has been shown that the CPT-513 compound exhibited improved properties both in terms of degradation of the NEK7 protein and inhibiting markers of inflammation in the model of macrophages differentiated from human peripheral blood mononuclear cells. In a cytotoxicity assay, no effect of tested compounds on the viability of peripheral blood mononuclear cells was observed. Another backup compound with comparable biological activity to the lead compound, i.e. CPT-101, was also identified in screening tests - in the following weeks, the compound will be tested in a biological model.

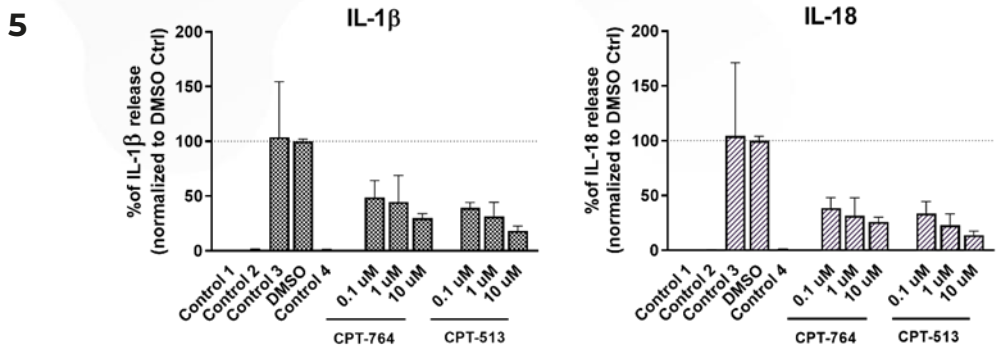

Figure 5: The results of measuring inflammation markers (IL-1β and IL-18) using the ELISA assays in macrophages differentiated from human peripheral blood mononuclear cells. Both compounds lead to a significant decrease in the level of released inflammatory markers related to NEK7 degradation. The stronger degradation of the NEK7 protein by the CPT-513 compound contributes to increased inhibition of the release of pro-inflammatory cytokines compared to the CPT-764 compound.

An in vivo study conducted in a mouse model with humanized CRBN protein did not show toxicity of the lead compound CPT-764 in a single administration. In the following weeks, the ability of the CPT-764 compound to inhibit the activation of inflammation in the indicated mouse model will be evaluated.

In the first quarter of 2023 the Company disclosed NEK7 protein as the molecular target of the CT-02 project. The selective degradation of NEK7 protein in the CT-02 project is of significant value for the treatment of numerous autoimmune diseases by balancing the therapeutic role of reducing the level of the autoimmunity response, but still preserving the immune function of the IL-1b-dependent pathway.

NEK7 protein is involved in modulating the activity of the inflammasome complex, which plays a key role in triggering the inflammatory response. Activation of the inflammasome complex is not entirely dependent on the kinase activity of NEK7 protein - its structural (scaffolding) function plays a key role. Therefore, classical inhibition of NEK7 enzyme function, as opposed to its degradation, will not provide therapeutic benefit.

The expected major milestones for the CT-02 project are as follows:

- The completion of these animal tests will be the main driver for advancing partnering discussions for pre-clinical partnering within this plan period;

- In addition to systemic inflammation indications, a generation of brain-penetrant candidate for the treatment of neuroinflammation could provide additional upside;
- Partnering strategy would involve out-licensing of the entire programme, or separate licensing based on two different molecules, brain-penetrant and non-brain-penetrant, in different therapeutic areas.

3.5.2.4 Project Project CT-05: *Application of targeted protein degradation technology in the treatment of psoriasis and rheumatoid arthritis*

The purpose of the CT-05 project is to obtain a degrader of a pro-inflammatory kinase whose role in the mechanism of development of autoimmune diseases (such as psoriasis or rheumatoid arthritis) has been thoroughly documented. The obtained drug candidate will be characterized by a new mechanism of action and oral bioavailability.

In the CT-05 project, small molecule compounds that induce selective PKCϴ degradation may be used to treat a range of autoimmune and cancer diseases. The degradation of PKCϴ kinase is of high therapeutic value, and the previous approach based on classical inhibitors was characterized by good efficacy in patients, but with numerous side effects resulting from inhibition of other PKC protein isoforms as well as other unidentified molecular targets. The use of TPD technology, and in particular the use of bi-functional degraders, allowed the development of molecules with the highest selectivity in this class.

The results of the Company's research under the project CT-05 show the desired activity in the form of:

- Efficient degradation and desirable selectivity profile of the first-in-class PKCϴ molecular target in cells of the immune system *in vitro*;
- The desired effect on immune cells *ex vivo*, while having no undesirable effects on non-immune cells, unlike less selective inhibitors;
- Best-in-class selectivity distinguishes the Company's compounds from inhibitors that have been unsuccessful in clinical trials due to side effects.

The PKCϴ protein is a recognized modulator of signaling pathways leading to IL-17 secretion - a clinically validated target in autoimmune diseases such as psoriasis.

The expected milestones for the CT-05 project are as follows:

In 2023, the Company expects to obtain proof-of-concept study results in the acute inflammation model, which could be an impetus to begin discussions to build a partnership or licensing this project.

3.5.3 Other projects

The project implemented in cooperation with Ono Pharmaceutical Co, Ltd., is proceeding on the basis of the Agreement of 14 November 2022. The subject matter of the Agreement is to cooperate on the development of novel small molecule degrader drugs against a currently undrugged target of interest in neurodegenerative diseases. The terms of the Collaboration Agreement cover any human disease indication covered by the above molecular target and the unlimited territorial scope of the collaboration.

As of the publication date of this report the research and development work are going on schedule. A meeting was held in January and April 2023 to discuss the current state of research and to plan out the work for the upcoming calendar quarter. Both parties are satisfied with the progress of the project. Captor is reimbursed for the costs of the research and development tasks performed.

The project implemented in cooperation with Sosei Heptares is implemented in accordance with the provisions of the Agreement. Both the Captor R&D team and the Sosei Heptares representatives are satisfied with the scientific collaboration. Captor is reimbursed for the costs of performing the research and development tasks in accordance with the terms of the agreement.

P3 project is the project of Captor Therapeutics aiming at developing a cutting-edge technological platform that identifies novel ligands of E3 ligases. In Q1, Captor Therapeutics achieved the next project milestone by completing the synthesis of a number of bifunctional degraders for two E3 ligases other than VHL and CRBN. In addition, the Company made significant strides towards achieving proof-of-concept for the designed degraders by recording first degradation data in cellular experiments and obtaining a crystal structure of the ternary complex of the E3 ligase, bifunctional degrader, and a target model protein. This breakthrough will be instrumental in the ongoing structure-guided design efforts. In addition, Captor Therapeutics presented the results of the P3 project at the 3rd Ligase Targeting Summit held in Boston, MA on 11-13.04.2023. The event underscored the importance of leveraging unprecedented E3 ligases for TPD applications and highlighted the growing interest in this topic. As we progress toward achieving our objectives, we believe that the P3 project will play a vital role in positioning Captor Therapeutics as a leading player in this field.

3.6 Significant achievements and failures, as well as events and factors affecting operations and results in the first quarter of 2023

During the reporting period, certain events took place in the Company and the Group which affected the Parent Company's operations and results in particular, the progress of the projects carried out by the Company described in section 3.5 of this report. Below please find the most important ones:

Announcement of strategic plans of Captor Therapeutics S.A. for 2023-2025

On 6 March 2023, the Company's Supervisory Board adopted a resolution to approve the next steps in the Company's strategy for 2023-2025 ("**Strategic Plans**") presented by the Management Board. The key objectives of the Company's Strategic Plans are described in Section 3.3.3 of this Report and in Current Report No. 7/2023 of 6 March 2023.

The Company's Management Board plans to secure funding for the implementation of the adopted Strategic Plans by issuing (within the authorized capital) up to 1,222,467 ordinary shares of the Company. As the Company has a strong financial position as of the end of Q1 2023, the shares will be issued at the time that is considered most advantageous for the Company, taking into account market conditions and investor interest, in determining the amount of funds to be raised and the Management Board does not rule out issuing a smaller number of shares if the issue price enables the Company to raise financing enabling the implementation of the Strategic Plans.

Information on progress in research and development related to the CT-01, CT-02 and CT-05 projects and information on the molecular targets of these projects

During the reporting period, the Company disclosed the molecular targets of the following projects:

1. CT-01 "Discovery and development of a new clinical candidate for the eradication of cancer stem cell in the treatment of hepatocellular carcinoma, through degradation of oncofetal transcription factor";
2. CT-02 "Design and development of non-toxic ligands of ligases and their application in the treatment of autoimmune diseases"; and

3. CT-05 “Application of targeted protein degradation technology for the treatment of psoriasis and rheumatoid arthritis”.

For more information, see section 3.5 of this report.

Registration of a share capital increase and amendments to the Articles of Association

On 10 February 2023, the court of registration with jurisdiction over the Company registered an amendment to the Company’s Articles of Association made by Resolution No. 2 adopted by the Company’s Management Board on 28 September 2022, to issue 41,019 Series M ordinary bearer shares within the limits of the Company’s authorized capital, excluding pre-emptive rights of the Company’s existing shareholders in full (the Company disclosed the adoption of the resolution in on 28 September 2022, in Current Report No. 37/2022). The shares were issued as part of the incentive plan in effect in the Company. Information provided in Current Report No. 2/2023 of 10 February 2023.

Registration of Series M ordinary bearer shares with the securities depository and admission and introduction of Series M shares to trading

On 10 March 2023, the Central Securities Depository of Poland (“**KDPW**”) issued a release on the registration with the securities depository of 41,019 Series M ordinary bearer shares (“**Shares**”). On 14 March 2023, the Shares were registered with the KDPW securities depository with the ISIN code PLCPTRT00014.

On 9 March 2023, the Management Board of the Warsaw Stock Exchange adopted Resolution No. 198/2023 on the introduction to exchange trading on the primary market as of 14 March 2023 of 41,019 Series M common bearer shares of the Company with a par value of PLN 0.10 each, on the condition that, on 14 March 2023, the Central Securities Depository of Poland registered these shares and marked them with the ISIN code PLCPTRT00014. Information provided in Current Reports No. 5/2023 of 2 March 2023, No. 9/2023 of 9 March 2023 and No. 10/2023 of 13 March 2023.

Resolution of the Management Board of the Company on a share issue within the limits of the authorized share capital

On 14 February 2023, the Company’s Management Board adopted a resolution to issue 11,292 Series N common bearer shares within the limits of the Company’s authorized capital, while fully excluding the pre-emptive rights of the Company’s existing shareholders.

The share issue is related to the implementation of the Company’s share-based incentive program for employees and members of its corporate bodies. As of the date of this report, the shares have not yet been issued (i.e. the increase in the Company's share capital has not been registered by the registry court having jurisdiction over the Company).

3.7 Events after the balance sheet date

The following events took place in the Company and the Group after the end of the balance sheet date.

Adoption of a resolution by the General Meeting of the Company on the introduction of authorized capital and amendments to the Company's Articles of Association

On 3 April 2023, the Company's General Meeting amended a resolution amending the articles of association by introducing an authorisation for the Company's Management Board to increase the share capital, within the framework of authorized capital, by an amount not higher than PLN 122,246.70 by issuing not more than 1,222,467 new shares in the Company ("**Target Investment Capital**"). The Management Board may exercise the authorisation on the terms and conditions provided for in the resolution of the General Meeting, in particular it may exclude pre-emptive and priority rights (granted by the resolution) with the consent of the Supervisory

Board (taken by qualified majority). The issue price of the shares issued within the Investment Target Capital may not be lower than the average market price of the Company's shares listed on the Main Market of the WSE from the period of 3 months preceding the day (not including that day) on which the Management Board of the Company adopted the resolution to commence the offering of shares within the Investment Target Capital. The General Meeting also adopted a resolution on amendments to the Articles of Association providing, inter alia, for the exclusion of the application of certain provisions of the Companies Act, which became effective in 2022, and clarifying issues related to the Supervisory Board's advisor (the resolutions adopted were communicated by the Company in current report no. 13/2023 dated 3 April 2023). The amendments to the Articles of Association, including the introduction of the Target Investment Capital, will be effective upon their registration in the Register of Entrepreneurs of the National Court Register.

The above amendments to the Company's Articles of Association including the introduction of the Investment Target Capital, took effect on 12 May 2023, when the registry court having jurisdiction over the Company registered the amendment to the Company's Articles of Association. Further information was provided in current report no. 19/2023 dated 12 May 2023.

3.8 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 months ended 31 March 2023 in Note 6.5.20; and
- the interim condensed separate financial statements for the 3 months ended 31 March 2023 in Note 7.5.16.

3.9 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 note 8.15 of this report.

4 ANALYSIS OF THE COMPANY'S AND THE GROUP'S FINANCIAL AND ECONOMIC SITUATION

4.6 Principles of preparation of quarterly separate and consolidated financial statements of the Company and the Group

The interim condensed consolidated and separate financial statements for the 3 months ended 31 March 2023 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 first quarter of 2023 cover the period from 1 January 2023 to 31 March 2023 and have been prepared in thousands of PLN.

4.7 Basic economic and financial data

Sales revenues

In the first quarter of 2023, the Company continued its collaboration with Sosei Heptares, which aims to discover and develop new small molecules targeting the degradation of G-protein-coupled receptors, and in November 2022, another collaboration agreement was entered into with Ono Pharmaceutical, whose target may be primarily applicable to neurodegenerative diseases. As a result of the above contracts, in the first quarter of 2023, the Group received PLN 1,543 thousand in revenue from R&D reimbursement under collaborations with these entities.

Operating costs

The value of the Group's total operating expenses in the first three quarters of 2023 amounted to PLN 19,806 thousand and represents the aggregate costs of operations, i.e. costs of own services sold, research work costs, project overheads and management costs. In connection with the achievement of further milestones and the acceleration of research processes during 2022, and in particular the change in the structure of costs between eligible costs from the funding received from NCBR and the Company's own costs, in order to increase the transparency of the information provided to the recipients of the financial statements, the Company decided to reclassify the presentation of project overheads reported during 2022 to be included in research costs. Details of this change are described in Note 17.1 of the 2022 consolidated and separate financial statements and is in keeping with the normal practice of drug discovery and development companies.

The largest item in operating expenses is costs related to research work, i.e. costs of research work and overheads of projects, which amounted to PLN 15,068 thousand and accounted for 76.1% of the Group's operating expenses (respectively, PLN 10,222 thousand and accounted for 61.8% in the corresponding period of the previous year taking into account the total costs of research work, overheads of projects). The increase in the value and in overall percentage of total research costs is due to projects advancing into the development phase, which is associated with higher out-sourced costs for conducted the specialized research required.

A significant item of the Group's operating expenses is general and administrative expenses, which amounted to 21.7% in the period under review, compared to 36.5% in the same period of the previous year. A significant non-cash cost item in general and administrative expenses, in addition to salaries, is the cost of valuation of the incentive program, which amounted to PLN 4,304 thousand in the first quarter of 2023, and decreased by PLN 1,737 thousand

compared to the first quarter of 2022, when this figure was PLN 6,041 thousand). In accordance with the Group's assumptions, the valuation of the incentive program is based on actuarial valuation and does not represent a real (i.e., cash) cost for the Group in the period under review.

In the structure of the Group's costs by type, the largest item is third-party out-sourced services, which amounted to PLN 9,453 thousand in the first quarter of 2023 and were higher by PLN 2,950 thousand than in the same period last year. The increase in the cost of third-party services is due to the further advancement of research and development projects, which involves, among other things, the need to outsource certain services, studies, or analyses to third parties.

Another item in the structure of costs by type is the cost of employee benefits, which in the first quarter of 2023 amounted to PLN 6,445 thousand and was lower by PLN 434 thousand than in the comparative period, in the first quarter of 2022, in which they amounted to PLN 6,879 thousand. 64.1% of this figure is accounted for by employee salaries (especially scientific staff) and benefits for management, 20.4% is accounted for by the incentive program, which is not a cash expense, and other benefits (social security costs, pension, and vacation costs and other) account for 15.5%.

Grant income and other operating income

The item revenue from grants represents revenue from grants obtained by the Group from NCBR and amounted to PLN 2,747 thousand in the first quarters of 2023 (PLN 4,436 thousand in the same period of the previous year). The decrease in grant income in the first quarter of 2023 compared to the same period last year is due to the completion of the laboratory work phase of ongoing projects, the end of the CT-04 project, and the phasing of the outsourcing costs.

Operating profit (loss)

In the first quarter of 2023, the Group recorded an operating loss of PLN 15.457 thousand. According to the information presented in section 3.5 of this report on ongoing projects, the Group is in the research phase and is not yet generating significant revenue from its core business. The loss generated was mainly attributable to research and management costs, which accounted for 89.6% of the Group's total operating expenses, and increased employee benefit costs, including the non-cash cost of valuing the incentive programme.

Financial income

In the first quarters of 2023, the Group earned mainly financial interest income in the amount of PLN 1,314 thousand, including on short-term deposits and short-term bonds purchased. In connection with the investment policy adopted by the Group, free cash is invested in secure financial instruments: bank deposits or bonds secured by government or banking institutions.

Net profit (loss)

The net loss in the first quarter of 2023 amounted to PLN 14,230 thousand and was PLN 3,254 thousand higher than in the first quarter of 2022. This amount is mainly due to factors affecting the loss from operations.

Assets

As at the balance sheet date of 31 March 2023, total assets amounted to PLN 102,205 thousand, of which 89.7% were current assets and 10.3% fixed assets. At the end of 2022, total assets amounted to PLN 113,000 thousand, 89,7% of which were current assets and 10,3% fixed assets.

Non-current assets

As of 31 March 2023, non-current assets amounted to PLN 10,506 thousand, which means that compared to 31 December 2022, non-current assets decreased by PLN 1,170 thousand. The most significant non-current assets as of 31 March 2022 and 31 December 2022 were property, plant and equipment (laboratory equipment and buildings and structures leased by the Group). As

of 31 March 2023, property, plant and equipment amounted to PLN 9,606 thousand, representing 91.4% of total non-current assets, and as of 31 December 2022 it had a value of PLN 10,666 thousand, representing 91.4% of total non-current assets.

Current assets

There was a decrease in current assets during the periods under review. As of 31 March 2023, current assets amounted to PLN 91,699 thousand and decreased by PLN 9,625 thousand compared with 31 December 2021. The most significant components of current assets as of 31 March 2023 and 31 December 2022 were cash and cash equivalents and financial assets in the form of bonds, which accounted for 90.0% of current assets in the first quarters of 2023 and 89.7% in 2022.

Equity

The value of this balance sheet item as of 31 March 2023 amounted to PLN 83,414 thousand, which was mainly derived from the issue of series G placed in the Company's IPO (which took place in 2021).. The value of equity decreased by PLN 12,908 thousand compared to 31 December 2022 and was mainly related to the net loss from operations in the period under review.

Long-term liabilities

Non-current liabilities at the end of the reporting period amounted to PLN 2,744 thousand. In the period under review, non-current liabilities decreased by PLN 542 thousand compared to 31 December 2022. As of the balance sheet date, these liabilities represent, to a significant extent (98.1%), the long-term portion of leases for laboratory equipment and long-term leases for laboratory space.

Current liabilities

Current liabilities at the end of the reporting period amounted to PLN 16,047 thousand and are PLN 2,655 thousand higher than at 31 December 2022, when they amounted to PLN 13,392 thousand. These liabilities as at the balance sheet date represent to a significant extent (87.6%) trade payables and the short-term portion of leasing liabilities.

4.8 Financial indicators of effectiveness

The Group recognized a net loss both in the first quarter of 2023 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 Group 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 Group 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 Group '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 1: Group's financial indicators

Indicator	Method of calculation	31.03.2023	31.12.2022
total debt ratio	total liabilities/total assets	18.39%	14.76%
long-term debt ratio	long-term liabilities/total liabilities	14.60%	19.70%
short-term debt ratio	short-term liabilities/total liabilities	85.40%	80.30%

As at 31 March 2023, there has been an increase in the total debt ratio and the short-term debt ratio as well as a decrease in the long-term debt ratio, which is a consequence of the increase mainly in the cost of third-party services for ongoing research, and thus the development of the Group's operational activities

5 OTHER MATERIAL INFORMATION AND EVENTS

5.1 Factors and events, including those of an untypical nature, which have a significant impact on the results of the Company's and the Group's operations

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 2023.

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 2023.

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 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, the war in Ukraine, the inflation, the interest rate and the exchange rate.

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 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 Group's equity accounts for 99.9% of the Company's equity, the Company's assets constitute 97.8% 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.

5.6 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 material changes with respect to the human resources, assets, financial standing, financial performance and their changes in the near future.

5.7 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 2023 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 2023 and comparative data for the 3 month period ended 31 March 2022 (in thousand PLN).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Note	01.01.2023-31.03.2023	01.01.2022-31.03.2022
CONTINUING OPERATIONS			
Research and development income	**6.5.1**	1,543	1,036
Cost of services sold	**6.5.2**	433	282
Gross profit (loss) on sales		**1,110**	**754**
Subsidy revenues	**6.5.1**	2,747	4,436
Research and development expenditures	**6.5.2**	13,450	6,504
Project overheads	**6.5.2**	1,618	3,718
General administrative expenses	**6.5.2**	4,304	6,041
Other operating income	**6.5.3**	294	221
Other operating costs	**6.5.3**	235	1
Operating profit (loss)		**-15,457**	**-10,853**
Financial income	**6.5.4**	1 314	1
Financial expenses	**6.5.4**	87	124
Profit (loss) from continued operations before tax		**-14,230**	**-10,976**
Income tax	**6.5.5**	-	-
Net profit (loss) from continued operations		**-14,230**	**-10,976**
Net profit (loss) from discontinued operations		**-**	**-**
Net profit (loss) for period		**-14,230**	**-10,976**
- attributable to the shareholders of the parent company		-14,230	-10,976
- attributable to non-controlling interests		-	-
Other comprehensive income			
Items that may be transferred to the result in subsequent reporting periods		**-1**	**-**
Foreign exchange differences on translation of foreign operations		-1	-
Items that will not be carried forward to the result in subsequent reporting periods		**-**	**-**
Actuarial gains/losses		-	-
Other net comprehensive income		**-1**	**-**
Total comprehensive income		**-14,231**	**-10,976**
- attributable to the shareholders of the parent company		**-14,231**	-10,976
- attributable to non-controlling interests		-	-
Earnings (loss) per share (in PLN)		**-3.38**	**-2.66**
Diluted earnings (loss) per share (in PLN)		**-3.27**	**-2.52**

6.2 Interim condensed consolidated statement of financial position

Interim condensed consolidated statement of financial position as of 31 March 2023 and comparative data as of 31 December 2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
ASSETS	**Note**	**31.03.2023**	**31.12.2022**
I. NON-CURRENT ASSETS		**10,506**	**11,676**
Expenditure on development work (in progress)		180	180
Property, plant, and equipment	**6.5.8**	9,606	10,666
Intangible assets	**6.5.9**	496	602
Other non-current assets		224	228
II. CURRENT ASSETS		**91,699**	**101,324**
Trade and other receivables, including:	**6.5.11**	8,491	9,678
Other financial assets	**6.5.12**	16,281	19,854
Prepayments and accrued income		657	756
Cash and cash equivalents		66,270	71,036
TOTAL ASSETS		**102,205**	**113,000**

EQUITY AND LIABILITIES	**Note**	**31.03.2023**	**31.12.2022**
I. EQUITY		**83,414**	**96,322**
Share capital	**6.5.13.1**	421	417
Share premium reserve	**6.5.13.2**	170,031	170,031
Other capital reserves	**6.5.13.3**	175	175
Capital from shares payments		21,103	19,785
Retained earnings / Uncovered losses		-108,331	-94,102
Exchange rate differences from the conversion		15	16
Non-controlling interests		-	**-**
TOTAL LIABILITIES		**18,791**	**16,678**
II. NON CURRENT LIABILITIES		**2,744**	**3,286**
Pension benefit obligations	**6.5.14**	51	51
Interest-bearing borrowings	**6.5.15**	-	-
Lease liabilities	**6.5.16**	2,693	3,235
III. CURRENT LIABILITIES		**16,047**	**13,392**
Trade and other payables		10,766	7,816
Lease liabilities	**6.5.16**	3,289	3,717
Provisions for liabilities	**6.5.14**	1,866	1,733
Other liabilities/deferred income	**6.5.17**	126	126
TOTAL EQUITY AND LIABILITIES		**102,205**	**113,000**

6.3 Interim condensed consolidated statement of cash flows

Interim condensed consolidated statement of cash flows for the 3 month period ended 31 March 2023 and comparative data for the 3 month period ended 31 March 2022. (in thousands PLN).

CONSOLIDATED STATEMENT OF CASH FLOWS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
OPERATING ACTIVITIES		
Profit (loss) before tax	**-14,230**	**-10,976**
Adjustments:	**6,916**	**5,509**
Depreciation	1,615	1,947
Foreign exchange(gains) losses	-3	11
Interest	-387	149
Incentive scheme	1,318	2,446
Change in receivables	1,006	426
Change in liabilities, excluding loans and borrowings	3,135	692
Change in provisions	133	-404
Change in accruals	99	242
Net cash flow from operating activities	**-7,313**	**-5,467**
INVESTINGACTIVITIES		
I. Inflows	**20,551**	**-**
Interest	885	**-**
Bond proceeds	19,666	**-**
II. Outflows	**16,251**	**17**
Expenditure on tangible and intangible fixed assets	74	17
Purchase of bonds	16,177	-
Net cash flow from investing activities	**4,300**	**-17**
FINANCING ACTIVITIES		
I. Inflows	**4**	**-**
Proceeds from issue of shares	4	-
II. Outflows	**1,756**	**1,753**
Expenditures on borrowings	-	-
Interest and commission expenses	85	149
Payments of liabilities under lease agreements	1,671	1,604
Net cash flow from financing activities	**-1,752**	**-1,753**
Total cash flows	**-4,765**	**-7,237**
Balance sheet change in cash and cash equivalents	**-4,765**	**-7,237**
Cash at the beginning of period	**71,036**	**117,943**
Cash at the end of period	**66,270**	**110,706**
- 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 2023 and comparative data for the 3 month period ended 31 March 2022 (in PLN thousands).

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 of 01.01.2023	**417**	**170,031**	**175**	**19,785**	**-94,102**	**16**	**96,322**	**-**	**96,322**
Profit/loss for period	-	-	-	-	-14,230	-	-14,230	-	-14,230
Other comprehensive income	-	-	-	-	-	-1	-1	-	-1
Total comprehensive income for the period	**-**	**-**	**-**	**-**	-14,230	-1	-14,231	-	**-14,231**
Issue of shares	4	-	-	-	-	-	4	-	4
Share redemption	-	-	-	-	-	-	-	-	-
Incentive scheme	-	-	-	1,318	-	-	1,318	-	1,318
As of 31.03.2023	**421**	**170,031**	**175**	**21,103**	**-108,332**	**15**	**83,413**	**-**	**83,413**
As of 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 of 31.03.2022	**413**	**170,031**	**175**	**14,225**	**-69,184**	**11**	**115,671**	**-**	**115,671**

6.5 Explanatory notes

6.5.1 Total revenues

SALES REVENUES AND TOTAL REVENUES	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Revenue from research and development services	1,543	1,036
Total sales revenues	**1,543**	**1,036**
Subsidy revenues	2,747	4,436
Other operating income	293	221
Financial income	1,314	1
Total revenues	**5,897**	**5,694**

In the first quarter of 2023, the Parent Company continued its cooperation with the Sosei Heptares firm and the Ono Pharmaceutical firm. As a result, in the first quarter of 2023, the Group generated total revenue of PLN 1,543 thousand from these two agreements, compared with PLN 1,036 thousand in the same period of the previous year.

The item revenue from grants represents revenue from subsidies obtained by the Group from the NCRD and amounted to PLN 2,747 thousand in the first quarter of 2023 (PLN 4,436 thousand in the corresponding period of the previous year). The decrease in grant revenues in the first quarter of 2023 compared to the same period of the previous year is due to the completion of the laboratory work phase in ongoing projects and the termination of the CT-04 project.

Other operating income and financial income are described in notes 6.5.3 and 6.5.4.

6.5.2 Costs by type

6.5.2.1 Operational costs

OPERATIONAL COSTS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Depreciation	1,615	1,947
- depreciation of fixed assets	1,509	1,905
- amortisation of intangible assets	106	42
Consumption of materials and energy	1,589	983
External services	9,453	6,503
Taxes and charges	88	140
Costs of employee benefits	6,445	6,879
Other costs by nature	616	93
Total costs by type, including:	**19,806**	**16,545**
Items recognised in costs of sales of services	433	282
Items included in research costs	13,450	6,504
Items included in project overheads	1,618	3,718
Items included in general administrative costs	4,305	6,041
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 third-party service costs and employee benefit costs related to base salaries and additional cash gratuities. In addition, the increase in employee benefit costs is also

closely linked to the costs of the incentive program. The breakdown of employee costs is indicated in note 6.5.2.3.

In view of the achievement of further milestones and the acceleration of research processes in 2022, and in particular the change in the cost structure between eligible costs from the funding received from NCBiR and the Group's own costs, in order to increase the transparency of the information provided to the recipients of the financial statements, the Group decided at the stage of preparing the 2022 Financial Statements to reclassify and change the presentation of the portion of project overheads reported during 2022 to research costs. In 2021 and the first half of 2022, research costs financed from own funds were treated as overall project overheads. Currently, the Company qualifies as research costs all direct costs incurred in connection with ongoing research projects (irrespective of the source of funding) including, in particular, costs related to salaries of researchers, third-party services and other direct costs such as e.g. materials and labour, electricity and other media, depreciation of research assets, etc. Unlike research work costs, project overheads include costs not allocated to individual research projects. The main cost headings recognized as project overheads are, in particular, costs of personnel involved in project management, costs of personnel, financial, administrative and legal services, costs of maintaining office space related to project administration and other costs related to project administration and service. The above change has the value of a presentation change only and does not affect the change of the total value of research and general project costs and the Company's financial result. Due to the above change, the value of project overheads presented in the interim condensed consolidated statement of profit or loss and other comprehensive income for the period from 1 January to 31 March 2023 is lower than the value of costs presented in the interim condensed consolidated financial statements for the period from 1 January to 31 March 2022.

In the course of preparing these financial statements, the Company's Management Board has taken all reasonable efforts and actions to determine the possible amount of costs recognized in the financial result of the first quarter of 2022 and presented as project overheads, which, given the above-described change in presentation in 2022, should be presented as research costs in the comparative data for the first quarter of 2022. Bearing in mind para. 42 of International Accounting Standard No. 1 "Presentation of Financial Statements", due to the significant labour intensity associated with the possible recalculation of the comparative data in relation to the information value resulting from the presentation of a fully analogous breakdown of costs, it was decided not to restate the comparative data, given that the change was only of a presentational nature between research costs and project overheads.

Other operating income and financial income are described in Notes 6.5.3 and 6.5.4.

Depreciation and amortisation expenses recognized in the result

DEPRECIATION AND AMORTISATION EXPENSE RECOGNISED IN THE RESULT	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Items included in cost of sales of services	**65**	**59**
Depreciation of fixed assets	54	59
Amortization of intangible assets	11	-
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items included in research costs	**1,219**	**1,431**
Depreciation of fixed assets	1,128	1,399
Amortisation of intangible assets	91	32
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items included in project overheads	**243**	**397**
Depreciation of fixed assets	243	391
Amortisation of intangible assets	-	6
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items included in general administrative costs	**88**	**60**
Depreciation of fixed assets	84	55
Amortisation of intangible assets	4	5
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Sum of depreciation and impairment allowances	**1,615**	**1,947**

Depreciation and amortization expenses in the first quarter of 2023 decreased by PLN 332 thousand compared with the same period of the previous year. This is due to the termination of certain contracts and the Group not entering into any new material contracts classified under IFRS 16 'Leases'.

6.5.2.2 Employee benefit costs

EMPLOYEE BENEFIT COSTS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Wages and salaries	4,128	3,432
Social security costs	688	665
Pension and holiday benefit costs	-	246
Other employee benefit costs	311	90
Costs of incentive programme	1,318	2,446
Total employee benefit costs, including:	**6,445**	**6,879**
Items included in cost of sales of services	262	167
Items included in research costs	3,272	1,883
Items included in project overheads	219	1,040
Items included in general administrative costs	2,692	3,789
Change in products	-	-
Costs of services for the entity's own needs	-	-

The main contributors to employee benefit costs are the Group's employee remuneration costs, which amounted to PLN 4,128 thousand in the three month ended 31 March 2023, and the costs of the incentive program introduced in the Parent Company in 2019, the cost of which in the period from 1 January to 31 March 2023 amounted to PLN 1,318 thousand (however, this is an accounting cost not related to real cash outflow). Details of this program and its valuation in subsequent quarters are described in the "Accounting policies and additional information".

6.5.3 Other operating income and expenses

OTHER OPERATING INCOME	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Profit from disposal of fixed assets	-	-
Release of asset write-downs	-	-
Other	294	221
Total other operating income	**294**	**221**

In the first quarter of 2023, the Parent released unused provisions of PLN 294 thousand set up in 2022.

OTHER OPERATING EXPENSES	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Loss on disposal of fixed assets	-	-
Revaluation of assets	-	-
Other	235	1
Total other operating expenses	**235**	**1**

In accordance with the principle of prudence, the Parent company recognized an impairment loss of PLN 235 thousand on receivables from a Japanese counterparty in the first quarter of 2023.

6.5.4 Financial income and costs

FINANCIAL INCOME	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Interest income	1,289	1
Release of revaluation write-downs	-	-
Excess positive exchange rate differences	25	-
Total financial income	**1,314**	**1**

In the period from 1 January to 31 March 2023, the Group earned mainly interest on short-term deposits of PLN 1,035 thousand and short-term bonds purchased of PLN 250 thousand.

In connection with the Group's investment policy, spare funds are invested in secure financial instruments: bank deposits or bonds backed by government or banking institutions.

FINANCIAL COSTS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Interest expense on bank loans and borrowings received	-	-
Financial costs related to leasing agreements	64	75
Revaluation of investments	-	-
Excess negative exchange rate differences	-	49
Other	23	-
Total financial costs	**87**	**124**

In 2023, the Group incurred finance costs from interest on financial liabilities (leases) and budgetary interest.

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.

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
	31.03.2023	**31.12.2022**	
Due to:			
Other reserves	1,175	1,166	-
Provisions for employee benefits	742	618	-
Difference between leasing assets and liabilities	435	617	-
Tax losses	74,051*	60,008	2023-2027
Total:	**76,403**	**62,409**	

**the tax loss presented in the table above includes cumulative tax losses incurred by the Parent Company in 2018-2023 and in the period from 1 January to 31 March 2023.*

6.5.6 Discontinued operations

There were no discontinued operations between 1 January and 31 March 2023 or in the corresponding period of 2022.

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 2023 and in the corresponding period of 2022. No advances on dividends were paid either.

6.5.8 Tangible fixed assets

The Group's property, plant and equipment as of 31 March 2023 consists of property, plant, and equipment of the Parent Company and the Subsidiary.

TANGIBLE FIXED ASSETS	**31.03.2023**	**31.12.2022**
Owned	4,096	4,354
Used under a rental, lease, or any other agreement, including a leasing agreement	5,510	6,312
Total	**9,606**	**10,666**

TANGIBLE FIXED ASSETS	**31.03.2023**	**31.12.2022**
Fixed assets, including:	**9,606**	**10,666**
buildings and structures	5,285	5,644
machinery and equipment	3,686	4,941
other	635	81
Fixed assets under construction	**-**	-
Total	**9,606**	**10,666**

Plant and equipment comprises medical and specialized equipment acquired and used by the Parent Company. In the first quarter of 2023, the Company reclassified the value of fixed assets between the 'other fixed assets' and 'machinery and equipment' groups.

The following tables show the changes in fixed assets from 1 January to 31 March 2023 and in the comparative period.

CHANGES IN FIXED ASSETS BY TYPE 01.01.2023 - 31.03.2023	**buildings and structures**	**machinery and equipment**	**Other fixed assets**	**total fixed assets**
Gross fixed assets, beginning of period	**13,835**	**19,609**	**1,135**	**34,578**
Increases, due to	**415**	**66**	**7**	**489**
acquisitions	415	66	7	489
Decreases	-	-	-	-
Gross fixed assets, end of period	**14,250**	**19,675**	**1,142**	**35,067**
Accumulated depreciation, beginning of period	**8,190**	**14,668**	**1,053**	**23,912**
Increases, due to	**774**	**1,321**	**81**	**2,175**
movement between groups of fixed assets	-	627	-	627
revaluation	39	-	-	39
depreciation	735	694	81	1,509
Decreases, due to	-	-	**627**	**627**
movement between groups of fixed assets	-	-	627	**-**
Accumulated depreciation, end of period	**8,964**	**15,988**	**507**	**25,460**
Impairment losses, beginning of period	-	-	-	-
Impairment losses, end of period	-	-	-	-
Net fixed assets, end of period	**5,285**	**3,686**	**635**	**9,606**

CHANGES IN FIXED ASSETS BY TYPE 01.01.2022 - 31.12.2022	**buildings and structures**	**machinery and equipment**	**Other fixed assets**	**total fixed assets**
Gross fixed assets, beginning of period	**9,771**	**24,852**	**702**	**35,326**
Increases, due to	**4,513**	**244**	**432**	**5,190**
acquisitions	4,513	244	432	5,190
Decreases, due to	**450**	**5,488**	**-**	**5,938**
termination of lease agreement	-	5,488	-	**5,488**
disposal	450	-	-	450
Gross fixed assets, end of period	**13,835**	**19,609**	**1,135**	**34,578**
Accumulated depreciation, beginning of period	**6,156**	**16,413**	**145**	**22,714**
Increases, due to	**2,484**	**3,463**	**909**	**6,856**
depreciation	2,484	3,463	909	6,856
Decreases, due to	**450**	**5,208**	**-**	**5,658**
termination of lease agreement	-	5,208	-	5,208
disposal	450	-	-	450
Accumulated depreciation, end of period	**8,190**	**14,668**	**1,053**	**23,912**
Impairment losses, beginning of period	**-**	**-**	**-**	**-**
Impairment losses, end of period	**-**	**-**	**-**	**-**
Net fixed assets, end of period	**5,644**	**4,941**	**81**	**10,666**

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	31.03.2023	31.12.2022
Acquired concessions, patents, licences and similar	496	602
Other intangible assets	-	-
Total	**496**	**602**

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 2023 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 2023, there was no goodwill in the interim condensed consolidated statement of financial position.

6.5.11 Trade and other receivables

TRADE RECEIVABLES	31.03.2023	31.12.2022
Net trade receivables	**1,542**	**982**
- from related parties	-	-
- from other undertakings	1,542	**982**
Write-downs on receivables	235	-
Gross trade receivables	**1,777**	**982**

OTHER RECEIVABLES	31.03.2023	31.12.2022
Other net receivables	**6,949**	**8,696**
Budgetary receivables	1,329	980
Receivables from grants	5,427	7,557
Other	193	159
Write-downs on receivables	-	-
Other gross receivables	**6,949**	**8,696**

Trade receivables are not interest-bearing.

In the first quarter of 2023. The Parent Company created an allowance in the amount of PLN 235 thousand for a receivable from a Japanese counterparty in connection with withholding tax, which will not be recoverable and, consequently, was deemed 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.

Grants receivables relate to eligible costs incurred in the financial year and reimbursed in subsequent reporting periods.

6.5.12 Other financial assets

OTHER FINANCIAL ASSETS	31.03.2023	31.12.2022
Short-term bonds	16,281	19,854
Loans granted	-	-
Write-downs	-	-
Other financial assets	**16,281**	**19,854**

The parent company, as part of its free cash management, invests in short-term ST or corporate bonds that are backed by government or banking institutions.

6.5.13 Equity

6.5.13.1 Share capital

As of 31 March 2023, the Company's share capital (basic) amounted to PLN 420,914.90 and was divided into 4,209,149 shares with a nominal value of PLN 0.10 each.

SHARE CAPITAL	31.03.2023	31.12.2022
Number of shares (pcs.)	4,209,149	4,168,130
Nominal value of shares (PLN)	0.10	0.10
Share capital	**421**	**417**

Changes in the share capital of the Parent Company

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

6.5.13.2 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	31.03.2023	31.12.2022
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**

6.5.13.3 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	31.03.2023	31.12.2022
Redemption of shares	103	103
Actuarial gains and losses	72	72
Unregistered share issue	-	-
Total	**175**	**175**

6.5.14 Retirement benefit obligations and provisions for liabilities

PROVISIONS FOR EMPLOYEE BENEFITS	31.03.2023	31.12.2022
Provision for outstanding holiday entitlement	667	543
Provison for pensions	75	75
Total including:	**742**	**618**
long-term	51	51
short-term	691	567

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 of 01.01.2023	**543**	**75**	**618**
Creation of a provision	124	-	124
Costs of benefits paid (use)	-	-	-
Provisions released	-	-	-
As of 31.03.2023	**667**	**75**	**742**
As of 01.01.2022	**441**	**59**	**501**
Creation of a provision	124	16	139
Costs of benefits paid (use)	-	-	-
Provisions released	22	-	22
As of 31.12.2022	**543**	**75**	**618**

PROVISIONS FOR LIABILITIES	31.03.2023	31.12.2022
External services	410	94
Other	765	1,072
Total other provisions	**1,175**	**1,166**

The remaining provisions of 31 March 2023 of PLN 765 thousand relate to the payment of planned bonuses and third-party services.

CHANGE IN PROVISIONS FOR LIABILITIES	External services	Other	Total
As of 01.01.2023	**94**	**1,072**	**1,166**
Creation of reserves	316	-	316
Use of provisions	-	235	235
Release of provisions	-	72	72
As of 31.03.2023	**410**	**765**	**1,175**
As of 01.01.2022	**137**	**5,658**	**5,795**
Creation of reserves	94	1,072	1,166
Use of provisions	137	5,658	5,795
Release of provisions	-	-	-
As of 31.12.2022	**94**	**1,072**	**1,166**

In the first quarter of 2023, the Parent Company reversed part of the provision of PLN 235 thousand and established new provisions of PLN 316 thousand for the supply of third-party services.

6.5.15 Loans received

The Group had no loans received as of 31 March 2023 and 31 December 2022.

6.5.16 Lease liabilities

LEASE LIABILITIES	31.03.2023	31.12.2022
Short-term lease liabilities, including:	3,289	3,717
- up to 1 month	334	450
- from 1 month to 3 months	708	855
- from 3 months to 6 months	846	1,059
- from 6 months to 1 year	1,401	1,353
Long-term leasing liabilities, including:	2,693	3,235
- from one to five years	2,693	3,235
- more than five years	-	-
Total	**5,982**	**6,952**

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

6.5.17 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 at the balance sheet date is as follows:

DEFERRED INCOME	31.03.2023	31.12.2022
- 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	-	-
Other	-	-
Total	**126**	**126**

6.5.18 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	
		31.03.2023	31.12.2022	31.03.2023	31.12.2022
Financial assets					
Bonds	WwgZK	16,281	19,854	16,281	19,854
Trade receivables	WwgZK	1,542	982	1,542	982
Other receivables	WwgZK	6,949	8,696	6,949	8,696
Cash and cash equivalents	WwgZK	66,270	71,036	66,270	71,036
Total		**91,042**	**100,568**	**91,042**	**100,568**

FAIR VALUES OF PARTICULAR CLASSES OF FINANCIAL ASSETS AND LIABILITIES	Category	Carrying amount		Fair value	
		31.03.2023	31.12.2022	31.03.2023	31.12.2022
Financial liabilities					
Interest-bearing bank loans and borrowings	PZFwgZK	-	-	-	-
Leasing liabilities	IFRS16	5,982	6,952	5,982	6,952
Trade payables	PZFwgZK	8,188	5,648	8,188	5,648
Other liabilities	PZFwgZK	2,579	2,169	2,579	2,169
Total		**16,749**	**14,768**	**16,749**	**14,768**

Abbreviations used:

WwgZK - Measured at amortised cost
PZFwgZK - Other fiancial 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.

6.5.19 Explanations to the cash flow statement

SPECIFICATION	31.03.2023	31.03.2022
Depreciation:	**1,615**	**1,947**
amortisation of intangible assets	106	42
depreciation of property, plant, and equipment	1,509	1,905
Foreign exchange gains (losses)	**-3**	**11**
accrued exchange differences	-3	11
Interest:	**-387**	**149**
Interest received on bonds	-	-
other accrued interest	-488	-
interest received on short-term deposits	-	**-**
accrued interest on bonds	84	-
interest paid on leasing	17	149
Change in reserves:	**133**	**-404**
balance sheet change in provisions for trade liabilities	10	-650
balance sheet change in provisions for employee benefits	123	246
Change in receivables:	**1,006**	**426**
change in short-term receivables as per balance sheet	1,006	426
change in long-term receivables as per balance sheet	**-**	-
Change in short term liabilities, except for financial liabilities:	**3,134**	**692**
change in short-term liabilities as per the balance sheet	3,134	692
change in other liabilities	-	-
Change in accruals:	**99**	**242**
Change in prepayments and accrued income as per the balance sheet	99	242

6.5.20 Transactions with related parties

The following is a list of the entities related to the Group as at 31 March 2023 with which the Group transacted during 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, significant shareholder of Captor Therapeutics S.A.
Thomas Shepherd	President of the Management Board of Captor Therapeutics S.A.
Michał Walczak	President of the Management Board of Captor Therapeutics GmbH, Member of the Management Board of Captor Therapeutics S.A., significant shareholder of Captor Therapeutics S.A.
Radosław Krawczyk	Member of the Management Board of Captor Therapeutics S.A.
Captor Therapeutics GMBH	Company in which 100% of shares are held by Captor Therapeutics S.A.
Paul Holstinghausen Holsten	Member of the Supervisory Board of Captor Therapeutics S.A., significant shareholder of Captor Therapeutics S.A.
Maciej Wróblewski	Member of the Supervisory Board of Captor Therapeutics S.A.
Florent Gros	Member of the Supervisory Board of Captor Therapeutics S.A.
Krzysztof Samotij	Member of the Supervisory Board of Captor Therapeutics S.A.
Swissvention Partners GMBH	Company in which Florent Gros is the owner and managing director
Robert Florczykowski	Member of the Supervisory Board of Captor Therapeutics S.A.

Related party transactions

The following table presents transactions executed in the period from 1 January to 31 March 2023 with entities related to the Group.

01.01.2023-31.03.2023	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	-	-	-	-
Trade payables	-	-	-	-
Remuneration paid by the Company***	-	-	756	20
Other	-	-	-	-

** 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*

****item does not include the costs of the Company's Share-based Incentive Scheme. For information on the Incentive Scheme, please refer to section 8.12, while the shareholdings of the members of the Management Board and the Supervisory Board can be found in section 2.4.4 of this report*

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 THREE MONTH PERIOD ENDED 31 MARCH 2023 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

7.1 Interim condensed separate 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 2023 and comparative data for the 3 month period ended 31 March 2022 (in thousand PLN).

SEPARATE STATEMENT OF PERFORMANCE AND OTHER COMPREHENSIVE INCOME	Note	01.01.2023-31.03.2023	01.01.2022-31.03.2022
CONTINUING OPERATIONS			
Research and development income	**7.5.1**	1,543	1,036
Cost of services sold	**7.5.2.1**	433	282
Gross profit (loss) on sales		**1,110**	**754**
Subsidy revenues	**7.5.1**	2,747	4,436
Research and development expenditures	**7.5.2.1**	13,389	6,504
Project overheads	**7.5.2.1**	1,618	3,718
General administrative expenses	**7.5.2.1**	4,375	5,943
Other operating income	**7.5.3**	294	221
Other operating costs	**7.5.3**	235	1
Operating profit (loss)		**-15,466**	**-10,755**
Financial income	**7.5.4**	1,314	1
Financial expenses	**7.5.4**	69	124
Profit (loss) from continued operations		**-14,221**	**-10,878**
Income tax	**7.5.5**	0	-
Net profit (loss) from continuned operations		**-14,221**	**-10,878**
Net profit (loss) from discontinued operations		**-**	**-**
Net profit (loss) for period		**-14,221**	**-10,878**
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		**-**	**-**
Actuarial gains/losses		-	-
Other net comprehensive income		**-**	**-**
Total comprehensive income		**-14,221**	**-10,878**
Earnings (loss) per share (in PLN)		**-3.38**	**-2.64**
Diluted earnings (loss) per share (in PLN)		**-3.26**	**-2.49**

7.2 Interim condensed separate statement of financial position

Interim condensed separate statement of financial position as of 31 March 2023 and comparative figures as of 31 December 2022.

SEPARATE STATEMENT OF FINANCIAL POSITION			
ASSETS	**Note**	**31.03.2023**	**31.12.2022**
I. FIXED ASSETS		**8,205**	**9,209**
Expenditure on development work (in progress)		180	180
Property, plant and equipment	**7.5.9**	7,453	8,351
Intangible assets	**6.5.9**	496	602
Other non-current assets		76	76
II. CURRENT ASSETS		**91,790**	**101,390**
Trade and other receivables	**7.5.10**	8,479	9,667
Other financial assets	**7.5.11**	16,405	19,980
Prepayments and accured income		656	756
Cash and cash equivalents		66,250	70,987
TOTAL ASSETS		**99,995**	**110,599**

EQUITY AND LIABILITIES	**Note**	**31.03.2023**	**31.12.2022**
I. EQUITY		**83,428**	**96,327**
Share capital	**7.5.12.1**	421	417
Share premium reserve	**6.5.13.2**	170,031	170,031
Other capital reserves	**6.5.13.3**	175	175
Capital from share-based payments		21,103	19,785
Retained earnings / Uncovered losses		-108,302	-94,081
TOTAL LIABILITES		**16,567**	**14,272**
II. NON-CURRENT LIABILITIES		**1,039**	**1,430**
Pension benefit obligations	**6.5.14**	51	51
Interest-bearing borrowings	**6.5.15**	-	-
Lease liabilities	**7.5.13**	988	1,379
III. CURRENT LIABILITIES		**15,528**	**12,842**
Trade and other payables		10,714	7,810
Lease liabilities	**7.5.13**	2,822	3,245
Provisions for liabilities	**6.5.14**	1,866	1,661
Other liabilities/deferred income	**6.5.17**	126	126
TOTAL LIABILITIES		**99,995**	**110,599**

7.3 Interim condensed separate statement of cash flows

Interim condensed separate statement of cash flows for the 3 month period ended 31 March 2023 and comparative data for the 3 month period ended 31 March 2022 (in thousand PLN).

SEPARATE STATEMENT OF CASH FLOWS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
OPERATING ACTIVITIES		
Profit (loss) before tax	**-14,221**	**-10,878**
Adjustments:	**6,805**	**5,675**
Depreciation	1,492	1,947
Foreign exchange (gains) losses	-	10
Interest	-404	149
Incentive scheme	1,318	2,446
Change in receivables	1,188	650
Change in liabilities, excluding loans, and borrowings	2,907	618
Change in provisions	205	-382
Change in accruals	99	238
Net cash flow from operating activities	**-7,416**	**-5,203**
INVESTING ACTIVITIES		
I. Inflows	**20,551**	**-**
Interest	885	**-**
Bond proceeds	19,666	**-**
II. Outflows	**16,251**	**17**
Expenditures on tangible and intangible fixed assets	74	17
Purchase of bonds	16,177	-
Loans granted	-	-
Net cash flow from investing activities	**4,300**	**-17**
FINANCING ACTIVITIES		
I. Inflows	**4**	**-**
Proceeds from issue of shares	4	-
II. Outflows	**1,625**	**1,754**
Expenditures on borrowings	-	-
Interest and commission expenses	69	149
Payments of liabilities under lease agreements	1,556	1,604
Net cash flow from financing activities	**-1,621**	**-1,754**
Total cash flows	**-4,737**	**-6,973**
Balance sheet change in cash and cash equivalents	**-4,737**	**-6,973**
Cash at the beginning of period	**70,987**	**117,622**
Cash at the end of period	**66,250**	**110,649**
- 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 2023 and comparative data for the 3 month period ended 31 March 2022 (in thousand PLN).

SEPARATE STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium reserve	Other capital reserves	Capital from share-based payments	Retained earnings/accumulated losses	Total equity
As of 01.01.2023	**417**	**170,031**	**175**	**19,786**	**-94,081**	**96,328**
Profit/loss for period	**-**	**-**	**-**	-	-14,221	-14,221
Other comprehensive income	**-**	**-**	-	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-14,221**	**-14,221**
Issue of shares	4	-	-	-	-	4
Share redemption	-	-	-	-	-	**-**
Incentive scheme	-	-	-	1,317	-	1,317
As of 31.03.2023	**421**	**170,031**	**175**	**21,103**	**-108,302**	**83,428**
As of 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	-	-	-	-	-	-
Redemption of shares	-	-	-	-	-	-
Incentive scheme	**-**	**-**	-	2,446	**-**	2,446
As of 31.03.2022	**413**	**170,031**	**175**	**14,225**	**-69,213**	**115,631**

7.5 Explanatory notes

7.5.1 Total revenues

SALES REVENUES AND TOTAL REVENUES	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Revenues from research and development services	1,543	1,036
Total sales revenues	**1,543**	**1,036**
Subsidy revenues	2,747	4,436
Other operating income	293	221
Financial income	1,314	1
Total revenues	**5,897**	**5,694**

In the first quarter of 2023, the Company continued its cooperation with the Sosei Heptares firm and the Ono Pharmaceutical firm. As a result, in the first quarter of 2023, the Company generated total revenue of PLN 1,543 thousand from these two agreements, compared with PLN 1,036 thousand in the same period of the previous year.

The item revenue from grants represents revenue from subsidies obtained by the Company from NCBR and amounted to PLN 2,747 thousand in the first quarter of 2023 (PLN 4,436 thousand in the corresponding period of the previous year). The decrease in grant revenue in the first quarter of 2023 compared to the same period of the previous year is due to the completion of the stage of laboratory work in ongoing projects and the termination of the CT- 04 project.

Other operating income and financial income are described in notes 7.5.3 and 7.5.4.

7.5.2 Costs by type

7.5.2.1 Operating costs

OPERATING COSTS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Depreciation	1,493	1,947
- depreciation of fixed assets	1,387	1,905
- amortisation of intangible assets	106	42
Consumption of materials and energy	1,589	983
External services	9,930	6,602
Taxes and charges	87	138
Costs of employee benefits	6,100	6,684
Other costs by nature	616	93
Total costs by type, including:	**19,815**	**16,447**
Items recognised in costs of sales of services	433	282
Items included in research costs	13,389	6,504
Items included in project overheads	1,618	3,718
Items included in general administrative costs	4,375	5,943
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 mainly due to an increase in third-party service costs and employee benefit costs related to base salaries and additional cash gratuities. In addition, the increase in employee benefit costs

is also closely linked to the non-cash costs of the incentive program. The breakdown of employee costs is indicated in note 7.5.2.3

In view of the achievement of further milestones and the acceleration of research processes in 2022, and in particular the change in the cost structure between eligible costs from the funding received from NCBiR and the Company's own costs, in order to increase the transparency of the information provided to the recipients of the financial statements, the Company decided at the stage of preparing the 2022 Financial Statements to reclassify and change the presentation of the portion of project overheads reported during 2022 to research costs. In 2021 and the first half of 2022, research costs financed from own funds were treated as overall project overheads. Currently, the Company qualifies as research costs all direct costs incurred in connection with ongoing research projects (irrespective of the source of funding) including, in particular, costs related to salaries of researchers, third-party services and other direct costs such as e.g. materials and labour, electricity and other media, depreciation of research assets, etc. Unlike research work costs, project overheads include costs not allocated to individual research projects. The main cost headings recognized as project overheads are, in particular, costs of personnel involved in project management, costs of personnel, financial, administrative and legal services, costs of maintaining office space related to project administration and other costs related to project administration and service. The above change has the value of a presentation change only and does not affect the change of the total value of research and general project costs and the Company's financial result. Due to the above change, the value of project overheads presented in the interim condensed consolidated statement of profit or loss and other comprehensive income for the period from 1 January to 31 March 2023 is lower than the value of costs presented in the interim condensed consolidated financial statements for the period from 1 January to 31 March 2022.

In the course of preparing these financial statements, the Company's Management Board has taken all reasonable efforts and actions to determine the possible amount of costs recognized in the financial result of the first quarter of 2022 and presented as project overheads, which, given the above-described change in presentation in 2022, should be presented as research costs in the comparative data for the first quarter of 2022. Bearing in mind para. 42 of International Accounting Standard No. 1 "Presentation of Financial Statements", due to the significant labour intensity associated with the possible recalculation of the comparative data in relation to the information value resulting from the presentation of a fully analogous breakdown of costs, it was decided not to restate the comparative data, given that the change was only of a presentational nature between research costs and project overheads.

Other operating income and financial income are described in Notes 7.5.3and 7.5.4.

7.5.2.2 Depreciation and amortization expenses recognised in the result

DEPRECIATION AND AMORTISATION EXPENSE RECOGNISED IN THE RESULT	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Items included in cost of sales of services	**65**	**59**
Depreciation of fixed assets	54	59
Amortisation of intangible assets	11	-
Impairment of property, plant, and equipment	-	-
Impairment of intangible assets	-	-
Items included in research costs	**1,158**	**1,431**
Depreciation of fixed assets	1,067	1,399
Amortisation of intangible assets	91	32
Impairment of property, plant, and equipment	-	-

DEPRECIATION AND AMORTISATION EXPENSE RECOGNISED IN THE RESULT	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Impairment of intangible assets	-	-
Items included in project overheads	**243**	**397**
Depreciation of fixed assets	243	391
Amortisation of intangible assets	-	6
Impairment of property, plant, and equipment	-	-
Impairment of intangible assets	-	-
Items included in general and administrative costs	**27**	**60**
Depreciation of fixed assets	23	55
Amortisation of intangible assets	4	5
Impairment of property, plant, and equipment	-	-
Impairment of intangible assets	-	-
Sum depreciation and amortisation expense	**1,493**	**1,947**

Depreciation and amortisation expenses in the first quarter of 2023 decreased by PLN 454 thousand compared with the same period of the previous year. This is due to the termination of certain contracts and the Group not entering into any new material contracts classified under IFRS 16 'Leases'.

7.5.2.3 Employee benefit costs

EMPLOYEE BENEFIT COSTS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Wages and salaries	3,825	3,331
Social security costs	647	571
Pension and holiday benefit costs	-	246
Other employee benefit costs	311	90
Costs of incentive programme	1,317	2,446
Total employee benefit costs, including:	**6,100**	**6,684**
Items included in cost of sales of services	262	167
Items included in research costs	3,272	1,883
Items included in project overheads	219	1,040
Items included in general administrative costs	2,347	3,594
Change in products	-	-
Cost of benefits for the entity's own needs	-	-

The main contributors to employee benefit costs are the Company's employee remuneration costs, which amounted to PLN 3,825 thousand in the three months ended 31 March 2023, and the costs of the incentive program introduced in 2019, the cost of which in the period from 1 January to 31 March 2023 amounted to PLN 1,317 thousand (however, this is an accounting cost not related to real cash outflow). Details of this program and its valuation in subsequent quarters are described in the *"Accounting policies and additional information"*.

7.5.3 Other operating income and expenses

OTHER OPERATING INCOME	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Profit from disposal of fixed assets	-	-
Release of asset write-downs	-	-
Other	294	221
Total other operating income	**294**	**221**

In the first quarter of 2023, the Company released unused provisions of PLN 294 thousand set up in 2022.

OTHER OPERATING EXPENSES	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Loss on disposal of fixed assets	-	-
Revaluation of assets	-	-
Other	235	1
Total other operating expenses	**235**	**1**

In accordance with the principle of prudence, the Company recognised an impairment loss of PLN 235 thousand on receivables from a Japanese counterparty in the first quarter of 2023.

7.5.4 Financial revenue and costs

FINANCIAL REVENUE	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Interest income	1,289	1
Release of revaluation write-downs	-	-
Excess positive exchange rate differences	25	-
Total financial income	**1,314**	1

In the period from 1 January to 31 March 2023, the Company earned mainly interest on short-term deposits in the amount of PLN 1,035 thousand and short-term bonds purchased in the amount of PLN 250 thousand.

In connection with the investment policy adopted by the Company, free funds are invested in secure financial instruments: bank deposits or bonds secured by government or banking institutions.

FINANCIAL COSTS	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Interest expense on financial liabilities	-	-
Financial costs related to leasing agreements	48	75
Revaluation of investments	-	-
Excess negative exchange rate differences	-	49
Other	21	-
Total finance costs	**69**	**124**

In 2023, the Company incurred finance costs from interest on financial liabilities (leases) and budgetary interest.

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 temporary differences, tax losses
	31.03.2023	**31.12.2022**	
Due to:			
Other reserves	1,175	1,094	-
Provisions for employee benefits	742	618	-
Difference between leasing assets and liabilities	453	-	-
Tax losses	74,051*	60,008	2023-2027
Total:	**76,421**	**61,720**	

**the tax loss presented in the table above includes the accumulated tax losses incurred by the Company in 2018-2023 and in the period from 1 January to 31 March 2023.*

7.5.6 Discontinued operations

There were no discontinued operations during the 3 month period ended 31 March 2023 or in 2022.

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 2023 and in the corresponding period of 2022. No dividend advances were paid either.

7.5.8 Dividends paid 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 2023.

7.5.9 Tangible fixed assets

TANGIBLE FIXED ASSETS	31.03.2023	31.12.2022
Own	4,096	4,354
Used under a rental, lease, or any other agreement, including a leasing agreement	3,357	3,997
Total	**7,453**	**8,351**

TANGIBLE FIXED ASSETS	31.03.2023	31.12.2022
Fixed assets, including:	**7,453**	**8,351**
buildings and structures	3,132	3,329
machinery and equipment	3,686	4,941
other	635	81
Fixed assets under construction	**-**	**-**
Total	**7,453**	**8,351**

Included in machinery and equipment are medical and specialized equipment acquired and used by the Company.

In the first quarter of 2023, the Company reclassified the value of fixed assets between the 'other fixed assets' and 'machinery and equipment' groups.

The following tables show the changes in the Company's fixed assets from 1 January to 31 March 2023 and in the comparative period.

CHANGES IN FIXED ASSETS BY TYPE 01.01.2023 - 31.03.2023	**buildings and structures**	**machinery and equipment**	**Other fixed assets**	**total fixed assets**
Gross fixed assets, beginning of period	**11,357**	**19,609**	**1,135**	**32,100**
Increases, due to	**415**	**66**	**7**	**489**
acquisitions	415	66	7	489
Decreases	-	-	-	-
Gross fixed assets, end of the period	**11,772**	**19,675**	**1,142**	**32,589**
Accumulated depreciation, beginning of period	**8,028**	**14,668**	**1,053**	**23,749**
Increases, due to	**612**	**1,321**	**81**	**2,014**
depreciation	612	694	81	2,014
movement between groups of fixed assets	-	627	-	627
Decreases, due to	**-**	**-**	**627**	**627**
movement between groups of fixed assets	-	-	627	627
Accumulated depreciation, end of the period	**8,640**	**15,988**	**507**	**25,136**
Impairment losses, beginning of period	-	-	-	-
Impairment losses, end of period	-	-	-	-
Net fixed assets, end of period	**3,132**	**3,687**	**635**	**7,453**

CHANGES IN FIXED ASSETS BY TYPE 01.01.2022 - 31.12.2022	**buildings and structures**	**machinery and equipment**	**Other fixed assets**	**total fixed assets**
Gross fixed assets, beginning of period	**9,771**	**24,852**	**702**	**35,326**
Increases, due to	**2,036**	**244**	**432**	**2,712**
acquisitions	2,036	244	432	2,712
Decreases, due to	**450**	**5,488**	**-**	**5,938**
termination of the lease	-	5,488	-	5,488
disposal	450	-	-	450
Gross value of fixed assets, end of period	**11,357**	**19,609**	**1,135**	**32,100**
Accumulated depreciation, beginning of period	**6,156**	**16,413**	**145**	**22,714**
Increases, due to	**2,322**	**3,463**	**909**	**6,694**
depreciation	2,322	3,463	909	6,694
Decreases, due to	**450**	**5,208**	**-**	**5,658**
termination of the lease	-	5,208	-	5,208
disposal	450	-	-	450
Accumulated depreciation, end of period	**8,028**	**14,668**	**1,053**	**23,749**
Impairment losses, beginning of period	**-**	**-**	**-**	**-**
Impairment losses, end of period	**-**	**-**	**-**	**-**
Net fixed assets, at the end of period	**3,329**	**4,941**	**81**	**8,351**

The Company does not have any tangible fixed assets to which the Entity's title would be restricted or which would provide security for liabilities.

The Company has no contractual obligations to acquire property, plant and equipment in the future.

7.5.10 Trade and other receivables

TRADE RECEIVABLES	31.03.2023	31.12.2022
Net trade receivables	**1,542**	**982**
- from related parties	-	-
- from other undertakings	1,542	982
Write-downs on receivables	235	-
Gross trade receivables	**1,777**	**982**
OTHER RECEIVABLES	**31.03.2023**	**31.12.2022**
Other net receivables	**6,937**	**8,685**
Budgetary receivables	1,317	969
Receivables from grants	5,427	7,557
Other	193	159
Write-downs on receivables	-	-
Other gross receivables	**6,937**	**8,685**

Trade receivables are not interest-bearing.

There are no past due receivables not covered by allowances that would be considered uncollectible. In the opinion of the Entity's management, there is no credit risk above the level determined by the allowance for uncollectible receivables specific to the Entity's trade receivables.

Grants receivables relate to eligible costs incurred in the financial year and reimbursed in subsequent reporting periods.

7.5.11 Other financial assets

OTHER FINANCIAL ASSETS	31.03.2023	31.12.2022
Short-term bonds	16,281	19,854
Loans granted	124	126
Write-downs	-	-
Other financial assets	**16,405**	**19,980**

As part of its free cash management, the unit invests in short-term SF or corporate bonds that are backed by government or banking institutions.

On 2 September 2022, a loan agreement was signed between Captor Therapeutics S.A. and Captor Therapeutics GmbH. Captor Therapeutics S.A., as lender, granted a loan to the Subsidiary in the amount of CHF 26,162.35. The loan was disbursed in the third quarter of 2022. According to the agreement, the borrower is obliged to repay the loan by 31 December 2023. The loan agreement does not provide for collateral. The interest rate on the loan granted is on terms in accordance with the transfer pricing rules.

7.5.12 Equity

7.5.12.1 Share capital

As at 31 March 2023, the Company's share capital (basic) amounted to PLN 420,914.90 and was divided into 4,209,149 shares with a nominal value of PLN 0.10 each.

SHARE CAPITAL	31.03.2023	31.12.2022
Number of shares (pcs.)	4,209,149	4,168,130
Nominal value of shares (PLN)	0.10	0.10
Share capital	**421**	**417**

7.5.13 Lease liabilities

Structure of lease liabilities by maturity

LEASE LIABILITIES	31.03.2023	31.12.2022
Short-term leasing liabilities, including:	2,822	3,245
- up to 1 month	296	411
- 1 month to 3 months	592	777
- 3 months to 6 months	729	941
- 6 months to 1 year	1,205	1,116
Long-term leasing liabilities, including:	988	1,379
- from one to five years	988	1,379
- more than five years	-	-
Total	**3,810**	**4,625**

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

7.5.14 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	
		31.03.2023	31.12.2022	31.03.2023	31.12.2022
Financial assets					
Bonds	WwgZK	16,405	19,854	16,405	19,854
Loans granted	WwgZK	-	126	-	126
Trade receivables	WwgZK	1,542	982	1,542	982
Other receivables	WwgZK	6,937	8,685	6,937	8,685
Cash and cash equivalents	WwgZK	66,250	70,987	66,250	70,987
Total		**91,134**	**100 634**	**91,134**	**100,634**
Financial liabilities					
Interest-bearing bank loans and borrowings	PZFwgZK	-	-	-	-
Leasing liabilities	IFRS16	3,810	4,625	3,810	4,625
Trade payables	PZFwgZK	8,263	5,736	8,263	5,736
Other liabilities	PZFwgZK	2,451	2,074	2,451	2,074
Total		**14,524**	**12,435**	**14,524**	**12,435**

Abbreviations used:

WwgZK - Valued 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, regarding relation to short-term instruments, the discount effect if any, is not significant, these instruments relate to transactions concluded on market terms.

7.5.15 Explanations to the cash flow statement

SPECIFICATION	31.03.2023	31.03.2022
Depreciation:	**1,493**	**1,947**
amortisation of intangible assets	106	42
depreciation of property, plant, and equipment	1,387	1,905
Foreign exchange gains (losses)	**-**	**10**
accrued exchange differences	-	10
Interest:	**-404**	**149**
interest received on bonds	-	-
other accrued interest	-488	-
interest received on short-term deposits	-	**-**
accrued interest on bonds	84	-
interest paid on leases	-	149
Change in reserves:	**205**	**-382**
balance sheet change in provisions for trade liabilities	81	-628
balance sheet change in provisions for employee benefits	124	246
Change in receivables:	**1,188**	**650**
change in short-term receivables as per balance sheet	1,188	650
change in long-term receivables as per balance sheet	**-**	-
Change in short-term liabilities, except for financial liabilities:	**2,907**	**618**
change in short-term liabilities as per the balance sheet	2,907	618
change in other liabilities	-	-
Change in accruals:	**99**	**238**
Change in prepayments and accrued income as per the balance sheet	99	238

7.5.16 Transactions with related parties

Below please find a list of the Company's related entities as of 31 March 2023 with which the Company executed transactions in the period covered by these financial statements.

entity or individual	function performed / description of relationship
Sylvain Cottens	Member of the Management Board of Captor Therapeutics GmbH, significant shareholder of Captor Therapeutics S.A.
Thomas Shepherd	President of the Management Board of Captor Therapeutics S.A.
Michał Walczak	President of the Management Board of Captor Therapeutics GmbH, Member of the Management Board of Captor Therapeutics S.A., significant shareholder of Captor Therapeutics S.A.
Radosław Krawczyk	Member of the Management Board of Captor Therapeutics S.A.
Captor Therapeutics GMBH	Company in witch 100% of share are held by Captor Therapeutics S.A.
Paul Holstinghausen Holsten	Member of the Supervisory Board of Captor Therapeutics S.A.,

	Significant shareholder of Captor Therapeutics S.A.
Maciej Wróblewski	Member of the Supervisory Board of Captor Therapeutics S.A.
Florent Gros	Member of the Supervisory Board of Captor Therapeutics S.A.
Krzysztof Samotij	Member of the Supervisory Board of Captor Therapeutics S.A. .
Swissvention Partners GMBH	The company, in which the Managing Director and owner is Florent Gros
Robert Florczykowski	Member of the Supervisory Board of Captor Therapeutics S.A.

Related party transactions

The following table sets for the transactions entered into during the period from 1 January and 31 March 2023 with parties related to the Company.

01.01.2023- 31.03.2023	**Towards subsidiaries**	**Towards jointly owned subsidiaries**	**Towards key management***	**Towards other related parties ******
Purchases	495	-	-	-
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	164	-	-	-
Remuneration - paid by the Company***	-	-	500	-
Other	-	-	-	-

* *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;*

****item does not include the costs of the Company's Share-based Incentive Scheme. For information on the Incentive Scheme, please refer to section 8.12, while the shareholdings of the members of the Management Board and the Supervisory Board can be found in section 2.4.4 of this report*

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

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 29 May 2023.

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 2022, published on 6April 2023.

8.3 Reporting period and comparative figures

The period covered by these interim condensed consolidated and separate financial statements comprises the three-month period from 1 January 2023 to 31 March 2023 and data as of 31 March 2023.

The interim condensed consolidated and separate statement of performance and other comprehensive income include data for period of the three months ended 31 March 2023, data for the three months ended 31 March 2023 and comparative data for the period of three months ended 31 March 2022 and for the three months ended 31 March 2022. The interim condensed consolidated and separate statements of financial position include data as of 31 March 2023 and comparative data as of 31 December 2022. The interim condensed consolidated and separate statements of cash flows and the interim condensed consolidated and separate statements of changes in equity include data for the period of three months ended 31 March 2023 and comparative data for the period of three months 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) prevailing 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; those denominated in foreign currencies are recognized as financial income or expenses.

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

exchange rates applied in the financial statements	**2023 January - March**		**2022 January - March**		**2022 January - December**	
	EUR	***CHF***	***EUR***	***CHF***	***EUR***	***CHF***
exchange rate at the end of the reporting period	4.6755	4.6856	4.6525	4.5207	4.6899	4.7679
average exchange rate during the reporting period	4.7005	4.7066	4.6472	4.4949	4.6883	4.6832

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 2023 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/IAS regulations and IFRIC interpretations that have been adopted in the EU for use and that the Group has applied since 1 January 2022:

- *Changes to:*

– *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 (issued on 14 May 2020)* - applicable for reporting periods beginning on 1 January 2022 or late;
- *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;*
- *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 or after 1 January 2023;*
- *Amendments to IFRS 17 Insurance Contracts: Pre-application of IFRS 17 and IFRS 9 - Comparative Information (issued 9 December 2021) - effective for 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 and Classification of liabilities as current or non-current - deferral of effective date (published 23 January 2020 and 15 July 2020, respectively);*
- *Amendments to IFRS 16 Leases: Lease Commitment in Sale and Leaseback Transactions (issued 22 September 2022) - effective for reporting periods beginning on or after 1 January 2024.*

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 for the foreseeable future, for at least 12 months after the balance sheet date.

The parent company is a biopharmaceutical firm specializing in the development of drugs that induce targeted degradation of pathogenic proteins. The company 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 parent company 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 of the development of drug candidates and the eventual commercialization of drugs. The target group will be large pharmaceutical firms developing and implementing new drugs based on drug candidates. The Company mainly plans to sell licences for the results of its projects to a firm that, based on its experience and operational potential, will conduct further phases of clinical trials, develop production and launch the drug on the Polish and foreign markets. In addition, the Group will seek to attract partners from the pharmaceutical industry to jointly develop drug candidates not currently in the research or development phase.

Given the specific nature of the Group entities' activities described above and the early stage of research being conducted, the Group is currently incurring losses from operations and this situation is expected to 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 the CT-01 and CT-03 projects, as communicated by the Parent Company in accordance with the applicable regulations. In addition, in the first quarter of this year The Parent Company announced the next steps in its strategy for 2023-2025, in the following areas:

- Clinical development;

- Collaboration in R&D and development of early-stage projects;

- Strengthening the OptigradeTM platform through its continued development and collaboration with partners;

- Entering global capital markets.

Despite the early stage of the research being carried out, the Parent Group is also recording revenue from the implementation of partnership agreements. In 2021, the Parent Company commenced a project in collaboration with Heptares Therapeutics Ltd (an entity of the Sosei Heptares group), and in the fourth quarter of 2022, another agreement was signed with the firm Ono Pharmaceutical Co., Ltd. From these agreements, the Group recorded total revenues of PLN 1 543 thousand in the first quarter of 2023.

In 2020, the Parent conducted work on preparing a prospectus and listing the Parent's shares on the Warsaw Stock Exchange. As a result of the series G share offering in April 2021, the Parent Company's equity increased by approximately PLN 149.9 million in the first half of 2021. Raising cash from investors changed the financial situation dramatically. Thanks to the funds raised from the IPO and the funds from the NCBiR, the Parent Group has secured financing for further development and for conducting research on its projects in an uninterrupted manner over the next time horizon. In addition, the Parent Company has become a reliable partner for its service providers and for financial institutions, which will put the Parent Company in a stronger position in future business negotiations.

In view of the epidemic emergency in force in Poland and the SARS-CoV-2 coronavirus pandemic announced by the WHO (World Health Organization) worldwide, the Parent

Company's Management Board is taking measures to minimize the risk of delaying research and development work. At the time of preparing these consolidated financial statements, this work is proceeding without major disruption, in accordance with planned schedules. There have been no significant delays in the delivery of components, materials, machinery and equipment. However, it cannot be ruled out that such delays may occur in the future. No less in the reporting period, there were no events affecting the framework work schedules of the Company and the Group.

In connection with the outbreak of the armed conflict between Ukraine and Russia, the Parent Company's Management Board analyzed the impact of the current situation on the Capital Group's operations. In the opinion of the Parent Company's Management Board, there are no significant risks that could significantly affect its operations. The Group has neither assets in Ukraine nor operations in conflict areas.

Taking into account the stable liquidity situation, the level of available funds together with the granted and unused financing from NCBiR in the total amount of approximately PLN 147 million as at 31 March 2023 and the implementation of the assumed strategy by achieving progress in scientific research, in particular in the CT-01 and CT-03 projects, in the opinion of the Parent Company's Management Board, as at 31 March 2023 there is no risk of a threat to the Group's and the Company's going concern.

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, as well as in the most recent interim condensed consolidated and separate financial statements for the period from 1 January to 30 June 2022. 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 Commercialization 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 commercialized, and the Group's management assesses the likelihood of obtaining registration and the possibility of commercialization according to the decision criteria below.

The Group makes a clear distinction between projects in terms of their likelihood of commercialization. Consequently, it is possible to determine how the costs arising from them will be accounted for. The costs of projects whose commercialization is uncertain will be charged to the current period's costs, while those whose commercialization is certain are capitalized 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 capitalization - 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 authorized 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. Positive verification of project, 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 gives by the National Centre for Research and Development.

The Group monitors the progress of work in projects on an ongoing basis. In the case of negative evaluation of interim reports, the Group will take corrective measures in cooperation with the Intermediate Body. If it is not possible to continue the projects, the Group will inform the Intermediate Body as soon as possible after receiving information in this respect.

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 organizational changes that threaten the implementation of the Agreement or fails to inform the Intermediate Body of its intention to make legal and organizational 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 organizational 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 specialized 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.

In addition, 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.

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 Group 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 Group 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 amortized 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 recognized as an expense when incurred or is recognized as an intangible asset, depending on whether the criteria for capitalization are met.

It is possible to recognize 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 capitalized 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,
- amortization 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 solution expedient and does not separate the non-lease elements from the lease elements and instead recognizes 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 recognized 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 recognizes 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 recognized 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, recognized right-of-use assets are amortized 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 recognized 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.

At each balance sheet date, the Group assesses whether there is any indication that an impairment loss recognized 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 recognized 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 recognized. 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 amortization) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss for an asset is recognized as income in the income statement. After the reversal of an impairment loss is recognized, 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, specializing 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 recognized at fair value, are recognized 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 recognized 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 recognized in the deferred income account and then it is gradually recognized 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 recognized 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 recognized as an expense over the vesting period.

The total amount to be recognized 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)
2023 Q1	21,103	1,318
2023 Q2	22,389	1,286
2023 Q3	23,273	884
2023 Q4	24,026	753
2024 Q1	24,667	641
2024 Q2	25,279	611
2024 Q3	25,620	342
2024 Q4	25,885	265
2025 Q1	26,071	186
2025 Q2	26,237	166
2025 Q3	26,301	64
2025 Q4	26,327	27
2026 Q1	26,335	7
2026 Q2	26,341	6
2026 Q3	26,345	4

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 organized 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 authorized 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			**31.03.2023**
Type of contract to be secured			**Bills of exchange together with the declaration of exchange**
Description	**Contractual amount**	**Potential contingent liability**	**Type of bill of exchange**
POIR.01.01.01-00-0747/16	24,320	12,026	in blanco
POIR.01.01.01-00-0956/17	27,683	17,622	in blanco
POIR.01.02.00-00-0073/18	25,511	12,426	in blanco
POIR.01.02.00-00-0079/18	29,558	15,776	in blanco
POIR.01.01.01-00-0740/19	28,960	13,098	in blanco
POIR.01.01.01-00-0931/19	7,759	7,759	in blanco
POIR.01.01.01-00-0741/19	27,411	5,120	in blanco
Lease agreement no. 18/015253	2,839	138	in blanco
Lease agreement no. 18/021031	496	43	in blanco
Total	**174,537**	**81 854**	

8.16 Litigation

As of 31 March 2023, 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 3.7 of this report

8.19 COVID-19 pandemic

In view of the epidemic emergency in Poland and the SARS-CoV-2 coronavirus pandemic announced by the WHO (World Health Organization) worldwide, the Parent Company's Management Board is taking measures to minimize the risk of delaying research and development work. At the time of this financial report, this work is proceeding without major disruption, in accordance with planned schedules. There have been no significant delays in the delivery of components, materials, machinery and equipment. However, it cannot be ruled out that such delays may occur in the future. No less in the reporting period, there were no events affecting the framework work schedules of the Company and the Group.

8.20 War in Ukraine

In connection with the outbreak of the armed conflict between Ukraine and Russia, the Group analyzed 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 analyzing 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.

Translation of a document originally issued in Polish

The extended consolidated quarterly report for the period from 1 January 2023 to 31 March 2023 was approved for publication on 29 May 2023.

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

Captor Therapeutics®

Captor Therapeutics S.A.
Duńska 11
54-427 Wroclaw, Poland

Captor Therapeutics GmbH
Hegenheimermattweg 167A
4123 Basel (Allschwill), Switzerland

+48 537 869 089
info@captortherapeutics.com

Social Media: