



**Extended Consolidated
Quarterly Report of the Group
for the period
1 January 2022 -
30 September 2022**

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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 the interim condensed consolidated financial statements in In note 8.9 in the additional information and explanations section.

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 | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 |
| Research and development income | 3 337 | 2 707 | 712 | 594 |
| Cost of services sold | 1 129 | 482 | 241 | 105 |
| Gross profit (loss) on sales | 2 208 | 2 225 | 471 | 489 |
| Operating profit (loss) | -30 170 | -20 898 | -6 436 | -4 584 |
| Profit (loss) before tax | -29 379 | -21 670 | -6 267 | -4 754 |
| Net profit (loss) | -29 379 | -21 670 | -6 267 | -4 754 |
| Number of shares | 4 168 130 | 4 127 972 | 4 168 130 | 4 127 972 |
| Net profit (loss) per share (in PLN/EUR) | -7,05 | -5,25 | -1,50 | -1,15 |

— INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 30.09.2022 | 31.12.2021 | 30.09.2022 | 31.12.2021 |
|-------------------------|------------|------------|------------|------------|
| Non-current assets | 13 210 | 12 986 | 2 713 | 2 823 |
| Current assets | 104 393 | 130 555 | 21 437 | 28 385 |
| Equity | 101 350 | 124 201 | 20 812 | 27 004 |
| Non-current liabilities | 4 144 | 2 973 | 851 | 646 |
| Current liabilities | 12 109 | 16 367 | 2 487 | 3 559 |

— INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Net cash flows from operating activities | -20 785 | -22 855 | -4 434 | -5 014 |
| Net cash flows from investing activities | -19 352 | -333 | -4 128 | -73 |
| Net cash flow from financing activities | -4 959 | 142 592 | -1 058 | 31 280 |

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 30 September 2022 the exchange rate of EUR 1 = PLN 4.8698, and as of 31 December 2021 the exchange rate of EUR 1 = PLN 4.5994;
- 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 2022 to 30 September 2022, the exchange rate of EUR 1 = PLN 4.7787, for the period from 1 January 2022 to 30 September 2022, the exchange rate of EUR 1 = PLN 4.6880, for the period from 1 July 2021 to 30 September 2021, the exchange rate of EUR 1 = PLN 4.5811, and for the period from 1 January 2021 to 30 September 2021, the exchange rate of EUR 1 = PLN 4.5585.

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 | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 |
| Research and development income | 3 337 | 2 707 | 712 | 594 |
| Cost of services sold | 1 129 | 482 | 241 | 105 |
| Gross profit (loss) on sales | 2 208 | 2 225 | 471 | 489 |
| Operating profit (loss) | -30 143 | -20 977 | -6 430 | -4 602 |
| Profit (loss) before tax | -29 347 | -21 749 | -6 260 | -4 771 |
| Net profit (loss) | -29 347 | -21 749 | -6 260 | -4 771 |
| Number of shares | 4 168 130 | 4 127 972 | 4 168 130 | 4 127 972 |
| Net profit (loss) per share (in PLN/EUR) | -7,04 | -5,27 | -1,50 | -1,16 |

— INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

| | 30.09.2022 | 31.12.2021 | 30.09.2022 | 31.12.2021 |
|-------------------------|------------|------------|------------|------------|
| Non-current assets | 10 448 | 13 049 | 2 145 | 2 837 |
| Current assets | 104 511 | 130 220 | 21 461 | 28 312 |
| Equity | 101 222 | 124 063 | 20 786 | 26 974 |
| Non-current liabilities | 2 044 | 2 973 | 420 | 646 |
| Current liabilities | 11 693 | 16 233 | 2 401 | 3 529 |

— INTERIM CONDENSED SEPARATE CASH FLOW STATEMENT

| | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 | 01.01.2022 - 30.09.2022 | 01.01.2021 - 30.09.2021 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Net cash flows from operating activities | -20 379 | -22 891 | -4 347 | -5 021 |
| Net cash flows from investment activities | -19 485 | -333 | -4 156 | -73 |
| Net cash flow from financing activities | -4 915 | 142 592 | -1 048 | 31 280 |

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 30 September 2022 the exchange rate of EUR 1 = PLN 4.8698, and as of 31 December 2021 the exchange rate of EUR 1 = PLN 4.5994;
- 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 2022 to 30 September 2022, the exchange rate of EUR 1 = PLN 4.7787, for the period from 1 January 2022 to 30 September 2022 the exchange rate of EUR 1 = PLN 4.6880, for the period from 1 July 2021 to 30 September 2021 the exchange rate of EUR 1 = PLN 4.5811, and for the period from 1 January 2021 to 30 September 2021 the exchange rate of EUR 1 = PLN 4.5585.

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 commercialisation 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")**.

As of 30 September 2022, and as at the date of publication this report, the Captor Therapeutics Group comprised 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 30 September 2022, 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 30 September 2022 and as of the date of publication of this report**

| Composition of the Management Board of Captor Therapeutics S.A. | | |
|---|-------------------|---|
| 1. | Thomas Shepherd | - President of the Management Board |
| 2. | Radosław Krawczyk | - Member of the Management Board, Chief Financial Officer of the Company |
| 3. | Michał Walczak | - Member of the Management Board, Chief Scientific 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 30 September 2022, 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 30 September 2022 and as of the date of publication of this report**

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

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 30 September 2022, and as of the date of publication of this report, the Company's share capital amounts to PLN 416,813.00 and is divided into 4,168,180 shares with a nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 5,315,523. In addition, on September 28, 2022, the Company's share capital was increased through the issuance of 41,019 series M ordinary bearer shares. The above increase was made within the framework of the authorized capital for the purposes of the Company's incentive program, but as of the date of publication of this report, it has not yet been registered.

The share capital structure as of 30 September 2022 and as of the date of publication of this report:

— **Table 4: Share capital of Captor Therapeutics as of 30 September 2022 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 |
| Total | 4,168,130 | | | 5,315,523 |

Changes in the share capital of Captor Therapeutics:

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

- on 7 September 2022, the registry court competent for the Company registered an amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 27 April 2022 on the issue of 9,420 series K 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 information was communicated by current report no. 35/2022 of 7 September 2022);
- on September 28, 2022. The Company's Board of Directors adopted a resolution to issue 41,019 series M ordinary bearer shares, within the limits of the Company's authorized capital, excluding, in full, the subscription rights of the Company's existing shareholders. The share issue is related to the implementation of the Company's incentive program (information provided in current report no. 37/2022 dated 28 September 2022).

2.4.3 Shareholders with significant shareholdings

As of 30 September 2022, and as of the date of publication of this report 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 30 September 2022 and as of the date of publication of this report**

| No. | Shareholder | Total number of shares | Total number of votes | Percentage of share capital | Percentage of total votes at the GSM |
|--------------|--|------------------------|-----------------------|-----------------------------|--------------------------------------|
| 1. | Michał Walczak | 1,005,128 | 1,546,145 | 24.11% | 29.09% |
| 2. | Paweł Holstinghausen Holsten | 593,076 | 953,151 | 14.23% | 17.93% |
| 3. | Sylvain Cottens | 340,897 | 526,730 | 8.18% | 9.91% |
| 4. | Funds Managed by Nationale-Nederlanden Powszechno Towarzystwo Emerytalne S.A.* | 303,075 | 303,075 | 7.27% | 5.70% |
| 5. | Pozostali | 1,925,954 | 1,986,422 | 46.21% | 37.37% |
| Total | | 4,168,130 | 5,315,523 | 100.0% | 100.0% |

* Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 5.11% of the total number of votes and 6.52% 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 report for the or the first half of 2022 published on 2 September 2022, 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 7 September 2022, the registry court competent for the Company registered an amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 27 April 2022 on the issue of 9,420 series K 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 information was communicated by current report no. 35/2022 of 7 September 2022.

2.4.4 Shares in the Company held by managing and supervising persons

In the period from the date of submission of the previous interim report, i.e., the report for the or the first half of 2022 published on 2 September 2022, 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 7 September 2022, the registry court competent for the Company registered an amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 27 April 2022 on the issue of 9,420 series K 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 information was communicated by current report no. 35/2022 of 7 September 2022.

The table below presents the shareholdings of the Company's management and supervisory staff as of 30 September 2022 and as of the date of publication of this report.

— **Table 6: Shares in the Company held by managing and supervising persons as of 30 September 2022 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 | 19,443 | 19,443 | 0.47% | 0.37% |
| Michał Walczak | 1,005,128 | 1,546,145 | 24.11% | 29.09% |
| Radosław Krawczyk | 1,500 | 1,500 | 0.04% | 0.03% |
| Supervisory Board | | | | |
| Paweł Holstinghausen Holsten | 593,076 | 953,151 | 14.23% | 17.93% |
| Florent Gros | 3,110 | 3,110 | 0.07% | 0.06% |
| Krzysztof Samotij | 3,110 | 3,110 | 0.07% | 0.06% |

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 degraders¹ over inhibitors². 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. Captor is one of the few TPD specialist companies in the world that has lead candidates in its pipeline using both of these modalities, which provides the Company with great flexibility in the way it can address different diseases. At the appropriate stage of development, the Company plans to partner specific drug programmes with large pharmaceutical companies which, based on their global resources, experience, and operational potential, are well placed to carry out further phases of clinical tests and launch the drug on the Polish and foreign markets. Normally, this is done based on a license for technology and related patents and know-how, with a typical structure comprising the following payment phases: up-front payment, multiple milestone payments and royalties on sales.

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 technology overcomes many existing drug limitations of small molecule drugs by removing disease causing proteins resistant to, or poorly treated by, available therapeutics.

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

1. The ability to remove disease-causing proteins, including structural proteins that are commonly considered "untreatable" or undruggable" with classical drugs such as inhibitors or antibodies.

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., multi-enzyme 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.

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

The purpose of TPD is to remove dysfunctional proteins at the post-translation level, i.e., without interference with the genetic material of a cell. Many diseases, such as for example autoimmune diseases, are presently treated using biological drugs, i.e., therapeutic proteins (peptides, antibodies, or their fragments) and nucleotide technologies, which regulate the function of receptors of pathogenic proteins. In many cases various receptors are activated by the same protein activators (ligands), which results in activation of several signal transduction pathways – both those leading to the development of a disease 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 principle drawback of many currently available drugs.

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

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

3.2. Company strategy

3.2.1. Products and services

The Group has one reporting segment, i.e., 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 portfolio of drugs in the area of severe diseases where classical drugs (inhibitors and antibodies) are not applicable.

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

with therapeutic potential against autoimmune and 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 2022. Outlook to 2026”* published by IQVIA the value of autoimmune drug market amounted to USD 127 billion in 2021 and it is estimated that by 2026 it will grow to USD 178 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, 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. 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

The first aspect of the business model involves partnering drug candidates from the company's own pipeline of drug candidates at the drug development stage, i.e., preclinical, or early clinical, and then collaborating with a partner for global development and commercialisation through licensing or selling rights to the research results and intellectual property to pharmaceutical or biotechnology companies.

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

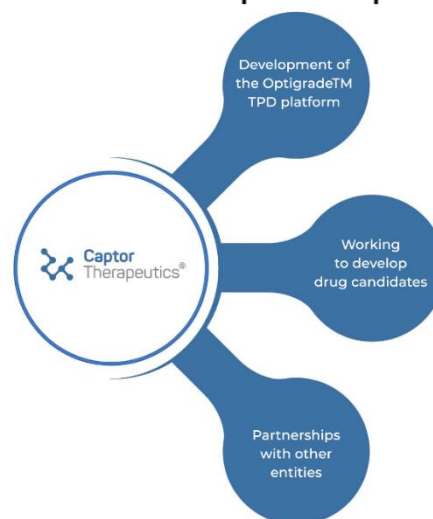
The third element of the business model is the Optigrade™ technology platform, whose targeted development enables the constant creation of new drug candidates with improved properties or by targeting more challenging pathogenic proteins.

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

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

- Application of a validated approach to degradation based on the E3 ubiquitin ligase CRBN. The Company is an expert in the development of both "molecular glues" and "bifunctional degraders" which allows it to choose the best approach, depending on a particular molecular target. CRBN is the most familiar E3 ubiquitin ligase being the only ligase that is clinically validated and successfully used for targeted degradation of proteins. Further, degraders based on CRBN that are developed by Captor are characterized by an innovative chemical structure, show high selectivity and much better physical and chemical properties, such as stability.
- Intensive development of projects focused on cancer characterized by the most rapid drug development process where the first therapeutic response can already be obtained as early as in the first phase of clinical trials. Due to this choice, there is less needed to carry out time-consuming toxicological studies in the initial phases of drug development compared to projects outside of oncology.
- Continuing development of the Optigrade™ platform in order to increase competitive advantage of future projects, including both pipeline projects and projects carried out in collaboration with partners. Ligands for new ligases (other than CRBN) will make it possible in the future to use such ligases for therapeutic purposes, whereas a more

Business model of Captor Therapeutics



rationalized approach to identification of molecular glues, combined with a large chemical library, make it possible to work on targets defined as “undruggable.”

In addition to advancing the lead cancer projects, Captor is increasing its investment in autoimmune diseases and other diseases having large market potential, primarily based on molecular targets well known in terms of their role in the disease, for which no acceptable therapy has been approved. The advantage of the TPD technology is the possibility of oral drug administration and extended therapeutic effect, also in case of molecular targets already validated by existing drugs.

Another element of this part of the strategy consists of further development of the Optigrade™ protein degradation platform, through using previously unexploited E3 ubiquitin ligases, beyond CRBN, which could result in a new generation of degrader drugs. The choice of a different ligase, rather than using CRBN, could result in more specific degradation of disease causing proteins depending on the biological context, for example in specific organs, tissues, or cellular compartments. This, in turn, maximizes the potential for development of an effective therapy and minimizes the risks of side effects, and supports expansion of TPD into other therapeutic areas.

3.3. Competitive advantages

[Application of degradation of proteins inaccessible to other technologies to treat deadly cancers and autoimmune diseases](#)

While the Company will leverage its Optigrade™ platform through collaborations in different therapeutic areas, The Captor's short-term internal drug pipeline strategy is based on the development of drugs for use in the treatment of cancers where there are no satisfactory treatments, and the longer-term strategy focuses on adding drugs to treat autoimmune disease. Currently, many biotechnology companies operate in these therapeutic areas using mostly biological drugs or classical inhibitors, but the number of new solutions that can be created based on these long-established techniques is limited. Using TPD technology the Company has many more alternatives to develop therapeutic molecules constituting drug candidates against diseases where existing therapies do not meet patient needs.

[Strong and experienced Captor Therapeutics team](#)

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

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

In addition to many years of experience in the biotech industry and significant scientific achievements, a great strength of the Company's scientific staff is their passion and commitment to the development of new therapies for diseases for which there are presently no effective medicines. To motivate and reward the Company's team for their efforts, the Company introduced an incentive scheme based on the Company's shares which the Company

expects will serve as an additional incentive for employees and will help retain employees in the Company by ensuring their participation in the future growth of the Company's value, through the achievement of the Company's goals and progress in commercialization of drugs. This program is available to all members of the Group, which is standard in the biotechnology world, but new to the domestic market.

[Funding enabling further development of the Company and undisturbed continuation of research related to projects](#)

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

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

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

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

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

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

3.4. Sales and supply markets

3.4.1. Sales markets

In the reporting period the Group's business area did not change. Due to the early phase of development the Group does not conduct traditional manufacturing, service, or trade activities. In the third quarter of 2022, income of PLN 8.310 thousand was related primarily to proceeds from grants, and also proceeds of PLN 1.110 thousand from the technological cooperation with Sosei Heptares which aims to conduct research and development work in the area of new small molecules to degrade G protein-coupled receptors (GPCR).

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 incurred in the third quarter of 2022 were related to analyses and tests carried out by external entities from different countries. For more information, please refer to note 6.5.2 of the interim condensed consolidated financial statement for the nine months ended 30 September 2022.

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

At the end of the reporting period, the Company's portfolio included five fully-owned proprietary drug development projects in its product pipeline in the areas of autoimmune and oncology diseases with unmet medical needs, and a collaborative drug discovery project with our partner company Sosei Heptares in the field of GPCR drug targets which started in 2021.

After the end of the reporting period, the Company entered into a Collaboration Agreement (Collaboration Agreement) with Ono Pharmaceutical Co, Ltd. to collaborate on the development of small molecules capable of degrading a mutually agreed upon molecular target, which may have applications primarily in neurodegenerative diseases which will bring provide additional financial resources to the Company as the project advances.

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

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

3.5.1 Company pipeline projects

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



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

3.5.2 Most advanced pipeline projects of the Company

3.5.2.1 GSPTI, SALL4 (CT-01) Project: *Discovery and development of a drug candidate in the treatment of hepatocellular carcinoma to eliminate neoplastic stem cells by induced degradation of oncogenic transcription factor*

The purpose of Project CT-01 is to develop, based on targeted protein degradation technology, a drug candidate which will offer significant benefits for patients with hepatocellular carcinoma, a form of liver cancer. Detailed information about hepatocellular carcinoma, the molecular targets of CT-01 compounds and key achievements before 2022 can be found in the 2021 Captor Annual Report published on 29 April 2022.

In this project, the Company confirmed the potent antitumor activity of two CT-01 lead compounds in a liver cancer mouse xenograft model. Importantly, these studies demonstrated complete regression of tumours created from human cells Hep 3B2.1-7 after their implantation in mice.

In August 2022, the Company nominated CPT-6281 as development candidate. For this compound, high levels of activity were observed at all doses tested, where the minimum doses was 10 mg/kg body weight (Figure 2). The Company started CTA/IND-enabling studies and large scale synthesis is ongoing with a reputable Contract Development and Manufacturing Organization (CDMO).

Throughout Q3 2022, the Company generated additional pharmacological data, identified service providers and performed *in vitro* and *in vivo* pharmacokinetic studies in animal species that will be used for safety studies. The Company is also assembling a clinical team with expertise in early-stage clinical trials in liver cancer.

The Company expects the project to enter clinical phase in 2023.

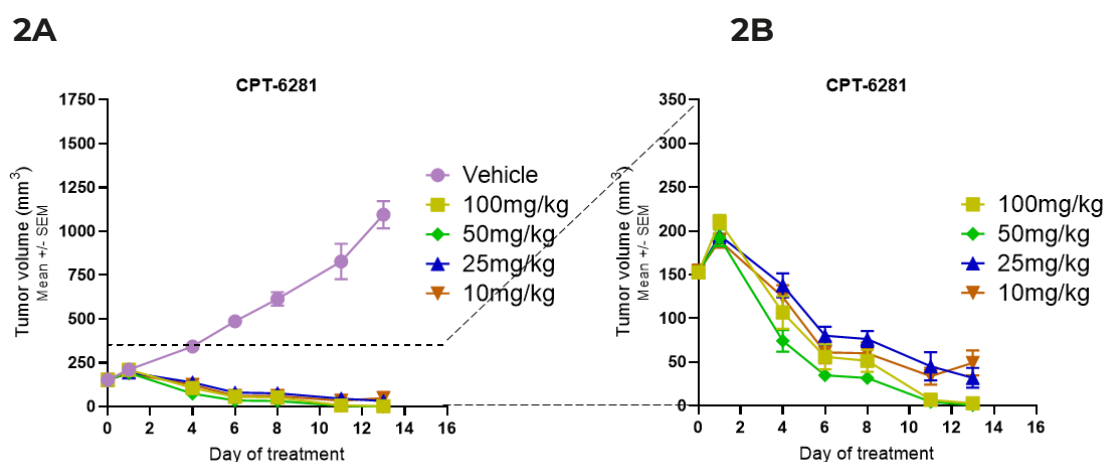


Figure 2: In vivo efficacy studies. Graph 2A presents tumour volume in response to oral administration of compound CPT-6281, or vehicle control. As compared to the rapid growth of tumours in the vehicle control, tumour growth inhibition was observed in response to the candidate drug, for all dose levels.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

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 objective of the CT-03 project is to develop a bifunctional degrader of MCL-1 that will be capable of offering effective treatment options in a number of different cancers. MCL-1 is protein that serves as a major pro-survival signal in many cancers and functions as a major mechanism of resistance against existing cancer treatments. Degrading MCL-1 is an attractive approach for treating several tumour types, including haematological malignancies, small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC) and triple-negative breast cancer (TNBC) which are all cancers with very high medical needs. The CT-03 drug candidate may be considered a first-in-class MCL-1 degrader since the Company is not aware of any other MCL-1 degrader in pharmaceutical development by another company. More detailed information on the CT-00 project can be found in the 2021 annual report published on April 29, 2022.

Following promising results on the efficacy of MCL degraders in the MV-4-11 mouse model of acute myeloid leukaemia, the compounds have been subjected to further pharmacological studies. Based on these studies, internal analyses are being conducted to help select a candidate for preclinical development. The company has begun the process of large-scale synthesis, which is being conducted by an experienced subcontractor.

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

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

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

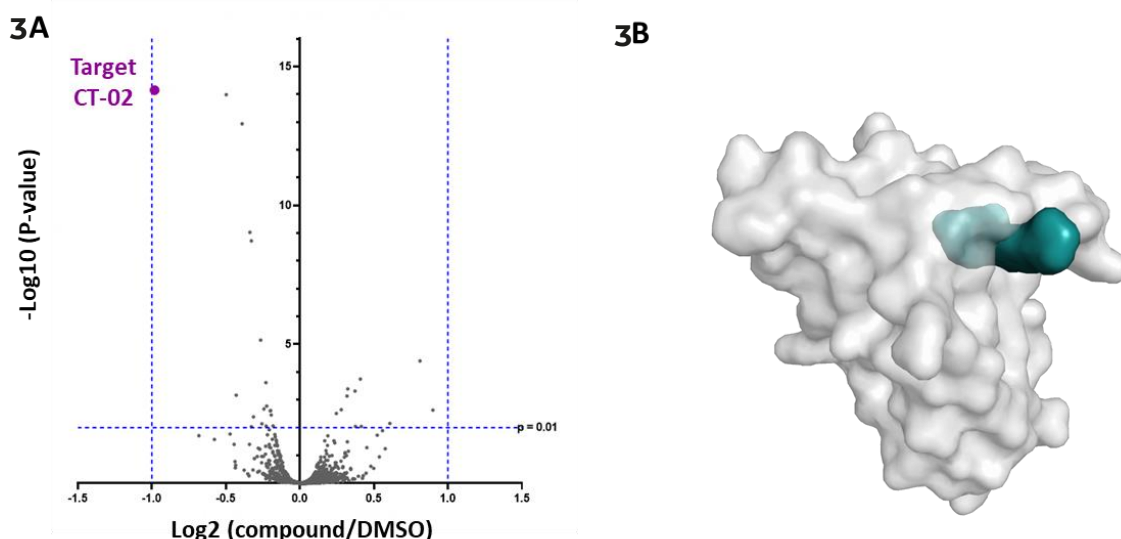


Figure 3: Figure 3A shows a study of the effects of advanced degraders performed at Captor Therapeutics' proteomics laboratory. The lead compound shows strong and selective degradation of the molecular target, target CT-02, against more than 8,000,000 proteins in the cell at a concentration of 10 μM . Figure 3B shows the structure of the E3 ubiquitin ligase complex (gray) - leading compound (green).

3.5.3 Other projects

The Company submitted, on 31 October 2022, to the National Centre for Research and Development ("NCBiR") a letter concerning **project CT-04** (design and development of a first-in-class drug candidate, a small-molecule degrader, for the treatment of colorectal cancer) in which the Company submitted a request to terminate the CT-04 project funding agreement and about its intention to submit an application for final payment

The Company's decision and submission of the above letter is due to delays in the CT-04 project, which, in the Company's opinion, at this point in time, make it impossible for the Company to achieve milestones as agreed with NCBiR within the deadline provided for in the funding agreement, i.e., by the end of 2023, i.e. reaching clinical studies by the end of 2023. The above delays are due to the complexity of the original lead series and the need to seek additional chemical series. Furthermore, after a comprehensive analysis of the slow progress of this project, the Company has concluded that, while the target remains very attractive, achieving selective degradation of the CT04 target will take longer than originally anticipated.

Consequently, despite having submitted the letter to the NCBiR, the Company intends to continue the CT-04 project using its own resources. Information communicated by current report no. 38/2022 of 31 October 2022.

CT-05 project goes according to plan (development of a degrader of a kinase involved in proinflammatory signalling pathways leading to increased cytokine secretion) CT-05 project is described in more detail in the 2021 Annual Report published on 29 April 2022.

In the **Sosei Heptares partnership** the project continues to advance. Both Captor and Sosei Heptares R&D teams are pleased with the level of scientific collaboration and Captor has received the planned Sosei Heptares R&D funding as agreed by the parties in the collaboration agreement.

In **Project P3** the Company is expanding the technology platform through the development of new small-molecule ligands for E3 ligases which have not been used so far for targeted protein degradation. For two of the ligases, we have identified high affinity binders and obtained X-ray structures of co-crystals, which will enhance our ability to discover novel protein degraders based on these binders.

The work in **Projects P1** and **P2** have been completed. Presently, the Company is analysing the possibilities of implementing the results of these projects in the market.

3.6 Significant achievements and failures, as well as events and factors affecting operations and results in the third quarter of 2022

During the reporting period, certain events took place in the Company and the Group which significantly 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:

Progress in research and development related to CT-01 project

After the end of the reporting period the Company announced the nomination of CPT-6281 drug candidate in CY-01 project and the commencement of studies that are necessary to obtain a permit to start CTA/IND-enabling studies

As a result of the drug candidate nomination, the Company has initiated a large-scale synthesis process which will be carried out by an experienced subcontractor, this being the first in a series of CTA/IND-enabling studies that will allow entering clinical tests next year (information provided by current report no. 31/2022 of 8 August 2022). For more information on the CT-01 project, please refer to section 3.5.2.1 of this report.

The armed conflict in Ukraine

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

As a result of military operations conducted by Russia, the EU countries and the USA introduced a number of harsh 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 ruled out that the implemented sanctions package may affect the activities conducted by the companies, including those in Poland, for example due to deliveries of raw materials from Russia. Also, deliveries of materials from Ukraine may be significantly disturbed or even stopped, which may consequently disrupt the global supply chain.

Further, the armed conflict in Ukraine may affect the macroeconomic situation worldwide and in Poland, including in particular interest rates, the rate of inflation and the valuation of the Polish currency (PLN). 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.

Registration of amendments to the Company's Articles of Association

On 7 September 2022, the registry court competent for the Company registered an amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 27 April 2022 on the issue of 9,420 series L 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 (information communicated by current report no. 35/2022 of 7 September 2022).

Furthermore, on 16 September 2022, the registry court competent for the Company registered the amendment to the Company's Articles of Association resulting from the resolutions of the Annual General Meeting of the Company of 30 June 2022 attached to the Company's current report no. 25/2022 of 30 June 2022 (information communicated by current report no. 36/2022 of 16 September 2022).

Adoption of a resolution by the Company's Management Board on the issue of shares within the framework of a target share capital increase

On 28 September 2022, the Management Board of Directors adopted a resolution on the issue of 41,019 series M ordinary bearer shares, within the limits of the Company's authorized capital, excluding, in full, the pre-emptive rights of the Company's existing shareholders.

The share issue is related to the implementation of a share-based incentive programme for employees and members of the Company's bodies. Enclosed the Company communicates the content of the adopted resolution (information communicated by current report no. 37/2022 of 28 September 2022).

Other significant events

Both during the reporting period and after the end thereof, the Company regularly participated in meetings with both investors and representatives of the pharmaceutical and biotechnology community.

On 9, 10 August 2022, the Company participated in the 13th Annual Wedbush PacGrow Healthcare Conference, held in New York.

Dr Tom Shepherd, President of Captor Therapeutics, participated in a panel discussion entitled 'Bullseye - Targeted Oncology - In with the New' on Tuesday 9 August, and also held meetings with company representatives and investors. The conference was attended by WedBush institutional clients and executives from leading public and private healthcare companies.

Already after the end of the reporting period, representatives of the Company participated, among others, in the 5th Annual Targeted Protein Degradation Summit in Boston, and at ENA 2022 in Barcelona, the results were presented in a poster session entitled "*Development of selective MCL-1 heterobifunctional degraders*".

3.7 Events after the balance sheet date

Information on the status of the CT-04 project

Already after the end of the reporting period, the Company announced that it had submitted a letter on 31 October 2022 to the National Centre for Research and Development a letter concerning project CT- 04 (design and development of a first-in-class drug candidate, a small-molecule degrader, for the treatment of colorectal cancer) in which the Company submitted an application for completion of the grant agreement for project CT-04 and its intention to submit an application for final payment (information provided in current report no. 38/2022 dated 31 October 2022). For more information on project CT-04, see section 3.5.3. of this report.

Entering into a cooperation agreement with Ono Pharmaceutical Co., Ltd. and disclosure of delayed confidential information

On 14 November 2022 the Company concluded with Ono Pharmaceutical Co., Ltd. with its registered office in Osaka, Japan ("**Ono**") a collaboration agreement (the "**Collaboration Agreement**", "**Agreement**"). The object of the Collaboration Agreement 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. 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.

The Collaboration Agreement provides that the Company will be, as a rule (in accordance with detailed timetable and division of work agreed by the parties), responsible for the research and identification activity of the molecules covered by the Collaboration Agreement, while Ono will be responsible for the development and commercialisation process (i.e. conducting clinical trials, cooperation with doctors, distribution, promotion, obtaining permits from the relevant public authorities for the sale of the commercialised products, etc.) of the drugs based on the substances developed.

In addition, the Collaboration Agreement establishes a system for the payment of remuneration to the Company: (i) provides the remuneration upon the conclusion of the Collaboration Agreement and exercising exclusive option by Ono (as a result of exercise of option, Ono will acquire intellectual property rights resulting from the cooperation and to certain candidate molecules), (ii) provides additional remuneration upon the achievement of successive milestones of progress in research & development and commercialization (milestone payments), (iii) provides a percentage share of revenues from the sale of drugs developed in performance of the Collaboration Agreement. Moreover, the Company will be entitled to reimbursement of research costs from Ono in the amounts indicated in the Collaboration Agreement. The anticipated total amount of cumulated value of the cash consideration from Ono to the Company (assuming exercise of the exclusive option, all milestone payments and funding of research costs) (other than as payments indicated in Point (iii) above) is approximately EUR 197 million.

The Company intends to reiterate that the above amount is the maximum possible amount which can be received by Company (so called *bio-dollar value*), however the amount that the Company will in fact receive under the Agreement will depend, *inter alia*, from execution by Ono of exclusive option and achievement of milestones by Ono.

The conclusion of the abovementioned Agreement is in line with the Company's strategy to pursue a drug discovery and development project with a partner and is important for the Company as it allows it to exploit the potential of the Optigrade™ technology platform and expand its operations. Information on the concluded collaboration was communicated in current report no. 40/2022 of 14 November 2022.

Final settlement of audit results with NCBiR

In November this year, The Company received letters from the National Centre for Research and Development ("**NCBiR**") regarding the settlement of the Audit results (the Company announced the completion of the Audit in current report no. 10/2022 dated 8 April, 2022). NCBiR, having familiarised itself with the results of the Audit, did not raise any objections to the calculations concerning reimbursement of direct costs resulting from the irregularities identified in the Audit, but indicated that the Company should additionally reimburse a lump sum (indirect costs) on these expenses in the total amount of PLN 802,917.68 for all the Projects. The Company, having analysed the letters from NCBiR, agreed with NCBiR's argumentation and on 16 November 2022 returned to NCBiR the above amount together with statutory interest, i.e. a total of PLN 1,031,837.68. In the opinion of the Company's Management Board, the above refund constitutes the final settlement of irregularities resulting from the Audit. Information provided in current report no. 41/2022 of 16 November 2022.

Conditional registration of series L ordinary bearer shares and introduction to exchange trading of series L ordinary bearer shares

On 22 November, 2022, the Central Securities Depository of Poland ("**KDPW**") made a conditional registration in the securities depository of 9,420 series L ordinary bearer shares ("**Series L Shares**") with a nominal value of PLN 0.10 each and ISIN code PLCPTRT00014.

The registration of the shares was conditional and took place within 3 days of receipt by the Central Securities Depository of Poland of a decision to introduce the above-mentioned shares to trading on the regulated market to which other shares of the Company bearing the above-mentioned ISIN code have been introduced, but not earlier than on the date indicated in that decision as the date of introduction of those shares to trading on that regulated market.

In addition, the Board of Directors of the Warsaw Stock Exchange, on 23 November, 2023, adopted Resolution no. 1073/2022 on the introduction of the Series L Shares to trading on the primary market on 25 November, 2022, subject to the registration of the shares by the National Securities Depository on 25 November 2022, and their designation with the ISIN code PLCPTRT00014. The shares were issued under the Company's incentive program (information provided in current reports no. 42/2022 dated 22 November 2022 and no. 43/2022 dated 23 November 2022).

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 9 months ended 30 September 2022 in Note 6.5.20; and
- the interim condensed separate financial statements for the 9 months ended 30 September 2022 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 interim condensed separate financial statements for the 9 months ended 30 September 2022 in Note 8.15.

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 9 months ended 30 September 2022 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 third quarter of 2022 cover the period from 1 January 2022 to 30 September 2022 and have been prepared in thousands of PLN.

4.7 Basic economic and financial data

Sales revenues

In December 2020, Sosei Heptares and Captor Therapeutics S.A. entered into a strategic technology collaboration to discover and develop new small molecules targeting protein-coupled receptor degradation (GPCR). During the reporting period, the Group continued to pursue the project in collaboration with the industry player, Sosei Heptares, and collectively in the first three quarters of H2022. The Group received PLN 3,337 thousand in revenue from research and development services from this collaboration.

Operating costs

The value of the Group's total operating expenses in the first three quarters of 2022 amounted to PLN 52,230 thousand and represents the aggregate costs of operations, i.e. costs of own services sold, research work costs, project overheads and management costs. The largest item in this group is research costs and management costs, i.e. 72.3% of the Group's operating expenses (80.9% in the corresponding period of the previous year). Research expenses accounted for 39.6% of operating expenses in the analysed period and increased by PLN 4 068 thousand compared with the first three quarters of 2021. The increase is related to the entry into subsequent stages of research projects, which is associated with higher costs of conducted research. Overheads for projects accounted for 25.5% of all operating expenses in the analysed period and increased by PLN 6,563 thousand compared to the first three quarters of 2021 due to the emergence of additional expenses that were not eligible for reimbursement from the Group's funding (e.g. patent protection, increased laboratory and office space, newly hired staff, customs duties for importing goods, conducted analyses and research, purchase of new office equipment and licences).

A significant item of the Group's operating expenses is general and administrative expenses, which amounted to 32.6% in the audited period, compared with 37.2% in the same period of the previous year. A significant cost item in general and administrative expenses is the cost of valuation of the incentive programme (in the first three quarters of 2022, general and administrative expenses amounted to PLN 17 050 thousand and increased by PLN 2 870 thousand compared with the first three quarters of 2021, when this value amounted to PLN 14 180 thousand). In accordance with the Group's assumptions, the valuation of the incentive programme is based on actuarial valuation and does not represent a real (i.e. cash) cost for the Group in the analysed period.

In the structure of the Group's costs by type, the largest item is third-party services, which in the first three quarters of 2022 amounted to PLN 22 678 thousand and were higher by PLN 12 775 thousand than in the comparative period, i.e. in the first three quarters of 2021. 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 specific services, studies or analyses to third parties.

Another item in the structure of costs by type is the costs of employee benefits, which in the first three quarters of 2022 amounted to PLN 20 252 thousand and were higher by PLN 1 192 thousand than in the comparative period, i.e. in the first three quarters of 2021. 52.8% of this figure is made up of employee remuneration (mainly scientific staff) and benefits for management, 32.1% is made up of the incentive programme, which is not a cash expense, and other benefits (social security costs, pension and holiday costs and other) account for 15.1%.

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 16 510 thousand in the first three quarters of 2022 (PLN 13 421 thousand in the same period of the previous year). The Group also received a donation of PLN 2,000 thousand from a Shareholder of the Company.

Operating profit (loss)

In the first three quarters of 2022, the Group recorded an operating loss of PLN 30,170 thousand. According to the information presented in section 3.5 of this report on ongoing projects, the Group is at an early stage of research 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 72.3% of the Group's total operating expenses, and increased employee benefit costs, including in particular the cost of valuing the incentive programme.

Financial income

In the period from 1 January to 30 September 2022, the Group earned mainly interest income in the amount of PLN 1,128 thousand, including on short-term deposits in the amount of PLN 740 thousand and short-term bonds purchased in the amount of PLN 384 thousand. In connection with the investment policy adopted by the Group, free cash are invested in secure financial instruments: bank deposits or bonds secured by government or banking institutions.

Net profit (loss)

The net loss in the first three quarters of 2022 amounted to PLN 29 379 thousand and was PLN 7 709 thousand higher than in the first three quarters of 2021. This amount is due to factors affecting the loss from operations.

Assets

the balance sheet date of 30 September 2022, total assets amounted to PLN 117,603 thousand, of which 88.8% were current assets and 11.2% fixed assets. At the end of 2021, total assets amounted to PLN 143,541 thousand, 91% of which were current assets and 9% fixed assets.

Non-current assets

As of 30 September 2022, non-current assets amounted to PLN 13 210 thousand, which means that compared to 31 December 2021, non-current assets increased by PLN 224 thousand. The most significant non-current assets as of 30 September 2022 and 31 December 2021 were property, plant and equipment (laboratory equipment and buildings and structures leased by the Group). As of 30 September 2022, property, plant and equipment amounted to PLN 12 106 thousand, representing 91.6% of total non-current assets, and as of 31 December 2021 it had a value of PLN 12 612 thousand, representing 97.1% of total non-current assets.

Current assets

There was a decrease in current assets during the periods under review. As of 30 September 2022, current assets amounted to PLN 104 393 thousand and decreased by PLN 26 162 thousand compared with 31 December 2021. The most significant components of current assets as of 30 September 2022 and 31 December 2021 were cash and cash equivalents and financial assets in the form of bonds, which accounted for 88.8% of current assets in the first half of 2022 and 90.3% in 2021.

Equity

The value of this balance sheet item as of 30 September 2022 amounted to PLN 101,350 thousand, which was mainly derived from the issue of series G, H, J, K and L shares.

Long-term liabilities

Non-current liabilities at the end of the reporting period amounted to PLN 4 144 thousand. In the period under review, non-current liabilities increased by PLN 1 171 thousand compared to 31 December 2021. As of the balance sheet date, these liabilities represent, to a significant extent (99.2%), the long-term portion of leases for laboratory equipment.

Current liabilities

Current liabilities at the end of the reporting period amounted to PLN 12 109 thousand and are PLN 4 258 thousand lower than at 31 December 2021, when they amounted to PLN 16 367 thousand. The decrease in this item is related to a decrease in deferred income, which relates to grant advances received.

4.8 Financial indicators of effectiveness

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

The Parent Company uses alternative performance measures (APM indicators) to describe the financial position of the Group. In the opinion of the Management Board of the Parent Company the selected APM indicators are a source of additional (apart from the data presented in the financial statements) valuable information on the financial and operating situation as well as they facilitate the analysis and assessment of the financial results achieved by the Group in particular reporting periods. The 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 7: Group's financial indicators**

| Indicator | Sposób kalkulacji | 30.09.2022 | 31.12.2021 |
|-----------------------|--|-------------------|-------------------|
| total debt ratio | total liabilities/total assets | 13,82% | 13.47% |
| long-term debt ratio | long-term liabilities/total liabilities | 25,50% | 15.37% |
| short-term debt ratio | short-term liabilities/total liabilities | 74,50% | 84.63% |

As of 30 September 2022, there was an increase in the long-term debt ratio and an increase in total liabilities as well as a decrease in the short-term debt ratio as a consequence of the Group's operational growth.

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 third quarter of 2022.

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

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

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

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

- the pace of development of individual research projects. After verification of the dates of research, it cannot be ruled out that the adopted schedule of implementation of particular projects may change and, consequently, the Company may not be able to use all subsidy received for a given project from 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 Company's equity accounts for 99.9% of the Group'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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

6.1 Interim condensed consolidated statement of performance and comprehensive income

Interim condensed consolidated statement of performance and comprehensive income for the 9-month period ended 30 September 2022 and comparative data for the 9-month period ended 30 September 2021 (in thousand PLN).

| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | Note | 01.07.2022-30.09.2022 | 01.01.2022-30.09.2022 | 01.07.2021-30.09.2021 | 01.01.2021-30.09.2021 |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| CONTINUING OPERATIONS | | | | | |
| Research and development income | 6.5.1 | 1 110 | 3 337 | 1 253 | 2 707 |
| Cost of services sold | 6.5.2 | 544 | 1 129 | 482 | 482 |
| Gross profit (loss) on sales | | 566 | 2 208 | 771 | 2 225 |
| Subsidy revenues | 6.5.1 | 5 171 | 16 510 | 4 711 | 13 421 |
| Research and development expenditures | 6.5.2 | 5 904 | 20 707 | 6 450 | 16 640 |
| Project overheads | 6.5.2 | 5 567 | 13 344 | 3 157 | 6 780 |
| General administrative expenses | 6.5.2 | 5 615 | 17 050 | 5 777 | 14 180 |
| Other operating income | 6.5.3 | 2 029 | 2 229 | 1 136 | 2 199 |
| Other operating costs | 6.5.3 | - | 16 | 2 | 1 143 |
| Operating profit (loss) | | -9 320 | -30 170 | -8 768 | -20 898 |
| Financial income | 6.5.4 | 865 | 1 128 | - | - |
| Financial expenses | 6.5.4 | 84 | 337 | 102 | 772 |
| Profit (loss) from continued operations before tax | | -8 539 | -29 379 | -8 870 | -21 670 |
| Income tax | 6.5.5 | - | - | - | - |
| Net profit (loss) from continued operations | | -8 539 | -29 379 | -8 870 | -21 670 |
| Net profit (loss) from discontinued operations | | - | - | - | - |
| Net profit (loss) for period | | -8 539 | -29 379 | -8 870 | -21 670 |
| - attributable to the shareholders of the parent company | | -8 539 | -29 379 | -8 870 | -21 670 |
| - attributable to non-controlling interests | | - | - | - | - |

| | | | | |
|---|---------------|----------------|---------------|----------------|
| Other comprehensive income | | | | |
| Items that may be transferred to the result in subsequent reporting periods | 16 | 22 | 2 | 2 |
| Foreign exchange differences on translation of foreign operations | 16 | 22 | 2 | 2 |
| Items that will not be carried forward to the result in subsequent reporting periods | - | - | 26 | 26 |
| Actuarial gains/losses | - | - | 26 | 26 |
| Other net comprehensive income | 16 | 22 | 28 | 28 |
| Total comprehensive income | -8 523 | -29 357 | -8 842 | -21 642 |
| - attributable to the shareholders of the parent company | -8 523 | -29 357 | -8 842 | -21 642 |
| - attributable to non-controlling interests | - | - | - | - |
| Earnings (loss) per share (in PLN) | -2,04 | -7,05 | -2,15 | -5,25 |
| Diluted earnings (loss) per share (in PLN) | -1,95 | -6,74 | -2,04 | -4,99 |

6.2 Interim condensed consolidated statement of financial position

Interim condensed consolidated statement of financial position as of 30 September 2022 and comparative data as of 31 December 2021.

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | | |
|---|-----------------|-------------------|-------------------|
| ASSETS | Note | 30.09.2022 | 31.12.2021 |
| I. NON-CURRENT ASSETS | | 13 210 | 12 986 |
| Expenditure on development work (in progress) | | 180 | 180 |
| Property, plant, and equipment | 6.5.8 | 12 106 | 12 612 |
| Intangible assets | 6.5.9 | 680 | 180 |
| Other non-current assets | | 244 | 14 |
| II. CURRENT ASSETS | | 104 393 | 130 555 |
| Trade and other receivables, including: | 6.5.11 | 11 252 | 11 706 |
| Other financial assets | 6.5.12 | 19 857 | - |
| Prepayments and accrued income | | 437 | 906 |
| Cash and cash equivalents | | 72 847 | 117 943 |
| TOTAL ASSETS | | 117 603 | 143 541 |
| EQUITY AND LIABILITIES | | | |
| I. EQUITY | | 101 350 | 124 201 |
| Share capital | 6.5.13.1 | 417 | 413 |
| Share premium reserve | 6.5.13.2 | 170 031 | 170 031 |
| Other capital reserves | 6.5.13.3 | 175 | 175 |
| Capital from shares payments | | 18 281 | 11 779 |
| Retained earnings / Uncovered losses | | -87 587 | -58 208 |
| Exchange rate differences from the conversion | | 33 | 11 |
| Non-controlling interests | | - | - |
| TOTAL LIABILITIES | | 16 253 | 19 340 |
| II. NON CURRENT LIABILITIES | | 4 144 | 2 973 |
| Pension benefit obligations | 6.5.14 | 32 | 33 |
| Interest-bearing borrowings | 6.5.15 | - | - |
| Lease liabilities | 6.5.16 | 4 112 | 2 940 |
| III. CURRENT LIABILITIES | | 12 109 | 16 367 |
| Trade and other payables | | 6 167 | 4 738 |
| Lease liabilities | 6.5.16 | 4 193 | 5 241 |
| Provisions for liabilities | 6.5.14 | 1 623 | 6 262 |
| Other liabilities/deferred income | 6.5.17 | 126 | 126 |
| TOTAL EQUITY AND LIABILITIES | | 117 603 | 143 541 |

6.3 Interim condensed consolidated statement of cash flows

Interim condensed consolidated statement of cash flows for the 9 months period ended 30 September 2022 and comparative data for the 9 months period ended 30 September 2021. (in thousands PLN).

| CONSOLIDATED STATEMENT OF CASH FLOWS | 01.01.2022- 30.09.2022 | 01.01.2021- 30.09.2021 |
|--|-----------------------------------|-----------------------------------|
| OPERATING ACTIVITIES | | |
| Profit (loss) before tax | -29 379 | -21 670 |
| Adjustments: | 8 594 | -1 185 |
| Depreciation | 5 488 | 5 540 |
| Foreign exchange(gains) losses | 34 | 36 |
| Interest | -913 | 325 |
| Incentive scheme | 6 502 | 7 346 |
| Change in receivables | -109 | -6 474 |
| Change in liabilities, excluding loans and borrowings | 1 764 | -8 334 |
| Change in provisions | -4 640 | -95 |
| Change in accruals | 468 | 471 |
| Net cash flow from operating activities | -20 785 | -22 855 |
| INVESTING ACTIVITIES | | |
| I. Inflows | 15 331 | - |
| Interest | 931 | - |
| Bond proceeds | 14 400 | - |
| II. Outflows | 34 683 | 333 |
| Expenditure on tangible and intangible fixed assets | 811 | 333 |
| Purchase of bonds | 33 872 | - |
| Net cash flow from investing activities | -19 352 | -333 |
| FINANCING ACTIVITIES | | |
| I. Inflows | 4 | 148 240 |
| Proceeds from issue of shares | 4 | 148 240 |
| II. Outflows | 4 963 | 5 648 |
| Expenditures on borrowings | - | 209 |
| Interest and commission expenses | 229 | 325 |
| Payments of liabilities under lease agreements | 4 734 | 5 114 |
| Net cash flow from financing activities | -4 959 | 142 592 |
| Total cash flows | -45 096 | 119 404 |
| Balance sheet change in cash and cash equivalents | -45 096 | 119 404 |
| Cash at the beginning of period | 117 943 | 10 654 |
| Cash at the end of period | 72 847 | 130 058 |
| - restricted cash | - | - |

6.4 Interim condensed consolidated statement of changes in equity

Interim condensed consolidated statement of changes in equity for the three-month period ended 30 September 2022 and comparative data for the three-month period ended 30 September 2021 (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 01.01.2022 | 413 | 170 031 | 175 | 11 779 | -58 208 | 11 | 124 201 | - | 124 201 |
| Profit/loss for period | - | - | - | - | -29 379 | - | -29 379 | - | -29 379 |
| Other comprehensive income | - | - | - | - | - | 22 | 22 | - | 22 |
| Total comprehensive income for the period | - | - | - | - | -29 379 | 22 | -29 357 | - | -29 357 |
| Issue of shares | 4 | - | - | - | - | - | 4 | - | 4 |
| Share redemption | - | - | - | - | - | - | - | - | - |
| Incentive scheme | - | - | - | 6 502 | - | - | 6 502 | - | 6 502 |
| As of 30.09.2022 | 417 | 170 031 | 175 | 18 281 | -87 587 | 33 | 101 350 | - | 101 350 |
| As of 01.01.2021 | 359 | 16 292 | 5 690 | 2 284 | -25 636 | 7 | -1 004 | - | -1 004 |
| Profit/loss for period | - | - | - | - | -21 670 | - | -21 670 | - | -21 670 |
| Other comprehensive income | - | - | 26 | - | - | 2 | 28 | - | 28 |
| Total comprehensive income for the period | - | - | 26 | - | -21 670 | 2 | -21 642 | - | -21 642 |
| Issue of shares | 102 | 153 738 | -5 600 | - | - | - | 148 240 | - | 148 240 |
| Share redemption | -48 | - | 48 | - | - | - | - | - | - |
| Incentive scheme | - | - | - | 7 346 | - | - | 7 346 | - | 7 346 |
| As of 30.09.2021 | 413 | 170 030 | 164 | 9 630 | -47 306 | 9 | 132 940 | - | 1 32 940 |

6.5 Explanatory notes

6.5.1 Total revenues

| SALES REVENUES AND TOTAL REVENUES | 01.07.2022-30.09.2022 | 01.01.2022-30.09.2022 | 01.07.2021-30.09.2021 | 01.01.2021-30.09.2021 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Revenue from research and development services | 1 110 | 3 337 | 1 253 | 2 707 |
| Total sales revenues | 1 110 | 3 337 | 1 253 | 2 707 |
| Subsidy revenues | 5 171 | 16 510 | 4 711 | 13 421 |
| Other operating income | 2 029 | 2 229 | 1 136 | 2 199 |
| Financial income | 865 | 1 128 | - | - |
| Total revenues | 9 175 | 23 204 | 7 100 | 18 327 |

The reported sales revenues relate to Captor Therapeutics' collaboration with Sosei Heptares. The December 2020 agreement relates to a strategic technology collaboration to discover and develop novel small molecules targeting the degradation of G protein-coupled receptors (GPCRs).

6.5.2 Costs by type

6.5.2.1 Operational costs

| OPERATIONAL COSTS | 01.07.2022-30.09.2022 | 01.01.2022-30.09.2022 | 01.07.2021-30.09.2021 | 01.01.2021-30.09.2021 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Depreciation | 1 614 | 5 488 | 1 858 | 5 540 |
| - depreciation of fixed assets | 1 563 | 5 353 | 1 822 | 5 451 |
| - amortisation of intangible assets | 51 | 135 | 36 | 89 |
| Consumption of materials and energy | 1 348 | 3 204 | 1 197 | 3 263 |
| External services | 8 703 | 22 678 | 4 892 | 9 903 |
| Taxes and charges | 86 | 295 | 70 | 157 |
| Costs of employee benefits | 5 761 | 20 252 | 7 767 | 19 060 |
| Other costs by nature | 119 | 313 | 82 | 159 |
| Total costs by type, including: | 17 630 | 52 230 | 15 866 | 38 082 |
| Items recognised in costs of sales of services | 544 | 1 129 | 482 | 482 |
| Items included in research costs | 5 904 | 20 707 | 6 450 | 16 640 |
| Items included in project overheads | 5 567 | 13 344 | 3 157 | 6 780 |
| Items included in general administrative costs | 5 615 | 17 050 | 5 777 | 14 180 |
| Change in products | - | - | - | - |
| Costs of services for the entity's own needs | - | - | - | - |

The increase in the Group's operating expenses compared to the comparative period is mainly due to an increase in the Parent Company's cost of external services and employee benefits.

The increase in employee benefit costs is closely related to the costs of the incentive programme recognised in the reporting period.

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

6.5.2.2 Depreciation and amortisation expenses recognized in the result

| DEPRECIATION AND AMORTISATION EXPENSE RECOGNISED IN THE RESULT | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Items included in cost of sales of services | 49 | 170 | 5 | 5 |
| Depreciation of fixed assets | 48 | 169 | - | - |
| Amortization of intangible assets | 1 | 1 | 5 | 5 |
| Impairment of property, plant and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Items included in research costs | 1 422 | 4 368 | 1 456 | 4 360 |
| Depreciation of fixed assets | 1 381 | 4 263 | 1 425 | 4 276 |
| Amortisation of intangible assets | 41 | 105 | 31 | 84 |
| Impairment of property, plant and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Items included in project overheads | 103 | 779 | 393 | 1 163 |
| Depreciation of fixed assets | 103 | 767 | 393 | 1 163 |
| Amortisation of intangible assets | - | 12 | - | - |
| Impairment of property, plant and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Items included in general administrative costs | 38 | 170 | 4 | 12 |
| Depreciation of fixed assets | 30 | 153 | 4 | 12 |
| Amortisation of intangible assets | 8 | 17 | - | - |
| Impairment of property, plant and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Sum of depreciation and impairment allowances | 1 614 | 5 488 | 1 858 | 5 540 |

The Group maintains depreciation and amortisation expense at a similar level compared to the comparative period. This is due to the Group not entering into any new material contracts classified under IFRS 16 'Leases'.

6.5.2.3 Employee benefit costs

| EMPLOYEE BENEFIT COSTS | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 3 465 | 10 689 | 4 588 | 9 892 |
| Social security costs | 553 | 1 801 | 465 | 1 339 |
| Pension and holiday benefit costs | - | 29 | - | 193 |
| Other employee benefit costs | 52 | 1 232 | 107 | 290 |
| Costs of incentive programme | 1 691 | 6 502 | 2 607 | 7 346 |
| Total employee benefit costs, including: | 5 761 | 20 252 | 7 767 | 19 060 |
| Items included in cost of sales of services | 176 | 496 | 307 | 307 |
| Items included in research costs | 2 896 | 6 619 | 1 825 | 5 463 |
| Items included in project overheads | 143 | 2 411 | 729 | 1 848 |
| Items included in general administrative costs | 2 547 | 10 726 | 4 906 | 11 442 |
| 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 10,689 thousand in the nine months ended 30 September 2022, and the costs of the incentive programme introduced in the Parent Company in 2019, the cost of which in the period from 1 January to 30 September 2022 amounted to PLN 6,502 thousand (however, this is an accounting cost not related to real cash outflow). Details of this programme 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 | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Profit from disposal of fixed assets | - | - | - | - |
| Release of asset write-downs | - | - | 1 131 | 1 131 |
| Donation | 2 000 | 2 000 | - | 1 000 |
| Other | 29 | 229 | 5 | 68 |
| Total other operating income | 2 029 | 2 229 | 1 136 | 2 199 |

In the third quarter of 2022, the Parent Company received a cash donation of PLN 2.0 million from one of the Parent's shareholders.

In addition, in the third quarter of 2021, the Parent Company dissolved the allowance for receivables created in the first half of 2021 relating to part of the grants qualified as Group revenue in the CT4 project due to the acceptance of the interim report and the resumption of project funding by the National Centre for Research and Development.

| OTHER OPERATING EXPENSES | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Loss on disposal of fixed assets | - | - | - | - |
| Revaluation of assets | - | - | - | 1 131 |
| Other | - | 16 | 2 | 12 |
| Total other operating expenses | - | 16 | 2 | 1 143 |

In accordance with the principle of prudence, in the first half of 2021 the Group created an allowance for grant receivables in the amount of PLN 1,131 thousand. The aforementioned write-down related to a portion of grants qualified as the Group's revenue in the CT-04 project. Based on the NCBiR's grant rules, the grantor entity withheld funding for this project pending consultation with subject matter experts. In the second half of 2021, the impairment charge was reversed.

6.5.4 Financial income and costs

| FINANCIAL INCOME | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest income | 865 | 1 128 | - | - |
| Release of revaluation write-downs | - | - | - | - |
| Total financial income | 865 | 1 128 | - | - |

In the period from 1 January to 30 September 2022, the Group earned mainly interest on short-term deposits of PLN 740 thousand and short-term bonds purchased of PLN 384 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 | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest expense on bank loans and borrowings received | 30 | 89 | - | 27 |
| Financial costs related to leasing agreements | 55 | 138 | 86 | 297 |
| Revaluation of investments | - | - | - | - |
| Excess negative exchange rate differences | - | 110 | 15 | 47 |
| Remuneration for the establishment of a registered pledge | - | - | - | 400 |
| Other | - | 1 | - | 1 |
| Total financial costs | 85 | 337 | 101 | 772 |

In the period from 1 January to 30 September 2021, the Group recognised remuneration for the establishment of a registered pledge in the amount of PLN 400 thousand to secure a possible obligation to repay an advance payment received by the Parent Company.

In 2022, the Group incurred financial expenses from interest on financial liabilities (leases) and foreign exchange differences.

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 |
|--|--|--|---|
| | 30.09.2022 | 31.12.2021 | |
| Due to: | | | |
| Other reserves | 1 147 | 5 795 | - |
| Provisions for employee benefits | 508 | 479 | - |
| Difference between leasing assets and liabilities | 680 | 737 | - |
| Tax losses | 61 788 | 42 989 | 2022-2026 |
| Total: | 64 123 | 50 000 | |

*the tax loss presented in the table above includes cumulative tax losses incurred by the Parent Company in 2017-2021 and in the period from 1 January to 30 September 2022.

6.5.6 Discontinued operations

There were no discontinued operations between 1 January and 30 September 2022 or in the corresponding period of 2021.

6.5.7 Dividends paid and proposed to be paid

The Parent Company did not pay any dividends in the period from 1 January to 30 September 2022 and in the corresponding period of 2021. No advances on dividends were paid either.

6.5.8 Tangible fixed assets

The Group's property, plant and equipment as of 30 September 2022 consists solely of the Parent Company's property, plant, and equipment.

| TANGIBLE FIXED ASSETS | 30.09.2022 | 31.12.2021 |
|---|---------------|---------------|
| Owned | 4 484 | 5 175 |
| Used under a rental, lease, or any other agreement, including a leasing agreement | 7 621 | 7 437 |
| Total | 12 106 | 12 612 |

| TANGIBLE FIXED ASSETS | 30.09.2022 | 31.12.2021 |
|--|---------------|---------------|
| Fixed assets, including: | 12 106 | 12 612 |
| buildings and structures | 6 536 | 3 615 |
| machinery and equipment | 5 550 | 8 440 |
| other | 20 | 557 |
| Fixed assets under construction | - | - |
| Total | 12 106 | 12 612 |

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

The following tables show the changes in fixed assets from 1 January to 30 September 2022 and in the comparative period.

| CHANGES IN FIXED ASSETS BY TYPE 01.01.2022 - 30.09.2022 | 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 | 4 670 | 101 | 75 | 4 846 |
| acquisitions | 4 670 | 101 | 75 | 4 846 |
| Decreases | - | 3 181 | - | 3 181 |
| termination of the rental agreement | - | 3 181 | - | 3 181 |
| Gross fixed assets, end of period | 14 441 | 21 773 | 777 | 36 992 |
| Accumulated depreciation, beginning of period | 6 156 | 16 413 | 145 | 22 714 |
| Increases, due to | 1 750 | 2 991 | 612 | 5 353 |
| depreciation | 1 750 | 2 991 | 612 | 5 353 |
| Decreases, due to | - | 3 181 | - | 3 181 |
| termination of the rental agreement | - | 3 181 | - | 3 181 |
| Accumulated depreciation, end of period | 7 906 | 16 223 | 757 | 24 886 |
| Impairment losses, beginning of period | - | - | - | - |
| Impairment losses, end of period | - | - | - | - |
| Net fixed assets, end of period | 6 536 | 5 550 | 20 | 12 106 |

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

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

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

6.5.9 Intangible assets

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

| INTANGIBLE ASSETS | 30.09.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Acquired concessions, patents, licences and similar | 680 | 180 |
| Other intangible assets | - | - |
| Total | 680 | 180 |

The Group has no internally generated intangible assets.

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

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

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

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

In 2022 there were no business combinations, acquisitions of assets of significant value and acquisitions of shares to which the Parent Company or the Subsidiary would be a party. As of 30 September 2022, there was no goodwill in the interim condensed consolidated statement of financial position.

6.5.11 Trade and other receivables

| TRADE RECEIVABLES | 30.09.2022 | 31.12.2021 |
|--------------------------------|-------------------|-------------------|
| Net trade receivables | 1 054 | 974 |
| - from related parties | - | - |
| - from other undertakings | 1 054 | 974 |
| Write-downs on receivables | - | - |
| Gross trade receivables | 1 054 | 974 |

| OTHER RECEIVABLES | 30.09.2022 | 31.12.2021 |
|--------------------------------|-------------------|-------------------|
| Other net receivables | 10 197 | 10 732 |
| Budgetary receivables | 929 | 2 004 |
| Receivables from grants | 9 160 | 8 681 |
| Other | 108 | 47 |
| Write-downs on receivables | - | - |
| Other gross receivables | 10 197 | 10 732 |

Trade receivables are not interest-bearing.

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

6.5.12 Other financial assets

| OTHER FINANCIAL ASSETS | 30.09.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| Short-term bonds | 19 857 | - |
| Loans granted | - | - |
| Write-downs | - | - |
| Other financial assets | 19 857 | - |

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 30 September 2022, the Company's share capital (share capital) amounted to PLN 416,813.00 and was divided into 4,168,130 shares with a par value of PLN 0.10 each.

| SHARE CAPITAL | 30.09.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| Number of shares (pcs.) | 4 168 130 | 4 127 972 |
| Nominal value of shares (PLN) | 0.10 | 0.10 |
| Share capital | 417 | 413 |

Changes in the share capital of the Parent Company

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

6.5.13.2 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 | 30.09.2022 | 31.12.2021 |
|--|-------------------|-------------------|
| Issuance of series B AGIO shares | 3 774 | 3 774 |
| Voluntary capital reduction without consideration | 36 | 36 |
| Issuance of C series AGIO shares investment agreements 2018 | 3 898 | 3 898 |
| Issuance of series C2 and D AGIO shares investment agreements 2019 | 8 584 | 8 584 |
| Issuance of G, H, I, J | 153 739 | 153 739 |
| Total | 170 031 | 170 031 |

6.5.13.3 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 | 30.09.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| 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 | 30.09.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Provision for outstanding holiday entitlement | 449 | 278 |
| Provison for pensions | 58 | 66 |
| Total including: | 508 | 344 |
| long-term | 32 | 65 |
| short-term | 476 | 279 |

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 01.01.2022 | 441 | 59 | 500 |
| Creation of a provision | 30 | - | 30 |
| Costs of benefits paid (use) | - | - | - |
| Provisions released | 22 | 1 | 23 |
| As of 30.09.2022 | 449 | 58 | 508 |
| As of 01.01.2021 | 278 | 66 | 344 |
| Creation of a provision | 163 | 11 | 174 |
| Costs of benefits paid (use) | - | - | - |
| Provisions released | - | 18 | 18 |
| As of 31.12.2021 | 441 | 59 | 500 |
| PROVISIONS FOR LIABILITIES | | 30.09.2022 | 31.12.2021 |
| External services | | 147 | 137 |
| Other | | 1 000 | 5 658 |
| Total other provisions | | 1 147 | 5 795 |

As the Parent Company became aware of the proceedings conducted by state authorities concerning potential irregularities in carrying out the procedures for EU projects, the Parent Company commissioned external, renowned financial and legal advisors to conduct an audit. As a result, the Company established created a provision as of 31 December 2021 for the return of a portion of funds received from NCBiR in the amount of PLN 4,658 thousand (which includes the principal amount of PLN 3,891 thousand and interest of PLN 767 thousand). Additionally, the Parent Company established a provision for audit costs in 2021 in the amount of PLN 1,000 thousand, which was released in the first half of 2022 due to with the receipt of invoices related to this audit. On 13.04.2022 the Parent Company repaid to NCBR in the amount of PLN 4,658 thousand.

The remaining provisions of 30 June 2022 of PLN 1,000 thousand relate to the payment of planned bonuses.

| CHANGE IN PROVISIONS FOR LIABILITIES | External services | Other | Total |
|---|--------------------------|--------------|--------------|
| As of 01.01.2022 | 137 | 5 658 | 5 795 |
| Creation of reserves | 10 | 1 000 | 1 010 |
| Use of provisions | - | 5 658 | 5 658 |
| Release of provisions | - | - | - |
| As of 30.09.2022 | 147 | 1 000 | 1 147 |
| As of 01.01.2021 | 416 | - | 416 |
| Creation of reserves | 148 | 5 658 | 5 806 |
| Use of provisions | 427 | - | 427 |
| Release of provisions | - | - | - |
| As of 31.12.2021 | 137 | 5 658 | 5 795 |

6.5.15 Loans received

The Group had no loans received as of 30 September 2022 and 31 December 2021.

6.5.16 Lease liabilities

| LEASE LIABILITIES | 30.09.2022 | 31.12.2021 |
|---|--------------|--------------|
| Short-term lease liabilities, including: | 4 193 | 5 241 |
| - up to 1 month | 418 | 545 |
| - from 1 month to 3 months | 823 | 1 066 |
| - from 3 months to 6 months | 1 213 | 1 591 |
| - from 6 months to 1 year | 1 739 | 2 039 |
| Long-term leasing liabilities, including: | 4 112 | 2 940 |
| - from one to five years | 4 112 | 2 940 |
| - more than five years | - | - |
| Total | 8 305 | 8 181 |

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

6.5.17 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 | 30.09.2022 | 31.12.2021 |
|------------------------------------|------------|------------|
| - project POIR.01.02.00-00-0073/18 | - | - |
| - project POIR.01.01.01-00-0956/17 | - | - |
| - project POIR.04.01.04-00-0116/16 | - | - |
| - project POIR.01.01.01-00-0931/19 | - | - |
| - project POIR.01.01.01-00-0747/16 | - | - |
| - project POIR.01.01.01-00-0740/19 | - | - |
| - project POIR.01.01.01-00-0741/19 | - | - |
| - project POIR.04.01.02-00-0147/16 | 126 | 126 |
| - project POIR.01.02.00-00-0079/18 | - | - |
| 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 | |
|---|----------|-----------------|----------------|----------------|----------------|
| | | 30.09.2022 | 31.12.2021 | 30.09.2022 | 31.12.2021 |
| Financial assets | | | | | |
| Bonds | WwgZK | 19 857 | - | 19 857 | - |
| Trade receivables | WwgZK | 1 054 | 974 | 1 054 | 974 |
| Other receivables | WwgZK | 10 197 | 10 732 | 10 197 | 10 732 |
| Cash and cash equivalents | WwgZK | 72 847 | 117 943 | 72 847 | 117 943 |
| Total | | 103 955 | 129 649 | 103 955 | 129 649 |
| Financial liabilities | | | | | |
| Interest-bearing bank loans and borrowings | PZFwgZK | - | - | - | - |
| Leasing liabilities | IFRS16 | 8 305 | 8 181 | 8 305 | 8 181 |
| Trade payables | PZFwgZK | 4 373 | 3 193 | 4 373 | 3 193 |
| Other liabilities | PZFwgZK | 1 794 | 1 545 | 1 794 | 1 545 |
| Total | | 14 472 | 12 919 | 14 472 | 12 919 |

Abbreviations used:

WwgZK - Measured at amortised cost

PZFwgZK - Other financial liabilities measured at amortised cost

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

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

6.5.19 Explanations to the cash flow statement

| SPECIFICATION | 30.09.2022 | 30.09.2021 |
|--|---------------|---------------|
| Depreciation: | 5 488 | 5 540 |
| amortisation of intangible assets | 135 | 89 |
| depreciation of property, plant, and equipment | 5 353 | 5 451 |
| Foreign exchange gains (losses) | 34 | 36 |
| accrued exchange differences | 34 | 36 |
| Interest: | -913 | 325 |
| Interest received on bonds | -191 | - |
| other accrued interest | -17 | - |
| interest received on short-term deposits | -740 | - |
| accrued interest on bonds | -193 | - |
| interest paid on leasing | 229 | 325 |
| Change in reserves: | -4 640 | -95 |
| balance sheet change in provisions for trade liabilities | -4 669 | -271 |
| balance sheet change in provisions for employee benefits | 29 | 176 |
| Change in receivables: | -109 | -6 474 |
| change in short-term receivables as per balance sheet | -108 | -6 475 |
| change in long-term receivables as per balance sheet | -1 | 1 |
| Change in short term liabilities, except for financial liabilities: | 1 764 | -8 334 |
| change in short-term liabilities as per the balance sheet | 1 764 | 1 770 |
| change in other liabilities | - | -10 103 |
| Change in accruals: | 468 | 471 |
| Change in prepayments and accrued income as per the balance sheet | 468 | 471 |

6.5.20 Transactions with related parties

Below please find The following is a list of the Group's related parties entities as of 30 September 2022 with which the Company executed transactions in 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, shareholder of Captor Therapeutics S.A. |
| Thomas Shepherd | President of the Management Board of Captor Therapeutics S.A., shareholder 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., shareholder of Captor Therapeutics S.A. |
| Radosław Krawczyk | Member of the Management Board of Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A. |
| Captor Therapeutics GMBH | Company in witch 100% of shares are held by Captor Therapeutics S.A. |
| Paul Holstinghausen Holsten | Member of the Supervisory Board of Captor Therapeutics S.A., 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., shareholder of Captor Therapeutics S.A. |
| Krzysztof Samotij | Member of the Supervisory Board of Captor Therapeutics S.A., shareholder 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 30 September 2022 with entities related to the Group.

| 01.01.2022-30.09.2022 | Towards subsidiaries | Towards jointly owned subsidiaries | Towards key management* | Towards other related parties** |
|---|----------------------|------------------------------------|-------------------------|---------------------------------|
| Purchases | - | - | - | - |
| Sales | - | - | - | - |
| Loans granted | - | - | - | - |
| Financial income - interest on loans | - | - | - | - |
| Loans received | - | - | - | - |
| Financial costs - interest on loans and remuneration for the establishment of a registered pledge | - | - | - | - |
| Trade receivables | - | - | - | - |
| Trade payables | - | - | - | - |
| Remuneration paid by the Company*** | - | - | 2 336 | 39 |
| 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 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 9-month period ended 30 September 2022 and comparative data for the 9-month period ended 30 September 2021 (in thousand PLN).

| SEPARATE STATEMENT OF PERFORMANCE AND OTHER COMPREHENSIVE INCOME | Note | 01.07.2022-30.09.2022 | 01.01.2022-30.09.2022 | 01.07.2021-30.09.2021 | 01.01.2021-30.09.2021 |
|---|---------|-----------------------|-----------------------|-----------------------|-----------------------|
| CONTINUING OPERATIONS | | | | | |
| Research and development income | 7.5.1 | 1 110 | 3 337 | 1 253 | 2 707 |
| Cost of services sold | 7.5.2.1 | 544 | 1 129 | 482 | 482 |
| Gross profit (loss) on sales | | 566 | 2 208 | 771 | 2 225 |
| Subsidy revenues | 7.5.1 | 5 171 | 16 510 | 4 711 | 13 421 |
| Research and development expenditures | 7.5.2.1 | 5 882 | 20 685 | 6 450 | 16 640 |
| Project overheads | 7.5.2.1 | 5 567 | 13 344 | 3 157 | 6 780 |
| General administrative expenses | 7.5.2.1 | 5 668 | 17 045 | 5 868 | 14 259 |
| Other operating income | 7.5.3 | 2 029 | 2 229 | 1 136 | 2 199 |
| Other operating costs | 7.5.3 | - | 16 | 2 | 1 143 |
| Operating profit (loss) | | -9 351 | -30 143 | -8 859 | -20 977 |
| Financial income | 7.5.4 | 865 | 1 128 | - | - |
| Financial expenses | 7.5.4 | 78 | 332 | 102 | 772 |
| Profit (loss) from continued operations | | -8 564 | -29 347 | -8 961 | -21 749 |
| Income tax | 7.5.5 | - | - | - | - |
| Net profit (loss) from continued operations | | -8 564 | -29 347 | -8 961 | -21 749 |
| Net profit (loss) from discontinued operations | | - | - | - | - |
| Net profit (loss) for period | | -8 564 | -29 347 | -8 961 | -21 749 |
| Other comprehensive income | | | | | |
| Items that may be transferred to the result in subsequent reporting periods | | - | - | - | - |
| Items that will not be carried forward to the result in subsequent reporting periods | | - | - | - | 26 |
| Actuarial gains/losses | | - | - | - | 26 |
| Other net comprehensive income | | - | - | - | 26 |
| Total comprehensive income | | -8 564 | -29 347 | -8 961 | -21 723 |
| Earnings (loss) per share (in PLN) | | -2,04 | -7,04 | -2,17 | -5,27 |
| Diluted earnings (loss) per share (in PLN) | | -1,97 | -6,74 | -2,07 | -5,01 |

7.2 Interim condensed separate statement of financial position

Interim condensed separate statement of financial position as of 30 September 2022 and comparative figures as of 31 December 2021.

| SEPARATE STATEMENT OF FINANCIAL POSITION | | | |
|---|-----------------|-------------------|-------------------|
| ASSETS | Note | 30.09.2022 | 31.12.2021 |
| I. FIXED ASSETS | | 10 448 | 13 049 |
| Expenditure on development work (in progress) | | 180 | 180 |
| Property, plant and equipment | 7.5.9 | 9 511 | 12 612 |
| Intangible assets | 6.5.9 | 680 | 180 |
| Other non-current assets | | 77 | 77 |
| II. CURRENT ASSETS | | 104 511 | 130 220 |
| Trade and other receivables | 7.5.10 | 11 241 | 11 696 |
| Other financial assets | 7.5.11 | 19 990 | - |
| Prepayments and accrued income | | 437 | 902 |
| Cash and cash equivalents | | 72 843 | 117 622 |
| TOTAL ASSETS | | 114 959 | 143 269 |
| EQUITY AND LIABILITIES | | | |
| | Note | 30.09.2022 | 31.12.2021 |
| I. EQUITY | | 101 222 | 124 063 |
| Share capital | 6.5.13.1 | 417 | 413 |
| 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 | | 18 281 | 11 779 |
| Retained earnings / Uncovered losses | | -87 682 | -58 335 |
| TOTAL LIABILITIES | | 13 737 | 19 206 |
| II. NON-CURRENT LIABILITIES | | 2 044 | 2 973 |
| Pension benefit obligations | 6.5.14 | 32 | 33 |
| Interest-bearing borrowings | 6.5.15 | - | - |
| Lease liabilities | 7.5.13 | 2 012 | 2 940 |
| III. CURRENT LIABILITIES | | 11 693 | 16 233 |
| Trade and other payables | | 6 249 | 4 625 |
| Lease liabilities | 7.5.13 | 3 695 | 5 241 |
| Provisions for liabilities | 6.5.14 | 1 623 | 6 241 |
| Other liabilities/deferred income | 6.5.17 | 126 | 126 |
| TOTAL LIABILITIES | | 114 959 | 143 269 |

7.3 Interim condensed separate statement of cash flows

Interim condensed separate statement of cash flows for the 9-month period ended 30 September 2022 and comparative data for the 9-month period ended 30 September 2021 (in thousand PLN).

| SEPARATE STATEMENT OF CASH FLOWS | 01.01.2022- 30.09.2022 | 01.01.2021- 30.09.2021 |
|--|---------------------------|---------------------------|
| OPERATING ACTIVITIES | | |
| Profit (loss) before tax | -29 347 | -21 749 |
| Adjustments: | 8 968 | -1 142 |
| Depreciation | 5 444 | 5 540 |
| Foreign exchange (gains) losses | 14 | 34 |
| Interest | -917 | 325 |
| Incentive scheme | 6 502 | 7 346 |
| Change in receivables | 455 | -6 423 |
| Change in liabilities, excluding loans, and borrowings | 1 625 | -8 340 |
| Change in provisions | -4 619 | -95 |
| Change in accruals | 464 | 471 |
| Net cash flow from operating activities | -20 379 | -22 891 |
| INVESTING ACTIVITIES | | |
| I. Inflows | 15 331 | - |
| Interest | 931 | - |
| Bond proceeds | 14 400 | - |
| II. Outflows | 34 816 | 333 |
| Expenditures on tangible and intangible fixed assets | 811 | 333 |
| Purchase of bonds | 33 872 | - |
| Loans granted | 133 | - |
| Net cash flow from investing activities | -19 485 | -333 |
| FINANCING ACTIVITIES | | |
| I. Inflows | 4 | 148 240 |
| Proceeds from issue of shares | 4 | 148 240 |
| II. Outflows | 4 919 | 5 648 |
| Expenditures on borrowings | - | 209 |
| Interest and commission expenses | 223 | 325 |
| Payments of liabilities under lease agreements | 4 696 | 5 114 |
| Net cash flow from financing activities | -4 915 | 142 592 |
| Total cash flows | -44 779 | 119 368 |
| Balance sheet change in cash and cash equivalents | -44 779 | 119 368 |
| Cash at the beginning of period | 117 622 | 10 650 |
| Cash at the end of period | 72 843 | 130 018 |
| - restricted cash | - | - |

7.4 Interim condensed separate statement of changes in equity

Interim condensed separate statement of changes in equity for the 9-month period ended 30 September 2022 and comparative data for the 9-month period ended 30 September 2021 (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 01.01.2022 | 413 | 170 031 | 175 | 11 779 | -58 335 | 124 063 |
| Profit/loss for period | - | - | - | - | -29 347 | -29 347 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | -29 347 | -29 347 |
| Issue of shares | 4 | - | - | - | - | 4 |
| Share redemption | - | - | - | - | - | - |
| Incentive scheme | - | - | - | 6 502 | - | 6 502 |
| As of 30.09.2022 | 417 | 170 031 | 175 | 18 281 | -87 682 | 101 222 |
| As of 01.01.2021 | 359 | 16 292 | 5 690 | 2 284 | -25 584 | -959 |
| Profit/loss for period | - | - | - | - | -21 749 | -21 749 |
| Other comprehensive income | - | - | 26 | - | - | 26 |
| Total comprehensive income for the period | - | - | 26 | - | -21 749 | -21 723 |
| Issue of shares | 102 | 153 738 | -5 600 | - | - | 148 240 |
| Redemption of shares | -48 | - | 48 | - | - | - |
| Incentive scheme | - | - | - | 7 346 | - | 7 346 |
| As of 30.09.2021 | 413 | 170 030 | 164 | 9 630 | -47 333 | 1 32 904 |

7.5 Explanatory notes

7.5.1 Total revenues

| SALES REVENUES AND TOTAL REVENUES | 01.07.2022-30.09.2022 | 01.01.2022-30.09.2022 | 01.07.2021-30.09.2021 | 01.01.2021-30.09.2021 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Revenues from research and development services | 1 110 | 3 337 | 1 253 | 2 707 |
| Total sales revenues | 1 110 | 3 337 | 1 253 | 2 707 |
| Subsidy revenues | 5 171 | 16 510 | 4 711 | 13 421 |
| Other operating income | 2 029 | 2 229 | 1 136 | 2 199 |
| Financial income | 865 | 1 128 | - | - |
| Total revenues | 9 175 | 23 204 | 7 100 | 18 327 |

The reported sales revenue relates to Captor Therapeutics' collaboration with Sosei Heptares. The December 2020 agreement relates to a strategic technology collaboration to discover and develop novel small molecules targeting the degradation of G protein-coupled receptors (GPCRs).

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 | 01.07.2022-30.09.2022 | 01.01.2022-30.09.2022 | 01.07.2021-30.09.2021 | 01.01.2021-30.09.2021 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Depreciation | 1 570 | 5 444 | 1 858 | 5 540 |
| - depreciation of fixed assets | 1 519 | 5 309 | 1 822 | 5 451 |
| - amortisation of intangible assets | 51 | 135 | 36 | 89 |
| Consumption of materials and energy | 1 348 | 3 204 | 1 197 | 3 263 |
| External services | 9 076 | 23 290 | 4 924 | 10 294 |
| Taxes and charges | 85 | 292 | 71 | 157 |
| Costs of employee benefits | 5 464 | 19 660 | 7 827 | 18 749 |
| Other costs by nature | 119 | 313 | 80 | 158 |
| Total costs by type, including: | 17 661 | 52 203 | 15 957 | 38 161 |
| Items recognised in costs of sales of services | 544 | 1 129 | 482 | 482 |
| Items included in research costs | 5 882 | 20 685 | 6 450 | 16 640 |
| Items included in project overheads | 5 567 | 13 344 | 3 157 | 6 779 |
| Items included in general administrative costs | 5 668 | 17 045 | 5 868 | 14 259 |
| Change in products | - | - | - | - |
| Costs of services for the entity's own needs | - | - | - | - |

The increase in the Company's operating expenses compared to the comparative period is primarily due to an increase in third-party services and employee benefits costs. The increase

in employee benefit costs is closely related to the costs of the incentive programme recognised in the reporting period.

7.5.2.2 Depreciation and amortization expenses recognised in the result

| DEPRECIATION AND AMORTISATION EXPENSE RECOGNISED IN THE RESULT | 01.07.2022-30.09.2022 | 01.01.2022-30.09.2022 | 01.07.2021-30.09.2021 | 01.01.2021-30.09.2021 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Items included in cost of sales of services | 49 | 170 | 5 | 5 |
| Depreciation of fixed assets | 48 | 169 | - | - |
| Amortisation of intangible assets | 1 | 1 | 5 | 5 |
| Impairment of property, plant, and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Items included in research costs | 1 400 | 4 346 | 1 456 | 4 360 |
| Depreciation of fixed assets | 1 358 | 4 241 | 1 425 | 4 276 |
| Amortisation of intangible assets | 41 | 105 | 31 | 84 |
| Impairment of property, plant, and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Items included in project overheads | 103 | 779 | 393 | 1 163 |
| Depreciation of fixed assets | 103 | 767 | 393 | 1 163 |
| Amortisation of intangible assets | - | 12 | - | - |
| Impairment of property, plant, and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Items included in general and administrative costs | 16 | 148 | 4 | 12 |
| Depreciation of fixed assets | 8 | 131 | 4 | 12 |
| Amortisation of intangible assets | 8 | 17 | - | - |
| Impairment of property, plant, and equipment | - | - | - | - |
| Impairment of intangible assets | - | - | - | - |
| Sum depreciation and amortisation expense | 1 570 | 5 444 | 1 858 | 5 540 |

The Company maintains depreciation and amortization expense at a similar level compared to the comparative period. This is due to the fact that the Company has not entered into any new material contracts classified under IFRS 16 'Leases'.

7.5.2.3 Employee benefit costs

| EMPLOYEE BENEFIT COSTS | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 3 208 | 10 251 | 4 640 | 9 616 |
| Social security costs | 511 | 1 646 | 473 | 1 304 |
| Pension and holiday benefit costs | - | 29 | - | 193 |
| Other employee benefit costs | 52 | 1 232 | 107 | 290 |
| Costs of incentive programme | 1 692 | 6 502 | 2 607 | 7 346 |
| Total employee benefit costs, including: | 5 464 | 19 660 | 7 827 | 18 749 |
| Items included in cost of sales of services | 176 | 496 | 307 | 307 |
| Items included in research costs | 2 896 | 6 619 | 1 825 | 5 463 |
| Items included in project overheads | 143 | 2 411 | 729 | 1 848 |
| Items included in general administrative costs | 2 249 | 10 134 | 4 966 | 11 131 |
| Change in products | - | - | - | - |
| Cost of benefits for the entity's own needs | - | - | - | - |

The main share of employee benefits expenses is represented by the Company's employee remuneration costs, which in the nine months ended 30 September 2022 amounted to PLN 10,251 thousand and the costs of the incentive programme introduced in 2019, the cost of which in the period from 1 January to 30 September 2022 amounted to PLN 6,502 thousand (with, this being an accounting cost unrelated to real cash outflows). Details of this program and its valuation in subsequent quarters are described in "Accounting principles (policy) and additional information".

7.5.3 Other operating income and expenses

| OTHER OPERATING INCOME | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Profit from disposal of fixed assets | - | - | - | - |
| Release of asset write-downs | - | - | 1 131 | 1 131 |
| Donation | 2 000 | 2 000 | - | 1 000 |
| Other | 29 | 229 | 5 | 68 |
| Total other operating income | 2 029 | 2 229 | 1 136 | 2 199 |

In the third quarter of 2022, the Company received a cash donation of PLN 2.0 million from one of the Company's shareholders.

In addition, in the third quarter of 2021, the Entity reversed an allowance for receivables created in the first half of 2021 relating to a portion of grants classified as revenue for the Company in the CT4 project due to the acceptance of the interim report and the resumption of project funding by the National Centre for Research and Development.

| OTHER OPERATING EXPENSES | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Loss on disposal of fixed assets | - | - | - | - |
| Revaluation of assets | - | - | - | 1 131 |
| Other | - | 16 | 2 | 12 |
| Total other operating expenses | - | 16 | 2 | 1 143 |

In line with the prudence principle, in the comparative period the Company created an allowance for subsidy receivables in the amount of PLN 1,131 thousand. The aforementioned write-down related to a part of the subsidies qualified as the Company's revenue in the CT-04 project. Based on the rules of granting subsidies from NCBiR, the entity granting the grant funds withheld funding for this project until the subject matter experts were consulted. In the second half of 2021, the impairment charge was reversed.

7.5.4 Financial revenue and costs

| FINANCIAL REVENUE | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest income | 865 | 1 128 | - | - |
| Release of revaluation write-downs | - | - | - | - |
| Total financial income | 865 | 1 128 | - | - |

In the period from 1 January to 30 September 2022, the company earned interest on short-term deposits of PLN 740 thousand and short-term bonds purchased of PLN 384 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 | 01.07.2022- 30.09.2022 | 01.01.2022- 30.09.2022 | 01.07.2021- 30.09.2021 | 01.01.2021- 30.09.2021 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest expense on financial liabilities | 30 | 89 | - | 27 |
| Financial costs related to leasing agreements | 48 | 131 | 86 | 297 |
| Revaluation of investments | - | - | - | - |
| Excess negative exchange rate differences | - | 110 | 16 | 47 |
| Remuneration for the creation of a registered pledge | - | - | - | 400 |
| Other | - | 2 | - | 1 |
| Total finance costs | 78 | 332 | 102 | 772 |

In the period from 1 January to 30 September 2021, the Company recognised remuneration for the establishment of a registered pledge in the amount of PLN 400 thousand as security for a possible obligation to repay an advance payment received by the Entity.

In 2022, the Group incurred financial expenses from interest on financial liabilities (leases) and foreign exchange differences.

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 |
|---|--|--|--|
| | 30.09.2022 | 31.12.2021 | |
| Due to: | | | |
| Other reserves | 1 147 | 5 795 | - |
| Provisions for employee benefits | 508 | 479 | - |
| Difference between leasing assets and liabilities | 680 | 737 | - |
| Tax losses | 61 788 | 42 989 | 2022-2026 |
| Total: | 64 123 | 50 000 | |

*the tax loss presented in the table above includes the accumulated tax losses incurred by the Company in 2017-2021 and in the period from 1 January to 30 September 2022.

7.5.6 Discontinued operations

There were no discontinued operations during the 9-month period ended 30 September 2022 or in 2021.

7.5.7 Dividends paid and proposed to be paid

The Company did not pay a dividend in the period from 1 January to 30 September 2022 and in the corresponding period of 2021. 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 2022.

7.5.9 Tangible fixed assets

| TANGIBLE FIXED ASSETS | 30.09.2022 | 31.12.2021 |
|---|--------------|---------------|
| Own | 4 484 | 5 175 |
| Used under a rental, lease, or any other agreement, including a leasing agreement | 5 027 | 7 437 |
| Total | 9 511 | 12 612 |

| TANGIBLE FIXED ASSETS | 30.09.2022 | 31.12.2021 |
|--|--------------|---------------|
| Fixed assets, including: | 9 511 | 12 612 |
| buildings and structures | 3 941 | 3 615 |
| machinery and equipment | 5 550 | 8 440 |
| other | 20 | 557 |
| Fixed assets under construction | - | - |
| Total | 9 511 | 12 612 |

Machinery and equipment includes medical and specialised equipment acquired and used by the Company.

The following tables show the changes in the Company's fixed assets from 1 January to 30 September 2022 and in the comparative period.

| CHANGES IN FIXED ASSETS BY TYPE 01.01.2022 - 30.09.2022 | 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 | 2 031 | 101 | 75 | 2 208 |
| acquisitions | 2 031 | 101 | 75 | 2 208 |
| Decreases, due to | - | 3 181 | - | 3 181 |
| termination of the rental agreement | - | 3 181 | - | 3 181 |
| Gross fixed assets, end of the period | 11 803 | 21 773 | 777 | 34 353 |
| Accumulated depreciation, beginning of period | 6 156 | 16 413 | 145 | 22 714 |
| Increases, due to | 1 706 | 2 991 | 612 | 5 309 |
| depreciation | 1 706 | 2 991 | 612 | 5 309 |
| Decreases, due to | - | 3 181 | - | 3 181 |
| termination of the rental agreement | - | 3 181 | - | 3 181 |
| Accumulated depreciation, end of the period | 7 862 | 16 223 | 757 | 24 842 |
| Impairment losses, beginning of period | - | - | - | - |
| Impairment losses, end of period | - | - | - | - |
| Net fixed assets, end of period | 3 941 | 5 550 | 20 | 9 511 |

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

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 | 30.09.2022 | 31.12.2021 |
|--------------------------------|-------------------|-------------------|
| Net trade receivables | 1 054 | 974 |
| - from related parties | - | - |
| - from other undertakings | 1 054 | 974 |
| Write-downs on receivables | - | - |
| Gross trade receivables | 1 054 | 974 |
| OTHER RECEIVABLES | 30.09.2022 | 31.12.2021 |
| Other net receivables | 10 187 | 10 722 |
| Budgetary receivables | 918 | 2 004 |
| Receivables from grants | 9 160 | 8 681 |
| Other | 108 | 37 |
| Write-downs on receivables | - | - |
| Other gross receivables | 10 187 | 10 722 |

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

7.5.11 Other financial assets

| OTHER FINANCIAL ASSETS | 30.09.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| Short-term bonds | 19 857 | - |
| Loans granted | 133 | - |
| Write-downs | - | - |
| Other financial assets | 19 990 | - |

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 of 30 September 2022, the Company's share capital (share capital) of the Entity amounted to PLN 416,813.00 and was divided into 4,168,130 shares with a par value of PLN 0.10 each.

| SHARE CAPITAL | 30.09.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| Number of shares (pcs.) | 4 168 130 | 4 127 972 |
| Nominal value of shares (PLN) | 0,10 | 0,10 |
| Share capital | 417 | 413 |

7.5.13 Lease liabilities

Structure of lease liabilities by maturity

| LEASE LIABILITIES | 30.09.2022 | 31.12.2021 |
|--|--------------|--------------|
| Short-term leasing liabilities, including: | 3 695 | 5 241 |
| - up to 1 month | 377 | 545 |
| - 1 month to 3 months | 740 | 1 066 |
| - 3 months to 6 months | 1 089 | 1 591 |
| - 6 months to 1 year | 1 488 | 2 039 |
| Long-term leasing liabilities, including: | 2 012 | 2 940 |
| - from one to five years | 2 012 | 2 940 |
| - more than five years | - | - |
| Total | 5 707 | 8 181 |

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 | |
|---|----------|-----------------|----------------|----------------|----------------|
| | | 30.09.2022 | 31.12.2021 | 30.09.2022 | 31.12.2021 |
| Financial assets | | | | | |
| Bonds | WwgZK | 19 857 | - | 19 857 | - |
| Loans granted | WwgZK | 133 | - | 133 | - |
| Trade receivables | WwgZK | 1 054 | 974 | 1 054 | 974 |
| Other receivables | WwgZK | 10 187 | 10 722 | 10 187 | 10 722 |
| Cash and cash equivalents | WwgZK | 72 843 | 117 622 | 72 843 | 117 622 |
| Total | | 104 073 | 129 318 | 104 073 | 129 318 |
| Financial liabilities | | | | | |
| Interest-bearing bank loans and borrowings | PZFwgZK | - | - | - | - |
| Leasing liabilities | IFRS16 | 5 707 | 8 181 | 5 707 | 8 181 |
| Trade payables | PZFwgZK | 4 529 | 3 096 | 4 529 | 3 096 |
| Other liabilities | PZFwgZK | 1 720 | 1 529 | 1 720 | 1 529 |
| Total | | 11 956 | 12 806 | 11 956 | 12 806 |

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 | 30.09.2022 | 30.09.2021 |
|--|---------------|---------------|
| Depreciation: | 5 444 | 5 540 |
| amortisation of intangible assets | 135 | 89 |
| depreciation of property, plant, and equipment | 5 309 | 5 451 |
| Foreign exchange gains (losses) | 14 | 34 |
| accrued exchange differences | 14 | 34 |
| Interest: | -917 | 325 |
| interest received on bonds | -191 | - |
| other accrued interest | -15 | - |
| interest received on short-term deposits | -740 | - |
| accrued interest on bonds | -193 | - |
| interest paid on leases | 223 | 325 |
| Change in reserves: | -4 619 | -95 |
| balance sheet change in provisions for trade liabilities | -4 648 | -271 |
| balance sheet change in provisions for employee benefits | 29 | 176 |
| Change in receivables: | 455 | -6 423 |
| change in short-term receivables as per balance sheet | 456 | -6 424 |
| change in long-term receivables as per balance sheet | -1 | 1 |
| Change in short-term liabilities, except for financial liabilities: | 1 625 | -8 340 |
| change in short-term liabilities as per the balance sheet | 1 625 | 1 763 |
| change in other liabilities | - | -10 103 |
| Change in accruals: | 464 | 471 |
| Change in prepayments and accrued income as per the balance sheet | 464 | 471 |

7.5.16 Transactions with related parties

Below please find a list of the Company's related entities as of 30 September 2022 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, shareholder of Captor Therapeutics S.A. |
| Thomas Shepherd | President of the Management Board of Captor Therapeutics S.A., shareholder 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., shareholder of Captor Therapeutics S.A. |
| Radosław Krawczyk | Member of the Management Board of Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A. |
| Captor Therapeutics GMBH | Company in which 100% of share are held by Captor Therapeutics S.A. |
| Paul Holstinghausen Holsten | Member of the Supervisory Board of Captor Therapeutics S.A., 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., shareholder of Captor Therapeutics S.A. |
| Krzysztof Samotij | Member of the Supervisory Board of Captor Therapeutics S.A., shareholder 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 30 September 2022 with parties related to the Company.

| 01.01.2022- 30.09.2022 | Towards subsidiaries | Towards jointly owned subsidiaries | Towards key management* | Towards other related parties** |
|---|----------------------|------------------------------------|-------------------------|---------------------------------|
| Purchases | 743 | - | - | - |
| Sales | - | - | - | - |
| Loans granted | 133 | - | - | - |
| 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 | 167 | - | - | - |
| Remuneration - paid by the Company*** | - | - | 1 876 | - |
| 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 24 November 2022.

8.2 Basis for the preparation of the financial statements

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

The interim condensed consolidated and separate financial statements have followed the same accounting policies and calculation methods as in the last annual financial statements. Taking into account the ongoing process of introducing IFRS standards in the EU and the Group's and Company's activities, there is no difference in the accounting principles applied between IFRS standards that have come into force and IFRS standards approved by the EU. IAS and IFRS include standards and interpretations accepted by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committee ("**IFRIC**"). The interim condensed consolidated and separate financial statements do not include all the information and disclosures required in the annual consolidated and separate financial statements and should be read in conjunction with the consolidated and separate financial statements of Captor Therapeutics S.A. for the year ended 31 December 2021, published on 29 April 2022.

8.3 Reporting period and comparative figures

The period covered by these interim condensed consolidated and separate financial statements comprises the three-month period from 1 July 2022 to 30 September 2022 and data as of 30 September 2022.

The interim condensed consolidated and separate statement of performance and other comprehensive income include data for period of the three months ended 30 September 2022, data for the nine months ended 30 September 2022 and comparative data for the period of three months ended 30 September 2021 and for the nine months ended 30 September 2021. The interim condensed consolidated and separate statements of financial position include data as of 30 September 2022 and comparative data as of 31 December 2021. 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 periode of nine months ended 30 September 2022 and comparative data for the period of nine months ended 30 September 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 recognised as financial income or expenses.

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

| exchange rates applied in the financial statements | 2022 July - September | 2022 January - September | | 2021 July - September | 2021 January - September | | 2021 January - December | |
|--|-----------------------|--------------------------|--------|-----------------------|--------------------------|--------|-------------------------|--------|
| | EUR | EUR | CHF | EUR | EUR | CHF | EUR | CHF |
| exchange rate at the end of the reporting period | 4,8698 | 4,8698 | 5,0714 | 4,6329 | 4,6329 | 4,2725 | 4,5994 | 4,4484 |
| average exchange rate during the reporting period | 4,7787 | 4,6880 | 4,6612 | 4,5811 | 4,5585 | 4,1791 | 4,5775 | 4,2416 |

8.6 Correction of an error

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

8.7 Change in estimates

There has been no change in estimation methods during the 9 months ended 30 September 2022 that would have an impact on the current period or future periods.

8.8 New standards and interpretation

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

The following are new or amended IFRS/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 later;*
- *IAS 37 Provisions, Contingent Liabilities and Contingent Assets (published on 14 May 2020) - applicable to reporting periods beginning on or after 1 January 2022;*
- *Annual Improvements 2018-2020 (published on 14 May 2020) - applicable to reporting periods beginning on or after 1 January 2022.*

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

- *IFRS 17 Insurance Contracts (published on 18 May 2017) including amendments to IFRS 17 (published on 25 June 2020) - applicable to reporting periods beginning on or after 1 January 2023;*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Code of Practice 2: Disclosure of Accounting Policies (published on 12 February 2021) - applicable to reporting periods beginning on or after 1 January 2023;*
- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (published on 12 February 2021) - applicable to reporting periods beginning on or after 1 January 2023;*
- *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 in the foreseeable future, for at least 12 months after the balance sheet date.

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

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

In 2021, the Group commenced implementation of the project in cooperation with Heptares Therapeutics Ltd (an entity from the Sosei Heptares Group). As a result, in the first three quarters of 2022, the Group recorded revenue of PLN 3,337 thousand from the execution of this project.

In 2021, the Parent Company conducted an initial public offering of the Parent Company's shares, and in April 2021, the Parent Company's shares were admitted to trading on the regulated market operated by the Warsaw Stock Exchange. As a result of the share issue, the company raised approximately PLN 150 million.

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

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

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

In addition, already after the balance sheet date, the Parent Company entered into a Cooperation Agreement with Ono Pharmaceutical Co., Ltd. of Osaka, a Cooperation Agreement (described in detail in Section 3.7), through which it will receive payment for signing the agreement and will be reimbursed for research costs incurred by the Parent Company. Payments from this agreement will also strengthen the Group's liquidity. If the various stages of the project are successful in the future, the Parent Company will be entitled to receive further payments, which would dramatically change the Group's situation in the medium term

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

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

In view of the above, taking into account the financing obtained, the capital increase made, the conclusion of the Cooperation Agreement with Ono Pharmaceutical Co., Ltd, and the implementation of the established strategy by achieving progress in scientific research, particularly in the CT-01 and CT-03 project, in the opinion of the Parent Company's Management Board, as of September 30, 2022, 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 Commercialisation of Projects

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

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

The decision criteria for assessing probability relate to the following:

- 1) the size and trend of the market to which the project is related;

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

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

Grants

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

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

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

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

These risks are under the Group's control. The Group ensures that projects are implemented in compliance with the guidelines and provisions of the grant agreements. Project expenditures are incurred in compliance with the principle of competitiveness, which is verified at three levels of project audit. 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 organisational changes that threaten the implementation of the Agreement or fails to inform the Intermediate Body of its intention to make legal and organisational changes that may have a negative impact on the implementation of the Project or the achievement of the Project objectives. This risk is controlled by the Group. The Management Board of the Parent Company informs the Intermediate Body about all legal and organisational changes.
- The Group does not promote the Project as specified in the Agreement. This risk is controlled by the Group. The Group promotes the Projects at thematic scientific conferences and the execution of promotional activities is in line with the grant agreements.
- Laboratory facilities - the Group has existing laboratory facilities.
- Insufficient resources of specialised staff and laboratories able to design and implement studies intended to use the new drug development technology
- Insufficient financial resources or potential funding sources through existing or future licensing or collaboration agreements.

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

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

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

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

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 degran-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 amortised over the expected period of benefit to be derived from the project.

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

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

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

- the formulation, design, evaluation, and final selection of new or improved materials, devices, products, processes, systems, or services.

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

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

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

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

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

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

Leasing

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

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

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

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

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

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

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

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

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

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

Impairment of non-financial fixed assets

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

At each balance sheet date, the Group assesses whether there is any indication that an impairment loss recognised in prior periods in respect of an asset is no longer necessary or should be reduced. If such indications exist, the Group estimates the recoverable amount of the asset. A previously recognised impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. The increased amount cannot exceed the carrying amount of the asset that would have been determined (net of depreciation or amortisation)

had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss for an asset is recognised as income in the income statement. After the reversal of an impairment loss is recognised, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Grants

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

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

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

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

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

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

Employee share ownership programme – share-based payments

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

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

The sale price per share (or issue price in the case of newly issued shares) is PLN 0.10 (ten groszy), i.e., employees participating in the Incentive Scheme will be able to purchase (take up) shares at the issue price corresponding to the nominal value of the shares. The number of shares in the Parent Company to be offered to a given employee shall depend on the decision of the Management Board and the Supervisory Board, which shall be guided by such criteria as the employee's position, length of service, assessment of the employee's contribution to the value of the Parent Company to date and the importance of the employee's position to the achievement of the objectives of the Parent Company. In order to participate in the Incentive Scheme, employees of the Parent Company will conclude agreements on participation in the Incentive Scheme, on the basis of which shares will be acquired in four equal tranches falling on the first, second, third and fourth anniversary of the conclusion of the agreement on participation in the Incentive Scheme. The condition for acquiring the right to successive tranches is that the employee remains employed on the dates of successive anniversaries of signing the agreement on participation in the Incentive Scheme. Employees of the Parent Company in agreements concerning participation in the Incentive Scheme undertake towards the Parent Company not to dispose of the acquired shares for a period of one year from the date of acquisition of a given tranche of shares

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

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

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

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

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

| Quarter | Cumulative cost (PLN) | Cost of the period (PLN) |
|---------|-----------------------|--------------------------|
| 2022 Q4 | 20 033 | 1 752 |
| 2023 Q1 | 21 354 | 1 321 |
| 2023 Q2 | 22 642 | 1 289 |
| 2023 Q3 | 23 528 | 886 |
| 2023 Q4 | 24 283 | 755 |
| 2024 Q1 | 24 926 | 643 |
| 2024 Q2 | 25 539 | 613 |
| 2024 Q3 | 25 881 | 342 |
| 2024 Q4 | 26 147 | 266 |
| 2025 Q1 | 26 334 | 187 |
| 2025 Q2 | 26 500 | 166 |
| 2025 Q3 | 26 564 | 64 |
| 2025 Q4 | 26 590 | 27 |
| 2026 Q1 | 26 597 | 7 |
| 2026 Q2 | 26 603 | 6 |
| 2026 Q3 | 26 608 | 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 organised and managed by segments, taking into account the type of products and services offered. Each operating segment represents a strategic business unit offering different products and goods. Operating segments are aggregated into reportable segments based on the nature of the business.

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

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

8.14 Shareholders

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

8.15 Contingent liabilities

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

As collateral for proper performance of obligations under the project funding agreement, the Parent Company's Management Board submitted a security in the form of a blank promissory note bearing the clause "not to order". The security was established until the end of the projects'

durability period. This is a requirement resulting from the subsidy (grant) agreement. Such a provision is included in each of the agreements to which the Parent Company is a party.

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

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

| CONTINGENT LIABILITIES | | | 30.09.2022 |
|---------------------------------------|---------------------------|---------------------------------------|--|
| 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 | 12 198 | in blanco |
| POIR,01,01,01-00-0956/17 | 27 683 | 16 736 | in blanco |
| POIR,01,02,00-00-0073/18 | 25 511 | 11 878 | in blanco |
| POIR,01,02,00-00-0079/18 | 29 558 | 12 324 | in blanco |
| POIR,01,01,01-00-0740/19 | 28 960 | 9 327 | in blanco |
| POIR,01,01,01-00-0931/19 | 7 759 | 3 381 | in blanco |
| POIR,01,01,01-00-0741/19 | 27 411 | 5 190 | in blanco |
| Lease agreement no. 18/015253 | 2 839 | 507 | in blanco |
| Lease agreement no. 18/007516 | 598 | 62 | in blanco |
| Lease agreement no. 18/021031 | 496 | 107 | in blanco |
| Total | 175 135 | 71 712 | |

* takes into account the return of the principal due to NCBR of 13 April 2022.

8.16 Litigation

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

8.17 Seasonality

There is no seasonality or cyclicity 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 connection with the ongoing pandemic of the coronavirus SARS-CoV2, which causes COVID-19 disease worldwide, the following factors have been identified as at the date of these financial statements, which may temporarily affect the extension of the period of individual research work in ongoing research and development projects and/or the financial situation of the Group and the Company.

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

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

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

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

8.20 War in Ukraine

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

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

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

Translation of a document originally issued in Polish

The extended consolidated quarterly report for the period from 1 January 2022 to 30 September 2022 was approved for publication on 24 November 2022.

Thomas Shepherd

Signed with an electronic signature

President of the Management Board

Radosław Krawczyk

Signed with an electronic signature


Member of the Management Board
Chief Financial Officer


Michał Walczak

Signed with an electronic signature

Member of the Management Board
Chief Scientific Officer



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