Captor Therapeutics®

Extended Consolidated Quarterly Report of the Group for the period 1 January 2023 - 30 September 2023

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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 12 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*	
	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022
Research and development income	6,716	3,337	1,467	712
Cost of services sold	2,031	1,129	444	241
Gross profit (loss) on sales	4,685	2,208	1,024	471
Operating profit (loss)	-61,444	-30,170	-13,424	-6,436
Profit (loss) before tax	-59,041	-29,379	-12,899	-6,267
Net profit (loss)	-59,098	-29,379	-12,911	-6,267
Number of shares	4,245,712	4,168,130	4,245,712	4,168,130
Net profit (loss) per share (in PLN/EUR)	-13.92	-7.05	-3.04	-1.50

— INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.09.2023	31.12.2022	30.09.2022	31.12.2022
Non-current assets	9,031	11,676	1,948	2,490
Current assets	63,512	101,324	13,701	21,605
Equity	40,829	96,322	8,808	20,538
Non-current liabilities	1,671	3,286	360	701
Current liabilities	30,043	13,392	6,481	2,855

— INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022
Net cash flows from operating activities	-34,913	-20,785	-7,627	-4,434
Net cash flows from investing activities	3,422	-19,352	748	-4,128
Net cash flow from financing activities	-1,095	-4,959	-239	-1,058

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 2023 the exchange rate of EUR 1 = PLN 4.6356, and as of 30 December 2022 the exchange rate of EUR 1 = PLN 4.6899;
- items of the statement of financial performance and other comprehensive income and the cash flow statement - according to the average exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland as at the end of each calendar month in a given period, i.e. for the period from 1 January 2023 to 30 September 2023, the exchange rate of EUR 1 = PLN 4.5773, and for the period from 1 January 2022 to 30 September 2022, the exchange rate of EUR 1 = PLN 4.6880.

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

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

	Data in PLN'000		*Data in EUR'000*	
	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022
Research and development income	6,716	3,337	1,467	712
Cost of services sold	2,031	1,129	444	241
Gross profit (loss) on sales	4,685	2,208	1,024	471
Operating profit (loss)	-61,560	-30,143	-13,449	-6,430
Profit (loss) before tax	-59,117	-29,347	-12,915	-6,260
Net profit (loss)	-59,174	-29,347	-12,928	-6,260
Number of shares	4,245,712	4,168,130	4,245,712	4,168,130
Net profit (loss) per share (in PLN/EUR)	-13.94	-7.04	-3.04	-1.50

— INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Non-current assets	8,360	9,209	1,804	1,963
Current assets	63,458	101,390	13,689	21,619
Equity	40,755	96,327	8,792	20,539
Non-current liabilities	1,279	1,430	276	305
Current liabilities	29,784	12,842	6,425	2,738

— INTERIM CONDENSED SEPARATE CASH FLOW STATEMENT

	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022
Net cash flows from operating activities	-35,369	-20,379	-7,727	-4,347
Net cash flows from investment activities	3,423	-19,485	748	-4,156
Net cash flow from financing activities	-767	-4,915	-168	-1,048

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 2023 the exchange rate of EUR 1 = PLN 4.6356, and as of 30 December 2022 the exchange rate of EUR 1 = PLN 4.6899;
- items of the statement of financial performance and other comprehensive income and the cash flow statement - according to the average exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland as at the end of each calendar month in a given period, i.e. for the period from 1 January 2023 to 30 September 2023 the exchange rate of EUR 1 = PLN 4.5773, and for the period from 1 January 2022 to 30 September 2022 the exchange rate of EUR 1 = PLN 4.6880.

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

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

Captor Therapeutics is an innovative biopharmaceutical group specializing in the development of drugs based on Targeted Protein Degradation ("**TPD"**) and a European leader of this young technology. The Group's strategy is based on building a competitive advantage by completely focusing on the development of the TPD drug discovery platform and the continuous maintenance and commercialization of a high value pipeline composed of drug candidates with the potential to treat severe diseases where there is no satisfactory treatment. On 19 April 2021 Captor Therapeutics S.A. debuted on the Warsaw Stock Exchange, becoming the first European public company fully dedicated to the TPD technology.

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

Table 1: Basic data

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

2.2. Structure of the Group

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

As of 30 September 2023, and as of the date of publication this report, the Captor Therapeutics Group comprised, in addition to the Company, Captor Therapeutics GMBH with its registered office in Switzerland. The object of the Subsidiary's activity consists of drug research and development, implementation of related projects, creation of intellectual property and cooperation with pharmaceutical companies in this field. The Parent Company holds 100% of shares in the share capital of the Subsidiary.

2.3. Changes in the structure of the Captor Therapeutics Group

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

2.4. Information about the parent company Captor Therapeutics S.A.

2.4.1 The Company's governing bodies

2.4.1.1 The Management Board of Captor Therapeutics S.A.

As of 30 September 2023, and as of the date of publication of this report, the Management Board of Captor Therapeutics consisted of the following persons:

— **Table 2: Composition of the Management Board of Captor Therapeutics S.A. as of 30 September 2023 and as of the date of publication of this report**

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

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

— **Table 3: Composition of the Supervisory Board of Captor Therapeutics S.A. as of 30 September 2023, and as of the date of publication of this report**

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

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

2.4.2 Share capital of the Company

As of 30 September 2023, the Issuer's share capital amounted to PLN 424,571.20 and is divided into 4,245,712 shares with a nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 5,393,105.

The share capital structure as of 30 September 2023.

Table 4: Share capital of Captor Therapeutics as of 30 September 2023

Share series	Number of shares	Nominal value of shares	Preference rights	Number of votes
A	799,750	0.10	yes	1,599,500
B	1,757,075	0.10	no	1,757,075
C	82,449	0.10	no	82,449
D	97,051	0.10	no	97,051
E	347,643	0.10	yes	695,286
F	26,925	0.10	no	26,925
G	871,500	0.10	no	871,500
H	52,354	0.10	no	52,354
I	9,082	0.10	no	9,082
J	84,143	0.10	no	84,143
K	30,738	0.10	no	30,738
L	9,420	0.10	no	9,420
M	41,019	0,10	no	41,019
N	11,292	0,10	no	11,292
O	25,271	0,10	no	25,271
Total	**4,245,712**			**5,393,105**

Changes in the share capital of Captor Therapeutics:

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

- on 25 July 2023, the Management Board adopted a resolution on the issue of 25,271 series O ordinary bearer shares, within the limits of the Company's authorized capital, excluding pre-emptive rights of the existing shareholders of the Company in full. The shares were issued within the framework of the Company's incentive programme (The information was provided in current report no. 29/2023 of 25 July 2023). As of the date of publication of the report, shares have not yet been issued (i.e., the increase in the Company's share capital has not been registered by the registry court having jurisdiction over the Company).
- on 18 August 2023 competent for the Company registered the amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 28 February 2023 on the issue of 11,292 series N ordinary bearer shares, within the limits of the Company's authorized capital, excluding the pre-emptive rights of the existing shareholders of the Company in full. The shares were issued as part of the Company's incentive programme;
- on 21 September 2023 the Management Board adopted a resolution on the issue of not less than 1 but not more than 400,000 series P 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 was related to the commencement of the book-building process for the offering of new series P bearer shares and the conclusion of the share offering placement agreement. In connection with the issue of series P shares, on

29 September 2023 the Management Board adopted a resolution on the allotment of 400,000 series P ordinary bearer shares of the Company with a nominal value of PLN 0.10 each and a total nominal value of PLN 40,000.00. The share capital increase was registered by the registry court having jurisdiction over the Company on 23 October 2023.

As of the date of publication of this report, the Issuer's share capital amounted to PLN 464,571.20 and is divided into 4,645,712 shares with a nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 5,793,105.

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

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

Share series	Number of shares	Nominal value of shares	Preference rights	Number of votes
A	799,750	0.10	yes	1,599,500
B	1,757,075	0.10	no	1,757,075
C	82,449	0.10	no	82,449
D	97,051	0.10	no	97,051
E	347,643	0.10	yes	695,286
F	26,925	0.10	no	26,925
G	871,500	0.10	no	871,500
H	52,354	0.10	no	52,354
I	9,082	0.10	no	9,082
J	84,143	0.10	no	84,143
K	30,738	0.10	no	30,738
L	9,420	0.10	no	9,420
M	41,019	0,10	no	41,019
N	11,292	0,10	no	11,292
O	25,271	0,10	no	25,271
P	400,000	0,10	no	400,000
Total	**4,645,712**			**5,793,105**

2.4.3 Shareholders with significant shareholdings

As of 30 September 2023, the Company's shareholding structure is as follows:

Table 6: Captor Therapeutics' shareholding structure, indicating the shareholders with at least 5% of the votes at the General Meeting as of 30 September

No.	Shareholder	Total number of shares	Total number of votes	Percentage of share capital	Percentage of total votes at the GSM
1.	Michał Walczak	955,128	1,496,145	22.50%	27.74%
2.	Paweł Holstinghausen Holsten	596,187	956,262	14.04%	17.73%
3.	Sylvain Cottens	340,897	526,730	8.03%	9.77%
4.	Funds Managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	303,075	303,075	7.14%	5.62%
5.	Others	2,050,425	2,110,893	48.30%	39.14%
Total		**4,245,712**	**5,393,105**	**100,0%**	**100.0%**

* *Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 5.03% of the total number of votes and 6.40% of the share capital.*

During the reporting period, the following changes took place in the list of shareholders holding at least 5% of votes at the Company's General Meeting:

- on 18 August 2023, 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's Resolution No. 2 of 14 February 2023 on the issue of 11,292 series N ordinary bearer shares, within the limits of the Company's authorised capital, excluding the pre-emptive rights of the Company's existing shareholders in full. The shares were issued within the framework of the Company's incentive programme (information provided by current report No. 35/2023 of 18 August 2023).

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 7 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 19 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 25 June 2023 on the issue of 25,271 series O 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. 40/2022 of 20 September 2023);
- on 21 September 2023, the Management Board adopted a resolution on the issue of not less than 1 but not more than 400,000 series P ordinary bearer shares, within the limits of the Company's authorised capital, excluding, in full, the pre-emptive rights of the Company's existing shareholders. The share issue was related to the commencement of the book-building process for the offering of new series P bearer shares and the conclusion of the

share offering placement agreement. In connection with the issue of series P shares, on 29 September 2023 the Management Board adopted a resolution on the allotment of 400,000 series P ordinary bearer shares of the Company with a nominal value of PLN 0.10 each and a total nominal value of PLN 40,000.00. The share capital increase was registered by the registry court having jurisdiction over the Company on 23 October 2023;

- on 24 October 2023. The Company received a notification submitted pursuant to Article 69(1)(1) and Article 87(1)(2)(A) (the "Act on Offering"), from TFI Allianz Polska S.A. ("Funds' Manager "), acting for and on behalf of the funds: Allianz Duo FIO, Allianz FIO, Allianz Inwestycje SFIO, Allianz Plan Emerytalny SFIO, Allianz SFIO PPK, Bezpieczna Jesień SFIO, ("Shareholder"), about a change in the Shareholder's share in the total number of votes in the Company. The information was communicated in current report No. 50/2023 dated 24 October 2023.

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

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

No.	Shareholder	Total number of shares	Total number of votes	Percentage of share capital	Percentage of total votes at the GSM
1.	Michał Walczak	955 128	1 496 145	20,56%	25,83%
2.	Paweł Holstinghausen Holsten	596 187	956 262	12,83%	16,51%
3.	Sylvain Cottens	340 897	526 730	7,34%	9,09%
4.	Funds Managed by TFI Allianz Polska S.A.	343 483	343 483	7,39%	5,93%
5.	Funds Managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	303 075	303 075	6,52%	5,23%
6.	Others	2 106 942	2 167 410	45,35%	37,41%
Total		**4,645,712**	**5,793,105**	**100.0%**	**100.0%**

* *Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 4,69% of the total number of votes and 5,85% of the share capital.*

2.4.4 Shares in the Company held by managing and supervising persons

During the reporting period, the following changes took place in the ownership of the Company's shares by management and supervisory personnel:

- On 8 August 2023, the Company received from Thomas Shepherd, member of the Company's Management Board, a notification of a transaction involving the Company's shares (conclusion of 19,443 ordinary share subscription agreement), as referred to in Article 19(1) of the MAR Regulation. The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report no. 31/2023 of 8 August 2023;

- On 8 August 2023, the Company received from Radosław Krawczyk, member of the Company's Management Board, a notification of a transaction involving the Company's shares (conclusion of 1,454 ordinary share subscription agreement), as referred to in Article 19(1) of the MAR Regulation. The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report no. 30/2023 of 8 August 2023;
- On 8 August 2023, the Company received from Paweł Holstinghausen Holsten, member of the Company's Supervisory Board, a notification of a transaction involving the Company's shares (conclusion of 3 ordinary share subscription agreement), as referred to in Article 19(1) of the MAR Regulation. The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report no. 32/2023 of 8 August 2023;
- On 9 August 2023, the Company received from Maciej Wróblewski, member of the Company's Supervisory Board, a notification of a transaction involving the Company's shares (conclusion of 3,111 ordinary share subscription agreement), as referred to in Article 19(1) of the MAR Regulation. The share subscription agreement was concluded as part of the incentive scheme. The information was provided in current report no. 33/2023 of 9 August 2023.

In the period from the date of submission of the previous interim report, i.e., the report for the or the first half of 2023 published on 7 September 2023, until the date of submission of this report, there were no changes in the Company's shares by management and supervisory persons.

The table below presents the shareholdings of the Company's management and supervisory persons as of 30 September 2023 and as of the date of publication of this report.

Table 8: Shares in the Company held by managing and supervising persons as of 30 September 2023

Shareholder	Number of shares	Number of votes	Percentage of share capital	Percentage of total votes at the GSM
Management Board				
Thomas Shepherd	58,329	58,329	1,37%	1,08%
Michał Walczak	955,128	1,496,145	22,50%	27,74%
Radosław Krawczyk	4,408	4,408	0,10%	0,08%
Supervisory Board				
Paweł Holstinghausen Holsten	596,187	956,262	14,04%	17,73%
Florent Gros	6,141	6,141	0,14%	0,11%
Krzysztof Samotij	6,221	6,221	0,15%	0,11%
Maciej Wróblewski	6,221	6,221	0,15%	0,11%

Table 9: Shares in the Company held by managing and supervising persons 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	58,329	58,329	1,26%	1,01%
Michał Walczak	955,128	1,496,145	20,56%	25,83%
Radosław Krawczyk	4,408	4,408	0,09%	0,08%

Shareholder	Number of shares	Number of votes	Percentage of share capital	Percentage of total votes at the GSM
Supervisory Board				
Paweł Holstinghausen Holsten	596,187	956,262	12,83%	16,51%
Florent Gros	6,141	6,141	0,13%	0,11%
Krzysztof Samotij	6,221	6,221	0,13%	0,11%
Maciej Wróblewski	6,221	6,221	0,13%	0,11%

3. ACTIVITIES OF THE COMPANY AND THE CAPTOR THERAPEUTICS GROUP

The Company is an innovative biopharmaceutical company specializing in targeted protein degradation technology to discover and develop new drugs that treat severe diseases where satisfactory treatments do not exist. The Company focuses its operations on development of therapeutic molecules for treating certain oncological and autoimmune diseases. The drug candidates being developed are characterized by high efficacy and the ability to remove disease causing proteins that are either beyond the reach of classical inhibitor or blocking drugs or are inadequately treated.

The targeted protein degradation (**"TPD"**) approach of the Company overcomes the limitations of classical inhibitor and antibody drugs by destroying disease causing proteins which are resistant to available therapeutics. This is achieved by exploiting the pharmacological advantage of degraders[1] over inhibitors[2]. Thanks to TPD technology the Company has much wider possibilities of discovering drug candidates than traditional biotechnology companies.

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

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

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

3.1. Targeted Protein Degradation

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

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

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

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

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

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

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

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

3.2. Company strategy

3.2.1. Products and services

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

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

TPD drugs being developed by the Company overcome some of the limitations of classical small-molecule drugs and biological drugs, thus have the potential to treat diseases that have developed resistance to current drugs. It is estimated that existing drugs can inhibit the activity of about 20% of the total number of potential drug targets in humans, while TPD drugs can

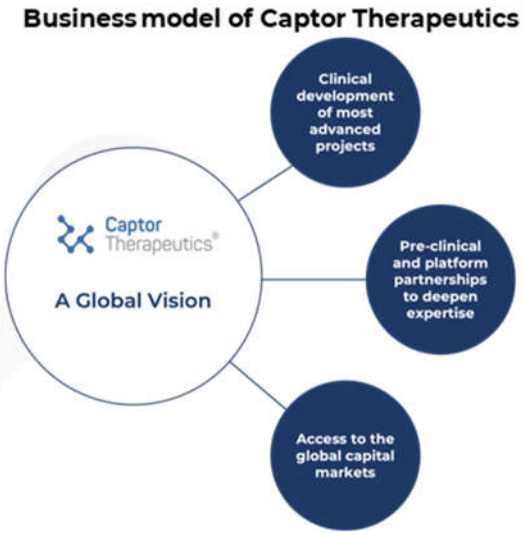
potentially also address the remaining protein pool that are unavailable. As a result, the Company has a much broader capability to discover high value drug candidates compared to traditional Biotech companies. The Company is currently developing first-in-class compounds with therapeutic potential against autoimmune diseases and cancer (e.g., hepatocellular carcinoma, breast, and lung cancers).

According to the report entitled: *"Global Oncology Trends 2023",* published by IQVIA Institute for Human Data Science, in 2022 global expenditures on cancer drugs amounted to USD 196 billion. It is estimated that by 2027 the value of the oncology drug market will reach more than USD 375 billion. The pace of growth is also stimulated by the growing number of clinical trials. Oncology trial starts reached historically high levels in 2022, up 22% from 2018 and mostly focused on rare cancer indications.

The market volume and demand for new medical solutions also continues to grow with respect to autoimmune diseases. According to the report: *"The Global Use of Medicines 2023. Outlook to 2027"* published by IQVIA the value of autoimmune drug market amounted to USD 143 billion in 2022 and it is estimated that by 2027 it will grow to USD 177 billion. There are over 100 types of autoimmune diseases, and almost 50 million people suffer from immunological diseases in the United States alone (data from the *American Autoimmune Related Diseases Association*, published in 2019). The dynamic growth of the autoimmune drug market means that the Company's research and development programs to develop new drug candidates for autoimmune diseases are focused on hard-to-treat market needs, where there is a great demand for innovative medical solutions. Just like the oncological drug market, the growing value of the autoimmune drug market demonstrates that this area of Captor activity is very attractive from a commercial point of view.

A focus on the two therapeutic areas above, (autoimmune and oncological diseases), for which there is a significant demand from patients, makes it possible to build a balanced product portfolio for the following reasons. Firstly, this focus reflects the fact that there are no effective therapies for many oncological diseases and early phases of clinical development are carried out in directly patients. This makes it possible perform 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 by regulatory 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®, some of the top-selling drugs in the world), the Company opens up new possibilities for developing oral medications for such diseases without the need for injection. The Company expects that drugs using TPD will be simpler and cheaper to produce than biological drugs, and at the same time easier to administer to patients.

3.2.2. Business model



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

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

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

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

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

3.3. Competitive advantages

Strong and experienced Captor Therapeutics team

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

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

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

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

In addition to many years of experience in biotechnology sector and significant scientific achievements, the source of success of the Company's scientific staff is their passion and commitment to the development of new therapies for diseases for which there are presently no effective medicines. In order to motivate and reward the Company's team for their efforts the Company introduced an incentive scheme based on the Company's shares which the Company expects will serve as an additional incentive for employees and will help retain employees in the Company by ensuring their participation in the future growth of the Company's value, as a result of the achievement of the Company's goals and progress in commercialization of drugs.

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

The Company has been successful in obtaining public funding for research and development as an innovative branch of the Polish economy. Until the date of approval of this report the Company has entered into grant agreements with the NCBiR for over PLN 175 million for nine research and development projects. The Smart Development Program for financing research, development, and innovation, led by the NCBiR, under which the company received funding, lasts until 2023. At the same time, the Company reported on the termination of the grant agreement in the CT-02 project by NCBiR and the Company's position in this regard (current report 21/2023 of 6 June 2023, current report 24/2023 of 20 June 2023 and current report 27/2023 of 7 July 2023). In addition, the Company signed a grant agreement for another project with the Medical Research Agency. For more information, see section 3.6 of this report.

In addition, following on from our IPO conducted in the first half of 2021, in order to secure financing for the Company's further development and to carry out project research in a seamless manner in the medium term, in line with the next steps of the Strategy 2023-2025, as announced in current report no. 7/2023 of 6 March 2023, the Company carried out an issue of series P shares as part of an increase in the Company's share capital within the limits of authorised capital, excluding pre-emptive rights, but with retention of the statutory pre-emptive right, which issue closed on 29 September 2023 and which raised PLN 40 million for the Company. The funds raised from the issue of series P shares will provide the Company's Management Board with the flexibility to optimise the financing of development plans 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 but intends to commercialise its solutions through partnerships and licensing. In the third quarter of 2023, the Company continued its collaboration with Ono Pharmaceutical Co. Ltd, the target of which may have applications primarily in the field of neurodegenerative diseases. As a result, in the third quarter of 2023 the Company generated revenue of PLN 2,8 million, and in the 9-month period total sales revenues of PLN 6,7 million.

3.4.2. Supply markets

Due to the specificity of the Company's activity, the Company does not identify any key suppliers of services or materials on which the Company's activity would depend. The main

costs incurred in the third quarter of 2023 were related to analyses and tests carried out by external entities from different countries. For more information, please refer to note 14.1 of the interim condensed consolidated and separate financial statement for the nine months ended 30 September 2023.

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

At the end of the reporting period, the Company's portfolio included four proprietary drug development projects in the area of autoimmune and oncological diseases with unmet medical needs, as well as a joint project with Ono Pharmaceutical Co, Ltd. („**Ono**"), the object of which is to cooperate on the development of small molecules capable of degrading a molecular target agreed by both parties, which may have applications primarily in the field of neurodegenerative diseases. This agreement will provide the Company with additional funding as work progresses on the Ono project.

At the same time, the Company has identified several molecular targets that may represent attractive drug candidates in the areas of autoimmunity or oncology, which the Company believes will be of interest to pharmaceutical companies where there is a strong demand for new and effective products. If current projects reach the commercialization stage, the Company may add additional projects to its pipeline based on the molecular targets already selected and validated. One such project involving a. new target was recently the subject of a new grant funding agreement with the ABM, CT-09 project, which aims to develop an oral molecular adhesive drug candidate for the treatment of colorectal cancer and, in the longer term, potentially other types of cancer. The proposed small-molecule drug will induce degradation of proteins that negatively regulate immune T-cell activity, stimulating these cells to activate and infiltrate cancer tumours, thereby resulting in the desired therapeutic response.

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

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

3.5.1 Company pipeline projects

Below please find a brief description of each project and their level of progress in the third quarter of 2023.

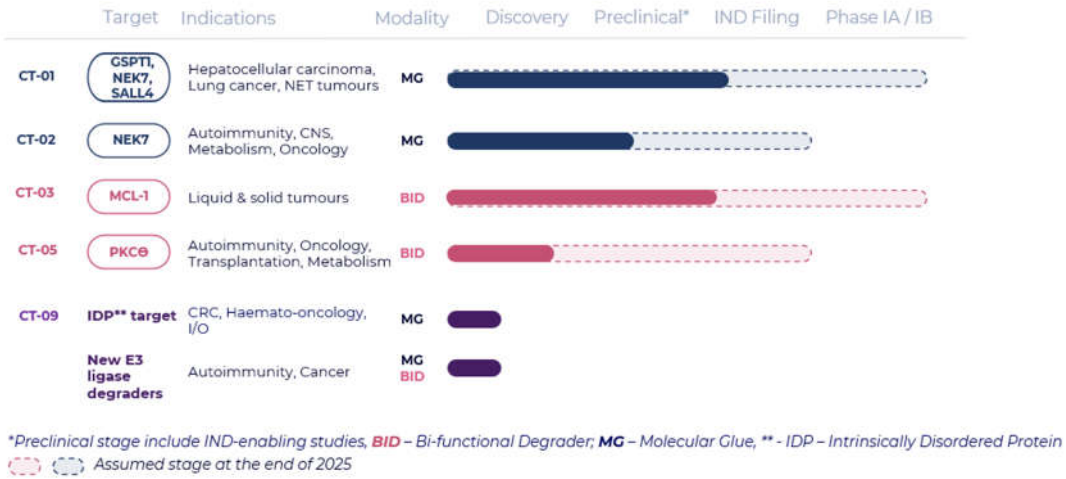


Figure 1: Progress of works with respect to discovery and development of drugs constitute projects carried out by the Company.

3.5.2 Most advanced pipeline projects of the Company

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

In August 2022, the Company nominated the candidate drug CPT-6281 and commenced CTA/IND-enabling studies to support clinical trials initiation in the near future. The Company improved the process of large-scale synthesis of the compound CPT-6281 and conducted *in vivo* and *in vitro* tests that allow the selection of animal species for toxicological studies. In Q1 2023, the Company performed preliminary toxicology studies and a series of DMPK studies (Drug Metabolism and Pharmacokinetics). In parallel, new pharmacological results obtained in additional patient derived xenograft (PDX) models of hepatocellular carcinoma support the therapeutic efficacy of CPT-6281 (Figure 2). The three presented models achieved growth arrest of 60% or more, which is a very promising result in terms of predicted efficacy in patients.

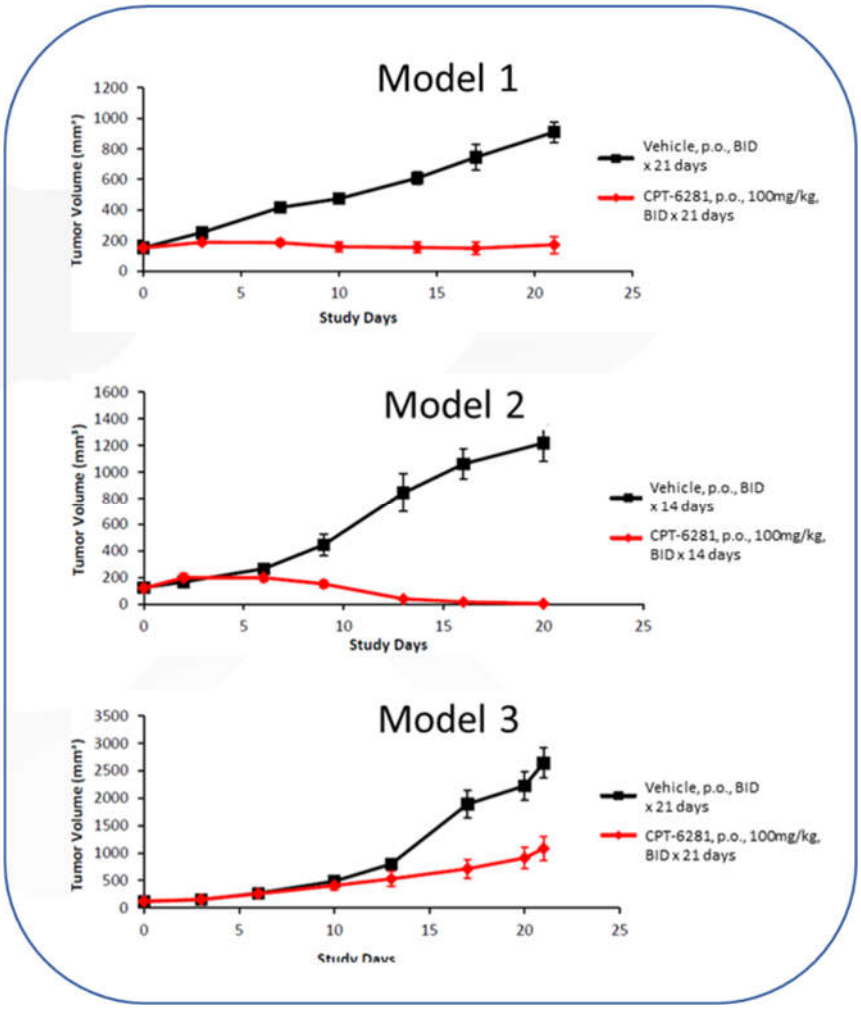


Figure 2: Results of pharmacology studies in additional models of hepatocellular carcinoma - xenografts from patient samples. Figures 3A-3C show tumor volumes in response to oral administration of drug CPT-6281 or control. Compared to the rapid growth in the control group, inhibition of tumor growth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

In Q2 2023, 4-week GLP (Good Laboratory Practice) toxicological studies (with a 2-week recovery phase), on two selected animal species were initiated. As of today, the in-life part of this study has been completed, and toxicokinetic and histopathological analysis continues. The GLP toxicology package constitutes an essential part of the documentation for clinical trial authorization and allows selection of a safe start dose in the clinical trial.

At the end of Q2 of 2023, the GMP (Good Manufacturing Practice) campaign has been initiated for the manufacture of CPT-6281. As of today, the synthesis has been completed at a high yield. The resulting product satisfies technical and quality requirements and, following formulation into tablets, will be administered to patients.

Currently, the Company is working on the clinical formulation, and the development of assays that will be used in the pharmacokinetic and pharmacodynamic analysis of patient-derived samples. These tasks were contracted to renowned CROs. In parallel, reports and documentation necessary for the Clinical Trial Application submission are being prepared.

As published in the 46/2023 report, the Company selected ICON Clinical Research Limited as a global partner for CT-01 clinical trial management, which will accelerate collaboration with clinical sites.

The work progress of the CT-01 project is illustrated below:

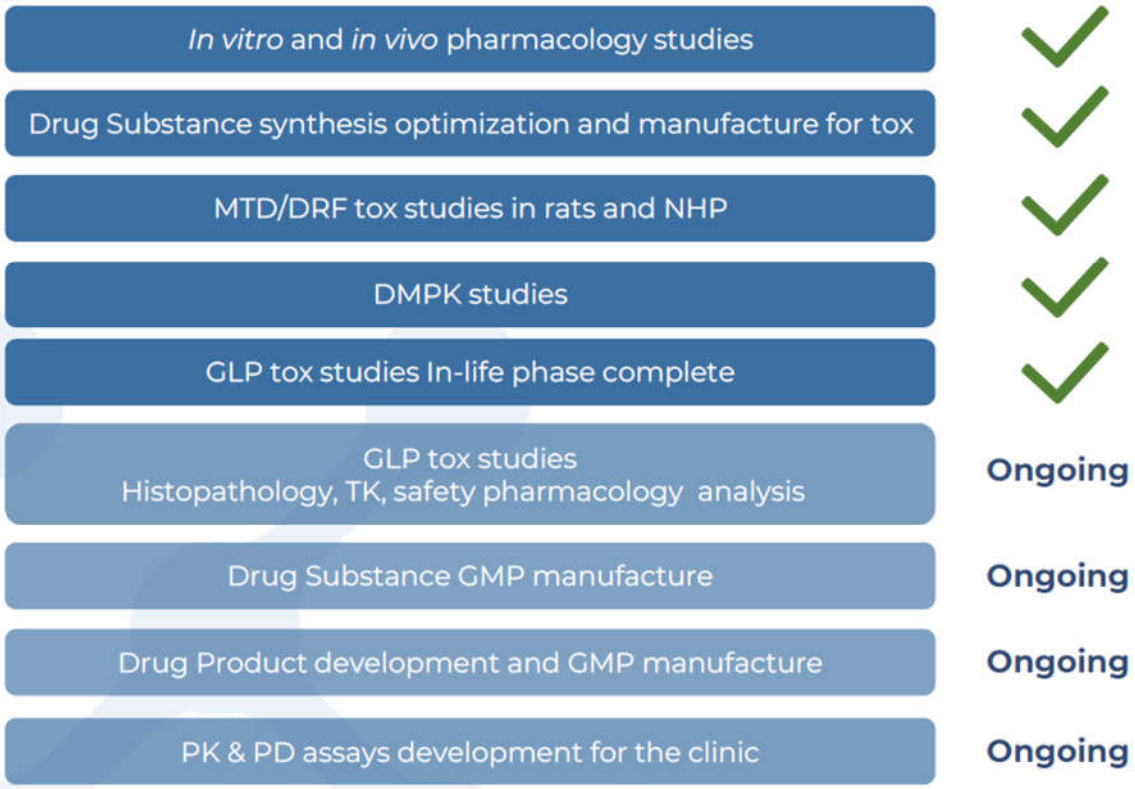


Figure 3. Status of ongoing studies to allow drug candidate to enter clinical trials.

On November 13, 2023, the Company applied to NCBiR for the so-called phasing of the project (i.e. splitting the project into phases and the possibility of financing the uncompleted phase in the next EU funding cycle) based on the following parameters: extension of the project until 31 March 2026, the amount of funding to be used from 1 January 1 2024 (i.e. during the extended project period) - PLN 6,766,157.95. Information on the submission of the application was provided in current report No. 55/2023 dated 13 November 2023.

3.5.2.2 MCL-1 (CT-03) Project: *Apoptosis induction using low molecular weight chemical compounds as a therapeutic intervention in neoplastic diseases*

The purpose of the CT-03 project is to develop an MCL-1 protein bi-functional degrader. MCL-1 is the major survival signal for many cancers. It is also responsible for the mechanism of resistance to treatment with e.g., BCL-2 inhibitors. MCL-1 degradation is an attractive treatment strategy for many cancers, including hematologic malignancies, small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC), and triple-negative breast cancer (TNBC)-cancers with very high unmet medical needs due to the limited possibility of effective treatment-as well as acute myeloid leukemia (AML), which is the most common type of leukemia in adults, affecting about 4.2 per 100,000 people (2023 data). The drug candidate being developed under the CT-03 project may be considered "*first-in-class*" because, to the Company's knowledge, it is the only MCL-1 degrader currently being developed by a pharmaceutical company.

In the first quarter of 2022, the Company announced the results of an experiment demonstrating the validity of the therapeutic hypothesis in an animal model (*in vivo proof of concept*), including tumor volume monitoring following the administration of multiple doses of the compounds, conducted by an independent research organization on behalf of the Company. These results show that once-daily administration of MCL-1 degraders leads to regression (shrinkage) of tumors in the MV-4-11 mouse model of acute myeloid leukemia. At

both doses, 75 mpk (milligrams per kilogram) and 150 mpk, a strong anticancer effect was observed. These results, shown in Figure 3, are another milestone on the way to selecting a candidate for clinical development.

Activity of MCL-1 degraders developed by Captor Therapeutics was evaluated with a cytotoxic assay in 30 independent leukocyte tumour samples, each derived from different patient diagnosed with acute myeloid leukemia (AML *ex vivo* models). The potential of the analyzed compounds, determined in such an experimental model, is characterized by the maximal predictive power and is far more informative than the results from *in vitro* studies on cancer cell lines. In Figure 4, the efficacy (pIC50 values: a higher value means stronger efficacy) of a Captor MCL-1 degrader is compared to the MCL-1 inhibitor, MIK665 (Novartis/Servier), that is in a phase 1 clinical study. This data indicates the stronger potential of the MCL-1 degrader in comparison to the inhibitor. Moreover, none of the tested AML *ex vivo* models were resistant to the degrader, while 3 models (10%) were identified as relatively resistant to the inhibitor. Following the promising results shown in Figures 4 and 5, the compounds advanced to further pharmacological testing.

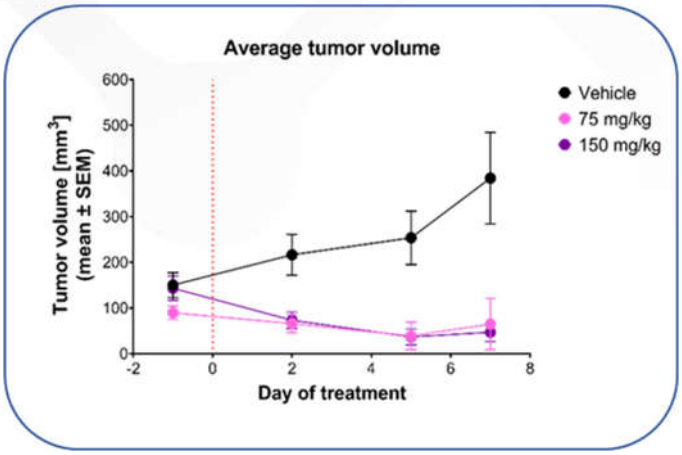


Figure 4 Testing the ability of the developed lead compound to inhibit tumor growth. Mice were injected with human acute myeloid leukemia cells to induce tumor formation. After the tumors reached the appropriate size, the compound was administered once daily, and the volume of the tumors was measured.

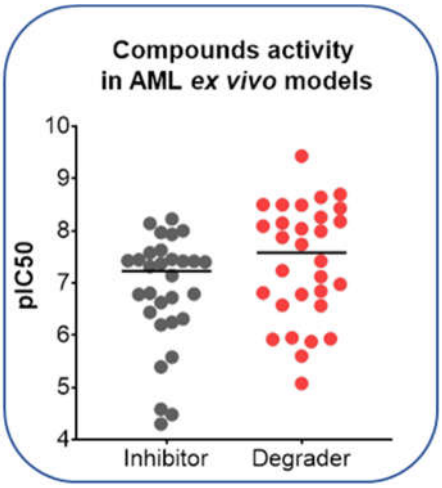


Figure 5: Activity of MCL-1 degraders in comparison to the MCL-1 inhibitor, MIK665 (Novartis/Servier) in 30 AML ex vivo models (leukocytes derived from patients). Cells were incubated with the test agents over 48 hours, and then their viability was measured by the plate-based assay.

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

In the first quarter of 2023, the safety of multiple doses of the lead candidate drug was evaluated in a rodent species. Based on these studies, the maximum tolerated dose (MTD) was determined when the candidate drug was administered once, and then it was investigated whether this dose could be safe when administered repeatedly over a 14-day period.

In the second quarter of 2023, toxicological studies have also started on non-rodent species. In the first stage of the study, the maximum tolerated dose (MTD) of the clinical candidate after a single administration was determined. After evaluating the results of Part 1 of the toxicology study (MTD), 3 different doses were tested in a second step to determine how their levels affected the animals after repeated administration. Blood samples were also taken during

these studies to measure troponin levels to assess the potential cardiotoxicity of the drug candidate.

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

Clinical trials with MCL-1 inhibitors, which are not degraders, conducted by pharmaceutical companies are in various stages of phase I/ II trials. In these studies, correlations between the use of inhibitor drugs and side effects on cardiac muscle function were found in some cases. The technology developed by the Company to degrade MCL-1 has a completely different mode of action, as well as a different pharmacokinetic and pharmacodynamic profile compared to the inhibitors used in these clinical trials, which is likely to reduce the risk of cardiotoxicity. To confirm these assumptions, Captor degrader drug candidates have been tested in *in vitro* assays and in the last reporting period, the data package was supplemented with information collected during toxicological studies on non-rodents. Based on preliminary reports on safety pharmacology, pathology, and biomarker testing, it was concluded that the drug candidate did not affect blood pressure or heart rate, and there was no increase in troponin I and T levels in the blood of the tested animals. Moreover, there were no treatment-related histopathological changes in the heart.

Until the publication of this report, the results are promising and everything currently indicates that therapy using the Company's clinical candidates should not cause cardiotoxicity.

At the time of publication of this report, the results are promising, and the indications are that therapy with the Captor candidates should not cause cardiotoxicity.

In the last reporting period, the intensity of work on the optimization of the clinical formulation was also increased and the selection of potential CDMO (Contract Development & Manufacturing Organization) contractors specializing in the production of a medicinal products for clinical trials was started. After preliminary discussions, two companies were selected for the second stage of negotiations. The selection was based on an evaluation of flexibility in producing different dose levels and experience in preparing formulations for intravenous (IV) administration.

Due to the identification of an additional new candidate with very high activity, the selection of a clinical candidate will take place in Q4 2023 / Q1 2024 to ensure that we take the best possible drug candidate forward.

On 13 November 2023, the Company applied to NCBiR for the so-called project phasing (i.e. splitting the project into phases and the possibility of financing the uncompleted phase in the next EU funding cycle) based on the following parameters: extension of the project until 31 July 2026, the amount of funding to be used from 1 January 2024 (i.e. during the extended project period) - PLN 4,976,940.75. Information on the submission of the application was provided in current report No. 55/2023 dated 13 November 2023.

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.

The key therapeutic area in the CT-02 project is in autoimmune diseases such as inflammatory bowel disease, gout, and non-alcoholic fatty liver disease, as well as other diseases where the Company sees an opportunity to address important patient needs and a large market potential. In addition, CT-02 degraders also show high potential for the treatment of central nervous system disorders.

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

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

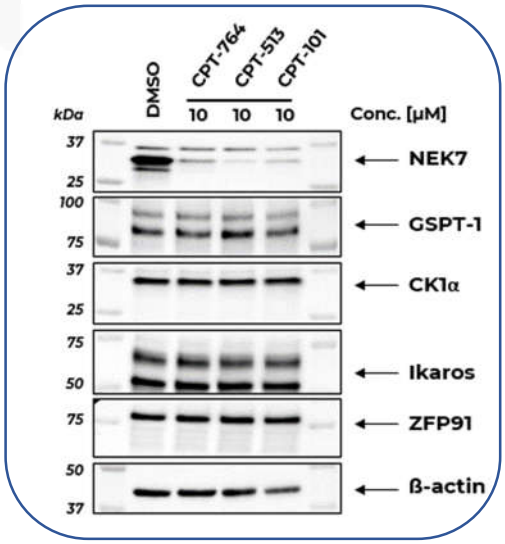


Figure 6: The results of the Western blot analysis of the levels of individual proteins in human peripheral blood mononuclear cells. The compound CPT-513 shows the highest potential for degrading NEK7. The compound CPT-101 exhibits the highest degree of selectivity.

In the third quarter of 2023, work on further characterization of compounds CPT-764 (CPT-9344), CPT-513, and CPT-101 was continued. Western blot analysis conducted on human peripheral blood mononuclear cells has shown that these compounds exhibit a high degree of selectivity and effectively degrade NEK7 protein. Furthermore, it was demonstrated that these compounds are also capable of degrading the NEK7 protein in monkey and mouse PBMCs without affecting cell viability. The *in vitro* CEREP44 safety pharmacology profile panel showed no significant effect of compounds CPT-764, CPT-513 and CPT-101 on the inhibition of the safety-related molecular targets tested. Moreover, screening assays aim to identify new derivatives with higher potential for degrading the molecular target NEK7 and inhibiting the release of proinflammatory cytokines are conducted.

The *in vivo* study was also performed in a mouse model with humanized CRBN protein. Efficacy of CPT-764 and CPT-513 compounds in a murine model of peritoneal inflammation induced by MSU crystals was demonstrated, as measured by the level of IL-1 beta. In the next stage, the assessment of NEK7 protein levels in biological material obtained from the animals will be performed. In the following weeks, further *in vivo* studies are planned on the C57BL/6 wild-type mouse strain to determine the therapeutic potential of the CPT-513 compound in a model of induced peritoneal inflammation.

In recent weeks, *in vivo* studies have also been initiated, conducted on *Macaca fascicularis* monkeys. The purpose of these studies is to assess the pharmacokinetic properties of the CPT-513 and CPT-101 compounds in primates, as well as to evaluate the *in vivo* degradation of the molecular target NEK7 in the peripheral blood mononuclear cells isolated from monkeys.

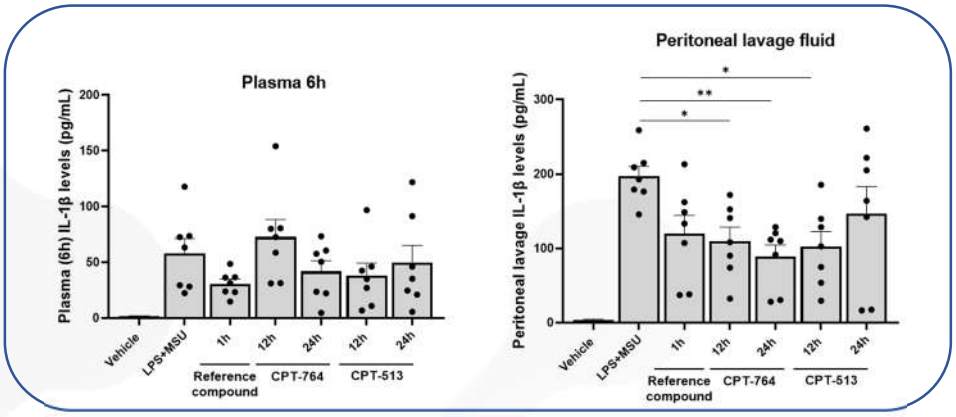


Figure 7. The results of measuring inflammatory markers (IL-1β) using the ELISA method in the serum and peritoneal fluid collected from mice in which peritoneal inflammation was induced using sodium urate crystals (MSU). Number of mice in each group: n=7. Compounds CPT-764 and CPT-513 lead to a reduction in the levels of inflammatory markers in both serum and peritoneal fluid.

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

- Obtaining in vivo proof-of-concept drug efficacy results in an animal model in 2024 for at least one of the compound series;;
- Identification of at least one drug candidate with potential application in autoimmune diseases;
- Partnering strategy would involve out-licensing of the entire programme, or separate licensing based on two different molecules, brain-penetrant and non-brain-penetrant, in different therapeutic areas. The company expects licensing discussions to begin in the fourth quarter of 2023;
- At the same time, the Company assumes that once the results of the aforementioned in vivo studies are available, the Company will not incur any further significant expenses in connection with this project, including during the course of discussions regarding its commercialisation.

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

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

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

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

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

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

On November 13, the Company decided to terminate the CT-05 project under NCBiR funding and apply for to NCBiR final payment (current report 55/2023, dated November 13,2023) and to continue work on the project with limited internal resources. The Company estimates that the expenses for further implementation of the project will not be significant.

3.5.3 Other projects

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

As of the publication date of this report the research and development work are proceeding on schedule. In July 2023, leading representatives of Ono Pharmaceutical visited Captor Therapeutics to discuss the current cooperation and learn more of Captor's capabilities. In August 2023, meeting was held to analyze ongoing research and to plan out the work for the upcoming months. Both parties are satisfied with the progress of the project. Captor is reimbursed for the costs of the research and development tasks performed.

The Company launched the new **research project, subsidized by the Medical Research Agency**, on development of anticancer therapy for the treatment of patients suffering from colorectal cancer and other types of cancer. The molecular target of this project is an undisclosed, only partially structured protein that has a validated role in some of the chemotherapy-resistant haematological malignancies and in immunotherapy. The protein, due to its three-dimensional structure, is considered as hard-to-reach with the classical pharmacological intervention.

Pending the synthesis and delivery of the first analogues of active compounds, which were selected in high-throughput biophysical assay, different biophysical and cellular assays' development and validation was continued. The proximity assay, which can be used to assess possibility of creating a compound-mediated protein-protein interaction with E3 ligase and the target protein, was utilised to preliminarily determine selectivity profile of the main series representatives' over the most probable off-targets. By the high-throughput, luminescence-based, cellular degradation assay the effect of reference compounds, with confirmed in the literature impact on the target protein, was tested. The received results helped to evaluate the assay window and to verify the utility of the assay in the screening cascade. The low-throughput degradation assay, based on the protein transfer from the sample into nitrocellulose membrane, in turn, was used to confirm time-dependent degradation of the target protein with reference compounds in a cancer cell line. In the next steps, the screening of the E3 ligase ligands library by a validated, cellular degradation assay is planned.

P3 project aims at developing a cutting-edge technological platform that identifies novel ligands of E3 ligases and provides proof of concept for bispecific degraders based on the developed ligands. Due to the growing interest of the TPD community in the use of other ligases than CRBN and VHL, the P3 project constitutes our key strategic program. Recruitment of unprecedented E3 ligases for degradation of medically relevant proteins will expand the therapeutic potential of TPD by increasing the number of possible proteins for degradation, introducing compartment and/or tissue specificity, and minimizing the risk of drug resistance and side effects.

In Q3, Captor Therapeutics confirmed the activity of the developed bispecific degraders based on the KLHDC2 ligase ligand in the PC-3 prostate cancer line, in which D_{max} was determined at the level of 85%. Moreover, experiments were carried out in a reference cell line and two cancer cell lines to thoroughly understand the kinetics of action of the developed degraders. In these tests, the degradation of the model protein was assessed at five different time points (3, 6, 9, 12, and 24 h), which allowed for the selection of the optimal time of treatment. Currently, the Company is focusing on further optimization of bispecific degraders based on the KLHDC2 ligase and proof of concept degradation of other medically relevant proteins. Another task in focus for the upcoming months is the preparation of the library of building blocks that will significantly accelerate the synthesis of bispecific degraders in the future.

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

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:

Information on receipt of a statement on termination of the grant agreement concluded with NCBiR concerning project CT-02

On June 2023, Narodowe Centrum Badań i Rozwoju (ang. *the National Center for Research and Development*) ("**NCBiR**") served the Company with a statement of termination of the grant agreement with immediate effect, together with a request for return of the received funds; the statement relates to project CT-02 (POIR.01.01.01-00-0741/19: design and development of non-toxic ligands of ligases and their application in the treatment of autoimmune diseases) (more information is described in the half-yearly report for the first half of 2023, which was published on 7 September 2023).

The Company submitted a letter to NCBiR (of which the Company informed in current report 24/2023) indicating that it was considering an attempt to repeal the effects of the declaration on the termination of the Agreement in its entirety, as well as challenging the legal grounds for the demand to return the entire subsidy received.

In the Letter, the Company pointed out, in particular, the factual assessment of the course of the project, which differed from that of NCBiR, and the lack of justification for the application of the grounds for termination of the Agreement indicated by NCBiR, as well as indicated that the demand for the return of the entire grant received was excessive and without justification. The Company declared its willingness to immediately enter into talks with NCBiR in order to amicably resolve this dispute.

7 July 2023. The Company received a letter from NCBiR (which the Company reported in current report 27/2023), in which NCBiR indicates that it has verified the documents sent by the Company and re-examined the case in question, and that the arguments and information contained in the letter submitted by the Company do not affect NCBiR's position. In view of the above, NCBiR maintains its position on the termination of the Agreement with immediate effect with the return of the entire grant.

In the Company's opinion, the CT-02 project is progressing better than originally anticipated and, in addition to compounds offering hope for the treatment of patients suffering from autoimmune diseases such as gout, inflammatory bowel disease or lupus nephropathy, the project has also developed a second class of compounds that overcome the blood-brain barrier, which may find application in the treatment of neurodegenerative diseases. As a consequence of the above, the Company plans to continue with the CT-02 project and the small expenditure required to commercialise the project will be funded from its own resources. The Company

expects to receive the results of an in vivo proof-of-concept study in the coming months, which is a key factor required to commence commercialisation. Upon receipt of the aforementioned test results, the Company does not plan to incur any further significant expenditure in relation to this project, including during the course of the commercialisation discussions. For more information on Project CT-02, please refer to section 3.5.2.3 of this report.

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

3 April 2023, The General Meeting of the Company adopted a resolution to amend the Company's Articles of Association by introducing an authorisation for the Company's Management Board to increase the share capital, within the framework of the authorised capital, by an amount not exceeding PLN 122,246.70 by issuing not more than 1,222,467 new shares in the Company (the "**Target Investment Capital**"). The Management Board may exercise the authorisation under the terms and conditions provided for in the resolution of the General Meeting, in particular it may exclude the pre-emptive right and the pre-emptive right (granted by the resolution) with the consent of the Supervisory Board (taken by a qualified majority).

The General Meeting also adopted a resolution on amendments to the Articles of Association providing, inter alia, for the exclusion of the application of certain provisions of the Companies Act, which came into force in 2022, and clarifying issues relating to the Supervisory Board's adviser (the resolutions adopted were communicated by the Company in current report no. 13/2023 of 3 April 2023).

The aforementioned amendments to the Articles of Association, including the introduction of the Investment Target Capital, became effective as of 12 May 2023, when the Company's registration court registered the amendment to the Company's Articles of Association. The information was provided in current report no. 19/2023 of 12 May 2023.

On 5 September 2023, the General Meeting of the Company adopted a resolution to amend Resolution 4 of the Extraordinary General Meeting of the Company of 3 April 2023 on authorising the Management Board of the Company to increase the share capital of the Company within the framework of the authorised capital, on the exclusion by the Management Board of the pre-emptive right to subscribe for shares issued within the framework of the authorised capital in whole or in part with the consent of the Supervisory Board and on the amendment of the Articles of Association of the Company in connection with the authorised capital of the Company (information was provided in current report no. 37/2023 of 5 September 2023).

Increase in the Company's capital through the issue of P shares

On 21 September 2023. The Company's Board of Directors commenced the book-building process for a public offering conducted by way of a private placement of up to 400,00 Series P ordinary bearer shares with a nominal value of PLN 0.10 each ("**Series P Shares**") issued by the Company (the "**Offering**"). The final issue price per Series P Share was set at PLN 100.

The Offering was conducted on the basis of and subject to the terms and conditions set out in the Management Board's Resolution No. 2 of 21 September 2023 on increasing the Company's share capital within the limits of the authorised capital through the issue of Series P Shares, excluding pre-emptive rights and on amending §6.1 of the Company's Articles of Association (the "Issue Resolution").

Pursuant to the Issue Resolution, the conduct of the Offering and the admission of Series P Shares to trading on the regulated market operated by the Warsaw Stock Exchange did not require that the Company make available to the public a prospectus or any other information or offering document within the meaning of applicable laws.

The book building was completed on 22 September 2023. The Offer was addressed to: (i) qualified investors, within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC; (ii) investors who will acquire Series P Shares with an aggregate equivalent of at least EUR 100,000 under the Offer; and (iii) fewer than 150 natural or legal persons who are investors other than qualified investors.

The Offer was conducted to the exclusion of shareholders' pre-emptive rights, but with the preemptive rights provided for in par. 6 b (8) of the Company's articles of association.

On 29 September 2023 the Company's Board of Directors adopted a resolution on the allotment of the P Shares. As a result of the Offering, the Company raised PLN 40 million.

On 23 October 2023, the registry court having jurisdiction over the Company registered the amendment to the Company's Articles of Association made on the basis of the Issue Resolution.

For more information, see current reports no. 41/2023 and 42/2023 dated 21 September 2023, current report no. 43/2023 dated 22 September 2023, current report no. 44/2023 dated 29 September 2023, and current report no. 45/2023 dated 11 October 2023 and current report no. 49/2023 dated 23 October 2023.

Conclusion of an agreement with the Medical Research Agency for the implementation and funding of a project to develop an oral molecular adhesive drug candidate for the treatment of colorectal cancer

On 17 July 2023, an agreement was signed between the Company and ABM for the implementation and funding of the project entitled "Development and clinical development of a first-in-class small-molecule drug candidate for the treatment of colorectal cancer based on the stimulation of cells of the immune system to increased anti-cancer activity through induced protein degradation"("**Project**", "**Agreement"**).

The total cost of the Project is PLN 74,285,992.10. Under the conditions stipulated in the Agreement, ABM granted the Company co-financing for conducting industrial research and development works in the amount not exceeding PLN 52,206,266.76, which constitutes 70.28% of the total eligible costs of the Project. The co-financing will be provided in the form of an advance or refund, paid in tranches.

The planned duration of the entire Project is scheduled to end December 2028. Pursuant to the Agreement, the Company, under pain of repayment of the grant, will be obliged in particular to commercialise the Project according to the principles specified in the Agreement within 3 years from the end of the Project. By commercialisation, the parties to the Agreement understand, among others, the continuation of clinical trials as part of the Company's business activity, but also granting licences or selling rights to the Project. The time limit for commercialisation is suspended in the cases specified in the Agreement. In addition, ABM has the right to purchase a licence to the Project, non-exclusive limited to the territory of the Republic of Poland at market prices. This right may be exercised within 6 months of the completion of the Project.

ABM also has the right to withhold the grant and to terminate the Agreement, in particular if the Company spends the funds contrary to the provisions of the Agreement or fails to achieve the results planned at a given stage of the Project. The Agreement also contains other standard provisions customary in public subsidy agreements.

The aim of this project is the discovery and clinical validation of a novel drug for treatment of patients diagnosed with colorectal cancer (CRC), as well as other tumour types. The proposed small molecule drug will induce degradation of the protein target which negatively regulates the activity of the T cells of the immune system. This would induce the activation of the T cells and their increased infiltration of the tumour site, resulting in the desired therapeutic effect

(information provided by current report no. 22/2023 of 14 June 2023 and no. 28/2023 of 17 July 2023).

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

On 25 July 2023, the Company's Management Board adopted a resolution to issue 25,271 Series O common bearer shares within the limits of the Company's authorized capital, while fully excluding the pre-emptive rights of the Company's existing shareholders which the Company announced in current report no. 29/2023. The share issue is related to the implementation of the Company's share-based incentive program for employees and members of its corporate bodies.

Registration of share capital increase and amendments to the Company's Articles of Association

On 18 August 2023, the registry court competent for the Company registered the amendment to the Company's Articles of Association made on the basis of the Company's Management Board resolution no. 2 of 14 February 2023 on the issue of 11,292 series N ordinary bearer shares within the limits of the Company's authorized capital, excluding pre-emptive rights of the existing shareholders of the Company in full (of which the Company informed on 14 February 2023 in current report no. 3/2023). The shares were issued under the Company's incentive programme. Information provided by current report no. 35/2023 of 18 August 2023.

On 19 September 2023, the registry court competent for the Company registered the amendment to the Company's Articles of Association made on the Company's Management Board resolution no. 2 of July 2023 on the issue of 25,271 series O ordinary bearer shares, within the limits of the Company's authorised capital, excluding pre-emptive rights of the existing shareholders of the Company in full (of which the Company informed on 25 July 2023 in current report no. 29/2023) and the amendments to the Company's Articles of Association within the scope of the authorised capital introduced by a resolution of 5 September 2023 by the General Meeting of the Company on the amendment of Resolution No. 4 of the Extraordinary General Meeting of the Company of 3 April 2023 on authorising the Management Board of the Company to increase the Company's share capital within the scope of the authorised capital, on the exclusion by the Management Board of the pre-emptive rights to shares issued within the scope of the authorised capital in whole or in part with the consent of the Supervisory Board and on the amendment of the Company's Articles of Association in connection with the Company's authorised capital. O shares were issued under the Company's incentive scheme. Information concerning the series O shares was provided in current report no. 40/2023 dated 20 September 2023. Information concerning the other amendments to the Company's Articles of Association was provided in current report no. 39/2023 dated 20 September 2023.

3.7 Events after the balance sheet date

Conclusion of contracts for Phase I clinical trial services for the CT- 01 project with ICON Clinical Research Limited

On 13 October 2023, the Company has entered into the agreements with ICON Clinical Research Limited ("**ICON**") to conduct Phase I clinical trials for Project CT-01 (discovery and development of a drug candidate for the treatment of hepatocellular carcinoma for the elimination of cancer stem cells by induced degradation of an oncogenic transcription factor):

1. Start-Up Agreement for the initial services required to prepare the study protocol and enter into a full-scale contract for a Phase I, open-label, dose-escalation and dose-escalation study to evaluate the safety, tolerability, pharmacokinetics and

pharmacodynamics of CT-01 in patients with intermediate or advanced hepatocellular carcinoma with an estimated fee and cost budget of EUR 275,000; and

2. Master Service Agreement, the purpose of which is to establish the terms and conditions of the collaboration between the Company and ICON regarding the provision by ICON of the full range of services related to the Phase I clinical trial concerning CT-01 under which, once the full range of services required for Phase I of this clinical trial has been established, a detailed Statement of Work will be concluded.

The Company estimates that the costs associated with the services envisaged in 1 and 2 above will amount to approximately EUR 8 million, with the above budget subject to change depending on the final defined scope of work.

The Company notes that the commencement of Phase I clinical trials of CT-01 is one of the objectives indicated in "Company Strategy. Next Steps 2023-2025", which the Company announced in current report 7/2023 on 6 March 2023.

ICON is a world leading clinical research company with over 30 years of experience in conducting clinical trials to support drug development. Over the past five years, ICON has participated in more than 800 oncology and hematologic malignancy clinical studies.

Registration of share capital increase and amendment to the Company's Articles of Association

On October 23, 2023, the registry court having jurisdiction over the Company registered an amendment to the Company's Articles of Association made on the basis of the Management Board's Resolution No. 2 of 21 September 2023 on the issuance of not less than 1 but not more than 400,000 series P 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 (which the Company announced on 21 September 2023 in current report No. 42/2023). The issuance of shares was related to the commencement of book-building process for the public offering of new series P bearer shares and the conclusion of a share offering placement agreement.

Admission and listing of N, O and P shares by the WSE

On 2 November 2023. The Company became aware that the Board of Directors of the Warsaw Stock Exchange (WSE) adopted Resolution No. 1173/2023 dated 2 November 2023 on the admission and introduction to trading on the primary market as of 6 November 2023:

1. 11,292 series N ordinary bearer shares of the Company, with a nominal value of PLN 0.10 each,
2. 25,271 series O ordinary bearer shares of the Company, with a nominal value of PLN 0.10 each,
3. 400,000 P series ordinary bearer shares of the Company, with a par value of PLN 0.10 each,

provided that the National Securities Depository S.A. registers these shares and designates them with the ISIN code PLCPTRT00014 on 6 November 2023.

Registration of N, O and P series ordinary bearer shares by NDS

On 6 November 2023, the Company has become aware of that on 2 November 2023 National Depository for Securities S.A. ("**NDS**") had issued an announcement on registration of 436,563 series N, O and P ordinary bearer shares of the Company, with a nominal value of PLN 0.10 each and ISIN code PLCPTRT00014. The date of registration of the shares in the NDS securities depository was 6 November 2023.

Submitting applications for phasing and for final payment applications for CT-05 project

On 13 November 2023 Company submitted to NCBiR the applications for the so-called phasing of certain projects and for the final payment concerning project CT-05 ("Application of targeted protein degradation technology in the treatment of psoriasis and rheumatoid arthritis").

Applications for the so-called phasing of projects (i.e. splitting a project into phases and the possibility of financing an uncompleted phase in the next EU funding cycle) concern projects CT-01 ('Discovery and development of a drug candidate for the treatment of hepatocellular carcinoma to eliminate cancer stem cells by induced degradation of an oncogenic transcription factor') and CT-03 ('Induction of apoptosis using low-molecular-weight chemical compounds as a therapeutic intervention in cancer'), which, according to the current grant agreements, should be completed by the end of 2023. The applications were submitted as part of the SMART Pathways - Phased Projects initiative, which enables funding to be obtained for Phase II projects selected for funding based on the provisions for the 2014-2020 perspective of the 2014-2020 Operational Programme for Intelligent Development (OPIR).

The company has made proposals based on the following key parameters:

- CT - 01 - extension of the project until 31.03.2026, amount of funding to be used from 1 January 2024 (i.e. within the extended project duration) - 6,766,157.95 PLN; and
- CT - 03 - extension of the project until 31.07.2026, amount of funding to be used from 1 January 2024 (i.e. within the extended project duration) - 4,976,940.75 PLN.

The Company's decision to submit a final payment request relating to the CT-05 project is mainly due to delays in the implementation of this project, which result, in the Company's opinion, at this point in time, in the Company's inability to achieve further milestones by the deadline stipulated in the grant agreement, i.e. by the end of 2023. The above delays are primarily due to objective circumstances beyond the Company's control, such as lengthy chemical synthesis and complex in vivo disease models. At the same time, the Company assesses that the submission of the phasing request for the CT-05 project is not justified because completion of phase I clinical trials within the assumed timelines is unlikely. The Company, to the best of its knowledge, assesses that it will not be obliged to return any funds received and used to date. Notwithstanding the above, in the Company's opinion, the CT-05 project, as well as the therapeutic indications, i.e. psoriasis and rheumatoid arthritis, represent a very attractive area for pharmacological intervention and, above all, there is a highly unmet market need in this area. Consequently, the Company, despite the submission of the application to the NCBiR, intends to continue the research and development of CT-05 using its own resources, with the Company assessing that the expenditure for further implementation of the project will not be significant. At the same time, in accordance with the Company's strategy (Company Strategy Next Steps 2023-2025 published in current report No. 7/2023 of 6 March 2023), the Company anticipates that the expected proof-of-concept results in the acute inflammation model will be available by the end of 2023 and that this will lead to discussions with large pharmaceutical companies regarding the commercialisation of the project.

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 2023 in Note 32; and
- the interim condensed separate financial statements for the 9 months ended 30 September 2023 in Note 48.

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 consolidated and separate financial statements for the 9 months ended 30 September 2023 in Note 53.

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

4.1 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 2023 have been prepared in accordance with the International Financial Reporting Standards (**IFRS**) endorsed by the EU, including primarily International Accounting Standard no. 34 "*Interim Financial Reporting*", based on the assumption that the Group and the Company will continue as a going concern in the foreseeable future, for at least 12 months after the balance sheet date.

The consolidated and separate financial statements for the third quarter of 2023 cover the period from 1 January 2023 to 30 September 2023 and have been prepared in thousands of PLN.

4.2 Basic economic and financial data

Sales revenues

In first three quarters of 2023, the Company generated revenue from cooperation with Sosei Heptares and Ono Pharmaceutical. As a result of the execution of the aforementioned agreements in the nine months of 2023, the Group earned PLN 6,716 thousand in revenue from research and development services, compared to PLN 3,337 thousand in the same period last year.

Operating expenses

The value of the Group's total operating expenses in the first three quarters of 2023 amounted to PLN 70,199 thousand and represents the aggregate costs of operations, i.e., costs of sales of services, cost of research work, project overheads and general and administrative expenses. NCBiR In connection with the achievement of further milestones and the acceleration of research processes in 2022, and in particular the change in the structure of costs between eligible costs from the funding received from NCBiR and the Company's own costs, in order to increase the transparency of the information provided to the recipients of the financial statements, the Company decided to reclassify and change the presentation of the portion of project overheads reported during 2022 to research costs. Details of this change are described in Note 14.1 of the interim consolidated and separate financial statements for the nine months ended 30 September 2023. This change is in line with the normal practice of drug diNscovery and development companies.

The largest item in the group of operating expenses is costs related to research work, i.e. costs of research work and project overheads, which totaled PLN 54,671 thousand and accounted for 77,9% of the Group's operating expenses (respectively were PLN 34,051 thousand and accounted for 65.2% in the corresponding period of the previous year, respectively, taking into account the total costs of research work and project overheads). The increase in value and percentage is related to the entry into the development stages of research projects, which is primarily associated with higher costs of third-party services for the research conducted, particularly related to CT-01 and CT-03. A significant item of the Group's operating expenses is general and administrative expenses, which amounted to 19,2% in the audited period, compared with 32,6% in the same period of the previous year (in first three quarters of 2023 general and administrative expenses amounted to PLN 13,496 thousand and decreased by PLN 3,554 thousand compared to the first three quarters of 2022, when this value amounted to PLN 17,050 thousand). A significant cost item in general and administrative expenses, in addition to

salaries, is the cost of valuation of the incentive programme. 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 2023 amounted to PLN 40,653 thousand and were higher by PLN 17,975 thousand than in the comparative period, i.e., in the first three quarters of 2022. 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 2023 amounted to PLN 19,154 thousand and were higher by PLN 1,098 thousand than in the comparative period, i.e., in the first three quarters of 2022, when it amounted to PLN 20,252 thousand. 67,7% of this figure is made up of employee remuneration (mainly scientific staff) and benefits for management, 18,8% 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 13,6%.

Grant income and other operating income

The item revenue from grants represents revenue from grants obtained by the Group from NCBiR and ABM and in first three quarters of 2023 amounted to PLN 12,259 thousand (PLN 16,510 thousand in the same period of the previous year). The decrease in grant revenue in the first three quarters of 2023 compared to the same period of the previous year is mainly due to the completion of the stage of laboratory work in ongoing projects and the completion of the CT-04 project, as well as the timing of the cost of outsourcing research services.

Other operating expenses

In the reporting period, the Group presented PLN 10,767 thousand in other operating expenses. In connection with the NCBiR's termination of funding for the CT-02 project, the Company recorded in this item an estimated write-down for receivables due to grant income booked in previous periods in the CT- 02 project in the amount of PLN 3,131 thousand. The Company also decided to make a provision for a liability to NCBiR in the amount of PLN 7,375 thousand for the potential obligation to return the grant received.

Profit (loss) from operations

In the first three quarters of 2023, the Group recorded an operating loss of PLN 61,444 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 90,8% 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 first three quarters of 2023, the Group earned mainly interest income in the amount of PLN 2,652 thousand, including on short-term deposits and short-term bonds. 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 2023 amounted to PLN 59,098 thousand and was PLN 29,719 thousand higher than in the first three quarters of 2022. This amount is due to factors affecting the loss from operations.

Assets

As of the balance sheet date of 30 September 2023, total assets amounted to PLN 72,543 thousand, of which 87,6% were current assets and 12,4% fixed assets. At the end of 2022, total assets amounted to PLN 113,000 thousand.

Fixed assets

As of 30 September 2023, non-current assets amounted to PLN 9,031 thousand, which means that compared to 31 December 2022, non-current assets decreased by PLN 2,645 thousand. The most significant non-current assets as of 30 September 2023 and 31 December 2022 were property, plant, and equipment (laboratory equipment and buildings and structures leased by the Group). As of 30 September 2023, property, plant, and equipment amounted to PLN 7,878 thousand, representing 87,2% of total non-current assets, and as of 31 December 2022 it had a value of PLN 10, 666 thousand, representing 91,3% of total non-current assets.

Current assets

There was a decrease in current assets during the periods under review. As of 30 September 2023, current assets amounted to PLN 63,512 thousand and decreased by PLN 37,812 thousand compared with 31 December 2022. The most significant components of current assets as of 30 September 2023 and 31 December 2022 were cash and cash equivalents and financial assets in the form of bonds, which accounted for 86.2% of current assets at the end of the third quarter of 2023 and 89,7% in 2022.

Equity

The value of this balance sheet item as of 30 September 2023 amounted to PLN 40,829 thousand, which was mainly derived from the issue of series G shares floated in the Company's IPO (which took place in 2021). The value of equity decreased by PLN 55,493 thousand compared to 31 December 2023, and was mainly related to the net loss from operations in the period under review. The value of this item will increase in the next period in connection with the issue of P shares described in Section 3.6 of this report.

Long-term liabilities

Non-current liabilities at the end of the reporting period amounted to PLN 1,671 thousand. In the period under review, non-current liabilities decreased by PLN 1,615 thousand compared to 31 December 2022. As of the balance sheet date, these liabilities largely represent (95,5%) the long-term portion of leases for laboratory equipment and long-term leases for laboratory space.

Current liabilities

Current liabilities at the end of the reporting period amounted to PLN 30,044 thousand and are PLN 16,651 thousand lower than on 31 December 2022, when they amounted to PLN 13,392 thousand. These liabilities as of the balance sheet date represent to a significant extent trade payables in the amount of PLN 10,135 thousand, provisions for liabilities in the amount of PLN 9,024 thousand and deferred income in the amount of PLN 7,957 thousand. The rest represents the short-term portion of lease liabilities.

4.3 Financial indicators of effectiveness

The Group recognized a net loss both in the third quarter of 2023 and in the corresponding period of 2022, 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 10: Group's financial indicators

Indicator	Sposób kalkulacji	30.09.2023	31.12.2022
total debt ratio	total liabilities/total assets	43,72%	14,76%
long-term debt ratio	long-term liabilities/total liabilities	5,27%	19,70%
short-term debt ratio	short-term liabilities/total liabilities	94,73%	80,30%

As of 30 September 2023, there was an increase in the short-term debt ratio and an increase in total liabilities as well as a decrease in the long-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 2023.

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

The Company has not published any financial forecasts for the fiscal year 2023.

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

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

- the pace of development of individual research projects. After verification of the dates of research, it cannot be ruled out that the adopted schedule of implementation of particular projects may change and, consequently, the Company may not be able to use all subsidy received for a given project from NCBiR or ABM and will have to finance further works from its own resources;
- the rate of receipt of funding for ongoing research projects with particular attention to the submitted applications for so-called project phasing from NCBiR;
- 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 war in Ukraine, inflation, interest rate, and exchange rates.

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 99.8% of the Group's equity, the Company's assets constitute 99% 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/

The extended consolidated quarterly report for the period from 1 January 2023 to 30 September 2023 was approved for publication on 28 November 2023.

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

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