Extended Consolidated Half-Year Report for the first half of 2024

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3. FINANCIAL DATA

Below please find selected financial data of Captor Therapeutics S.A. and the capital group of Captor Therapeutics 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 note no. 12 for the six-month period ended 30 June 2024.

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

— INTERIM CONDENSED CONSOLIDATED STATEMENT OF PERFORMANCE AND OTHER COMPREHENSIVE INCOME

	Data in thous. PLN		*Data in thous. EUR*	
	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Research and development income	9,341	3,902	2,167	846
Cost of services sold	2,924	271	678	59
Gross profit (loss) on sales	6,417	3,631	1,489	787
Operating profit (loss)	- 19,844	-45,177	-4,603	-9,793
Profit (loss) before tax	- 19,424	-43,266	-4,506	-9,379
Net profit (loss)	- 19,424	-43,323	-4,506	-9,392
Number of shares	4,662,846	4,209,149	4,662,846	4,209,149
Net,profit (loss) per share (in PLN/EUR)	- 4.17	-10.32	-0.97	-2.24

— INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Non-current assets	10,386	8,646	2,408	1,989
Current,assets	67,265	88,648	15,596	20,388
Equity	50,683	69,220	11,751	15,920
Non-current liabilities	3,147	1,343	730	309
Current liabilities	23,821	26,731	5,523	6,148

— INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Net cash flows from operating activities	-17,466	-31,539	-4,052	-6,837
Net cash flows from investing activities	663	2,738	154	594
Net cash flow from financing activities	-2,369	-1,800	-550	-390

Conversion into EUR 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 of the balance sheet date, i.e., as of 30 June 2024 the exchange rate of EUR 1 = PLN 4.3130, and as of 31 December 2023 the exchange rate of EUR 1 = PLN 4.3480;
- items of the statement of 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 of the end of each calendar month in a given period, i.e. for the period from 1 July 2024 to 30 June 2024 the exchange rate of EUR 1 = PLN 4. 3109, for the period from 1 January 2023 to 30 June 2023 the exchange rate of EUR 1 = PLN 4.6130.

3.2 Selected financial data of Captor Therapeutics S.A.

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

	Data in thous. PLN		*Data in thous. EUR*	
	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Research and development income	9,341	3,902	2,167	846
Cost of services sold	2,924	271	678	59
Gross profit (loss) on sales	6,417	3,631	1,489	787
Operating profit (loss)	-20,027	-45,208	-4,646	-9,800
Profit (loss) before tax	-19,600	-43,264	-4,547	-9,379
Net profit (loss)	-19,600	-43,321	-4,547	-9,391
Number of shares	4,662,846	4,209,149	4,662,846	4,209,149
Net profit (loss) per share (in PLN/EUR)	-4.20	-10.31	-0.98	-2.24

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

	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Non-current assets	10,041	8,025	2,328	1,846
Current assets	67,036	88,587	15,543	20,374
Equity	50,511	69,220	11,712	15,920
Non-current liabilities	2,872	993	666	228
Current liabilities	23,694	26,399	5,494	6,071

— **INTERIM CONDENSED SEPARATE CASH FLOW STATEMENT**

	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Net cash flows from operating activities	-17,697	-31 722	-4,105	-6 887
Net cash flows from investing activities	663	2 738	154	594
Net cash flow from financing activities	-2,304	-1 538	534	-333

Conversion into EUR 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 of the balance sheet date, i.e., as of 30 June 2024 the exchange rate of EUR 1 = PLN 4.3130, and as of 31 December 2023 the exchange rate of EUR 1 = PLN 4.3480;

- items of the statement of 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 of the end of each calendar month in a given period, i.e. for the period from 1 July 2024 to 30 June 2024 the exchange rate of EUR 1 = PLN 4.3109, for the period from 1 January 2023 to 30 June 2023 the exchange rate of EUR 1 = PLN 4.6130.

3.3 Management Board comments on the financial results

Captor Therapeutics Group total research and development revenue of in the first half of 2024 amounted to PLN 9 341 thousand, which constitutes an increase of PLN 5 439 thousand compared to the corresponding period in 2023. This was due to an increase in revenue from the collaboration with Ono Pharmaceutical which offset a reduction in grant subsidies of PLN 5 482 thousand.

Given the nature of the Group's operations and the early stage of development of the Company’s drug candidates, the Group is currently incurring losses from operations as it invests in advancing its lead candidates to the optimum stage of development for commercialization.

The Captor Therapeutics Group's net loss decreased from PLN 43,323 thousand in H1 2023 to PLN 19,424 thousand in H1 2024, primarily as a consequence of lower costs incurred in this period for research work. Significant preclinical research and manufacturing costs were incurred in 2023. In 2024, the focus was on preparing regulatory applications and clinical trials for the CT-01 project, and the costs of starting clinical trials for this project were slightly postponed, which led to lower expenses in H1 2024. Management expenses were also lower during the period, particularly costs for the incentive program and consulting services.

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

4.1 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

4.2 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 June 2024, 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.

4.3 Changes in the structure of the Group

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

4.4 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 June 2024, 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 June 2024 and as of the date of publication of this report**

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

Change in the composition of the Company's Management Board

On 6 February 2024, Radosław Krawczyk resigned from his position as Member of the Company's Management Board - Chief Financial Officer (the information was communicated in current report no. 5/2024 on 6 February 2024).

2.4.1.2 Supervisory Board of Captor Therapeutics S.A.

As of 30 June 2024, and as of the date of publication of this report, the Management Board of Captor Therapeutics consisted of the following persons:

— **Table 3: Composition of the Supervisory Board of Captor Therapeutics S.A. as of 30 June 2024 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.	Charles Kunsch	- Member of the Supervisory Board
4.	Krzysztof Samotij	- Member of the Supervisory Board
5.	Maciej Wróblewski	- Member of the Supervisory Board

Change in the composition of the Supervisory Board

On 4 January 2024, the Extraordinary General Meeting of the Company dismissed Florent Gros from the Supervisory Board of the Company and appointed Charles Kunsch to the Supervisory Board of the Company (the information was communicated in current report no. 1/2024 on 4 January 2024).

2.4.2 Share capital of the Company

As of 30 June 2024 and as of of the date of publication of this report the Issuer's share capital amounted to PLN 466.284,60 and is divided into 4,209,1494 662 846 shares with a nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 5 810 239. The share capital structure is as follows:

— **Table 4: Share capital of the Issuer as of 30 June 2024 and as of the date of publication of this report**

Share series	Number of shares	Nominal value of shares	Preference rights	Number of votes
A	799,750	0.10	yes	1,599,500
B	1,757,075	0.10	no	1,757,075
C	82,449	0.10	no	82,449
D	97,051	0.10	no	97,051
E	347,643	0.10	yes	695,286
F	26,925	0.10	no	26,925
G	871,500	0.10	no	871,500
H	52,354	0.10	no	52,354
I	9,082	0.10	no	9,082
J	84,143	0.10	no	84,143
K	30,738	0.10	no	30,738
L	9,420	0.10	no	9,420
M	41,019	0.10	no	41,019
N	11,292	0.10	no	11,292
O	25,271	0.10	no	25,271
P	400,000	0.10	no	400,000
R	17,134	0.10	no	17,134
Total	**4,662,846**			**5,810,239**

Captor Therapeutics Changes in the share capital of the Company

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

- on 19 January 2024, the Management Board adopted a resolution on the issue of 17.134 series R 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 share capital increase was registered by the Company’s competent registry court on 28 June 2024;
- on 28 May 2024, the Management Board adopted a resolution on the issue of 10.258 series S 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. As of the date of publication of the report, shares have not yet been issued (i.e., the increase in the Company's share capital has not been registered by the registry court having jurisdiction over the Company).

2.4.3 Shareholders with significant shareholdings

As of 30 June 2024, the Company's shareholding structure is as follows:

— **Table 5: Captor Therapeutics' shareholding structure, indicating the shareholders with at least 5% of the votes at the General Meeting as of 30 June 2024**

No.	Shareholder	Total number of shares	Total number of votes	Percentage of share capital	Percentage of total votes at the GSM
1.	Michał Walczak	930 128	1 471 145	19,95%	25,32%
2.	Paweł Holstinghausen-Holsten	596 187	956 262	12,79%	16,46%
3.	Sylvain Cottens	340 897	526 730	7,31%	9,07%
4.	Funds Managed by TFI Allianz Polska S.A.	343 483	343 483	7,37%	5,91%
5.	Funds Managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	303 075	303 075	6,50%	5,22%
6.	Others	2 149 076	2 209 544	46,09%	38,03%
Total		**4 662 846**	**5 810 239**	**100,00%**	**100,00%**

* *Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 4,67% of the total number of votes and 5,82% of the share capital.*

Changes into the Company's shareholding structure

Between the date of the previous interim report, i.e. the report for the first quarter of 2024 published on 29 May 2024, and the date of this report, the following changes took place in the list of shareholders holding at least 5% of votes at the Company's General Meeting:

- on 28 June 2024, 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 19 January 2024 on the issue of 17.134 series R ordinary bearer shares within the limits of the Company's authorized capital, excluding pre-emptive rights of the existing shareholders of the Company in full. Information provided by current report No. 20/2024 of 28 June 2024.
- on 5 August 2024 the Company received from Paweł Holstinghausen-Holsten, Supervisory Board Member, and from the "Holstinghausen-Holsten Family Foundation" Family Foundation the notifications referred to in Article 19(1) of the MAR Regulation of, respectively, the disposal and acquisition of shares in the Company (donation of 236 112 shares) and a notification from Paweł Holstinghausen-Holsten made pursuant to Art. 69 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, concerning the change in the in the percentage of the total number of votes at the general meeting of the Company by Paweł Holstinghausen-Holsten, individually, and by his subsidiary, the "Holstinghausen-Holsten Family Foundation". This information was provided in current reports 23/2024 and 24/2024 dated 5 August 2024.

As of the date of publication of this report, 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 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	930 128	1 471 145	19,95%	25,32%
2.	Paweł Holstinghausen Holsten				
	directly	*360 075*	*720 150*	*7,72%*	*12,39%*
	indirectly via the Holstinghausen-Holsten Family Foundation	*236 112*	*236 112*	*5,06%*	*4,06%*
	total	596 187	956 262	12,79%	16,46%
3.	Sylvain Cottens	340 897	526 730	7,31%	9,07%
4.	Funds Managed by TFI Allianz Polska S.A.	343 483	343 483	7,37%	5,91%
5.	Funds Managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	303 075	303 075	6,50%	5,22%
6.	Others	2 149 076	2 209 544	46,09%	38,03%
Total		**4 662 846**	**5 810 239**	**100,00%**	**100,00%**

* *Of which Nationale-Nederlanden Otwarty Fundusz Emerytalny individually holds 271 564 of the Company's shares, which constitutes 4,67% of the total number of votes and 5,82% 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 16 April 2024, the Company received from Thomas Shepherd, President of the Management Board, a notification of a transaction in the Company's shares (acquisition of 940 ordinary shares), as referred to in Article 19(1) of the MAR Regulation. The information was provided in current report no. 10/2024 of 16 April 2024.

The table below presents the shareholdings of the Company's management and supervisory staff as of 30 June 2024 and as of the date of publication of this report.

Table 7: Shares in the Company held by managing and supervising persons as of 30 June 2024

Shareholder	Number of shares	Number of votes	Percentage of share capital	Percentage of total votes at the GSM
Management Board				
Thomas Shepherd	59 269	59 269	1,27%	1,02%
Michał Walczak	930 128	1 47 1 145	19,95%	25,32%
Supervisory Board				
Paweł Holstinghausen Holsten	596 187	956 262	12,79%	16,46%
Krzysztof Samotij	6 221	6 221	0,13%	0,11%
Maciej Wróblewski	6 221	6 221	0,13%	0,11%

In the period from the date of publication of the report for the first quarter of 2024, i.e. 29 May 2024 until the date of publication of this report, the following changes in the holding of the Company's shares by managing and supervising persons took place:

- on 5 August 2024 the Company received from Paweł Holstinghausen-Holsten, Supervisory Board Member, and from the "Holstinghausen-Holsten Family Foundation" Family Foundation the notifications referred to in Article 19(1) of the MAR Regulation of, respectively, the disposal and acquisition of shares in the Company (donation of 236 112 shares) and a notification from Paweł Holstinghausen-Holsten made pursuant to Art. 69 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, concerning the change in the in the percentage of the total number of votes at the general meeting of the Company by Paweł Holstinghausen-Holsten, individually, and by his subsidiary, the "Holstinghausen-Holsten Family Foundation". This information was provided in current reports 23/2024 and 24/2024 dated 5 August 2024.
- on 14 August 2024 the Company received from Krzysztof Samotij, Member of the Supervisory Board, the notification regarding transactions on the Company's shares (conclusion of a 3 111 ordinary shares subscription agreement) under Article 19(1) of the MAR Regulation (the share issue has not yet been registered by the Company's competent registry court). The share subscription agreement was entered into as part of the incentive program. This information was provided in current report 28/2024 dated 14 August 2024. These shares are not included in the table below since they have not yet been registered.
- on 14 August 2024 the Company received from Paweł Holstinghausen-Holsten, Member of the Supervisory Board, the notification regarding transactions on the Company's shares (conclusion of a 3 111 ordinary shares subscription agreement) under Article 19(1) of the MAR Regulation (the share issue has not yet been registered by the Company's competent registry court). The share subscription agreement was entered into as part of the incentive program. This information was provided in current report 29/2024 dated 14 August 2024. These shares are not included in the table below since they have not yet been registered.

Table 8: 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		59 269	59 269	1,27%	1,02%
Michał Walczak		930 128	1 47 1 145	19,95%	25,32%
Supervisory Board					
Paweł Holstinghausen Holsten		596 187	956 262	12,79%	16,46%
of which	*directly*	*360 075*	*720 150*	*7,72%*	*12,39%*
	indirectly	*236 112*	*236 112*	*5,06%*	*4,06%*
Krzysztof Samotij		6 221	6 221	0,13%	0,11%
Maciej Wróblewski		6 221	6 221	0,13%	0,11%

5. ACTIVITIES OF THE COMPANY AND THE CAPTOR THERAPEUTICS GROUP

The Company is an innovative biopharmaceutical company specializing in targeted protein degradation ("**TPD**") 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 inhibitors or blocking drugs or are inadequately treated.

The TPD approach of the Company using the proprietary Optigrade™ drug discovery platform overcomes the limitations of classical inhibitors and antibody drugs by destroying disease causing proteins which are resistant to available therapeutics. Thanks to TPD technology, the Company has much wider possibilities of discovering drug candidates than traditional biotechnology companies.

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.

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. At the same time, this does not exclude potential collaboration on individual projects at an earlier stage of drug development should a pharmaceutical company be interested.

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 the reporting period the Group's business area did not change. The Group does not conduct traditional manufacturing, service, or trade activities and plans to commercialize its products and technology through partnerships and licensing.

5.1 Market environment

Capital Markets & Financing Environment

The first 6 months of 2024 have seen another positive period for equity markets despite reduced expectations for rate cuts by the US Federal Reserve. Following earlier concerns of US overheating, with time they have declined, and investors have become more optimistic for a soft landing in the economy. The driving force behind the delay in cutting base rates has been higher-than-expected inflation, led by services inflation which has remained unexpectedly high. Despite this, markets have continued to rise, with larger companies, especially those in artificial intelligence (AI) the principal gainers.[1]

The Nasdaq Biotech Index has also benefited from the recent rise in equity markets, up 4.5% in H1 2024 and 12.4% over the previous 12 months.[2]

[1] https://am.jpmorgan.com/gb/en/asset-management/adv/insights/market-insights/market-updates/monthly-market-review/
[2] https://indexes.nasdaqomx.com/docs/FS_XNBI.pdf

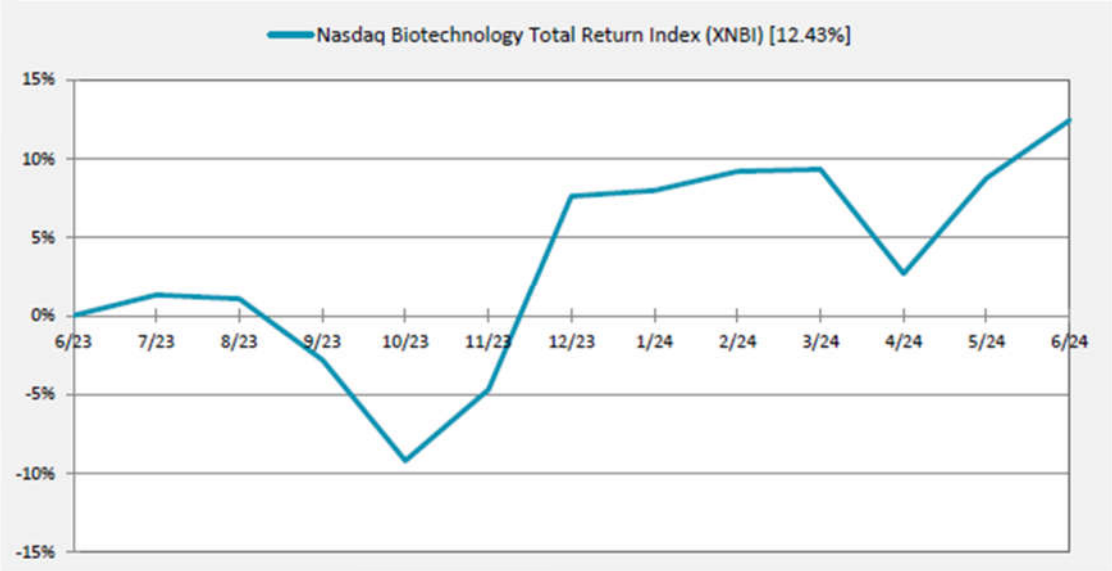

Figure 1: Nasdaq Biotechnology Index (XNBI) over 12 months to June 2024. Source: NASDAQ

For the biotech sector 2023 was a mixed year with several notable bankruptcies (e.g. Clovis Oncology, Infinity Pharmaceuticals), with many other companies engaging in staff cutbacks & programs cut to conserve cash, but it ended with the most deals since 2008 (61). These deals show that large pharmaceutical companies have become more focused on de-risked, later-stage, assets and those that can provide revenue over the next 3 to 5 years since they face losing some $350 Billion in revenues during this period as patents expire on key products.

2024 has continued with this positive momentum and biotechs have raised more than $11.5 Billion in venture financing and public equity deals (PIPEs) in Q1 2024 alone[3] and a more than a dozen successful IPOs have now announced or completed in H1 2024, for an expected total of $1.93 Billion. The IPO market has not been without setback with some fund raises being reduced (Alumis cut it's offering from $300M to $210M) or even dropped (Telix Pharmaceuticals pulled its $183-211M offering), and share prices of new issuers falling.[4]

However, despite this, Big Pharma now has in excess of $1 Trillion in dealmaking capacity that they are starting to deploy and there is an emerging consensus that "*...we can expect to see accelerating activity in biotech in terms of partnerships, acquisitions, financing rounds, follow-ons, IPOs, and more. With innovation at a high and capital on the verge of potentially returning in plenty, the biotech sector is poised to not only survive but thrive in this fast-evolving environment.*"

[3] EY Biotechnology Report 2024: Biotech innovation is robust; when will financing return? (https://www.ey.com/en_us/life-sciences/biotech-outlook)
[4] Fierce Biotech

Date	Company	Exchange Ticker	Location	Status	Total Transaction Value (US$M)	Net Proceeds (US$M)
29 February 2024	Invizyne Technologies	-	U.S.	Announced	$ 17	$ 16
11 March 2024	Lirum Therapeutics	-	U.S.	Announced	$ 22	$ 20
25 January 2024	Aprinoia Therapeutics	-	Taiwan	Announced	$ 28	$ 26
07 March 2024	Jyong Biotech	-	Taiwan	Announced	$ 29	$ 27
12 March 2024	Qyuns Therapeutics	SEHK:2509	China	Closed	$ 30	$ 28
24 May 2024	Actuate Therapeutics	-	U.S.	Announced	$ 56	$ 52
05 January 2024	Metagenomi	NasdaqGS:MGX	U.S.	Closed	$ 94	$ 87
06 March 2024	Boundless Bio	NasdaqGS:BOLD	U.S.	Closed	$ 100	$ 93
17 May 2024	Rapport Therapeutics	NasdaqGM:RAPP	U.S.	Closed	$ 136	$ 126
15 January 2024	Contineum Therapeutics	-	U.S.	Announced	$ 158	
05 January 2024	ArriVent BioPharma	NasdaqGM:AVBP	U.S.	Closed	$ 175	$ 163
07 June 2024	Alumis	NasdaqGS:ALMS	U.S.	Closed	$ 210	$ 195
16 January 2024	Kyverna Therapeutics	NasdaqGS:KYTX	U.S.	Closed	$ 319	$ 297
02 January 2024	CG Oncology	NasdaqGS:CGON	U.S.	Closed	$ 380	$ 353
22 March 2024	Kohjin Bio	-	Japan	Closed	$ 10	
28 June 2024	Artiva Biotherapeutics	NasdaqGS:ARTV	U.S.	Announced	$ 167	$ 116

Figure 2: Biotech IPOs in 2024. Source: Fierce Biotech

In the TPD sector there have been further significant deals announced in 2024 to date including Pinetree & AstraZeneca, Arvinas & Novartis and C4 Therapeutics & Merck KGaA. These deals continue to demonstrate large pharma's increased levels of interest in targeted protein degradation and their on-going need to build pipelines.

5.2 Report on Company Activities

At the end of the reporting period, the Company's portfolio included five proprietary drug development projects in the area of autoimmune and oncological diseases with significant unmet medical needs, as well as a research, development and commercialisation collaboration in the field of neurodegenerative disease, with Ono Pharmaceutical Co, Ltd. („**Ono**").

In early discovery phase, the Company has identified several molecular targets that may lead to attractive drug candidates in the areas of autoimmunity or oncology, which the Company believes will be of interest to pharmaceutical companies. If some of the current pipeline drug candidates reach the commercialization stage or are partnered, the Company can therefore add new pipeline projects based on these molecular targets already selected and validated.

One such project involving a. new target is supported by a grant funding agreement with Agencja Badań Medycznych (Eng. *Medical Research Agency)*, ("**ABM**"), CT-09 project, aims to develop an oral molecular glue drug candidate for the treatment of colorectal cancer and, in the longer term, potentially other types of cancer.

During the reporting period, the key milestone of confirming in-vivo efficacy in disease models of inflammation was met for NEK7 degraders (CT-02S / CT-02B program).

Notwithstanding progress in earlier programs, the major focus of the company is on its most advanced projects CT-01 and CT-03 which are advancing towards the clinic. After the balance sheet date, prior to the publication of this report, the clinical trial authorization application of the clinical candidate in the CT-01 project was submitted to the European Medicines Agency through the Clinical Trial Information System (CTIS). This was a major milestone for Captor as we move to the clinical phase in liver cancer.

Please note that the following statements and projections related to Captor's 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.

3.2.1 Company pipeline projects

Below please find a brief description of each project and their level of progress in the first half of 2024.

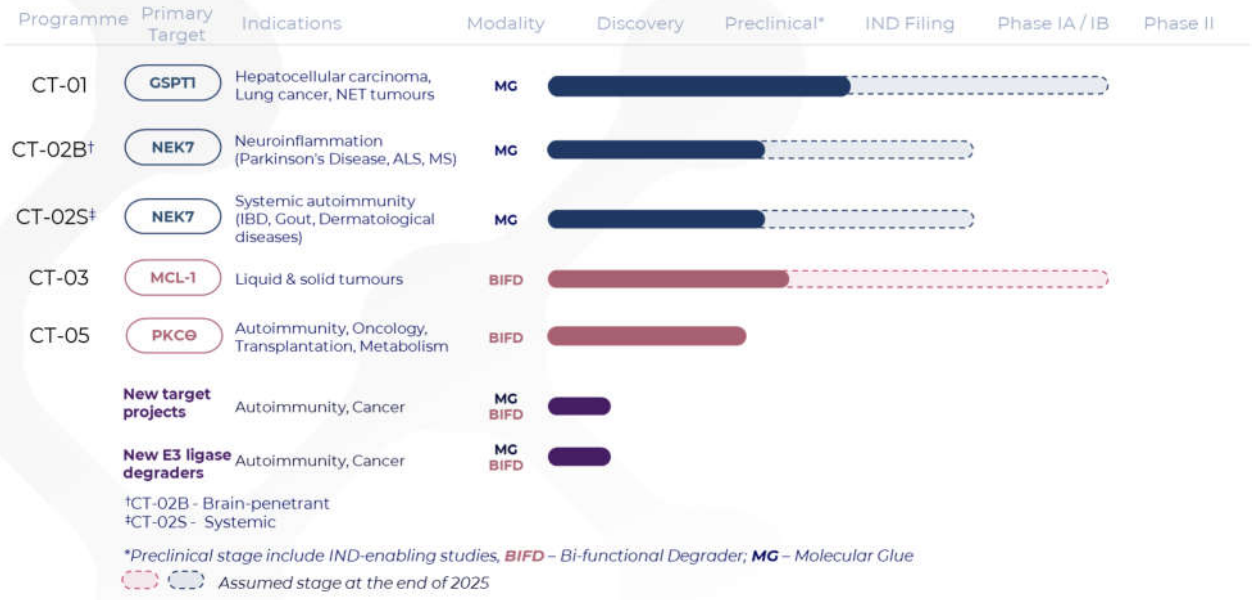

Figure 3: Progress of works with respect to discovery and development of drugs constitute projects carried out by the Issuer and in collaboration with an external entity.

3.2.2 Most advanced pipeline projects of the Company

3.2.2.1 *GSPT1, SALL4, NEK7 (CT-01) Project: Discovery and development of a drug candidate in the treatment of hepatocellular carcinoma to eliminate neoplastic stem cells by induced degradation of oncogenic transcription factor*

The purpose of the CT-01 project is to develop a drug candidate based on targeted protein degradation technology that can improve the treatment of hepatocellular carcinoma and offer significant clinical benefit for patients.

Primary Liver cancer is the 6th most common cancer and the 4th leading cause of cancer-related deaths worldwide. The majority (80-90%) of liver cancers are hepatocellular carcinoma (HCC) and arise in the setting of chronic liver disease. In 2022, there were estimated over 900,000 new HCC cases globally, which is expected to rise to over 1 million by 2025. The major risk factors for HCC currently include chronic alcohol consumption and viral infectious hepatitis B or C, but these factors are increasingly being overtaken by metabolic diseases e.g., obesity, Type 2 diabetes and non-alcoholic fatty liver disease.

While surgery or transplants are the preferred treatment to obtain potential cure only 30-45% of patients have surgically resectable disease or are suited for liver transplant (*Ding J, Wen Z. Survival improvement and prognosis for hepatocellular carcinoma: analysis of the SEER database. BMC Cancer. 2021 Oct 29;21(1):1157. doi: 10.1186/s12885-021-08904-3.*).

Approximately 50% of patients at diagnosis have locally advanced or metastatic disease (spread outside the liver to other organs) that is not amenable to surgery and are candidates to receive systemic drug therapies.

Current US FDA-approved treatment regimens include (in first line) atezolizumab and bevacizumab or durvalumab and tremelimumab, followed by sorafenib or lenvatinib in second line. Third line therapies include cabozantinib, regorafenib, ramcirumab, pembrolizumab and nivolumab. The current market estimates for systemic therapies are in the range of $2.5-3 billion but are expected to grow to $10-13 billion by 2030 as HCC incidence grows and new therapies are developed (Polaris Market Research, 2022; Research and Markets, 2023; Skyquest, 2024; SNS Insider, 2023; Vision Research Reports, 2024).

The average (median) 5-year survival of patients with localised disease (confined to the liver), regional disease (spread locally outside the liver e.g. to lymph nodes) and distant (metastatic) disease (spread to other organs such as lung and bone) is 37, 14 and 4%, respectively.

The survival of the majority of patients who have regional or distant disease is therefore dismal, despite current and recently approved treatments. The average survival of patients with distant disease is approximately 20 months. Thus, there remains a huge need for better treatment in advanced metastatic HCC in particular.

In H1 2024, clinical formulation development was continued. Next, technical batches of capsules were manufactured and placed on GMP stability study. Preliminary stability data were used to complete the Investigational Medicinal Dossier. Stability studies will continue for many months, to set the shelf-life and to plan GMP manufacture of capsules for the clinical trial accordingly. In parallel, analytical methods to be used for release of the bulk drug product were being validated.

The bioanalytical methods needed for the pharmacokinetic analysis were validated. The Company is now working on assays needed for the pharmacodynamic analysis of patient-derived samples and arrangements with the central lab that will be receiving samples from hospitals.

At the same time, the Company, together with ICON, carried out an intensive process of selecting centers specializing in conducting early-phase clinical trials for oncological indications, in particular hepatocellular carcinoma, in renowned clinical centers in Germany, Spain and France. These countries were selected due to their high potential for recruiting an appropriate number of HCC patients in addition to a well-established comprehensive treatment system for patients diagnosed with primary liver cancer. Following to thorough evaluation, clinical sites have been selected, which allows Company to initiate contract and budget arrangements. The proposed clinical trial was very positively received by clinical centers treating patients with hepatocellular carcinoma due to the innovative nature of the proposed experimental treatment.

Most importantly, the Company, in close collaboration with ICON Clinical Research Limited, prepared documentation necessary for the Clinical Trial Application submission. The application and the accompanying documents were submitted to the European Medicines Agency Clinical Trial Information System (CTIS) on 22 August 2024, which is a major milestone for the CT-01 project. Currently, the validation and assessment of the documentation is ongoing. Based on the information provided on the European Medicinal Agency website, the process my take from 60 to 160 days. In this period of time, the regulatory authorities may raise formal and subject-matter queries to Sponsor.

The next milestone in CT-01 project is the positive decision on the CTA and the clinical trial initiation.

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

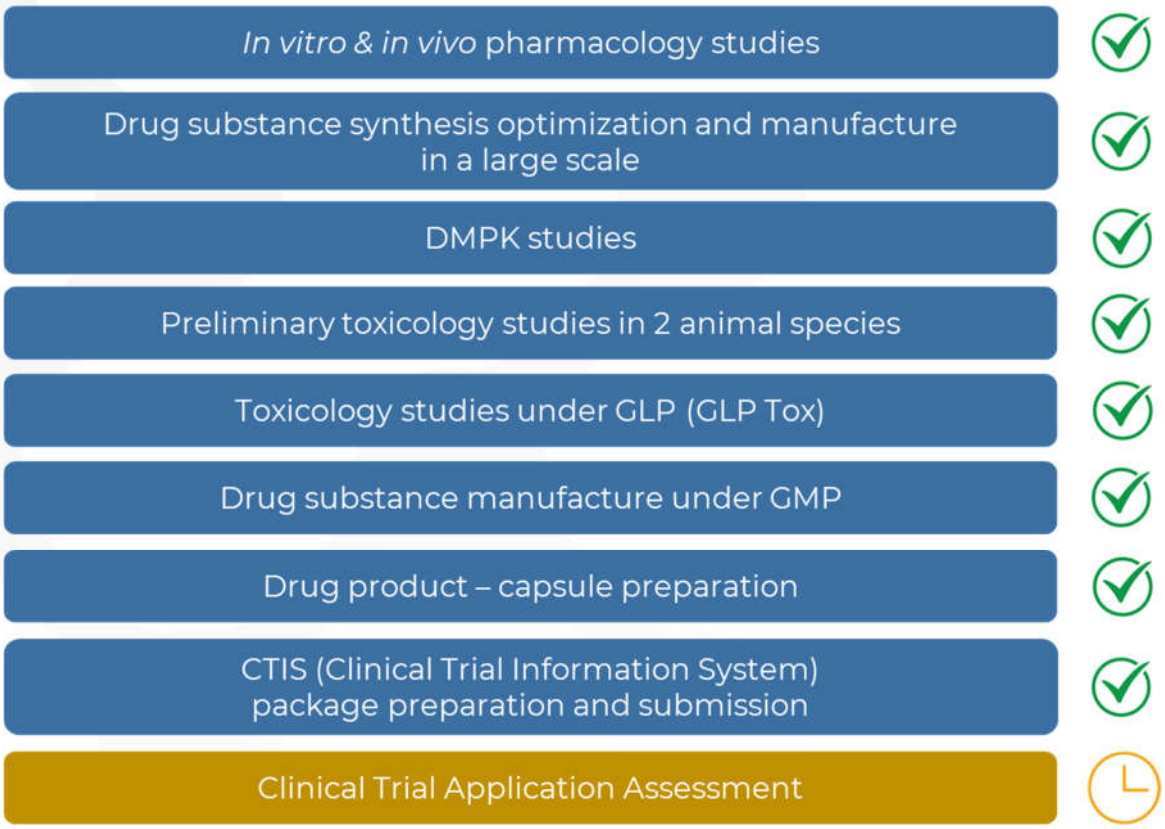

Figure 4. Status of ongoing studies to allow drug candidate to enter clinical trials.

The CT-01 trial is a phase 1 study that will evaluate CPT-6281 as a single agent (monotherapy) and, at a later stage optional, in combination with Everolimus, a targeted therapy that is approved in certain cancer indications, but is not approved for use in HCC. In preclinical experiments (cells and animals) combination of CPT-6281 with everolimus has demonstrated increased killing of HCC tumour cells compared to either CPT-6281 or Everolimus alone.

The trial will primarily assess the optimal dose of CPT-6281 both as monotherapy and, at a later stage optional, in combination with Everolimus. The primary determinant of the optimal dose will be based on the safety or side-effects observed at different doses of CPT-6281 monotherapy, or in combination with Everolimus. In addition, the trial will assess the effect of CPT-6281 and CPT-6281 + Everolimus on the tumour. This will be assessed by x-ray scans (CT-Scans) and by blood tests.

Several different and increasing doses of CPT-6281 as monotherapy and in combination with Everolimus will be assessed. For each dose a minimum number of patients will be treated, this will typically be approximately 3-6 patients for each dose.

As combination treatment (giving more than one drug) is standard practice for many patients with metastatic HCC, it is expected that CPT-6281 + Everolimus will be more effective at shrinking a broader range of HCC tumours than CPT-6281 alone. Once the phase 1 trial is complete, further clinical development will compare CPT-6281 or CPT-6281 + Everolimus with a standard of care approved treatment in patients with advanced/metastatic HCC who have received at least 1 prior systemic treatment. This trial will primarily assess whether CPT-6281 (alone or in combination) results in greater benefit (tumour shrinkage) than standard of care treatment.

GSPT1 degradation holds immense promise as a treatment strategy, thanks to its powerful ability to kill cancer cells. However, this same activity raises potential concerns of safety due

to side-effects. Captor has therefore deliberately chosen a drug candidate, CPT-6281, that is given in the form of an inactive pro-drug. This compound, when taken by mouth, allows for absorption of the inactive compound in the gut and for its transport to the liver via the liver portal vein (which carries blood from the intestines directly to the liver). There the inactive form enters liver cancer cells where it is converted intracellularly to the highly active GSPT1 degrader, that potently kills these cells. This conversion is mediated by a specific enzyme highly elevated in hepatocellular carcinoma, that is also elevated in lung cancer.
Importantly, in laboratory testing this active compound proved to have minimal toxicity on healthy liver cells, hepatocytes, at doses higher than are planned to be used in patients. In addition, it is worth mentioning that the active compound crosses intact cell membranes very poorly, so if the dying cancer cells release the active compound, it cannot easily enter new cells, especially in the systemic circulation, where it could cause potential off-target side effects. We therefore believe that such a pro-drug based approach strongly differentiates our compound from other GSPT1 degraders. To summarize:

- CPT-6281 is an orally administered prodrug that passes directly to the liver and is activated within liver cancer cells
- The active compound selectively kills cancer cells in which it has been activated
- The active compound released by dead cancer cells has great difficulty to enter other cells and therefore has the potential to provide an increased therapeutic window
- CPT-6281, when administered by injection rather than orally, may also have potential in the treatment of lung cancer in the future, due to the presence of the same activating enzyme in these tumours.

3.2.2.2 *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 more than 5 per 100,000 people (2013 data). The drug candidate being developed under the CT -03 project may be considered "*first-in-class*" because, to the Company's knowledge, it is the only MCL-1 degrader currently being developed by a pharmaceutical company.

The lead compound – CPT-908 – was tested in a panel of over 930 cancer cell lines (in collaboration with the Broad Institute). The results indicate that the compound has the strongest activity in myeloid and lymphoid cancers, primarily acute myeloid leukemia (AML), B-cell lymphoma (BLL) and plasma cell myeloma (PCM). Soft tissue and breast cancer cell lines were also relatively sensitive to CPT-908. The results indicate that CPT-908 is highly selective for the type of tumor (i.e., the tissue from which it developed).

In the first half of 2024, exploratory PK/PD studies were conducted on cynomolgus monkeys of various doses of known MCL-1 inhibitor, which was withdrawn from clinical trials due to its cardiotoxic effects. So far, we received clinical observational information, a pharmacokinetic report, and data on troponin levels . The report and the holistic analysis will be completed at the end of September 2024. In the first half of 2024, non-GLP studies have been initiated in non-human primates to determine the maximum tolerated dose (MTD) and to better

understand the toxicological profile of the second lead compound. Dose escalation was completed on July 4. 5 doses were tested, the highest of which was 40 mg/kg. No macroscopic changes were noted in the organs and tissues of the tested animals. Histopathological and toxicokinetic reports have been recently received and, the results are currently under discussion. The in-depth analysis of histopathological and toxicokinetic data will allow for the nomination of drug candidate, as well as for the selection of dosage regimens in subsequent toxicological studies on animal models and clinical trials.

3.2.2.3 Project NEK7 (CT-02S & CT-02B): *Preparation and development of non-toxic ligase ligands and their use in the treatment of autoimmune diseases and neurological diseases*

In the 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 inflammatory 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.

In the CT-02S project, the lead compound is CPT-513 with excellent pharmacokinetic and pharmacodynamic properties. The main therapeutic area in this project includes systemic inflammatory diseases, including autoimmune diseases, disorders related to metabolic diseases/obesity, and cardiovascular diseases. In the CT-02B project, the lead compound is CPT-101 capable of crossing the blood-brain barrier, and the main therapeutic area focuses on diseases related to the central nervous system, characterized by neuroinflammation, such as Parkinson's disease, Alzheimer's disease, or Amyotrophic Lateral Sclerosis.

In the first quarter of 2024, an in vivo study was conducted in collaboration with subcontractor on C57BL/6 wild-type mice to evaluate the pharmacokinetic and pharmacodynamic properties of compound CPT-513. In the first stage of the study, time-dependent degradation of NEK7 in PBMCs isolated from mice at various time points after a single administration of CPT-513 at a dose of 100 mg/kg body weight was demonstrated, with a strong degradation effect persisting up to 24 hours post-administration. In the second stage of the study, the degradation effect of NEK7 was compared for different doses of CPT-513 - 30, 10, and 3 mg/kg of body weight - administered once daily (QD) for five consecutive days. A dose-dependent degradation of NEK7 was observed, and no side effects indicating compound toxicity were noticed.

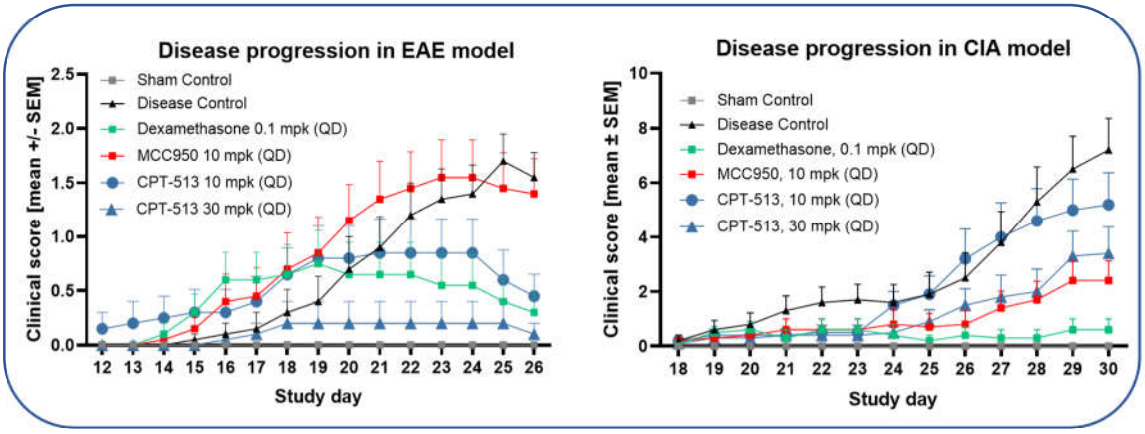

Figure 5: Effect of CPT-513 on disease progression in mouse chronic disease models related to inflammation - Collagen Induced Arthritis (CIA) and Experimental Autoimmune Encephalomyelitis (EAE). Administration of CPT-513 and reference compounds MCC950 and dexamethasone began at the onset of the first clinical signs of the disease; the compounds were administered once daily. During the study, a dose-dependent therapeutic effect of CPT-513 was observed.

In Q2 2024, in vivo studies were also conducted in mouse models of chronic diseases: CIA (Collagen Induced Arthritis) as an animal model of rheumatoid arthritis and EAE (Experimental Autoimmune Encephalomyelitis) as a mouse model of multiple sclerosis. The aim was to confirm the hypothesis in an animal model (in vivo proof-of-concept) regarding the therapeutic effect of NEK7 degradation in inflammatory diseases. It was shown that CPT-513 at a dose of 30 mg/kg inhibited the disease progression in the EAE model; the same dose of CPT-513 also showed therapeutic efficacy in the CIA model, with an effect similar to the level noted for the NLRP3 inhibitor MCC950 (Figure 5). The obtained results demonstrated that NEK7 degradation can be considered as a significant therapeutic approach for treating NLRP3-related inflammatory diseases. Furthermore, in recent weeks an evaluation of the therapeutic efficacy of CPT-513 in a mouse model of acute peritonitis was also conducted. The PD results from this study (NEK7 degradation, levels of pro-inflammatory IL-1 beta) have been obtained and, as expected, indicate a high level of NEK7 degradation and IL-1 beta inhibition.

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

- Identification of at least one drug candidate with potential application in autoimmune or neurological diseases;
- The partnering strategy involves out-licensing of the entire programme, or separate licenses based on two different molecules, brain-penetrant and non-brain-penetrant, in different therapeutic areas. Discussions with potential partners are underway and the generation of in-vivo proof of efficacy data in disease models will be an important factor to advance discussions;
- 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.

3.2.3 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. Captor is reimbursed for the costs of the research and development tasks performed.

According to the current work schedule, we expect that the work in the current phase will be completed in Q4 2024. Once the current phase is complete, the data will be reviewed against the criteria for transition to the next phase. As not all criteria are currently met, the partners will review status at that time and discuss if changes to the project are required.

As of the publication date of this report, the research and development work are proceeding on schedule and the representatives of the two companies meet regularly to review progress.

The company is pursuing a new **research project, funded by the Medical Research Agency**, to develop an anti-cancer therapy for the treatment of patients with colorectal cancer and other types of cancer. The molecular target of the project is aprotein that is poorly structured and has a validated role in certain resistant haematological cancers and in immuno-oncology. This protein, due to its spatial organization, is considered hard-to-reach by classical methods of pharmacological intervention. Working with such complex molecular targets for drugs fits well with the tenets of TPD. To achieve the set goal, our OptigradeTM platform has been

expanded, among others, by developing new protein constructs with an increased surface area of interaction with E3 ligase.

Analogues of compounds selected on the basis of their activity in a cellular, screening assay for target protein degradation were profiled on an ongoing basis using available biophysical and cellular techniques. These assays were used to confirm the recruitment of E3 ligase by the test compounds, to measure the strength of ternary complex formation with the target protein and with possible off-target proteins, and to assess the selectivity of the test compounds in the cellular system.

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.

In the first half of 2024, the Company focused on achieving proof-of-concept degradation for two ligases from the N-degron pathway. Initially, we synthesized a range of analogs with diverse exit vectors to pinpoint the optimal attachment site for the linker. The most promising ligands demonstrated affinities of KD = 7.2 nM and KD = 250 nM for each respective ligase. Subsequently, leveraging computational modeling and crystallographic structures of ligases in complex with ligands, we developed a series of bispecific degraders targeting the multi-domain BRD4 protein. The prepared degraders differed in linker length and the attachment site to the BRD4 ligand. Biophysical tests such as DSF, FP, and SPR were conducted to assess their interaction with ligases and BRD4. All degraders exhibited high affinity for the proteins, with KD values ranging from 5 to 40 nM. In the next stage, the formation of a ternary complex was examined using the HTRF method. Notably, positive results were obtained for several degraders only in combination with one of the tested ligases. The compounds were then subjected to biological tests to evaluate their interaction with the selected ligase and BRD4 in cells, which allowed for the transition to degradation studies. After treating the cells with the degraders, only a slight decrease in BRD4 protein levels, approximately 25%, was observed, which was dependent on proteasome and neddylation inhibitors. These results indicate a promising direction for the project but also highlight the need for further optimization of the degraders to enhance their effectiveness.

Besides, our Company pursued a second initiative involving the validation of hits acquired for a ligase recognizing C-terminal degrons, distinct from KLHDC2. We developed a fluorescent polarization displacement assay, which confirmed the binding of eight small-molecule ligands (MW<300 Da). Subsequently, we conducted co-crystallization of E3 ligase with the most potent compound exhibiting an affinity of KD = 31 µM. We are delighted to announce that Captor Therapeutics obtained the first-in-class crystal structure of a novel E3 ligase in a complex with a small-molecule compound. The identification of the binding pocket and the ultimate confirmation of specific binding mark a significant milestone in the Project. This pivotal discovery has enriched Captor Therapeutics' E3 ligase portfolio and will substantially accelerate the design of analogs with increased affinity.

In parallel, efforts persisted in obtaining a recombinant protein of another compelling E3 ligase, which elevated expression has been observed across various cancers. Literature reports suggest that increased levels of this ligase promote the development and progression of non-small-cell lung cancer and ovarian cancer, rendering it a valid candidate for targeted protein degradation technology. A recent achievement includes obtaining a protein preparation of the designated E3 ligase compatible with biophysical assays. This milestone facilitated screening assays with small-molecule compounds, leading to preliminary hit identification. An encouraging finding is that the identified hits share a similar chemotype. Work is currently underway on the production of recombinant ligase protein, which will be used in crystallography with the selected hits.

We believe that further activities in the frame of the P3 project will lead to obtaining ligands and bispecific degraders and proof-of-concept degradation for further unprecedented E3 ligases. These results will have a positive impact on expanding the therapeutic possibilities of targeted protein degradation by increasing the number of possible molecular targets, introducing compartment and tissue specificity, and minimizing the risk of drug resistance and side effects.

CT-05 project is not continued. The Company has initiated partnering or licencing discussions for the project.

3.3 Significant achievements and failures, as well as events and factors affecting operations and results in the first half of 2024

During the reporting period, certain events took place in the Company and the Group which affected the Parent Company's operations and results in particular, the progress of the projects carried out by the Company described in section 3.2 of this report. Below please find the most important ones:

Change in the composition of the Supervisory Board

On 4 January 2024, the Extraordinary General Meeting of the Company dismissed Mr. Florent Gros from the Supervisory Board of the Company and appointed Mr. Charles Kunsch to the Supervisory Board of the Company. The Company informed about the change in current report no. 1/2024 of 4 January 2024.

Change in the composition of the Company's Management Board

On 6 February 2024, Mr. Radosław Krawczyk resigned from his position as Member of the Company's Management Board - Chief Financial Officer. The information was communicated in current report no. 5/2024 on 6 February 2024.

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

On 19 January 2024, the Company's Management Board adopted a resolution to issue 17.134 Series R common bearer shares within the limits of the Company's authorized capital, while fully excluding the pre-emptive rights of the Company's existing shareholders. The share issue is related to the implementation of the Company's share-based incentive program for employees and members of its corporate bodies. On 28 June 2024, the registry court having jurisdiction over the Company registered an amendment to the Company's articles of association (information provided by current report no. 20/2024 of 28 June 2024).

On 28 May 2024, the Company's Management Board adopted a resolution on the issue of 10.258 series S ordinary bearer shares, within the limits of the Company's authorized capital, excluding, in full, the pre-emptive rights of the Company's existing shareholders. The share issue is related to the implementation of a share-based incentive programme for employees and members of the Company's bodies. At the date of publication of the report, the shares had not yet been issued. The Company informed about the passing of the resolution in current report no. 14/2024 of 28 May 2024.

Conclusion of the contract for the phasing of the CT-01 project.

On 6 March 2024, Company received a letter from the National Centre for Research and Development ("**NCBiR**") informing that Project 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") (the "Project") has not been selected for funding for the second phase of this Project. This information was provided in connection with the Company's application filed in November 2023 for funding of the second

phase of the Project from 1 January 2024 (during the extended Project period until 31 March 2026) in the amount of PLN 6,766,157.95. The Company did not agree with the grounds for refusal of funding and submitted an appeal against the decision. The appeal was upheld (as announced by the Company in current report no. 12/2024 23 May 2024) and on 12 June 2024 the Company concluded an agreement NCBiR for the funding of Stage II of the CT-01 project under the European Funds for the Modern Economy (FENG) programme. This information was disclosed in current report no. 16/2024 of 12 June 2024.

Conclusion of the contract for the phasing of the CT-03 project.

On 1 March 2024, the NCBiR published a positive recommendation regarding the CT-03 project phasing application to extend the project into a second phase. The agreement with the NCBiR for the funding of Phase II of the CT-03 project under the European Funds for the Modern Economy (FENG) programme (the "Agreement") was concluded on 7 May 2024. In accordance with the Agreement, the implementation of Phase II of the CT-03 project should be completed by 31.07.2026 at the maximum, while the amount of funding to be used from 1 January 2024, i.e. during the extended duration of the project, is PLN 4,976,940.75. The above deadline and amount are in line with the motion filed by the Company, which the Company informed about in current report No. 55/2023 of 13 November 2023. Information about the conclusion of the agreement was provided in the current report no 11/2024 dated 7 May 2024.

Adoption by the General Meeting of the Company of resolutions to amend the Articles of Association of the Company

The Extraordinary General Meeting of the Company held on 20 March 2024 adopted resolutions, inter alia, on amending the resolution introducing the authorised capital and on amending the Articles of Association of the Company. The main amendment concerns the exclusion of the application of the provision of §6b (6) of the Articles of Association (the provision introducing the minimum price requirement) in the event that the issue of shares within the framework of the authorised capital takes place in compliance with the pre-emptive right or the statutory pre-emptive right. The introduced amendment aims to provide the Management Board with greater flexibility in the use of the authorised capital. The full content of the adopted resolutions was published by the Company in current report No. 8/2024 of 20 March 2024. The amendments to the articles of association became effective upon their registration by the registry court, i.e. on 10 June 2024, as announced by the company in current report No. 18/2024 of 13 June 2024.

Obtaining positive results from the in vivo study in the CT-02 project

On 12 June 2024, the Company announced in Current Report No. 17/2024 that it had received data from the completed in vivo study in the EAE model, a well-regarded model of multiple sclerosis. The data shows a dose-dependent effect much stronger than that observed for an NLRP3 inflammasome inhibitor, suggesting that the NEK7 degrader is highly effective in the treatment of the disease. The resulting data are particularly promising because the model tested an interventional approach mimicking real-world treatment scenarios more effectively than preventive methods.

3.4 Events after the balance sheet date

Registration of amendments to the Company's Articles of Association

On 18 July 2024 the registry court competent for the Company registered the amendment to the Company's Articles of Association made pursuant to Resolution No. 17 of the Company's Annual General Meeting of Shareholders of June 27, 2024. on amending the authorization of the Management Board of the Company to increase the Company's share capital within the limits of authorized capital with the option to exclude in full the pre-emptive rights of existing

shareholders and to amend the Company's Articles of Association in connection with the Company's authorized capital (amendment of Resolution No. 25 of the Ordinary General Meeting of Shareholders dated June 26, 2020, as further amended, on authorizing the Management Board of the Company to increase the Company's share capital within the limits of authorized capital with the option to exclude pre-emptive rights of existing shareholders and to amend the Company's Articles of Association in connection with the Company's authorized capital). The amendment extends the period of authorisation for the Management Board to increase the share capital within the limits of the authorised capital in respect of shares issued under the Company's share-based incentive scheme to 27 June 2027. Information was provided by the Company in the current report no 22/2024 dated 18 July 2024 r.

Submission of application for approval of a phase 1 clinical trial in patients with hepatocellular carcinoma

On 22 August 2024 the Company submitted an application for permission to conduct a first-in-human Phase 1 clinical trial of the compound CT-01 to the European Medical Agency (EMA).

A multi-center, open-label, phase 1 study, dose-escalation and dose-expansion Phase 1 study is planned to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of CT-01 as monotherapy and in combination with everolimus in patients with intermediate or advanced hepatocellular carcinoma (BCLC grade B or C) with preserved liver function (Child-Pugh grade A).

The multi-center clinical trial will be conducted at leading European centers for the treatment of this cancer in Spain, Germany and France. Patients will receive ascending doses of CT-01 orally. The primary objective of the study is to evaluate the safety and tolerability of the drug in patients diagnosed with primary liver cancer and to determine the maximum tolerated dose and/or recommended dose for further clinical phases, both as monotherapy and in combination treatment. In addition, the study will evaluate the anti-tumor activity using radiological imaging techniques and serum tumor markers, as well as the pharmacokinetic and pharmacodynamic profile of the drug candidate after monotherapy and in combination treatment.

The application to the EMA has been submitted through the central procedure. The organization of the study, under the supervision of the Sponsor (Captor), will be carried out by ICON Clinical Research Limited (The company announced the conclusion of an agreement with this entity in current report No. 46/2023 dated October 13, 2023).

Information on the application was provided by the Company in current report No. 31/2024 on 22 August 2024.

3.5 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 6 months ended 30 June 2024 in Note 32; and
- the interim condensed separate financial statements for the 6 months ended 30 June 2024 in Note 48.

3.6 Guarantees and surety bonds for loans or borrowings

In the period covered by this report, the Group did not grant any surety bonds for any loans or borrowings, or any guarantees. Information on contingent liabilities was included in interim condensed separate financial statements for the 6 months ended 30 June 2024 in Note 53.

3.7 Risks and threats faced by Captor Therapeutics S.A. and the Captor Therapeutics Group

Risk related to the Group's operating activity

Due to the innovative nature of the Group's business, the Group is currently at an early stage of research. All of the therapeutic molecules that the Group is working on are in the preclinical stage. The Group's ability to generate profits from the sale of medicines or licensing of therapeutic solutions will depend on the success in developing drug candidates (a drug candidate is a chemical compound with a high therapeutic potential (demonstrated at least in an experimental set-up) and with desirable pharmacological properties, which has not yet been registered as a medicine, and possible commercialization of the medicines. The Company's success is contingent on a number of factors, in particular:

- successful completion of preclinical studies;
- successful initiation of clinical trials;
- successful recruitment of patients to conduct and finalize clinical trials;
- obtaining all necessary regulatory and market approvals for potential clinical candidates;
- entering into partnership or collaboration agreements with third parties on commercially advantageous terms;
- competing effectively with other therapies;
- gaining acceptance of the drug in the marketplace and among potential patients;
- successful commercialization of a medicine.

To date, the Group has not generated sales revenue from the commercialization and sale (licensing) of drug candidates or medicines. All of the Group's research and development programs are at the stage of developing a suitable therapeutic molecule for the selected molecular target and validating its properties, i.e., before the stage of clinical trials. The Group has not commenced clinical trials of developed drug candidates. There is a risk that the Group and its partners may not reach the stage of commercialization and marketing of a drug, and even if they do, the Group may not generate revenues that are significant enough to make its business profitable.

Risks related to the armed conflict in Ukraine

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

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

Further, the armed conflict in Ukraine may affect the macroeconomic situation worldwide and in Poland, including in particular interest rates, the rate of inflation and the valuation of the Polish currency (PLN). The foreign exchange risk may result in the increase of the costs of servicing liabilities related to research services and reagents purchased abroad.

Risks related to grants

Research and development programs of the Company are primarily financed by public subsidies received from the NCBiR and ABM. In order to obtain public subsidies, the Company is obliged to meet many formal requirements and restrictive competition conditions, and applications submitted by the Company undergo meticulous inspection. The Company is planning to submit in the future applications for further grants for new research and development programs, whereas there is a risk that applications submitted by the Company will not meet the formal and legal requirements or will not be approved by experts evaluating the merits of such applications, which will consequently result in the necessity to engage the Company's own resources and adversely affect the Company's activity and results.

Captor Therapeutics receives subsidies proportionally to the scope of the implemented project. The Company cannot exclude the risk that the costs incurred for research and development will be contested by the financing entity, which will mean a reduction in the amount of reimbursement to the Company or an obligation to return certain amounts obtained in the prepayment system with interest to the financing entity. This was the case for the Company's 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 and cancers of the circulatory system) for which the agreement was terminated by NCBiR.

The Group is regularly audited by the financing institutions in terms of the correctness of grant spending, providing the institution with relevant project and cost documentation. There is a potential risk that certain potential irregularities might have occurred in the past in reconciliation of the qualified costs incurred by the Company, in the course of execution of EU projects, on the basis of agreements concluded by the Company with the financing institutions, and consequently that the Company will be required to return some of the subsidies received by the Company with interest. Such irregularities were identified by the Company as a result of the Audit commissioned by the Company and completed in April 2022 and reported by the Company through current reports.

In addition, grant agreements with the NCBiR concern the execution and funding of the Company's projects until the end of 2023. With regard to projects CT-01 and CT-03, the Company has applied for the so-called phasing of these projects (see section 3.7 for more information), which may enable the use of funds after 2023. Failure to use the entire subsidy granted for a relevant project by the NCBiR by the deadline means that the Company will have to finance further works from own resources. The Company is also exposed to the risk of the grant being withheld or significantly reduced or being required return part or all of the funds received from the grant.

Further, the grant agreements concluded by the Company impose on the Company an obligation (under pain of withholding the grant or terminating the grant agreement and repaying all or part of the grant with interest) to implement the results of the research and development work performed under the project within a specified period from the completion of a given project.

The Company received some of the NCBiR funding as a consortium member. This situation occurred in the case of implementation of two projects: (i) the project entitled" "Development of laboratory kits for screening testing of chemical compounds in the development of a new class of drugs", under which the Company cooperated with the Institute of Immunology and Experimental Therapy of the Polish Academy of Sciences based in Wrocław, (ii) the project

entitled: “Development and implementation of an innovative platform for screening analysis of degron-type therapeutic compounds” under which the Group cooperated with PORT Polski Ośrodek Rozwoju Technologii sp. z o.o. with its registered office in Wrocław (formerly: Wrocławskie Centrum Badań EIT+ spółka z o.o.). In both cases, the Group and the other member of the consortium share the rights to the results of work and research under the project. As a result, the economic implementation of research results, e.g., their sale or licensing, requires the cooperation of the consortium members and cannot be carried out by the Company alone. Because of the necessity of cooperation between the consortium members, the Company cannot exclude the risk of lack of cooperation from the other consortium member or inability to reach agreement on the terms of sale or implementation of project results, which might consequently have an adverse impact on the Company's operations, financial position, development prospects and results.

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

High relevance of the above risk follows from the fact that the Company’s activity is presently based in part on funds from subsidies and the total value of subsidies is significant. The Company is exposed to the risk of subsidies being withheld or significantly reduced by public entities or being required to repay some or all funds, which may have a strong adverse impact on the Company’s ability to conduct new or finish the existing projects.

Risks of attrition of management or scientific staff

The Company's business is highly dependent on adequate research and development staff and managers with relevant skills, qualifications, and experience. Recruitment and retention of qualified scientific and management personnel is critical to the Company's success in the market. The loss of specialist staff and key managers may adversely affect the research capabilities and development of drug candidates, as well as the effective implementation of the Company's strategy. The replacement of managerial and scientific staff is very difficult in the biotechnology industry due to the shortage of specialists and high competition for employees between biotechnology or pharma companies, hence there is a risk that the Group will not be able to retain its current staff or recruit new employees or will be forced to increase employee costs in order to bind its key personnel. This risk exists despite the fact that the Company has introduced an Incentive Program for managers and employees.

Risks associated with delays in conducting sequential stages of clinical trials

Before a drug can be approved for marketing, clinical trials must be conducted by the Company together with a strategic partner with whom the Company will commercialize the drug candidate. Clinical trials of medicinal products are conducted in four phases.

The following phases of research are distinguished:

- Phase I - on a small group of healthy volunteers or patients in the case of drug candidates being tested for oncological indications, virus indications, or other special populations such as patients with renal or hepatic failure to assess safety toxicity, pharmacokinetics, and pharmacodynamics of therapy;
- Phase II - on a larger group, aims to study the clinical efficacy of the therapy;
- Phase III - randomized trials on a large group of patients, aims to fully evaluate the effectiveness of a new therapy;

- Phase IV - prolonged clinical trials examining in more detail the safety of the medicinal product after it has been authorized for marketing; during this phase, rare undesirable effects or adverse effects related to long-term use, overdose symptoms, interactions of the new drug with others, among others, are observed.

Each of the above phases must be successfully completed in order for the next phase to commence, therefore there is a risk that if the clinical trials in a given phase are unsuccessful, the Company together with the strategic partner with whom it intends to commercialize the drug will not be able to proceed to the next phase of clinical trials, which may cause delays in the project timetable, and in extreme situations, make it impossible to continue work on a given drug candidate.

Risks related to failure to establish cooperation with strategic partners

The Company's strategy is to collaborate with strategic partners in the biotechnology/pharmaceutical industry to conduct preclinical, clinical studies, drug launch and commercialization. The market trend observed by the Company in terms of entering into partnership agreements is that potential strategic investors show interest in clinical candidates for innovative drugs in the areas of oncology and autoimmunity that show an initial therapeutic effect, have been positively evaluated from a toxicology point of view and have sufficient safety at the stage of development and preclinical studies.

In order to fully leverage the potential of the Company's technology and accelerate the development of its discovered therapeutic molecules, the Company plans to cooperate with leading biopharmaceutical companies with significant experience in supporting research and development companies and significant capabilities in drug development and commercialization. The Company faces significant competition in attracting suitable strategic partners, and therefore the risk of not finding a suitable industry investor interested in the drugs currently being developed by the Group cannot be excluded. This risk is associated with factors such as the changing strategies of large pharmaceutical companies with respect to the research and development programs of smaller partners, the existence of other effective therapies on the market, the inability to reach decision makers within the organization of a given industry investor, or the insufficient effectiveness of the developed drug in the initial stages. The Company cannot guarantee that, despite successful initial development of a drug candidate, there will be an opportunity to establish a partnership with a strategic partner.

Risks related to financing the Company's operating activity

The Company does not generate revenues on an ongoing basis (save for revenues from cooperation with Heptares Therapeutics ltd. and Ono Pharmaceutical, which are not significant in view of the Group's capital needs), and its operations are capital intensive and have to date been financed primarily from funds received from shareholders through subsequent share issues and grants from public sources. Due to the uncertainty of the success of laboratory tests, possible underestimation of project budgets, the need to obtain further funds to continue research or to undertake new projects, the Company may need to obtain additional financing. The possibility and conditions of obtaining this financing will depend, among other things, on the market situation, which has recently been characterised by high volatility.

Risks related to not identifying drug candidates

A key element of the Group's strategy is to use developed technology to develop a broad category of therapeutic molecules for multiple molecular targets, thereby reducing the risk of failure. Despite this, there is a risk that the Company's research and development activities in degradative compounds may not be successful in discovering additional drug candidates with effective therapeutic applications in the treatment of cancer or autoimmune diseases. The Company's research and development programs may show initial promising results in

identifying therapeutic compounds, although at a later stage of clinical trials or commercialization, therapeutic molecules or drugs may not exhibit relevant properties, including, in particular, due to:

- harmful and undesirable side effects or demonstration of therapeutic parameters which imply that drugs based on these therapeutic compounds may not obtain appropriate marketing approvals or receive sufficient recognition in the drug market;
- failure of a potential clinical candidate to demonstrate adequate efficacy in treating the targeted diseases.

Research and development programs directed at identifying new drug candidates require significant capital, human and technical resources. The risk cannot be excluded that the Company will direct its efforts to the research and development of inappropriate compounds that ultimately will not be effective in treating the targeted diseases.

Thus, there is a risk that the Company will not generate income from commercialization and sale of drugs in the next years which may have a strong negative impact on the Company's operations, financial situation, development prospects and results.

Clinical trial authorisation risks

After the Company conducts preclinical studies, the Company, in cooperation with a strategic partner from the biopharmaceutical industry, intends to continue working on a given drug candidate in the clinical research phase at centers in Poland and abroad. The commencement of clinical trials depends on obtaining an authorization to conduct clinical trials, following a positive ethical and scientific evaluation. In order for a therapeutic molecule to be admitted to clinical trials, the Company is required to present the results of pharmacological and toxicological tests and the chemical specificity of the drug candidate. In August 2024 the Company applied for authorization to conduct clinical trial in project CT-01. In view of the need to comply with formal requirements in order to obtain a clinical trial authorization, there is a risk that the Company, in the event of non-compliance with any of the requirements, may be exposed to a delay in the project schedule or the need to incur additional financial outlays in order to comply with additional substantive or formal requirements, not excluding, in the worst case scenario, the obligation to terminate a given research project, which may have a negative impact on the Company's operations, financial position, development prospects and results.

Clinical trials require large capital expenditures, adequate preparation, and implementation, and may take several years to complete, with uncertain trial results. Failure of one or more clinical trials can occur at any stage of a clinical trial. The Company or a partner of the Company may experience a number of unforeseen problems during clinical trials that could result in a delay in or inability to obtain marketing and commercialization approval for a drug, including, but not limited to:

- regulatory authorities may not approve the initiation of clinical trials at a specialty research site selected by the Company;
- difficulties or delays in contracting with a particular research site on commercially acceptable terms;
- clinical trials of therapeutic molecules may yield negative or inconclusive results, forcing the Company to order additional testing or terminate clinical trials, or a regulatory authority orders termination of these activities under its regulatory authority;
- the number of patients required for trials may be less than expected patient recruitment for clinical trials may be slower than anticipated or trial participants may drop out in greater numbers than anticipated;
- the Company's partners or collaborators may fail to meet their obligations in a timely manner or breach regulatory requirements;

- the Company will be forced to suspend or terminate testing of drug candidates for a number of reasons, in particular because of the risk to the health or lives of patients during clinical trials;
- regulatory authorities may order the Company or its partners to suspend or terminate clinical trials for a number of reasons, including violations of regulatory requirements;
- the drug molecules being tested may exhibit undesirable side effects or other unexpected characteristics, forcing the Company or its partners to suspend or terminate clinical trials;
- the costs of conducting clinical trials may be greater than estimated;
- the supply of chemicals necessary to validate the effectiveness of the therapeutic molecule or the quality of the chemicals may be insufficient to conduct representative clinical trials.

In the event that (i) the Company or a partner of the Company is required to undertake tests in addition to those included in the project schedule, or (ii) the tests performed fail, or (iii) the results of the tests demonstrate therapeutic capability but to an unsatisfactory degree, the Company or a partner of the Company may face delays in obtaining marketing authorization, or no marketing authorization at all, a narrower scope of application than anticipated, or restrictions on the manner of consumption or labelling of the drugs.

Research and development costs will increase materially in the event of delays in preclinical or clinical studies or in obtaining the relevant marketing approvals for a drug. The Company cannot guarantee that preclinical or clinical studies will be initiated or completed within the anticipated project timeframe. Significant delays during these procedures may result in the Company's competitors being able to develop similar drugs in a shorter timeframe and bring them to the market, which would negatively affect the Company's or its partners' ability to market the developed drug, which in turn may have a negative impact on the Company's business, financial standing, development prospects and results of operations.

Risks related to significant competition in drug discovery and development

The biotechnology and pharmaceutical industries are characterized by rapid and dynamic development of modern technologies and significant competition. The Company faces competitors who may in the future develop drugs with greater therapeutic efficacy at a lower risk of undesirable side effects, which in turn may result in lower financial proceeds from the sale of, or licensing of, a drug developed by the Company. The Company cannot guarantee that competitors, also using protein degradation technology, will not develop drug candidates with better therapeutic properties for oncology or autoimmune diseases at the preclinical research stage, resulting in a decrease in interest from sectoral investors and industry partners in the Company's methods or degradation molecules developed by the Company. There is also a risk of competition from third parties that apply other methods of drug and therapy development (e.g., inhibitor treatment, gene therapy, antibody treatment and genome modification) such as large pharmaceutical companies, specialized pharmaceutical and biotechnology companies, scientific and scientific institutions or private or public research institutes.

Risk of not obtaining patent protection or insufficient patent protection for solutions developed by the Company

The Company has innovative know-how in the area of research and development of chemical compounds and drug candidates, which constitutes a legally protected trade secret. In order to obtain more effective protection of its rights, the Company intends to apply for appropriate patent protection in the territory of Poland, member states of the European Union, as well as in other countries (e.g., the USA), in the event that a particular therapeutic compound under development exhibits features that enable it to obtain a patent in a particular jurisdiction.

Patent application procedures are generally lengthy and costly, and in the case of biotechnological solutions, the outcome is often uncertain due to the scientific, technical and legal complexity of the proceedings. The publication of discoveries and biotechnological solutions is usually secondary and delayed compared to the actual filing of the discovery for patent protection, hence there is a risk that a particular therapeutic solution for a particular therapeutic indication has been discovered or developed earlier by an entity other than the Company, which will prevent a patent from being registered in favor of the Company due to failure to meet the prerequisites for patentability. Until a decision is issued by the relevant patent office, there is a risk that patent protection will be denied or granted in a narrower scope than that applied for by the Company. In addition, in the course of ongoing patent proceedings, third parties, including the Competitor's competitors, may file claims or objections to the Company's applications. This raises a potential risk of making it more difficult to obtain patent protection and, in extreme cases, even preventing the Company from obtaining patent protection due to prior patenting of the same solution by a third party. Also, in the period after patent protection has been granted, it may be invalidated for various reasons, which, in extreme cases, may prevent the Company from receiving part or all of the revenue related to a given project, despite its significant progress and costs incurred.

Risk of potential infringement of intellectual property rights

Much of the intellectual property used by the Company in its research and development activities is developed and created by the Company's employees and associates. Despite laws governing the transfer of intellectual property and copyrights from the Company's employees to the Company, there is a risk that such intellectual property and copyrights may remain with the employees, which could potentially give rise to claims by such employees against the Company for unlawful use of such intellectual property and copyrights. The Company also cannot exclude the possibility that, despite appropriate contractual arrangements, intellectual property rights or copyrights have not been effectively transferred from the Company's employees to the Company, thereby exposing the Company to potential claims from its employees, former and present.

The Company's success also depends on its ability to develop and commercialize drug candidates using relevant intellectual property owned by third parties. The Company has taken appropriate measures not to infringe the intellectual property rights of third parties. However, given the widespread use of intellectual property rights and the significant scope of their legal protection in the biotechnology and pharmaceutical industries, the risk of the Company infringing on the intellectual property rights of third parties and consequently incurring claims by such parties against the Company cannot be excluded. As a result, there is a risk that the Company may be sued for alleged infringement of intellectual property rights and as a consequence, the Company may have to engage significant and unforeseen financial resources to pursue its litigation. The above may have an adverse impact on the operations, financial standing, development outlook and results of the Company.

Risks related to using third party services

Not all activities in the course of development of a new drug and pre-clinical and clinical tests are performed by the Company’s staff or in laboratories used by the Company. Some research activities are outsourced to external specialist research centers, both Polish and foreign. Pieces of research that are outsources to external centers include activities such as large scale synthesis of chemical compounds, ADME studies package, toxicological studies, animal testing, phase one clinical research. In choosing a particular research and laboratory center the Company is guided by criteria such as quality of services, possibility of conducting research on a particular therapeutic molecule, apparatuses used, skills and qualifications of research personnel, sanitary conditions as well as reputation of the center. Selection of

appropriate external laboratory and research centers is significant from the perspective of pharmaceutical companies interested in the Company's activity. Consequently, there is a risk that laboratory and research centers or third parties to which the Company outsources some research activities will not perform such activities in a proper and timely manner or as expected by the Company.

Risk related to failure to implement the Company's strategy

The main assumption of the strategy adopted by the Company is the implementation of a number of research and development programs aimed at the discovery and commercialization of drugs with high commercial potential in the area of cancer and autoimmune diseases, for which there are currently no treatment options, or the available methods show significant therapeutic limitations. Achievement of the strategic objectives depends on many internal and external factors, including economic, regulatory, legal, financial, or operational factors, some of which are beyond the Company's control, and which may hinder or prevent the Company's strategy.

Difficulties in implementing the Company's strategy may arise from circumstances such as the inability to discover or develop new chemical compounds with therapeutic efficacy for diseases that are of interest to the Company's research and development. Moreover, in accordance with the adopted strategy, the Company intends to enter into cooperation with the largest pharmaceutical companies in the world in order to conduct clinical trials and commercialize the developed drug, but there is a risk that such cooperation may prove to be ineffective or the commercial terms of the transaction with a given partner may not be satisfactory to the Company, which may hinder the achievement of this strategic goal of the Company. Difficulties in the implementation of the Company's strategy may also result from the change in the economic policy with respect to subsidizing innovative companies, e.g., from the biotechnology industry, as a result of which the Company will be forced to change the structure of financing its research and development activities, which may delay the implementation of further projects by the Company. The implementation of the Company's strategy may also be affected by the risk related to public companies withholding funding, significant reduction thereof or the necessity to repay some or all funds which may have a strong adverse impact on the Company's ability to conduct new or complete existing projects.

Given the above, there is a risk that the Company's strategy will not be implemented at all or to a lesser extent than expected, with significant delays or with unsatisfactory results. If the Company encounters unexpected barriers during the implementation of the developed strategy, the Company may be forced to change, abandon, or develop a new strategy, or to start reviewing potential strategic options.

Risks associated with the registration, marketing and commercialization of the drug and the activities of the Group's partners

Upon successful discovery and development of a therapeutic molecule, the Company intends to enter into a partnership agreement with major pharmaceutical companies to conduct further preclinical, clinical trials, register, market and commercialize the drug.

The registration and marketing of a drug is subject to a number of procedural and formal requirements being met before the regulatory authorities. The Company's ability to generate future revenues in the form of royalties and commissions on drug sales depends on the success of these processes. In the event of procedural deficiencies, incomplete documentation or unfavorable changes in the registration and approval procedures, there is a risk of failure or delay in the registration of the drug or its marketing approval. In addition, once the marketing authorization is obtained, all the requirements under the authorization and relevant laws must be met, otherwise the regulatory authority may order the revocation of the authorization, which will result in the withdrawal of the drug from production and

marketing. The aforementioned registration and procedural steps are generally the responsibility of the partner with whom the relevant partnership agreement will be entered into. The Company cannot guarantee that the partner will comply with these obligations, which may have an adverse effect on the Company's business, financial standing, development prospects and results of operations.

The success of commercialization of developed drugs is linked to a number of factors, such as the success of clinical trials, obtaining the necessary approvals for registration and marketing of the drug, efficiency and effectiveness of the marketing and advertising campaign, favorable terms of partnership agreements for the commercialization of the drug, demand for the drug developed by the Company and the availability of competitive therapies and drugs on the market. The success of the commercialization and promotional campaign of the finished drug will depend significantly on the potential and resources of the strategic partner selected by the Company in each case.

Risks related to the occurrence of accidents, loss of equipment and data, and property and personal damage

The Company's operations require the use of sophisticated research and laboratory, diagnostic and storage equipment used in molecular biology, organic chemistry, and analytical work. The loss of such equipment as a result of mishap, faulty operation or force majeure (e.g., natural disasters, fire) can cause significant delays in the research schedule, incurring costs to rebuild laboratories and specialized equipment, and even loss of the ability to continue or conduct new drug candidate research.

The internal computer systems used by the Company are vulnerable to serious failures, virus attack, unauthorized access, data theft, and the circumstances and events indicated in the previous paragraph. The Company undertook certain measures to prevent such events; however, it cannot be excluded that such events will occur and prevent research work from being continued. Loss of laboratory data and preclinical or clinical results, as a result of work interruption or damage to IT systems, may lead to significant delays in the projects being carried out, and force the Company to incur significant financial costs to recover the data.

The Company conducts research and development work among others in a chemical laboratory. Personal injuries may be an undesirable result or such work. The Company cannot assure that in the event of human error, equipment malfunction or random events, the aforementioned personal injuries will not occur. Their occurrence may expose the Company to compensation proceedings. The Company's business is dependent on the use of active substances manufactured within its own operations and supplied by contractors. There is a risk that due to sudden and unforeseen circumstances, research material may be damaged, contaminated or destroyed in the laboratory, adversely affecting the timely implementation of planned activities. The above risk exists despite the fact that the Company insures fixed assets comprising laboratory equipment and has civil liability insurance (OC) in connection with its operations.

Risk related to violation of business secrets and know-how of the Company

Notwithstanding the legal protections afforded to intellectual property rights, the Company uses in its operations information that constitutes corporate secrets, in particular non-patented know-how, methods and technologies for developing drug candidates. The Company exercises due diligence to protect the confidentiality of such information, in particular by entering into nondisclosure agreements or confidentiality agreements with entities that have access to such confidential information, i.e., employees, contractors, scientific collaborators, consultants and other third parties. Despite the above protective measures, the aforementioned third parties may breach the relevant agreements and disclose the Company's business secrets or know-how. Pursuing claims for such violations is

complicated and time-consuming, may involve significant financial resources of the Company, and legal remedies may not be effective or sufficient. The Company cannot exclude a situation in which as a result of infringement of the Company's secrets competing entities gain access to such information, which may negatively affect the Company's competitiveness on the market. In addition, if third parties independently and legally discover information or develop methods or technologies similar to those used by the Company, the Company will not have adequate tools to prevent such parties from using such information.

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

4.1. Principles of preparation of semi-annual separate and consolidated financial statements of the Company and the Group

The interim condensed consolidated and separate financial statements for the six months ended 30 June 2024 have been prepared in accordance with the International Financial Reporting Standards (**IFRS**) endorsed by the EU, including primarily International Accounting Standard No. 34 "*Interim Financial Reporting*", based on the assumption that the Group and the Company will continue as a going concern in the foreseeable future, for at least 12 months after the balance sheet date.

The consolidated and separate financial statements for the first half of 2024 cover the period from 1 January 2024 to 30 June 2024 and have been prepared in thousands of PLN.

4.2. Basic economic and financial data

Revenues from sales

In the first half of 2024, there was continued and expanded collaboration with Ono Pharmaceutical, focusing on the development of drug candidates degrading an undisclosed target with applications in neurodegenerative diseases. During the period, the Group received PLN 9,341 thousand in revenue from R&D reimbursements under commercial R&D collaborations, more than doubling compared to the first half of 2023.

Operating costs

The value of the Group's total operating expenses in the first half of 2024 amounted to PLN 31,228 thousand and consists of aggregate operating expenses, i.e. costs of own services sold, research work expenses, project overheads and general and administrative expenses.

The largest item in the group of operating expenses is research-related costs, i.e. research work and project overheads, which totaled PLN 22,266 thousand and accounted for 71.3% of the Group's operating expenses. Compared to the same period last year, when they amounted to PLN 37,963 thousand and accounted for 81.1% of operating expenses, this is a 41% decrease. The decrease is primarily related to the transition of key projects to the clinical trial submission stage.

A significant item of the Group's operating expenses is general and administrative expenses, which amounted to 19.3% of operating costs in the period under review, compared to 18.3% in the same period of the previous year. In H1 2024, management expenses amounted to PLN 6,038 thousand and decreased by PLN 2,545 thousand compared to the same period in 2023, when the figure was PLN 8,583 thousand. The costs of the incentive program and consulting services were lower in H1 2024.

In the analyzed period, however, there was an increase in the cost of own sold services in keeping with the increased level of commercial collaborations.

On the other hand, in the structure of the Group's costs by type, the largest item is third-party services, which amounted to PLN 15,355 thousand in the first half of 2024 and were lower by PLN 11,616 thousand than in the first half of 2023. The decrease in the cost of third-party services is related to the stage at which the Group's most advanced projects are at and the anticipation of the start of clinical trials in these projects.

Another significant item in the structure of costs by type is the cost of employee benefits, which amounted to PLN 11,065 thousand in the first half of 2024 and were PLN 1,831 thousand lower than in the comparative period of 2023. At that time, employee benefit costs stood at PLN 12,896 thousand, of which 80.4% were salaries, insurance and other employee benefits, while 19.6% of these costs were costs of the incentive program. In the current year, employee benefit costs related to the incentive program were lower by PLN 1,634 thousand and accounted for 8.0% of total employee benefit costs. In accordance with the Group's assumptions, the valuation of the incentive program is based on actuarial valuation and does not represent a real (i.e. cash) cost for the Group.

During the period under review, the cost of materials and energy, depreciation and amortization and other costs by type also decreased.

Grant income and other operating income

The grant revenue item represents revenue from grants obtained by the Group and amounted to PLN 2,547 thousand in the first half of 2024 (PLN 8,029 thousand in the corresponding period of the previous year). The decrease in grant revenue in the first half of 2024 compared to the same period of the previous year is due to the completion of the CT-04 and CT-05 projects and the completion of the laboratory work phase of the ongoing projects, as well as the timing of outsourcing costs for projects that have entered the clinical trial phase.

Other operating costs

In the reporting period, the Group presented PLN 538 thousand in other operating expenses. This amount consists of the value of accrued interest increasing the provision for the liability to NCBiR for the potential obligation to return the grant received for the CT-02 project. This provision was established in H1 2023.

Operating profit (loss)

In the first half of 2023, the Group recorded a loss from operations in the amount of PLN 19,844 thousand. According to the information presented in Section 3.2 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 in the first half of 2024 is PLN 25,333 thousand lower than in the same period of the previous year (then it was PLN 45,177 thousand). In the period under review, the Company incurred operating expenses lower by PLN 15,588 thousand and other operating expenses lower by PLN 10,269 thousand, and generated revenues higher by PLN 5,439 thousand from research and development services, which in turn offset lower grant revenues.

Financial income

The Group earned financial income of PLN 664 thousand in the first half of 2024. These are interest from short-term deposits. In accordance with its investment policy, the Group invests free cash in safe financial instruments: bank deposits or bonds backed by government or banking institutions.

Net profit (loss)

Net loss in the first half of 2024 amounted to PLN 19,424 thousand and was PLN 23,899 thousand lower than in the first half of 2023. This amount is mainly due to factors affecting the loss from operations.

Assets

As of the balance sheet date of 30 June 2024, total assets amounted to PLN 77,651 thousand, of which 86.6% were current assets and 13.4% were fixed assets. At the end of 2023, total assets were PLN 97,294 thousand.

Fixed assets

As of 30 June 2024, fixed assets amounted to PLN 10,386 thousand, which means that compared to 31 December 2023, fixed assets increased by PLN 1,740 thousand. The most significant non-current assets as of 30 June 2024 and as of 31 December 2023 were property, plant and equipment (laboratory equipment and buildings and structures leased by the Group). As of 30 June 2024, property, plant and equipment amounted to PLN 9,071 thousand, which accounted for 87.3% of all fixed assets, and as of 31 December 2023, they had a value of PLN 6,948 thousand, which accounted for 80.4% of all fixed assets.

Current assets

During the period under review, there was a decrease in the value of current assets. As of 30 June 2024, current assets amounted to PLN 67,265 thousand and were lower by PLN 21,383 thousand compared to 31 December 2023. The most significant components of current assets as of 30 June 2024 and as of 31 December 2023 were cash and cash equivalents, which accounted for the end of the first half of 2024 84,03% of current assets and 85,40% at the end of 2023.

Equity

The value of this balance sheet item as of 30 June 2024 amounted to PLN 50,683 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 18,537 thousand compared to 31 December 2023, and was mainly related to the net loss from operations in the period under review.

Long-term liabilities

Non-current liabilities at the end of the reporting period amounted to PLN 3,147 thousand. In the period under review, non-current liabilities increased by PLN 1,804 thousand compared to 31 December 2023. As of the balance sheet date, these liabilities largely represent (96.5%) the long-term portion of leases for laboratory equipment and long-term leases for laboratory space.

Current liabilities

Short-term liabilities at the end of the reporting period amounted to PLN 23,821 thousand and are PLN 2,910 thousand lower than at 31 December 2023, when they amounted to PLN 26,731 thousand. These liabilities as of the balance sheet date represent to a significant extent (38.5%) trade payables and the short-term portion of rental and lease liabilities. A significant portion of current liabilities (40.5%) is also represented by provisions for pension and similar obligations.

4.3 Financial indicators of effectiveness

The Group recognized a net loss both the first half of 2024 and the corresponding period of 2023, 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 9: Group's financial indicators

Indicator	Sposób kalkulacji	30.06.2024	31.12.2023
total debt ratio	total liabilities/total assets	34.7%	28.9%
long-term debt ratio	long-term liabilities/total liabilities	11.7%	4.8%
short-term debt ratio	short-term liabilities/total liabilities	88.3%	95.2%

As of 30 June 2024, there has been an increase in the total debt ratio and the long-term debt ratio, as a result of an increase in rental contract liabilities. The short-term debt ratio, on the other hand, decreased as a consequence of a decrease in the cost of third-party services for ongoing research.

5 OTHER MATERIAL INFORMATION AND EVENTS

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

Apart from the factors and events indicated in the remaining sections of this report, there were no other significant factors and events, including those of an unusual nature, affecting the interim condensed consolidated and separate financial statements in the first half of 2024.

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 2024.

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;
- the rate of receipt of funding for ongoing research projects;
- progress in activities aimed at commercialization of the most advanced development projects;
- development of cooperation with current and future industry partners;
- the level of employment in the Group and new employees being covered by the Incentive Program (circumstances affecting the increase in salaries and non-cash costs recognized in relation to the Incentive Program);
- macroeconomic situation related to the COVID-19 pandemic, the war in Ukraine, the inflation, the interest rate, and the exchange rate.

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

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

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

The Company's operations and assets constitute the major part of the Group's operations and assets (revenues from the Company's research and development services account for 100% of the Group's revenues, the Company's equity accounts for 99.7% of the Group's equity, the Company's assets constitute 99.3% 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 is no 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.

5.7 Contact for Investors

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

5.8 Statement of the Management Board

The Management Board of Captor Therapeutics hereby declares that, to the best of the Management Board's knowledge, the interim condensed consolidated financial statements of the Captor Therapeutics Group, the interim condensed financial statements of Captor Therapeutics S.A. and the comparative data have been prepared in accordance with the applicable accounting principles and reflect in a true, fair and clear manner the Group's financial standing as well as its financial results. The semi-annual report of the Management Board on the activities of the Captor Therapeutics Group gives a true picture of the development, achievements and situation of the Company and the Group, including a description of the main threats and risks.

The Management Board's report on the Captor Therapeutics Group's activities for the first half of 2024 was approved for publication on 5 September 2024.

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

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