CAPTOR THERAPEUTICS S.A.

INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE SIX MONTHS ENDED JUNE 30, 2022

September 2, 2022
Wrocław

SELECTED FINANCIAL DATA FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	(PLN '000)		*(EUR '000)*	
STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME				
	01.01.2022-30.06.2022	01.01.2021-30.06.2021	01.01.2022-30.06.2022	01.01.2021-30.06.2021
Revenue from R&D services	2 227	1 454	480	320
Cost of services sold	585	-	126	-
Gross profit (loss) from sales	1 642	1 454	354	320
Profit (loss) from operations	-20 850	-12 130	-4 491	-2 668
Gross profit (loss) from continuing operations	-20 840	-12 801	-4 489	-2 815
Net profit (loss) for the period	-20 840	-12 801	-4 489	-2 815
Number of shares (in pcs.)	4 158 710	4 127 972	4 158 710	4 127 972
Earnings (loss) per share (in PLN/EUR)	-5.01	-3.10	-1.08	-0.68

STATEMENT OF FINANCIAL POSITION				
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Non-current assets	9 634	12 986	2 058	2 823
Current assets	111 414	130 555	23 803	28 385
Equity	108 180	124 201	23 113	27 004
Long-term liabilities	1 455	2 973	311	646
Current liabilities	11 413	16 367	2 438	3 559

STATEMENT OF CASH FLOWS				
	01.01.2022-30.06.2022	01.01.2021-30.06.2021	01.01.2022-30.06.2022	01.01.2021-30.06.2021
Net cash flow from operating activities	-13 296	-15 079	-2 864	-3 316
Net cash flow from investment activities	-14 196	-211	-3 058	-46
Net cash flow from financing activities	-3 341	144 448	-720	31 767

Conversion into euros 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 June 30, 2022, the rate of EUR 1 = PLN 4.6806, and as of December 31, 2021, the rate of EUR 1 = PLN 4.5994,
- items of the statement of financial performance and other comprehensive income and the cash flow statement at the average exchange rate which is the arithmetic mean of the average exchange rates published by the National Bank of Poland at the end of each calendar month of the period, i.e. for the period from January 1, 2022 to June 30, 2022, the rate of EUR 1 = PLN 4.6427, and for the period from January 1, 2021 to June 30, 2021, the rate of EUR 1 = PLN 4.5472.

SELECTED FINANCIAL DATA FROM THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

	(PLN '000)		*(EUR '000)*	
STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME				
	01.01.2022-30.06.2022	**01.01.2021-30.06.2021**	**01.01.2022-30.06.2022**	**01.01.2021-30.06.2021**
Revenue R&D services	2 227	1 454	480	320
Cost of services sold	585	-	126	-
Gross profit (loss) from sales	1 642	1 454	354	320
Profit (loss) from operations	-20 792	-12 118	-4 479	-2 665
Gross profit (loss) from continuing operations	-20 783	-12 788	-4 477	-2 812
Net profit (loss) for the period	-20 783	-12 788	-4 477	-2 812
Number of shares (in pcs.)	4 158 710	4 127 972	4 158 710	4 127 972
Earnings (loss) per share (in PLN/EUR)	-5.00	-3.10	-1.08	-0.68
STATEMENT OF FINANCIAL POSITION				
	30.06.2022	**31.12.2021**	**30.06.2022**	**31.12.2021**
Non-current assets	9 608	13 049	2 053	2 837
Current assets	111 309	130 220	23 781	28 312
Equity	108 093	124 063	23 094	26 974
Long-term liabilities	1 455	2 973	311	646
Current liabilities	11 369	16 233	2 429	3 529
STATEMENT OF CASH FLOWS				
	01.01.2022-30.06.2022	**01.01.2021-30.06.2021**	**01.01.2022-30.06.2022**	**01.01.2021-30.06.2021**
Net cash flow from operating activities	-13 072	-15 081	-2 816	-3 317
Net cash flow from investment activities	-14 196	-211	-3 058	-46
Net cash flow from financing activities	-3 341	144 448	-720	31 767

Conversion into euros 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 June 30, 2022, the rate of EUR 1 = PLN 4.6806, and as of December 31, 2021, the rate of EUR 1 = PLN 4.5994,
- items of the statement of financial performance and other comprehensive income and the cash flow statement at the average exchange rate, which is the arithmetic mean of the average exchange rates published by the National Bank of Poland at the end of each calendar month of the period, i.e. for the period from January 1, 2022 to June 30, 2022, the rate of EUR 1 = PLN 4.6427, and for the period from January 1, 2021 to June 30, 2021, the rate of EUR 1 = PLN 4.5472.

GENERAL INFORMATION

1. Information about the Company and the Group

Captor Therapeutics S.A. (the "Company", the "Entity", the "Parent Company", the "Issuer") was registered in the National Court Register in Poland on December 30, 2015 as a limited liability company under KRS No. 0000594615, and was subsequently transformed into a joint stock company.

The transformation of Captor Therapeutics Sp. z o.o. into Captor Therapeutics S.A. took place in accordance with Article 551 of the Code of Commercial Companies, based on the Resolution of the Extraordinary Meeting of Shareholders of Captor Therapeutics Sp. z o.o. dated August 28, 2018, covered by the notarial deed Rep. A No. 6456/2018, drawn up by Małgorzata Kieruzal – Rydzewska, notary public from the notarial office at 98/1 Pańska Street in Warsaw.

The company has been assigned REGON 363381765 (statistical number) and NIP 8943071259 (tax identification number). The Parent Company is registered under number: KRS 0000756383.

The Parent Company has is registered office at 11 Duńska Street in Wroclaw.

There have been no changes in the Entity's name or other identifying information since the end of the previous reporting period.

The Parent Company's predominant line of business is scientific research and development in the field of biotechnology (72.11.Z).

As of April 19, 2021, the Issuer's shares are listed on the main market of the Warsaw Stock Exchange.

The Company holds shares in one subsidiary, Captor Therapeutics GmbH, seated in Switzerland (the "Subsidiary"). The Subsidiary was established by the Company through paying the share capital of CHF 20,000.

Registered office address of the Subsidiary: Gewerbestrasse 24, 4123 Allschwil (Basel), Switzerland
Registration date of the Subsidiary: August 30, 2018
The objects of Captor Therapeutics GmbH consist of research and development and implementation of related projects, as well as business development consulting services.
Composition of the Subsidiary's Management Board as of the balance sheet date and as of the date of preparation of these consolidated financial statements: Michał Walczak - President of the Management Board, Sylvain Cottens - Member of the Management Board.

2. Description of the Captor Therapeutics S.A. Group.

Captor Therapeutics S.A. Capital Group. ("Capital Group", "Group") consists of:

- Parent Company, Captor Therapeutics S.A., based in Wrocław, Poland,
- Subsidiary, Captor Therapeutics GmbH, seated in Allschwil (Basel), Switzerland.

Captor Therapeutics S.A. holds 100% of the Subsidiary's shares.

Acquisitions/disposals of shares in companies

Apart from the establishment of the Subsidiary in 2018, there were no acquisitions or disposals of shares in subsidiaries.

Changes in the composition of the Group after the balance sheet date

There were no changes in the composition of the Group after the balance sheet date, i.e. in the period from July 1, 2022.

3. Composition of the Management Board and Supervisory Board of the Parent Company

The governing bodies of the Entity, in addition to the General Meeting, are as follows: the Management Board and the Supervisory Board.

As of the date of this report, the composition of the Parent Company's Management Board is as follows:

1. Thomas Shepherd - Chairman of the Board
2. Michal Walczak - Board Member, Scientific Director
3. Radoslaw Krawczyk - Member of the Management Board, Chief Financial Officer

If the Management Board consists of several members, the Parent Company shall be represented by two persons: the Chief Financial Officer together with another Board Member.

As of the date of this report, the composition of the Parent Company's Supervisory Board is as follows:

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

As of December 31, 2021, the composition of the Supervisory Board was as follows:

1. Paul Holstinghausen Holsten - Chairman of the Supervisory Board
2. Maciej Wróblewski - Member of the Supervisory Board
3. Florent Gros - Member of the Supervisory Board
4. Krzysztof Samotij - Member of the Supervisory Board

Compared to the composition of the Parent Company's Supervisory Board as of December 31, 2021, there was one change. On January 5, 2022, Mr. Robert Florczykowski was appointed to the Supervisory Board.

The Entity has an Audit Committee appointed by the Supervisory Board for another term of office on June 30, 2022. As of the date of this report, the composition of the Audit Committee is as follows:

1. Krzysztof Samotij - Chairman of the Audit Committee
2. Maciej Wróblewski - Member of the Audit Committee
3. Florent Gros - Member of the Audit Committee

The Parent Company has a Remuneration Committee which was appointed by the Supervisory Board for another term of office on June 30, 2022. As of the date of this report, the composition of the Remuneration Committee is as follows:

1. Paul Holstinghausen Holsten - Chairman of the Remuneration Committee
2. Florent Gros - Member of the Remuneration Committee.
3. Robert Florczykowski - Member of the Remuneration Committee.

The General Meeting of Shareholders, the Supervisory Board and the Management Board have standard powers arising from the Commercial Companies Code, as provided for joint stock companies, and the Company's Articles of Association.

4. Approval of financial statements

These interim condensed consolidated and separate financial statements of Captor Therapeutics S.A. (the "financial statements") were approved by the Parent Company's Management Board on September 2, 2022.

5. Basis of preparation of the financial statements

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

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

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

6. Reporting period and comparative data

The period covered by these interim condensed consolidated and separate financial statements includes the 6-month period from January 1, 2022 to June 30, 2022 and data as of June 30, 2022.

The interim condensed consolidated and separate statements of performance and other comprehensive income include data for the six months ended June 30, 2022 and comparative data for the six months ended June 30, 2021. The interim condensed consolidated and separate statements of financial position include data as of June 30, 2022 and comparative data as of December 31, 2021. The interim condensed consolidated and separate statements of cash flows and the interim condensed consolidated and separate statements of changes in equity include data for the six months ended June 30, 2022 and comparative data for the six months ended June 30, 2021.

7. Functional currency and currency of financial statements

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

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

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

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

8. Transactions in foreign currency

At the end of each reporting period:

- monetary items expressed in foreign currency are translated using the closing exchange rate in effect on that date, i.e. the average exchange rate set for the currency by the National Bank of Poland,

- non-cash items valued at historical cost in a foreign currency are translated using the exchange rate (i.e., the average exchange rate of the National Bank of Poland set for the currency) in effect on the date of the transaction, and

- non-monetary items measured at fair value in a foreign currency are translated using the exchange rate (i.e., the average exchange rate of the National Bank of Poland set for the currency) in effect on the date the fair value is determined.

Foreign exchange gains and losses arising from:

- settlement of transactions in foreign currency,

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

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

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

exchange rates used in the financial statements	2022 January – June		2021 January - June / December	
	EUR	*CHF*	*EUR*	*CHF*
exchange rate at the end of the reporting period	4.6806	4.6904	4.5208 / 4.5994	4.1212 / 4.4484
average exchange rate during the reporting period	4.6427	4.5274	4.5472	4.1495

9. Error correction

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

10. Change in estimates

During the six months ended June 30, 2022, there was no change in estimation methods that would affect the current period or future periods.

11. New standards and interpretations

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

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

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

The following are new or amended IFRS/IAS regulations and IFRIC interpretations that have already been issued by the International Accounting Standards Board and have been approved by the EU, but have not yet become effective:

- IFRS 17 Insurance Contracts (published on May 18, 2017) including amendments to IFRS 17 (published on June 25, 2020) - applicable to reporting periods beginning on or after January 1, 2023,
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Code of Practice 2: Disclosure of Accounting Policies (published on February 12, 2021) - effective for reporting periods beginning on or after January 1, 2023,
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on February 12, 2021) - effective for reporting periods beginning on or after January 1, 2023,
- Amendments to IAS 12 Income Taxes: Deferred Tax on Assets and Liabilities Arising from a Single Transaction (issued on May 7, 2021) - effective for reporting periods beginning on or after January 1, 2023.

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

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued January 23, 2020 and July 15, 2020, respectively) - effective for reporting periods beginning on or after January 1, 2023,
- Amendments to IFRS 17 Insurance Contracts: Preliminary Application of IFRS 17 and IFRS 9 - Comparative Information (published December 9, 2021) - effective for reporting periods beginning on or after January 1, 2023.

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

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

12. Continued activities

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

The Group is a biopharmaceutical company specializing in the development of drugs that induce targeted degradation of pathogenic proteins. The Group is active in the area of cancer and autoimmune diseases for which there is currently a lack of treatment options or the available methods show significant therapeutic limitations. The Group is in the early stages of ongoing research. The Group's ability to generate profits from the sale of drugs or licensing of therapeutic solutions will depend on success in developing drug candidates and eventual commercialization of drugs. The target group will comprise large pharmaceutical companies developing and implementing new drugs based on drug candidates. The Group mainly plans to sell licenses for the results of its projects to a company that, based on its experience and operational potential, will conduct further phases of clinical trials, develop production and launch the drug on the Polish and foreign markets. In addition, the Company will seek to attract partners from the pharmaceutical industry to jointly develop drug candidates not currently in the research phase.

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

In 2021, the Group launched a project in cooperation with Heptares Therapeutics Ltd (a Sosei Heptares Group entity). Accordingly, in the first half of 2022, the Group recorded revenue of PLN 2,227 thousand from the implementation of this project.

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

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

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

Secondly, with the funds raised from the IPO and funding from the NCBiR, the Group has secured funding to continue to grow and conduct research on its projects in the medium term in an uninterrupted manner.

In view of the continuing epidemic emergency in Poland and the global SARS-CoV-2 coronavirus pandemic declared by the WHO (World Health Organization), the Parent Company's Management Board took measures in the first half of 2022 to minimize the risk of delaying research and development work. As of the date of this financial report, this work is proceeding without major disruptions, in accordance with planned schedules. There have been no significant delays in the delivery of components, materials, machinery and equipment. However, it cannot be ruled out that such delays may occur in the future. No less during the reporting period, there were no events affecting the Group's framework work schedules.

Due to the outbreak of armed conflict between Ukraine and Russia, the Parent Company's Management Board analyzed the impact of the current situation on the Group's operations. In the opinion of the Management Board, there are no significant risks that could significantly affect the business. The Group has both no assets in Ukraine and no operations in conflict areas.

In view of the above, taking into account the financing obtained, the capital increase made and the implementation of the established strategy by achieving progress in scientific research, particularly in the CT-01 and CT-03 project, in the opinion of the Parent Company's Management Board, as of June 30, 2022, there is no risk to the Group's and the Company's going concern.

ACCOUNTING PRINCIPLES (POLICIES) AND ADDITIONAL INFORMATION

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

13. Significant values based on professional judgment and estimates

Criteria for Assessing the Likelihood of Commercialization of Projects.

When the Group begins work on a given project, it evaluates whether the expenses incurred should be qualified under research or development. The scope of the work in question is first evaluated, what product is involved, what are the regulatory requirements for the product, what is the potential of the market in which it is to be commercialized, and the Group's management evaluates the likelihood of obtaining registration and the possibility of commercialization according to the following decision-making criteria.

The Group makes a clear distinction between projects in terms of their likelihood of commercialization. Consequently, it is possible to determine how costs resulting from their implementation will be accounted for. The costs of projects whose commercialization is not certain will be charged to current period costs, while those whose commercialization is certain under the terms of IAS 38 are capitalized. The Group has set an internal level of probability, the achievement of which will indicate that a given project and its expenditures may be capitalized - this level has been set at no less than 70% probability.

Decision criteria for assessing probability refer to the following:

- the size and trend of the market affected by the project,
- compatibility of the new project with the Group's current portfolio,
- compatibility of the new project with the Group's commercial model,
- meeting of the registration requirements as soon as possible,
- owned production and laboratory facilities,
- sufficiency of funds or potential sources of funding through existing or future contracts,
- obtainment of an independent or internal opinion on the implementation of the project.

The projects are subject to annual evaluation according to the same business criteria as well as requirements in accordance with paragraph 57 of IAS 38.

Grants

The Group makes an estimate of the probability of having to repay received grants. Depending on the estimate adopted, subsidies received may be charged to earnings in the year in which the costs financed by the subsidies are incurred or suspended on deferred income until reasonable assurance of the non-refundability of the amounts received is obtained.

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

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

- The Group refuses to submit to or obstructs the inspection or fails to implement the inspection recommendations within the specified timeframe;
- In the course of inspection proceedings by authorized institutions, errors or deficiencies were found in the submitted documentation of the Project's impact on the environment and were not corrected or supplemented within the prescribed period;
- The Group will not submit the payment application or interim report on time;
- The Group will not correct the payment application or interim report containing deficiencies or errors within the prescribed period;
- The Group will not submit information and explanations on the implementation of the Project;
- The Group will misuse the subsidy, take the subsidy improperly or in an excessive amount;
- The Group will use the grant in violation of the procedures referred to in Article 184 of the Public Finance Law;
- The interim report was negatively evaluated by authorized institutions, as mentioned in the grant agreement;
- Further implementation of the Project by the Group is impossible or inexpedient;
- The Group shall cease implementation of the Project or shall implement it in a manner contrary to the Agreement or in violation of the law;
- There is a lack of progress in the implementation of the Project in relation to the deadlines specified in the application for funding, which makes it reasonable to believe that the Project will not be implemented in full or its objective will not be achieved.

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

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

- The Group or the Parent Company makes legal and organizational changes that threaten the implementation of the Agreement or fails to inform the Intermediate Body of its intention to make legal and organizational changes that may have a negative impact on the implementation of the Project or the achievement of the Project objectives. These risks are controlled by the Group. The Management Board of the Parent Company shall inform the Intermediate Body of all legal and organizational changes.
- The Group does not promote the Project as specified in the Agreement. This risk is controlled by the Group. The Group promotes the Projects at thematic scientific conferences, and the implementation of promotional activities is in accordance with the grant agreements.
- Laboratory facilities - The Group has existing laboratory facilities
- Inadequate resources of specialized personnel and laboratories that can develop and implement research to exploit new drug development technology
- Insufficient funding or potential sources of funding through existing or future licensing or collaboration agreements.

Project sustainability risks (risk number 3) in the opinion of the Parent Company's management are presented below.

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

A violation of the principle of sustainability occurs when at least one of the prerequisites occurs during its duration:

- The Group will cease operations or move them outside the program's support area,
- there will be a change in ownership of an element of the co-funded infrastructure that gives the company an undue advantage,
- there will be a significant change affecting the nature of the project, its objectives or the conditions for its implementation, which could lead to a violation of its original objectives.

Notwithstanding the above, it should be noted that the funding agreements with NCBiR are for the implementation and financing of the Company's projects until the end of 2023. The Company estimates that some of its projects will enter Phase I clinical trials in 2023, and some between 2023 and 2025. Even if the Company's estimated timetable for some projects currently provides for entering Phase I clinical trials in 2023, it cannot be ruled out that such timetable will change and projects will enter Phase I clinical trials after 2023. As a result, the Company may not have time to use all of the funding received for the project from NCBiR and will have to finance further work from its own resources. The Company is also exposed to the risk of the grant being withheld, significantly reduced or having to return some or all of the funds received from the grant.

In addition, the Company received part of the funding from NCBiR as a member of a consortium. This situation occurred in the implementation of two projects: (i) the project "Development of laboratory kits for screening 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 "Development and implementation of an innovative platform for the screening of degron-type therapeutic compounds," under which the Company cooperated with PORT Polski Ośrodek Rozwoju Technologii sp. z o.o., based in Wrocław (formerly Wrocławskie Centrum Badań EIT+ spółka z o.o.). In both cases, the Company and the other consortium member share the rights to the results of the work and research under the project. As a result, the economic implementation of research results, such as their sale or licensing, requires the cooperation of the members of a given consortium and cannot be done by the Company alone. Due to the need for cooperation of consortium members, the Company cannot exclude the risk of non-cooperation on the part of the other consortium member or the inability to reach an agreement on the terms of sale or implementation of the project results, which, as a consequence, may have a negative impact on the Company's operations, financial position, development prospects and results.

In addition, it should be noted that agreements providing for the sale or licensing of project results must meet a number of requirements more broadly described in the grant agreement. It cannot be ruled out that it will not be possible to meet some or all of the aforementioned requirements, or that the Company will fail to implement the results of the research and development work within the timeframe indicated in the agreements, which may result in withholding of the grant or termination of the grant agreement and an obligation to return all or part of the grant with interest.

Impairment of non-financial assets

The Group assesses at each balance sheet date whether there are indications of impairment of non-financial assets. If there are indications that the carrying value of these assets may not be recoverable, the Group performs an impairment test on non-financial assets. As of the balance sheet date, in the opinion of the Group's management, there are no indications of impairment of the carrying value of non-financial assets held.

14. Significant accounting policies

Research and development costs

The costs of research work are written off to earnings as incurred. Expenditures incurred for development work performed as part of a project are carried forward if it can be considered that they will be recovered in the future. Subsequent to the initial recognition of development expenditures, the historical cost model is applied, requiring that assets be recognized at cost less accumulated depreciation and accumulated impairment losses. Any expenditures carried forward are amortized over the expected period of obtaining benefits from the project.

Development costs are reviewed for possible impairment annually - if any asset has not yet been put into service, or more frequently - when during the reporting period there is an indication of impairment indicating that its carrying amount may not be recoverable.

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

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

When the Group produces intangible assets on its own, it allocates expenditures to either research or development, respectively. If the Group is unable to separate the research stage from the development stage, it treats the entire cost incurred as costs of the research stage. This results in a charge to the result of the period in which the costs were incurred. Expenditures incurred in the course of development work are recognized as expenses when incurred or are charged to intangible assets, depending on whether the criteria for their capitalization are met.

It is possible to recognize expenditures and classify them as development work, provided that:

- it is possible to technically complete the intangible asset so that it is either usable or can be held for sale,
- there is a realistic possibility that the intangible asset will generate probable future economic benefits,
- there is the ability to use or sell the intangible asset,
- there is the availability of applicable technical, financial and other resources and the ability to reliably determine inputs,
- there is a way of implementation and applicability given the existence of a market for the product.

When development expenditures meet the above conditions, the expenditures incurred are capitalized and reported as "Development expenditures (in progress)" in the statement of financial position.

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

- expenditures for materials and services used or consumed in the production of the intangible asset,
- employee benefit costs arising directly from the generation of the intangible asset,
- title registration fees,
- amortization of patents and licenses that are used in the production of the intangible asset.

Leasing

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

In the case of a contract that is a lease, the Group takes a practical expedient and does not separate the non-lease elements from the lease elements and instead recognizes each lease element and any accompanying non-lease elements as a single lease element.

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

In determining the lease term for indefinite leases, the Group exercises professional judgment taking into account:

- expenditures incurred in connection with the contract in question or
- potential costs associated with lease termination, including the costs of obtaining a new lease such as negotiation costs, relocation costs, the costs of identifying another underlying asset that meets the lessee's needs, the costs of

integrating the new asset into the lessee's operations, or termination penalties and similar costs, including the costs associated with returning the underlying asset in the condition specified in the contract or to the location specified in the contract.

If the costs associated with the termination of the lease are material, a lease term equal to the assumed depreciation period of a similar fixed asset with similar characteristics to the leased asset is assumed. As long as the costs associated with the termination of the lease agreement can be reliably determined, the lease period over which the termination of the agreement will not be justified is determined. If the expenditures incurred in connection with a given agreement are material, a lease period equal to the expected period of deriving economic benefits from the use of the incurred expenditures is assumed. The value of incurred expenditures is a separate asset from the right-of-use asset. If there are no expenditures incurred in connection with a given contract or if there are no termination costs, or if they are of immaterial value, the termination period of the contract is taken as the lease term.

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

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

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

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

Impairment of non-financial fixed assets

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

The recoverable amount of an asset or cash-generating unit corresponds to the higher of its fair value less costs to sell the asset or cash-generating unit, respectively, or its value in use. The recoverable amount is determined on an asset-by-asset basis, unless the asset does not generate cash inflows on its own, which are mostly independent of those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable amount, impairment occurs and a write-down to the determined recoverable amount is then made. In estimating value in use, projected cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks inherent in the asset. Impairment losses on assets used in continuing operations are recognized in those expense categories that correspond to the function of the asset for which impairment has been identified.

At each balance sheet date, the Group assesses whether there are indications that an impairment loss recognized in prior periods for an asset is unnecessary or should be reduced. If such indications exist, the Group estimates the recoverable amount of the asset. A previously recognized impairment loss is reversed if and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such a case, the carrying amount of the asset is increased to its recoverable amount. The increased amount may not exceed the carrying amount of the asset that would have been determined (net of depreciation) if no impairment loss had been recognized for the asset at all in prior years. Reversal of an impairment loss on an asset is recognized as income in the result. Once an impairment loss has been reversed, the depreciation charge related to the asset is adjusted in subsequent periods in a manner that allows, over the remaining useful life of the asset, a systematic write-down of its revised carrying amount less its residual value.

Grants

The Group operates in the biopharmaceutical industry, specializing in the development of drugs that induce targeted degradation of pathogenic proteins. The Group benefits from government grants, mainly from the National Center for Research and Development (NCBiR for short). The Group receives grants in the form of cash once the conditions specified in the grant agreements have been met and applications for payment have been approved. This is done after the Group has incurred expenses, either in the form of reimbursements (refunds) or in the form of advance payments.

Government grants, including non-monetary grants reported at fair value, are recognized only when there is reasonable assurance that the Group will meet the conditions associated with the grant and that the grant will actually be received. If the grant relates to a cost item, then it is recognized as income commensurate with the costs that the grant is intended to offset. On the other hand, if the subsidy relates to a specific asset, then its fair value is recognized in the deferred income account, and then it is gradually recognized in the result as income commensurate with the depreciation deductions made on the asset.

Grants may be for expenses for research, industrial research, development work (intangible assets) or fixed assets.

When the grant becomes repayable, this results in a change in estimates, and the return of the grant is recognized immediately in the result.

Grant reimbursement risks are described in more detail in Section 14 Material values based on professional judgment and estimates in the "Grants" paragraph.

The Criteria for Assessing the Likelihood of Commercialization of Projects are further described in Section 13 Significant Values Based on Professional Judgment and Estimates in the paragraph "Criteria for Assessing the Likelihood of Commercialization of Projects."

Employee share schemes - share-based payments

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

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

The sale price per share (or issue price in the case of newly issued shares) is PLN 0.10 (in words: ten cents), i.e. employees participating in the Incentive Program will be able to purchase (take up) shares at the issue price corresponding to the nominal value of the shares. The number of Parent Company shares to be offered to a given employee depends on the decision of the Management Board and Supervisory Board, which should be guided by criteria such as the employee's position, length of service, evaluation of the employee's contribution to the Parent Company's value to date and the importance of the employee's position to the achievement of the Parent Company's goals. In order to participate in the Incentive Program, employees of the Parent Company will enter into Incentive Program participation agreements, based on which the acquisition of shares will take place in four equal tranches, falling on the first, second, third and fourth anniversaries of the conclusion of the Incentive Program participation agreement. The condition for acquiring the right to successive tranches is that the employee remains in employment on the date of successive anniversaries of the Incentive Program participation agreement. Employees of the Parent Company, in agreements concerning participation in the Incentive Program, undertake towards the Parent Company not to sell the acquired shares for a period of one year from the date of fulfillment of the condition for acquiring a given tranche of shares.

The valuation of employee share plans is based on IFRS2. The Parent Company has decided to estimate the fair value of the entitlements under the Incentive Plan by an external independent actuary. The fair value of the entitlements is recognized as an expense over the vesting period.

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

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

At the end of each reporting period, the Parent Company revises the estimates it has made of the expected number of shares that will vest following the fulfillment of non-market vesting conditions. The Group presents the impact of any revision of the original estimates in the statement in the financial result, with a corresponding adjustment to equity.

According to the valuation, the value of the incentive program is as follows in individual quarters for 2022-2026 (in PLN thousand):

Quarter	Cumulative cost	Cost of the period
2022 Q3	18 269	1 680
2022 Q4	19 745	1 476
2023 Q1	21 017	1 271
2023 Q2	22 255	1 239
2023 Q3	23 098	843
2023 Q4	23 826	728
2024 Q1	24 443	617
2024 Q2	25 030	586
2024 Q3	25 349	320
2024 Q4	25 601	252
2025 Q1	25 774	173
2025 Q2	25 926	152
2025 Q3	25 978	52
2025 Q4	25 999	21
2026 Q1	26 000	1

The above values are subject to change in subsequent periods in the event of the granting of rights to new employees or the termination of cooperation with existing employees, which will entail the loss of their granted rights.

15. Information on business segments

The organization and management of the company is carried out by segments, taking into account the type of products and services offered. Each operating segment is a strategic business unit, offering different products and goods. Operating segments are aggregated into reportable segments based on the nature of the business.

Management believes there is one reportable segment in the Group - research and development.

Due to the existence of a single reportable segment, the Parent Company's Management Board has refrained from preparing segment information.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED FOR THE SIX MONTHS ENDED JUNE 30, 2022

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME	Note	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
CONTINUING OPERATIONS			
Revenue from research and development services	16	2 227	1 454
Cost of services sold	17	585	-
Gross profit (loss) from sales		**1 642**	1 454
Grant revenue	16	11 339	8 710
Costs of research work	17	14 803	10 191
Overhead costs of projects	17	7 777	3 622
General and administrative expenses	17	11 435	8 403
Other operating income	18	200	1 063
Other operating expenses	18	16	1 141
Profit (loss) from operations		**-20 850**	**-12 130**
Financial income	19	263	-
Financial costs	19	253	671
Gross profit (loss) from continuing operations		**-20 840**	**-12 801**
Income tax	20	-	-
Net profit (loss) from continuing operations		**-20 840**	**-12 801**
Net profit (loss) from discontinued operations		**-**	**-**
Net profit (loss) for the period		**-20 840**	**-12 801**
- attributable to shareholders of the parent company		-20 840	*-12 801*
- attributable to non-controlling shareholders		-	-

Other comprehensive income		
Items that may be transferred to earnings in subsequent reporting periods	6	-
Foreign exchange differences on translation of foreign units	6	-
Items that will not be transferred to earnings in subsequent reporting periods	-	26
Actuarial gains/losses	-	26
Other comprehensive net income	6	26
Total comprehensive income	-20 834	**-12 775**
- attributable to shareholders of the parent company	-20 834	*-12 775*
- attributable to non-controlling shareholders	-	-

Earnings (loss) per share (in PLN)	-5.01	-3.10
Diluted earnings (loss) per share (in PLN)	-4.79	-2.95

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
ASSETS	Note	30.06.2022	31.12.2021
I. FIXED ASSETS		**9 634**	**12 986**
Expenditures for development work (in progress)		180	180
Property, plant and equipment	23	9 256	12 612
Intangible assets	24	96	180
Other long-term assets		102	14
II. CURRENT ASSETS		**111 414**	**130 555**
Trade and other receivables	26	9 398	11 706
Other financial assets		14 302	-
Accruals		605	906
Cash and cash equivalents		87 109	117 943
TOTAL ASSETS		**121 048**	**143 541**

LIABILITIES	Note	30.06.2022	31.12.2021
I. EQUITY		**108 180**	**124 201**
Core capital	27.1	416	413
Share premium reserve	27.2	170 031	170 031
Other reserves	27.3	175	175
Capital from share-based payments		16 589	11 779
Retained earnings/Uncovered losses		-79 048	-58 208
Foreign exchange differences on translation		17	11
Non-controlling shares		-	-
TOTAL LIABILITIES		**12 868**	**19 340**
II. LONG-TERM LIABILITIES		**1 455**	**2 973**
Retirement benefit obligations	28	32	33
Interest-bearing loans and credits	29	-	-
Lease obligations	30	1 423	2 940
III. SHORT-TERM LIABILITIES		**11 413**	**16 367**
Trade and other payables		5 539	4 738
Lease obligations	30	3 881	5 241
Provisions for liabilities	28	1 815	6 262
Other liabilities/deferred income	31	178	126
TOTAL LIABILITIES		**121 048**	**143 541**

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
OPERATIONS		
Profit (loss) before taxation	**-20 840**	**-12 801**
Corrections:	**7 544**	**-2 278**
Depreciation	3 874	3 682
(Gains) losses on foreign exchange differences	45	21
Interest	-110	212
Incentive program	4 810	4 739
Change in accounts receivable	2 080	-3 468
Change in liabilities, except for loans and credits	993	-7 851
Change in reserves	-4 449	-93
Change in prepayments and accruals	301	481
Net cash flow from operating activities	**-13 296**	-15 079
INVESTMENT ACTIVITY		
I. Proceeds	**164**	**-**
Interest	164	-
II. Expenses	**14 360**	211
Expenses for property, plant and equipment and intangible assets	58	211
Expenses for acquisition of financial assets	14 302	-
Net cash flow from investment activities	**-14 196**	-211
FINANCING ACTIVITIES		
I. Proceeds	**3**	148 240
Proceeds from issuance of shares	3	148 240
II. Expenses	**3 345**	3 792
Expenditures on account of credits / loans	-	209
Interest and commission expenses	154	212
Payments of liabilities under lease agreements	3 191	3 371
Net cash flow from financing activities	**-3 341**	144 448
Total cash flow	**-30 834**	129 157
Balance sheet change in cash and cash equivalents	**-30 834**	129 157
Cash at the beginning of the period	**117 943**	10 654
Cash at the end of the period	**87 109**	139 810
- restricted cash	-	-

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Core capital	**Share premium reserve**	Other reserves	**Capital from share-based payments**	**Retained earnings/Uncovered losses**	Foreign exchange differences on translation	Equity attributable to the Parent Company	Non-controlling shares	Total equity
As of 01.01.2022	**413**	**170 031**	**175**	**11 779**	**-58 208**	**11**	**124 201**	**-**	**124 201**
Profit/loss for the period	-	-	-	-	-20 840	-	**-20 840**	-	**-20 840**
Other comprehensive income	-	-	-	-	-	6	6	-	6
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-20 840**	6	**-20 834**	**-**	**-20 834**
Issuance of shares	3	-	-	-	-	-	**3**	-	**3**
Redemption of shares	-	-	-	-	-	-	**-**	-	**-**
Incentive program	-	-	-	4 810	-	-	**4 810**	-	**4 810**
As of 30.06.2022	**416**	**170 031**	**175**	**16 589**	**-79 048**	**17**	**108 180**	**-**	**108 180**
As of 01.01.2021	359	16 292	5 690	2 284	-25 636	7	-1 004	-	-1 004
Profit/loss for the period	-	-	-	-	-12 801	-	-12 801	-	-12 801
Other comprehensive income	-	-	26	-	-	-	26	-	26
Total comprehensive income for the period	-	-	26	-	**-12 801**	-	**-12 775**	**-**	**-12 775**
Issuance of shares	102	153 738	-5 600	-	-	-	148 240	-	148 240
Redemption of shares	-48	-	48	-	-	-	-	-	-
Incentive option program	-	-	-	4 739	-	-	4 739	-	4 739
As of 30.06.2021	413	170 031	164	7 023	-38 437	7	**139 200**	**-**	**139 200**

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. Total revenue

SALES REVENUE AND TOTAL REVENUE	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Revenue from research and development services	2 227	1 454
Total sales revenue	**2 227**	**1 454**
Grant revenue	11 339	8 710
Other operating income	200	1 063
Financial income	263	-
Total revenue	**14 029**	**11 227**

The increase in grant revenues is due to the fact that we are entering increasingly cost-intensive research stages, which is associated with increased reimbursements from the NCBiR, mainly from projects CT-01, CT-02 and CT-05.
The Group recorded a decrease in other operating income relative to the comparative period, as described in Note 18.

17. Costs by type

17.1Operating expenses

OPERATING EXPENSES	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Depreciation	3 874	3 682
- depreciation of fixed assets	3 790	3 629
- amortization of intangible assets	84	53
Consumption of materials and energy	1 856	2 066
Third-party services	13 975	5 011
Taxes and fees	209	87
Employee benefit costs	14 491	11 293
Other costs by type	194	77
Total costs by type, including:	**34 600**	**22 216**
Items included in cost of sales of services	585	-
Items included in the cost of research work	14 803	10 191
Items included in project overheads	7 777	3 622
Items included in general and administrative expenses	11 435	8 403
Change in products	-	-
Cost of production of benefits for the entity's own needs	-	-

The increase in the Group's operating expenses compared to the comparative period is mainly due to an increase in the cost of third-party services and employee benefits of the Parent Company. The increase in employee benefit costs is closely related to the costs of the incentive program recognized in the reporting period.

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

17.2 Depreciation and amortization expense recognized in profit or loss

DEPRECIATION AND AMORTIZATION EXPENSES RECOGNIZED IN PROFIT OR LOSS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Items included in cost of services sold	**121**	**-**
Depreciation of fixed assets	121	-
Amortization of intangible assets	-	-
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items included in the cost of research work	**2 946**	**2 904**
Depreciation of fixed assets	2 883	2 851
Amortization of intangible assets	64	53
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items included in project overheads	**676**	**770**
Depreciation of fixed assets	664	770
Amortization of intangible assets	12	-
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items included in general and administrative expenses	**132**	**8**
Depreciation of fixed assets	123	8
Amortization of intangible assets	9	-
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Total depreciation and amortization expenses	**3 874**	**3 682**

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

17.3 Employee benefit costs

EMPLOYEE BENEFIT COSTS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Salaries	7 023	5 157
Social security costs	1 248	874
Pension and vacation costs	230	340
Other employee benefit costs	1 180	183
Incentive program costs	4 810	4 739
Total employee benefit costs, including:	**14 491**	**11 293**
Items included in cost of sales of services	320	-
Items included in the cost of research work	3 723	3 638
Items included in project overheads	2 268	1 119
Items included in general and administrative expenses	8 179	6 536
Change in products	-	-
Cost of production of benefits for the entity's own needs	-	-

The main contribution to the cost of employee benefits, except for salaries, is the cost of salaries of the Company's employees in the Parent Company, which as of June 30, 2022 amounted to PLN 7,023 thousand and was 36% higher than in the same period of the previous year, as well as the cost of the incentive program introduced in the Parent Company in 2019, the cost of which as of June 30, 2022 amounted to PLN 4,810 thousand. For comparison, in the same period of the previous year, the cost amounted to PLN 4,739 thousand. Details of the program and its valuation in subsequent quarters are described in "Significant accounting policies" in Note 14.

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

18. Other operating income and expenses

OTHER OPERATING INCOME	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Profit on disposal of fixed assets	-	-
Dissolution of asset impairment losses	-	-
Donation	-	1 000
Other	200	63
Total other operating income	**200**	**1 063**

In 2021, the Parent Company received a cash donation of PLN 1.0 million from one of the Parent Company's shareholders.

OTHER OPERATING EXPENSES	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Loss on disposal of fixed assets	-	-
Revaluation of assets	-	1 131
Other	16	10
Total other operating expenses	**16**	**1 141**

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

19. Financial income and expenses

FINANCIAL INCOME	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Interest income	263	-
Release of revaluation allowances	-	-
Total financial income	**263**	**-**

The Group earned interest in the period from January 1 to June 30, 2022 from short-term deposits made and bonds purchased.

FINANCING COSTS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Interest expense on bank loans and loans received	59	27
Financial expenses on account of lease agreements	83	211
Revaluation of investments	-	-
Excess of foreign exchange losses	110	32
Remuneration for the establishment of a registered pledge	-	400
Other	1	1
Total financial costs	**253**	**671**

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

In the first half of 2021, the Group reported a pledge fee of PLN 400 thousand to secure a possible obligation to repay an advance payment received by the Parent Company.

20. Income tax

20.1Tax burden

The Group does not report income tax expense due to its tax losses.

20.2 Deferred income tax

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

DEDUCTIBLE TEMPORARY DIFFERENCES, TAX LOSSES ON WHICH DEFERRED TAX ASSETS HAVE NOT BEEN RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION	Basis of asset creation at the end of the period	Basis of asset creation at the end of the period	Expiration date of deductible temporary differences, tax losses
	30.06.2022	**31.12.2021**	
From the title:			
Difference between leasing assets and liabilities	704	737	-
Tax losses	56 689	42 989	2022-2027
Total:	**57 393**	**43 726**	

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

21. Discontinued operations

There were no discontinued operations in the period from January 1 to June 30, 2022 or in the corresponding period of 2021.

22. Dividends paid and proposed for payment

The Parent Company did not pay dividends in the period from January 1 to June 30, 2022 and in the corresponding period of 2021. Advances on dividends were also not paid.

23. Property, plant and equipment

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

PROPERTY, PLANT AND EQUIPMENT	30.06.2022	31.12.2021
Own	4 657	5 175
Used under a rental, lease or other agreement, including a lease agreement	4 600	7 437
Total	**9 256**	**12 612**

PROPERTY, PLANT AND EQUIPMENT	30.06.2022	31.12.2021
Fixed assets, of which:	**9 256**	**12 612**
buildings and structures	2 862	3 615
machinery and equipment	6 128	8 440
Other fixed assets	266	557
Fixed assets under construction	**-**	**-**
Total	**9 256**	**12 612**

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

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

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

CHANGES OF FIXED ASSETS BY TYPE GROUPS 01.01.2022 - 30.06.2022	buildings and structures	machinery and equipment	other fixed assets	total fixed assets
Gross value of fixed assets at the beginning of the period	9 771	24 852	702	35 326
Increases, due to	376	17	42	434
acquisitions	376	17	42	434
Decreases, due to	-	3 181	-	3 181
termination of the rental agreement	-	3 181	-	3 181
Gross value of fixed assets at the end of the period	10 147	21 688	744	32 579
Accumulated depreciation at the beginning of the period	6 156	16 413	145	22 714
Increases, due to	1 129	2 329	333	3 790
depreciation	1 129	2 329	333	3 790
Decreases, due to	-	3 181	-	3 181
decommissioning	-	3 181	-	3 181
Accumulated depreciation at the end of the period	7 285	15 561	478	23 323
Impairment losses at the beginning of the period	-	-	-	-
Impairment losses at the end of the period	-	-	-	-
Net value of fixed assets at the end of the period	2 862	6 128	266	9 256

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

The Group does not have any property, plant and equipment to which the Group's title would be restricted or which would serve as security for liabilities.

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

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

24. Intangible assets

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

INTANGIBLES	30.06.2022	31.12.2021
Acquired concessions, patents, licenses and the like	-	-
Other intangible assets	96	180
Total	**96**	**180**

The Group has no internally generated intangible assets.

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

The Group does not have any intangible assets to which the Group's title would be restricted or which would serve as collateral for liabilities.

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

25. Business combinations, acquisitions of assets of significant value and acquisitions of minority interests

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

26. Trade and other receivables

TRADE RECEIVABLES	30.06.2022	31.12.2021
Net trade receivables	**1 064**	**974**
- from related parties	-	-
- from other entities	1 064	974
Impairment losses on receivables	-	-
Gross trade receivables	**1 064**	**974**

OTHER RECEIVABLES	30.06.2022	31.12.2021
Other receivables, net	**8 334**	**10 732**
Budget receivables	1 155	2 004
Grants receivable	7 113	8 681
Other	66	47
Impairment losses on receivables	-	-
Gross other receivables	**8 334**	**10 732**

Trade receivables do not bear interest.

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

Subsidy receivables relate to eligible costs incurred in the period and subject to reimbursement in subsequent reporting periods. Grant receivables include PLN 465 thousand of receivables for which payment applications have not yet been submitted as of the balance sheet date. Submission of applications to the intermediary institution will take place within the deadlines resulting from the concluded grant agreements.

27. Equity

27.1 Core capital

As of June 30, 2022, the parent company's share capital (authorized capital) amounted to PLN 415,871.00 and was divided into 4,158,710 shares with a par value of PLN 0.10 each.

SHARE CAPITAL	30.06.2022	31.12.2021
Number of shares (in pcs.)	4 158 710	4 127 972
Nominal value of shares (in thousands of PLN)	0.10	0.10
Core capital	**416**	**413**

<u>Changes in the share capital of the Parent Company:</u>

On May 12, 2022, the registry court having jurisdiction over the Company registered an amendment to the Company's Articles of Association made on the basis of the Company's Management Board Resolution No. 2 of December 10, 2021 on the issuance of 30,738 series K ordinary bearer shares, within the limits of the Company's authorized capital, excluding the pre-emptive rights of the Company's existing shareholders in full (information provided in current report No. 17/2022 dated May 12, 2022).

The share capital structure as of June 30, 2022 was as follows:

SHARE CAPITAL STRUCTURE				30.06.2022
Series of shares	Number of series shares	Nominal value shares	Privileging	Number of votes
A series	799750	0.10	yes	1 599 500
B series	1 757 075	0.10	not	1 757 075
C series	82 449	0.10	not	82 449
D series	97 051	0.10	not	97 051
E series	347 643	0.10	yes	695 286
F series	26 925	0.10	not	26 925
G series	871 500	0.10	not	871 500
H series	52 354	0.10	not	52 354
Series I	9 082	0.10	not	9 082
J series	84 143	0.10	not	84 143
K series	30 738	0.10	not	30 738
Total	**4 158 710**			**5 306 103**

The list of significant shareholders of the Parent Company (holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the general meeting) is presented in the table below.

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

Status as of June 30, 2022:

OWNERSHIP STRUCTURE OF SHARE CAPITAL*

Lp.	Shareholder	Total number of shares	Total number of votes	Shareholding	Share in the total number of votes at the AGM
1.	Michal Walczak	915 378	1 456 395	22.01%	27.45%
2.	Paul Holstinghausen Holsten	589 966	950 041	14.19%	17.90%
3.	Sylvain Cottens	340 897	526 730	8.20%	9.93%
4.	Funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. **	303 075	303 075	7.29%	5.72%
5.	Others	2 009 394	2 069 862	48.32%	39.01%
	Total	**4 158 710**	**5 306 103**	**100.0%**	**100.0%**

*Based on information available to the Company.

** Of which Nationale-Nederlanden Open Pension Fund individually holds 271,564 shares in the Company, representing a 5.12% share in the total number of votes and a 6.53% share in the share capital.

As of the date of these interim condensed consolidated and separate financial statements:

OWNERSHIP STRUCTURE OF SHARE CAPITAL*

No.	Shareholder	Total number of shares	Total number of votes	Share in the share capital	Share in the total number of votes at the AGM
1.	Michal Walczak	1 005 128	1 546 145	24.17%	29.14%
2.	Paul Holstinghausen Holsten	589 966	950 041	14.19%	17.90%
3.	Sylvain Cottens	340 897	526 730	8.20%	9.93%
4.	Funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. **	303 075	303 075	7.29%	5.72%
5.	Others	1 919 644	1 980 112	46.16%	37.32%
	Total	**4 158 710**	**5 306 103**	**100.0%**	**100.0%**

*Based on information available to the Company.

** Of which Nationale-Nederlanden Open Pension Fund individually holds 271,564 shares in the Company, representing a 5.12% share in the total number of votes and a 6.53% share in the share capital.

27.2 Share premium reserve

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

SHARE PREMIUM ACCOUNT	30.06.2022	31.12.2021
AGIO series B share issue	3 774	3 774
Voluntary capital reduction without compensation	36	36
Series C share issue AGIO investment agreements 2018	3 898	3 898
Issuance of shares series C2 and D AGIO investment agreements 2019	8 584	8 584
Issuance of G, H, I, J shares	153 739	153 739
Total	**170 031**	**170 031**

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

27.3 Reserve capital

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

OTHER RESERVE CAPITALS	30.06.2022	31.12.2021
Redemption of shares	103	103
Capital from actuarial gains and losses	72	72
Unregistered share issue	-	-
Total	**175**	**175**

28. Retirement benefit obligations and provisions for liabilities

The Group's pension liabilities and provisions for liabilities are equal to the Parent Company's pension liabilities and provisions for liabilities.

PROVISIONS FOR EMPLOYEE BENEFITS	30.06.2022	31.12.2021
Provision for outstanding leave	651	441
Pension provision	58	59
Total, including:	**709**	**500**
long-term	32	33
short-term	677	467

The provision for outstanding vacation leave is presented in the interim condensed consolidated statement of financial position in current liabilities under provisions for liabilities.

CHANGE IN EMPLOYEE PROVISIONS	Provision for outstanding leave	Pension provision	Total
Status as of 01.01.2022	**441**	**59**	**501**
Establishment of a reserve	231	-	231
Costs of benefits paid (utilization)	-	-	-
Released reserves	22	1	23
Status as of 30.06.2022	**651**	**58**	**709**
As of 01.01.2021	**278**	**66**	**344**
Establishment of a reserve	163	11	174
Costs of benefits paid (utilization)	-	-	-
Released reserves	-	18	18
Status as of 31.12.2021	**441**	**59**	**500**

PROVISIONS FOR LIABILITIES	30.06.2022	31.12.2021
Third-party services	137	137
Other	1 000	5 658
Total other provisions	**1 137**	**5 795**

As the Parent Company became aware of proceedings conducted by state authorities regarding potential irregularities in the conduct of procurement procedures for EU projects, the Parent Company commissioned external, reputable financial and legal advisors to conduct an audit. Accordingly, as of December 31, 2021, the Parent Company created a provision for the reimbursement of part of the funds received from NCBiR in the amount of PLN 4,658 thousand (which amount includes the principal amount of PLN 3,891 thousand and interest in the amount of PLN 767 thousand). In addition, the Parent Company created a provision for audit costs in 2021 in the amount of PLN 1,000 thousand, which was released in the first half of 2022 due to the receipt of invoices for this audit. On April 13, 2022. The Parent Company reimbursed the NCBR in the amount of PLN 4,658 thousand.

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

Other provisions as of June 30, 2022 in the amount of PLN 1,000 thousand relate to the payment of planned bonuses.

CHANGE IN PROVISIONS FOR LIABILITIES	Third-party services	Other	Total
Status as of 01.01.2022	**137**	**5 658**	**5 795**
Establishment of a reserve	-	1 000	1 000
Use of the reserve	-	5 658	5 658
Release of the reserve	-	-	-
Status as of 30.06.2022	**137**	**1 000**	**1 137**
As of 01.01.2021	**416**	**-**	**416**
Establishment of a reserve	148	5 658	5 806
Use of the reserve	427	-	427
Release of the reserve	-	-	-
Status as of 31.12.2021	**137**	**5 658**	**5 795**

29. Loans received

As of June 30, 2022 and December 31, 2021, the Group had no loans received.

30. Liabilities under leases

The Group's lease obligations are equal to the Parent Company's lease obligations.

Structure of lease liabilities by maturity

LEASE LIABILITIES	30.06.2022	31.12.2021
Short-term lease obligations, including:	3 881	5 241
- up to 1 month	533	545
- 1 month to 3 months	648	1 066
- 3 months to 6 months	982	1 591
- 6 months to a year	1 718	2 039
Long-term lease obligations, including:	1 423	2 940
- one to five years	1 423	2 940
- over five years	-	-
Total	**5 304**	**8 181**

Lease obligations mainly relate to leases of office space, laboratory space and specialized equipment used in the Group's day-to-day operations.

31. Other liabilities/deferred income

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

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

DEFERRED INCOME	30.06.2022	31.12.2021
- from project POIR.01.02.00-00-0073/18	52	-
- from project POIR.01.01.01-00-0956/17	-	-
- from project POIR.04.01.04-00-0116/16	-	-
- from project POIR.01.01.01-00-0931/19	-	-
- from project POIR.01.01.01-00-0747/16	-	-
- from project POIR.01.01.01-00-0740/19	-	-
- from project POIR.01.01.01-00-0741/19	-	-
- from project POIR.04.01.02-00-0147/16	126	126
- from project POIR.01.02.00-00-0079/18	-	-
Total	178	**126**

32. Financial instruments

Fair values of individual classes of financial instruments

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

FAIR VALUES OF PARTICULAR CLASSES OF FINANCIAL ASSETS AND LIABILITIES	Category	Carrying value		Fair value	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Financial assets					
Bonds	WwgZK	14 302	-	14 302	-
Trade receivables	WwgZK	1 064	974	1 064	974
Other receivables	WwgZK	8 334	10 732	8 334	10 732
Cash and cash equivalents	WwgZK	87 109	117 943	87 109	117 943
Total		110 809	**129 649**	110 809	**129 649**
Financial liabilities					
Interest-bearing bank loans and advances	PZFwgZK	-	-	-	-
Lease liabilities	under IFRS16	5 304	8 181	5 304	8 181
Trade payables	PZFwgZK	3 754	3 193	3 754	3 193
Other liabilities	PZFwgZK	1 785	1 545	1 785	1 545
Total		10 843	**12 919**	10 843	**12 919**

Abbreviations used:
WwgZK - Valued at amortized cost
PZFwgZK - Other financial liabilities measured at amortized cost

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

The fair value of the financial instruments held by the Group as of the balance sheet date does not differ from the value presented in the financial statements due to the fact that with regard to short-term instruments, the possible effect of discounting is not significant, these instruments relate to transactions concluded at arm's length.

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

33. Explanations to the statement of cash flows

LISTING	30.06.2022	30.06.2021
Depreciation:	**3 874**	**3 682**
amortization of intangible assets	84	53
depreciation of property, plant and equipment	3 790	3 629
Foreign exchange gains (losses)	**45**	**21**
accrued exchange rate differences	45	21
Interest:	**-110**	**212**
accrued interest on loans received	-97	-
interest paid on leases	154	212
Interest received on short-term deposits	-164	-
other accrued interest	-3	-
Change in reserves:	**-4 449**	**-93**
Balance sheet change in provisions for trade liabilities	-4 679	-416
balance sheet change in provisions for employee benefits	230	323
Change in accounts receivable:	**2 080**	**-3 468**
change in short-term receivables resulting from the balance sheet	2 080	-3 470
change in long-term receivables resulting from the balance sheet	-	2
Change in current liabilities, except for financial liabilities:	**993**	**-7 851**
change in short-term liabilities resulting from the balance sheet	941	2 076
change in other liabilities	52	-9 928
Change in accruals:	**301**	**481**
Change in accruals resulting from the balance sheet	301	481

34. Information on related parties

The following is a list of related parties to the Group as of June 30, 2022, with which the Company transacted during the period covered by these financial statements.

entity or individual	function performed / description of relationship
Sylvain Cottens	Member of the Management Board of Captor Therapeutics GmbH, shareholder of Captor Therapeutics S.A.
Thomas Shepherd	CEO of Captor Therapeutics S.A.
Michał Walczak	Chairman of the Management Board of Captor Therapeutics GmbH, Member of the Management Board of Captor Therapeutics S.A., employed at Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A..
Radosław Krawczyk	Member of the Management Board of Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A.
Captor Therapeutics GMBH	The company, 100% of which is owned by Captor Therapeutics S.A.
Paul Holstinghausen Holsten	Member of the Supervisory Board of Captor Therapeutics S.A.
Maciej Wróblewski	Member of the Supervisory Board of Captor Therapeutics S.A.
Florent Gros	Member of the Supervisory Board of Captor Therapeutics S.A.
Krzysztof Samotij	Member of the Supervisory Board of Captor Therapeutics S.A.
Swissvention Partners GMBH	The company in which Florent Gros is the Managing Director and owner
Robert Florczykowski	Member of the Supervisory Board of Captor Therapeutics S.A. since January 5, 2022.

Transactions with related parties

The following table shows transactions made in the period from January 1 to June 30, 2022 with related parties to the Group.

01.01.2022-30.06.2022	Towards subsidiaries	Towards partially owned subsidiaries	Towards key management*	Towards other related parties**
Shopping	-	-	-	-
Sales	-	-	-	-
Loans granted	-	-	-	-
Financial income - interest on loans	-	-	-	-
Loans received	-	-	-	-
Finance costs - interest on loans and pledge fee	-	-	-	-
Trade receivables	-	-	-	-
Trade payables	-	-	-	-
Remuneration paid by the Group	-	-	1 564	38

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

** item includes related parties through key management

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

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

PREPARED FOR THE SIX MONTHS ENDED JUNE 30, 2022

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED SEPARATE STATEMENTS OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

SEPARATE STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME	Note	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
CONTINUING OPERATIONS			
Revenue from research and development services	35	2 227	1 454
Cost of services sold	36	585	-
Gross profit (loss) from sales		**1 642**	**1 454**
Grant revenue	35	11 339	8 710
Costs of research work	36	14 803	10 191
Overhead costs of projects	36	7 777	3 622
General and administrative expenses	36	11 377	8 391
Other operating income	37	200	1 063
Other operating expenses	37	16	1 141
Profit (loss) from operations		**-20 792**	**-12 118**
Financial income	38	263	-
Financial costs	38	254	670
Gross profit (loss) from continuing operations		**-20 783**	**-12 788**
Income tax	39	-	0
Net profit (loss) from continuing operations		**-20 783**	**-12 788**
Net profit (loss) from discontinued operations		**-**	**-**
Net profit (loss) for the period		**-20 783**	**-12 788**

Other comprehensive income		
Items that may be transferred to earnings in subsequent reporting periods	**-**	**-**
Items that will not be transferred to earnings in subsequent reporting periods	**-**	**26**
Actuarial gains/losses	-	26
Other comprehensive net income	**-**	**26**
Total comprehensive income	**-20 783**	**-12 762**

Earnings (loss) per share (in PLN)	**-5.00**	**-3.10**
Diluted earnings (loss) per share (in PLN)	**-4.77**	**-2.95**

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

SEPARATE STATEMENT OF FINANCIAL POSITION			
ASSETS	Note	30.06.2022	31.12.2021
I. FIXED ASSETS		9 608	13 049
Expenditures for development work (in progress)		180	180
Property, plant and equipment	23	9 256	12 612
Intangible assets	24	96	180
Other long-term assets		76	77
II. CURRENT ASSETS		111 309	130 220
Trade and other receivables	43	9 389	11 696
Other financial assets		14 302	-
Accruals		605	902
Cash and cash equivalents		87 013	117 622
TOTAL ASSETS		120 917	143 269

LIABILITIES	Note	30.06.2022	31.12.2021
I. EQUITY		108 093	124 063
Core capital	27.1	416	413
Share premium reserve	27.2	170 031	170 031
Other reserves	27.3	175	175
Capital from share-based payments		16 589	11 779
Retained earnings/Uncovered losses		-79 118	-58 335
TOTAL LIABILITIES		12 824	19 206
II. LONG-TERM LIABILITIES		1 455	2 973
Retirement benefit obligations	28	32	33
Interest-bearing loans and credits	29	-	-
Lease obligations	30	1 423	2 940
III. CURRENT LIABILITIES		11 369	16 233
Trade and other payables		5 495	4 625
Lease obligations	30	3 881	5 241
Provisions for liabilities	28	1 815	6 241
Other liabilities/deferred income	31	178	126
TOTAL LIABILITIES		120 917	143 269

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS

SEPARATE STATEMENT OF CASH FLOWS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
OPERATIONS		
Profit (loss) before taxation	**-20 783**	**-12 788**
Corrections:	**7 711**	**-2 293**
Depreciation	3 874	3 682
(Gains) losses on foreign exchange differences	37	21
Interest	-110	212
Management options program	4 810	4 739
Change in accounts receivable	2 307	-3 417
Change in liabilities, except for loans and credits	923	-7 921
Change in reserves	-4 427	-93
Change in prepayments and accruals	297	485
Net cash flow from operating activities	**-13 072**	**-15 081**
INVESTMENT ACTIVITY		
I. Proceeds	**164**	**-**
Interest	164	-
II. Expenses	**14 360**	**211**
Expenses for property, plant and equipment and intangible assets	58	211
Expenses for acquisition of financial assets	14 302	-
Net cash flow from investment activities	**-14 196**	**-211**
FINANCING ACTIVITIES		
I. Proceeds	**3**	**148 240**
Proceeds from issuance of shares	3	148 240
II. Expenses	**3 344**	**3 792**
Expenditures on account of credits / loans	-	209
Interest and commission expenses	154	212
Payments of liabilities under lease agreements	3 190	3 371
Net cash flow from financing activities	**-3 341**	**144 448**
Total cash flow	**-30 609**	**129 155**
Balance sheet change in cash and cash equivalents	**-30 609**	**129 155**
Cash at the beginning of the period	**117 622**	**10 650**
Cash at the end of the period	**87 013**	**139 805**
- restricted cash	-	-

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

SEPARATE STATEMENT OF CHANGES IN EQUITY	Core capital	Share premium reserve	Other reserves	Capital from share-based payments	Retained earnings/Uncovered losses	Total equity
As of 01.01.2022	**413**	**170 031**	**175**	**11 779**	**-58 335**	**124 063**
Profit/loss for the period	-	-	-	-	-20 783	-20 783
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-20 783**	**-20 783**
Issuance of shares	3	-	-	-	-	3
Redemption of shares	-	-	-	-	-	-
Incentive program	-	-	-	4 810	-	4 810
As of 30.06.2022	**416**	**170 031**	**175**	**16 589**	**-79 118**	**108 093**

As of 01.01.2021	**359**	**16 292**	**5 690**	**2 284**	**-25 584**	**-959**
Profit/loss for the period	-	-	-	-	-12 788	-12 788
Other comprehensive income	-	-	26	-	-	26
Total comprehensive income for the period	**-**	**-**	**26**	**-**	**-12 788**	**-12 762**
Issuance of shares	102	153 738	-5 600	-	-	148 240
Redemption of shares	-48	-	48	-	-	-
Incentive program	-	-	-	4 739	-	4 739
As of 30.06.2021	**413**	**170 031**	**164**	**7 023**	**-38 372**	**139 258**

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

35. Total revenue

SALES REVENUE AND TOTAL REVENUE	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Revenue from research and development services	2 227	1 454
Total sales revenue	**2 227**	**1 454**
Grant revenue	11 339	8 710
Other operating income	200	1 063
Financial income	263	-
Total revenue	**14 029**	**11 227**

The increase in grant revenues is due to the fact that we are entering increasingly cost-intensive research stages, which is associated with increased reimbursements from the NCBiR, mainly from projects CT-01, CT-02 and CT-05.

The parent company recorded a decrease in other operating income relative to the comparative period, which is described in Note 37.

36. Costs by type

36.1Operating expenses

OPERATING EXPENSES	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Depreciation	3 874	3 682
- depreciation of fixed assets	3 790	3 629
- amortization of intangible assets	84	53
Consumption of materials and energy	1 856	2 066
Third-party services	14 214	5 370
Taxes and fees	207	86
Employee benefit costs	14 196	10 922
Other costs by type	194	77
Total costs by type, including:	**34 542**	**22 203**
Items included in cost of sales of services	585	-
Items included in the cost of research work	14 803	10 190
Items included in project overheads	7 777	3 622
Items included in general and administrative expenses	11 377	8 391
Change in products	-	-
Cost of production of benefits for the entity's own needs	-	-

The increase in the Company's operating expenses compared to the comparative period is mainly due to an increase in the cost of third-party services and employee benefits, which is closely related to the costs of the incentive program recognized in the reporting period.

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36.2 Employee benefit costs

EMPLOYEE BENEFIT COSTS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Salaries	6 842	4 829
Social security costs	1 135	831
Pension and vacation costs	230	340
Other employee benefit costs	1 180	183
Incentive program costs	4 810	4 739
Total employee benefit costs, including:	**14 196**	**10 922**
Items included in cost of sales of services	320	-
Items included in the cost of research work	3 723	3 638
Items included in project overheads	2 268	1 119
Items included in general and administrative expenses	7 885	6 165
Change in products	-	-
Cost of production of benefits for the entity's own needs	-	-

The main contribution to employee benefit costs is the cost of salaries and wages of the Company's employees, which amounted to PLN 6,842 thousand in the six months ended June 30, 2022, as well as the cost of the incentive program introduced in 2019, the cost of which in the period from January 1 to June 30, 2022 amounted to PLN 4,810 thousand (with this being an accounting cost unrelated to real cash outflow). This compares with a cost of PLN 4,739 thousand in the same period last year. Details of this program and its valuation in subsequent quarters are described in "Significant accounting policies" in Note 14.

37. Other operating income and expenses

OTHER OPERATING INCOME	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Profit on disposal of fixed assets	-	-
Dissolution of asset impairment losses	-	-
Donation	-	1 000
Other	200	63
Total other operating income	**200**	**1 063**

In 2021, the Company received a cash donation of PLN 1.0 million from one of the Parent Company's shareholders.

OTHER OPERATING EXPENSES	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Loss on disposal of fixed assets	-	-
Revaluation of assets	-	1 131
Other	16	10
Total other operating expenses	**16**	**1 141**

In accordance with the principle of prudence, in the comparative period the Company recognized an allowance for subsidy receivables in the amount of PLN 1,131 thousand. The aforementioned write-down relates to a portion of grants qualified as the Company's income in the CT4 project. Based on the NCBiR's grant rules, the grant-making entity withheld funding for this project pending consultation with subject matter experts. In the second half of 2021, the Company dissolved the above write-down.

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38. Financial income and expenses

FINANCIAL INCOME	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Interest income	263	-
Release of revaluation allowances	-	-
Total financial income	**263**	**-**

The company earned in the period from January 1 to June 30, 2022 interest from short-term deposits made and bonds purchased.

FINANCING COSTS	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Interest expense on bank loans and loans received	59	27
Financial expenses on account of lease agreements	83	211
Revaluation of investments	-	-
Excess of foreign exchange losses	110	31
Remuneration for the establishment of a registered pledge	-	400
Other	2	1
Total financial costs	**254**	**670**

In the first half of 2021, the Company reported remuneration for the establishment of a registered pledge in the amount of PLN 400 thousand as collateral for a possible obligation to return the advance payment received by the Parent Company.

39. Income tax

39.1Tax burden

The company does not report income tax expense due to its tax losses.

39.2 Deferred income tax

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

DEDUCTIBLE TEMPORARY DIFFERENCES, TAX LOSSES ON WHICH DEFERRED TAX ASSETS HAVE NOT BEEN RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION	Basis of asset creation at the end of the period	Basis of asset creation at the end of the period	Expiration date of deductible temporary differences, tax losses
	30.06.2022	**31.12.2021**	
From the title:			
Difference between lease assets and liabilities	704	737	-
Tax losses	56 689	42 989	2022-2027
Total:	**57 393**	**43 726**	

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

40. Discontinued operations

There were no discontinued operations during the six months ended June 30, 2022 or in 2021.

41. Dividends paid and proposed for payment

The Company did not pay dividends in the period from January 1 to June 30, 2022 and in the corresponding period of 2021. Advances on dividends were also not paid.

42. Business combinations, acquisitions of assets of significant value and acquisitions of minority interests

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

43. Trade and other receivables

TRADE RECEIVABLES	30.06.2022	31.12.2021
Net trade receivables	**1 064**	**974**
- from related parties	-	-
- from other entities	1 064	974
Impairment losses on receivables	-	-
Gross trade receivables	**1 064**	**974**

OTHER RECEIVABLES	30.06.2022	31.12.2021
Other receivables, net	**8 325**	**10 722**
Budget receivables	1 146	2 004
Grants receivable	7 113	8 681
Other	66	37
Impairment losses on receivables	-	-
Gross other receivables	**8 325**	**10 722**

Trade receivables do not bear interest.

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

Subsidy receivables relate to eligible costs incurred in a given fiscal year and subject to reimbursement in subsequent reporting periods. Grant receivables include PLN 465 thousand of receivables for which payment applications have not yet been submitted as of the balance sheet date. Submission of applications to the intermediary institution will take place within the deadlines resulting from the concluded grant agreements.

44. Equity

44.1Core capital

As of June 30, 2022, the Company's share capital (authorized capital) amounted to PLN 415,871.00 and was divided into 4,158,710 shares with a nominal value of PLN 0.10 each.

SHARE CAPITAL	30.06.2022	31.12.2021
Number of shares (in pcs.)	4 158 710	4 127 972
Nominal value of shares (in thousands of PLN)	0.10	0.10
Core capital	**416**	**413**

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45. Financial instruments

Fair values of individual classes of financial instruments

The following table compares the carrying values and fair values of all of the Company's financial instruments, by class and category of assets and liabilities.

FAIR VALUES OF PARTICULAR CLASSES OF FINANCIAL ASSETS AND LIABILITIES	Category	Carrying value		Fair value	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Financial assets					
Bonds	WwgZK	14 302	-	14 302	-
Trade receivables	WwgZK	1 064	974	1 064	974
Other receivables	WwgZK	8 325	10 722	8 325	10 722
Cash and cash equivalents	WwgZK	87 013	117 622	87 013	117 622
Total		**110 704**	**129 318**	**110 704**	**129 318**

Financial liabilities					
Interest-bearing bank loans and advances	PZFwgZK	-	-	-	-
Lease liabilities	under IFRS16	5 304	8 181	5 304	8 181
Trade payables	PZFwgZK	3 745	3 096	3 745	3 096
Other liabilities	PZFwgZK	1 751	1 529	1 751	1 529
Total		**10 800**	**12 806**	**10 800**	**12 806**

Abbreviations used:
WwgZK - Valued at amortized cost
PZFwgZK - Other financial liabilities measured at amortized cost

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

The fair value of the financial instruments that the entity holds as of the balance sheet date does not differ from the value presented in the financial statements due to the fact that with regard to short-term instruments, the possible effect of discounting is not significant, these instruments relate to transactions concluded at arm's length.

Interim condensed consolidated and separate financial statements prepared for the period from January 1 to June 30, 2022 (PLN '000)

46. Explanations to the statement of cash flows

LISTING	30.06.2022	30.06.2021
Depreciation:	**3 874**	**3 682**
amortization of intangible assets	84	53
depreciation of property, plant and equipment	3 790	3 629
Foreign exchange gains (losses)	**37**	**21**
accrued exchange rate differences	37	21
Interest:	**-110**	**212**
accrued interest on loans received	-	-
other accrued interest	-3	-
Interest received on short-term deposits	-164	-
interest accrued on bonds	-97	-
interest paid on leases	154	212
Change in reserves:	**-4 427**	**-93**
Balance sheet change in provisions for trade liabilities	-4 658	-416
balance sheet change in provisions for employee benefits	230	323
Change in accounts receivable:	**2 307**	**-3 417**
change in short-term receivables resulting from the balance sheet	2 307	-3 419
change in long-term receivables resulting from the balance sheet	-	1
Change in current liabilities, except for financial liabilities:	**923**	**-7 921**
change in short-term liabilities resulting from the balance sheet	871	2 006
change in other liabilities	52	-9 928
Change in accruals:	**297**	**485**
Change in accruals resulting from the balance sheet	297	485

47. Information on related parties

The following is a list of related parties to the Company as of June 30, 2022, with which the Company transacted during the period covered by these financial statements.

entity or individual	function performed / description of relationship
Sylvain Cottens	Member of the Management Board of Captor Therapeutics GmbH, shareholder of Captor Therapeutics S.A.
Thomas Shepherd	CEO of Captor Therapeutics S.A.
Michal Walczak	Chairman of the Management Board of Captor Therapeutics GmbH, Member of the Management Board of Captor Therapeutics S.A., employed at Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A..
Radosław Krawczyk	Member of the Management Board of Captor Therapeutics S.A., shareholder of Captor Therapeutics S.A.
Captor Therapeutics GMBH	The company, 100% of which is owned by Captor Therapeutics S.A.
Paul Holstinghausen Holsten	Member of the Supervisory Board of Captor Therapeutics S.A.
Maciej Wróblewski	Member of the Supervisory Board of Captor Therapeutics S.A.
Florent Gros	Member of the Supervisory Board of Captor Therapeutics S.A.
Krzysztof Samotij	Member of the Supervisory Board of Captor Therapeutics S.A.
Swissvention Partners GMBH	The company in which Florent Gros is the Managing Director and owner
Robert Florczykowski	Member of the Supervisory Board of Captor Therapeutics S.A. since January 5, 2022.

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Transactions with related parties

The following table shows transactions made in the period from January 1 to June 30, 2022 with related parties to the Company.

01.01.2022-30.06.2022	Towards subsidiaries	Towards partially owned subsidiaries	Towards key management*	Towards other related parties**
Shopping	318	-	-	-
Sales	-	-	-	-
Loans granted	-	-	-	-
Financial income - interest on loans	-	-	-	-
Loans received	-	-	-	-
Finance costs - interest on loans and pledge fee	-	-	-	-
Trade receivables	-	-	-	-
Trade payables	-	-	-	-
Remuneration paid by the Company	-	-	1 361	-
Other - received by the Company	-	-	-	-

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

** item includes related parties through key management

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

48. Contingent liabilities

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

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

The company has also issued blank promissory notes related to the laboratory equipment lease agreements. The financier is authorized to fill these promissory notes up to an amount equivalent to all due but unpaid receivables due to the financier under the lease agreements.

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

CONTINGENT LIABILITIES			30.06.2022
Type of contract subject to hedging			Bills of exchange together with the declaration of exchange
Description	Contractual amount	Potential contingent liability	Type of promissory note
POIR.01.01.01-00-0747/16*	24 320	12 198	blank
POIR.01.01.01-00-0956/17	27 683	16 550	blank
POIR.01.02.00-00-0073/18	25 511	11 878	blank
POIR.01.02.00-00-0079/18	29 558	9 884	blank
POIR:01.01.01-00-0740/19	28 960	9 327	blank
POIR.01.01.01-00-0931/19	7 759	2 897	blank
POIR.01.01.01-00-0741/19	27 411	5 228	blank
Lease Agreement No. 18/015253	2 839	659	blank
Lease Agreement No. 18/007516	598	95	blank
Lease Agreement No. 18/021031	496	133	blank
Total	175 135	68 850	

* takes into account the return of the principal due to NCBR dated 13.04.2022

49. Court cases

As of June 30, 2022 and as of the date of these interim condensed consolidated and separate financial statements, Group entities are not party to any litigation.

50. Seasonality

The business segment in which Group companies operate lacks seasonality and cyclicality.

51. Events after the balance sheet date

After the balance sheet date (i.e. June 30, 2022), the following significant events occurred that may affect the assessment of the financial position of the Captor Therapeutics S.A. Group:

- Changes in ownership of the Company's shares by management and supervisory personnel

On August 8, 2022 the Company received from Mr. Michal Walczak, a member of the Company's Management Board, a notification of a transaction on the Company's shares, as referred to in Article 19 (1) of the MAR Regulation. The information was provided by current report No. 32/2022 dated August 9, 2022 and by report No. 33/2022 dated August 9, 2022.

- Information on the progress of research and development in the CT-01 project

Already after the end of the reporting period, the Company announced the nomination of drug candidate CPT-6281 in the CT- 01 project and the initiation of studies that are necessary to obtain authorization to begin clinical trials (CTA/IND-enabling studies, CTA - Clinical Trial Application, IND - Investigational New Drug).

As a consequence of the selection of the drug candidate, the Company has started the process of high-scale synthesis, which will be carried out by an experienced subcontractor. These are the first studies included in the package of so-called CTA/IND-enabling studies, which will enable the start of clinical trials next year (information provided in current report No. 31/2022 dated August 8, 2022).

52. Pandemic COVID-19

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

In the event of the persistence or introduction of new restrictions and constraints in the economies of the countries affected by the pandemic and uncertainty about developments in the capital markets:

- there may be delays in the delivery of materials and reagents from contractors with operations or collaborations in affected countries;

- research work of some highly specialized external service providers working with the Group may be delayed, postponed or impossible to contract due to staffing constraints or inability to undertake commitments based on the extremely high uncertainty index, restrictions introduced;

- quarantine may be necessary for one or more or all employees working in research or laboratory teams, as well as other personnel.

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

The state of epidemics was abolished by the Decree of the Council of Ministers dated May 13, 2022, amending the Decree on Establishing Certain Restrictions, Orders and Prohibitions in Connection with the Occurrence of an Epidemic State.

53. War in Ukraine

Due to the outbreak of armed conflict between Ukraine and Russia, the Group has analyzed the impact of the current situation on its operations. In the Parent Company's opinion, there are no significant risks that could significantly affect its operations. The Group has both no assets in Ukraine and no operations in conflict areas.

As a result of Russia's military actions, European Union countries and the US have introduced a series of harsh sanctions against Russia, which cover key sectors of the Russian economy by blocking their access to technology and markets, including financial ones. In view of the above, it cannot be ruled out that the implemented sanctions package may affect the activities carried out by companies, including those in Poland, due to, for example, the supply of raw materials from Russia. Also, the supply of raw materials from Ukraine may be significantly disrupted or even halted, which could consequently disrupt the global supply chain.

In addition, the armed conflict in Ukraine, may affect Poland's macroeconomic situation, including in particular interest rates and the valuation of the Polish currency (zloty). Foreign exchange risk may result in an increase in the cost of servicing liabilities for research services and reagents purchased abroad. As of the date of this report, the Parent Company's Management Board is unable to estimate the exact impact of these events on ongoing research programs or the availability of financing. The Group is continuously analyzing the situation and about possible new circumstances affecting its financial results and business situation.

Person entrusted with keeping the Company's books of account: Małgorzata Puterko - ABAK S.A.

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