Separate Quarterly Report

Pure Biologics S.A.

For period 01.01.2023 – 31.03.2023

Wroclaw, May 17, 2023

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I. Basic information about the Issuer

1. Management Board

As on March 31, 2023 and as on the date of this report the Management Board consists of:

- Mr Filip Jeleń – President of the Management Board,
- Mr Romuald Harwas – Vice-President of the Management Board,
- Mr Petrus Spee - Vice-President of the Management Board,

During the period covered by this report, the composition of the Management Board did not change.

2. Supervisory Body

As on 31 March 2023 and as on the date of this report, the Supervisory Body consists of:

- Mr Andrzej Trznadel - Chairman of the Supervisory Body,
- Mr Tadeusz Wesołowski - Deputy Chairman of the Supervisory Body,
- Ms Julia Bar - Member of the Supervisory Body,
- Mr Andrzej Kierzkowski - Member of the Supervisory Body,
- Mr Mariusz Czekała - Member of the Supervisory Body.

During the period covered by this report, the composition of the Supervisory Body did not change.

Audit Committee

As on 31 March 2023 and as on the date of this report, the Audit Committee consists of:

- Mr Mariusz Czekała – Chairman of the Audit Committee,
- Ms Julia Bar – Member of the Audit Committee,
- Mr Andrzej Trznadel – Member of the Audit Committee.

Mr. Mariusz Czekała is a member of the Audit Committee who fulfils the conditions of the Act on Statutory Auditors concerning having knowledge and skills in accounting or auditing, while Ms. Julia Bar has knowledge of the industry in which the Company operates. Julia Bar and Mariusz Czekała are also the independent members within the meaning of the Act on Statutory Auditors.

3. Brief description of the Company's activities

Subject of the Issuer's activity

Pure Biologics specializes in research and development in the field of innovative biological medicines, medical devices with therapeutic and diagnostic applications. The Company also conducts contract research for pharmaceutical and biotechnology companies particularly in the area of selection of active molecules (antibodies and aptamers) for medical applications (drugs and therapeutic procedures, diagnostics).

Development of innovative drugs and therapies

The company's core business is the development of new drugs, extracorporeal therapies and diagnostic methods based on its extensive experience in areas such as molecular biology, cell biology, protein engineering and biochemistry, kinetics of biochemical interactions, pharmacology of biological molecules, or in vitro selections from combinatorial libraries.

A key element of the strategy is 'smart development' of drugs (also presented as a 'Smart IO' approach). The portfolio is developing drug candidates whose molecular profile of action is highly likely to have significant advantages over molecules with a similar mechanism of action that have already demonstrated therapeutic potential and safety in clinical trials (competitor molecules). This means that the risks associated with the development of drug candidates based on a non-clinically validated mechanism are reduced, while remaining competitive by improving and/or adding new parameters in terms of action and/or efficacy. The company targets projects with significant advantages over existing and developing solutions, while also having the potential to be first-in-class.

Another aspect of 'smart growth' is the creation of a clinical development pathway for each project with a strong focus on demonstrating signs of therapeutic efficacy as early as possible.

In the case of projects PB003G and PB004 Pure Biologics is focusing on the introduction of phase 0 clinical trials in its projects in order to obtain pharmacodynamic data (efficacy markers) even before conventional phase 1-3 clinical trials are conducted. This will significantly increase the valuation of early-stage projects, but will also guide the design of subsequent clinical phases, which will be based on active and multifaceted patient stratification, rather than the broad population-based studies practised in the classical approach. In addition, biomarkers selected on the basis of phase 0 data will be included as additional endpoints of the study, in order to demonstrate therapeutic activity and clinical efficacy already in phase 1 clinical trials.

Monitoring of the thematic areas of research conducted by other entities and the results obtained by them is carried out independently by the Company's internal Business Intelligence team, based on publicly available information and industry knowledge.

Research and development programmes

Pure Biologics' activities focus on two areas: 1) the development of advanced antibody-based cancer immunotherapy drugs; 2) the use of aptamers for the development of innovative medical devices to selectively remove pathogenic molecules from the blood of patients with inflammatory diseases and those suffering from chronic kidney disease.

The first area (projects PB001, PB003A, PB003G and PB004) develops next-generation antibodies - bispecific antibodies, bifunctional molecules and molecular target binding molecules with novel formats to improve their pharmacokinetic properties. These molecules are designed to interact with immune cells in the tumour microenvironment to activate them to kill tumour cells or to lift the immune blockade induced by the tumour. For the discovery of molecular target binding sequences used in the design of next-generation antibodies, Pure Biologics uses its proprietary PureSelect2, technology platform, as well as its own library of sequences (ScFv antibody fragments) PureLibra, in addition to libraries licensed from Twist Bioscience.

The second area (projects PB002, PB005, PB006 and PB103) uses aptamers to create innovative therapeutic solutions - aptamer-drug conjugates for oncology and adsorbers that selectively remove pathogenic molecules from patients' blood for applications in neurology and nephrology. Pure Biologics has a proprietary, patented PureApta technology platform for aptamer selection and is one of the few companies worldwide developing aptamers for therapeutic use. As aptamers are a relatively young class of drugs, the Company is also conducting internal technology projects, including research into improving aptamer stability and investigating the safety of modified nucleotides.

Innovative R&D projects supported by grants

Pure Biologics actively uses public funds to support R&D activities in companies and has repeatedly successfully applied for funding for its projects at both the NCBR and the European Commission. Only in the period 2018-1Q2023 the Company obtained nearly PLN 175 million in funding for the implementation of projects scheduled for 2018-2026.

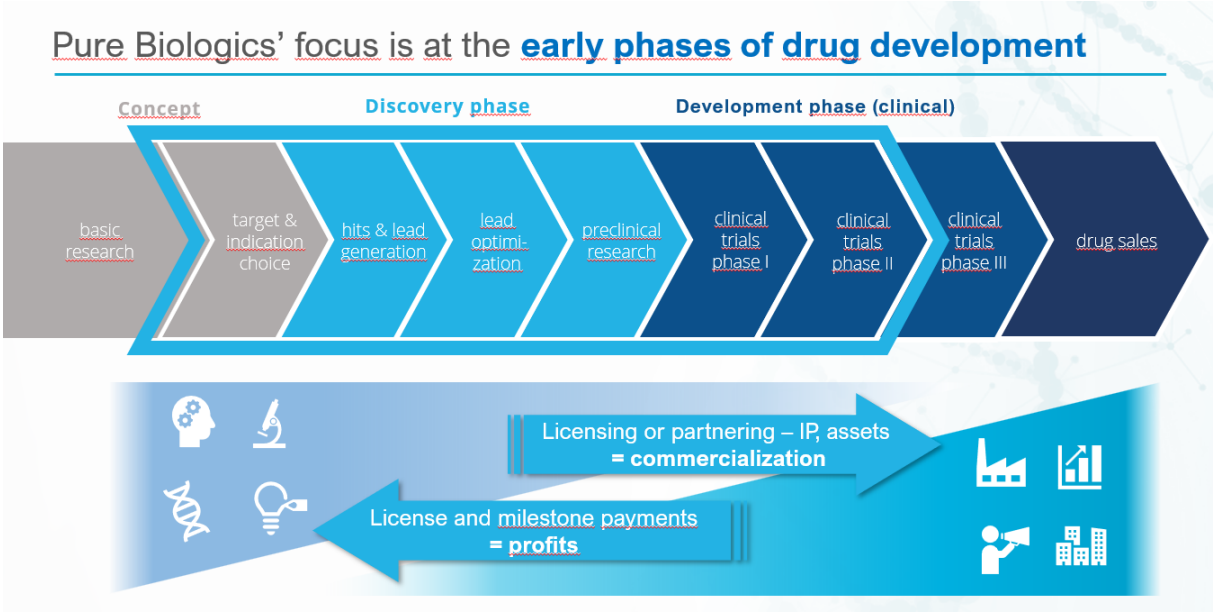

Fig. 1: Phases of drug discovery and Pure Biologics' area of activity. The company is in the early stages of drug development.

Science and technology projects

The objective of the scientific and technological projects carried out by the Company is the continuous development of competencies based on proprietary solutions and maximising the areas of IP and know-how utilization. The implementation of this objective includes testing platforms developed by the Company, exploring the possibilities of their commercial applications beyond those arising from the Company's own drug and therapy development projects, and exchanging knowledge and experience between recognised foreign scientific and research units and teams in Europe and worldwide. The collaboration carried out on research projects builds international relationships and provides references for the research concepts and subject matter expertise of Pure Biologics' scientists. The Company's priority objective remains to ensure the repeatability of the business model.

In parallel with the development and pursuit of commercialisation of the Company's major projects, activities are directed towards initiating further ultra-innovative programmes. The development of further projects will depend on the acquisition of non-dilutive funding, including primarily in the form of grants.

Contract research

Pure Biologics is a leader in in vitro antibody and aptamer selection technology on the Polish market and is also one of the few commercial entities acting in this field in Europe. Thanks to its research and development projects (technology platforms), it has a real opportunity to further strengthen its market position. In vitro selection is an efficient and cost-optimal way to obtain active molecules (antibodies and aptamers) that bind a selected molecular target. This is both the basis for the development of biological drugs

and diagnostic tests for internal projects, and technology that can be successfully used for the provision of external contract research, the volume and margins of which will multiply when the above platforms are used as a service.

Pure Biologics' extensive expertise and solid scientific basis, together with the innovation and uniqueness of the technological solutions it offers, means that it is able to carry out complete drug development projects on behalf of pharmaceutical companies, from the discovery stage through to early pre-clinical testing.

Human resources and infrastructure

The company has modern and well-equipped laboratory and office facilities with 72 employees, 50% with doctoral degrees. The 1,300 sq.m. of laboratory space enables all project work to be carried out as planned, as well as new projects within a diversified portfolio.

The Company engages staff on the basis of employment contracts as well as commissions activities on the basis of civil law contracts. As on March 31, 2023 the Company employed 72 people.

During the first quarter, the Company optimised the team in line with its strategic and research objectives and, as a result, the team was reduced. Consequently, the turnover rate was 20%, which is higher than in previous quarters. 100% of the staff has a university degree or higher with a research degree, 50% a PhD. The staff structure is predominantly female (63.8%).

There was no significant and disruptive employee absenteeism, with general absenteeism of 2.10% in the first quarter of 2023 and no accidental absenteeism in the first quarter of 2023.

There were no recruitment processes in the first quarter of 2023.

4. Competitive advantages

Focus on significantly improved drugs with the potential to be *first-in-class* drugs

The company is building a portfolio of drug and medical device development projects based on the following assumptions:

1. Each project addresses a significant medical need for patients and doctors;
2. Each project has clear market potential and is attractive for third party licensing in the early stages of clinical development;
3. The therapeutic solutions proposed in each project are significant improvements on current and developing therapies, with the potential to be 'first-in-class'.

4. In addition to the standard safety assessment, each project places great emphasis on demonstrating signs of therapeutic efficacy in the early phases of clinical development (phases 0 and 1).

Building a portfolio on the idea of 'me-better', based on studies of original drugs and therapies previously carried out successfully, significantly reduces the risks associated with clinical development failure, while retaining the potential for 'first-in-class".

Pure Biologics focuses on demonstrating early signs of therapeutic efficacy in Phase 0 and Phase 1 clinical trials through appropriate patient selection, use of biomarkers, etc., which:

1. Contributes to a significant increase in the valuation of the project in the context of its subsequent commercialisation
2. Allows a more accurate assessment of the likelihood of success of costly phases 2 and 3 of clinical development.

The Company expects that the current strategy will translate into higher value assets generated in a shorter timeframe, a faster regulatory pathway, a higher probability of commercialisation and minimisation of risk due to previous positive results obtained by competitors in drug development programmes with a similar mechanism of action.

Unique competences in areas of antibodies' and aptamers selection and of proteins' production and analysis.

Out of the ten world's best-selling drugs eight are protein-based ones, including antibodies. According to the knowledge of the Management Board based on publicly available information, the Issuer is the only commercial entity in Poland that has its own technology of antibodies' and aptamers' selection. Moreover, the Issuer is one of the few entities in the world that works over this subject. Due to the degree of advancement of its R&D projects, the Issuer has a real possibility of strengthening its market position. Domestic and international biotechnological and pharmaceutical companies as well as R&D institutes and universities are the Issuer's clients.

Research projects on immunooncology which is a breakthrough in fight against cancer

The Company's own research projects focus on searching for drugs and therapies supporting human immune system. This direction of research in cancer treatment in recent years became the most important in cancer control. Immunooncologic treatments brought into the market are rarely limited to one tumour type, turning out to be efficient in at least several types of illnesses. Therefore it broadens their range of application and number of potential patients. An important issue is also the use of so-called combination therapies, in which two different treatments are used (both of the immunooncology field or a treatment consisting in combining immunooncologic drug with classical anti-cancer therapy, for example chemo- or radiotherapy), which additionally broadens the range of indications for use of this type of drugs. Taking into account the immunooncology's

development in recent years, systematically confirmed by partnering and licensing transactions which, in value terms, dominated the pharmaceutical market, one can qualify the future positive results of the Company's research projects among assets with significant profit potential.

Total control over the key discovery phase of drug development

Company's competence allows it the execution of projects of drug and medical device development from the phase of choosing the molecular target to the phase of in vitro tests inclusive, entirely basing on its own scientific and technological resources. This ensures full independence in obtaining (licensing) drug candidates from other R&D entities or universities, and from services provided by third parties to the pre-clinical phase. This translates into control and confidentiality of the studies carried out at all stages, in particular at their initial, most sensitive stage.

Ability to generate large numbers of new lead molecules through self-designed technology platforms

The PureSelect2 and PureApta technology platforms developed by the Company allow in vitro techniques (without immunizing animals), and thus relatively quickly and at relatively low cost, to generate each time multiple bio-molecules binding a molecular target - antibodies and aptamers, respectively. From the broad pool of molecules generated, those variants are selected that have parameters best suited to the task at hand and can be further optimised. Importantly, these platforms can work in parallel on multiple molecular targets.

II. Description of significant Company's accomplishments or failures in the reported period along with the description of the most important factors and events, untypical in particular, influencing the results

1. Execution of own R&D projects

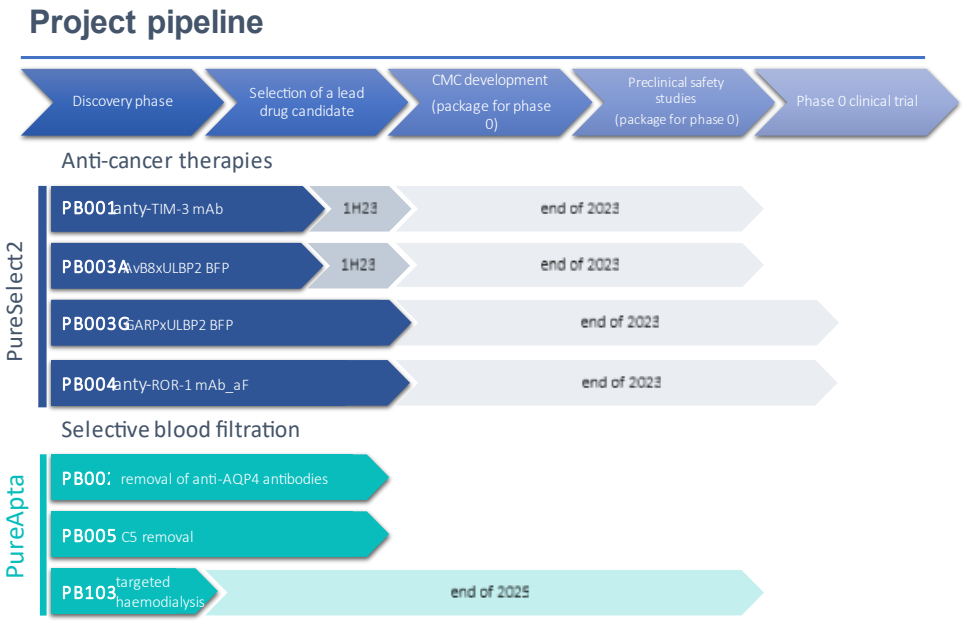

Fig. 2: Status of work on projects within the portfolio of Pure Biologics Inc.

Antibody-based immuno-oncology drug development projects

project	indication	active molecule
PB001	**immunooncology** solid tumours, e.g. cancer of the colon and rectum (CRC)	bispecific antibodyTIM3xTTA
PB003a	**immunooncology** solid tumours, e.g. non-small cell lung cancer (NSCLC)	bifunctional fusion protein anti- αVβ8
PB003G	**immunooncology** solid tumours, e.g. non-small cell lung cancer (NSCLC)	bifunctional fusion protein anti- GARP
PB004	**immunooncology** haematological malignancies	afucosylated antibody anti-ROR1

Fig. 3: Antibody-based projects

PB001 Drug development project (MultiBody)

Aim of the project

The PB001 (MultiBody) project aims to develop a therapeutic antibody with dual activity for the treatment of cancer. PB001 will be a first-in-class bispecific antibody that simultaneously binds the TIM-3 protein on immune cells and a yet undisclosed antigen on the surface of tumour-associated antigen (TAA) - TIM-3xTAA. Depletion of cytotoxic immune cells is a major obstacle to immune surveillance of cancer. TIM-3 on the surface of cytotoxic T lymphocytes (CTL) and natural killer (NK) cells, plays a key role in the depletion phenomenon. By targeting TIM-3, PB001 is designed to 'release the brakes' on CTL and NK cells in cancer patients. At the same time, PB001 will directly attack cancer cells, exposing them to the immune system and creating anchor points for cytotoxic cells for more efficient elimination of tumour cells. PB001 will find application in the treatment of colon cancer, which is one of the malignancies defined as an 'unmet medical need' and at the same time it is a market-active therapeutic area with many partnering and licensing deals being observed.

Financing

The project is co-financed by the National Centre for Research and Development (NCBR) under the Intelligent Development 2014-2020 programme. According to the co-financing agreement, the total cost of the project is PLN 32,037 thousand, and the value of the grant is PLN 23,998 thousand. The Company's own contribution in the amount of PLN 8,002 thousand is covered by the Company from equity.

Implementation and results of the project in the reported period

During the first quarter of 2023, project PB001 continued work on the previously identified proprietary anti-TIM3 antibody. Limited *in sillico* affinity maturation was performed, during which 4 variants of the developed antibody PB001.TM14 were designed. The study showed that one of the antibody PB001.TM14 variants had increased affinity and efficiency in in vitro assays, but at the expense of loss of antibody specificity, so the primary antibody PB001.TM14 was chosen for *in vivo* testing.

The planned in vivo study aims to validate the therapeutic format of TIM3xTAA by comparing its anti-tumour activity with a mono-clonal anti-TIM3 antibody, as well as validating the activity of the resulting unique PB001.TM14 antibody against the clinically developed molecules Sabatolimab (Novartis) and Sym023 (Symphogen). The contract for the study has been signed with GemPharmatech (China) and the study is scheduled to commence in late April/early May, while the Company expects results in June 2023.

Based on the results of the planned in vivo study, a decision will be made on the direction of further preclinical development of PB001.TM14 molecule.

Planned works

Further in vitro studies and an in vivo study in a humanised mouse model are planned for Q2 2023 to comprehensively assess the potential of molecule PB001.TM14 under development against reference antibodies currently in clinical development.

PB003a Drug development project

Aim of the project

Project PB003a aims to develop an anti-cancer drug in the format of a bifunctional molecule that specifically recognises the αVβ8 integrin, with significantly better properties than traditional therapeutic antibodies targeting αVβ8 currently in preclinical and early clinical development (e.g. molecule PF-06940434, Pfizer). Integrin αVβ8 plays a key role in the inhibition by regulatory T cells (Treg) of lymphocyte cytotoxicity against tumour cells. While the mechanism of action of competing drug candidates is to block αVβ8 activity to reduce immunosuppression in the tumour environment, Project PB003a aims to develop a much more effective drug candidate that kills αVβ8-mediated Treg cells. As αVβ8 is also overproduced on cells of various tumour types (e.g. lung, colorectal, head and neck, breast), PB003a will also directly induce the killing of tumour cells by cytotoxic lymphocytes, resulting in much more effective anti-cancer therapy. To achieve this, drug candidate PB003a is being developed in the form of a so-called bi-functional therapeutic molecule (bifunctional fusion protein, BFP), in which a traditional antibody will be combined with ULBP2, the natural immunoligand of the NKG2D receptor present on most cytotoxic NK and T cells in the tumour environment. This unique therapeutic format will not only demonstrate a qualitative advantage over conventional antibodies, but will also lead to the recruitment of significantly more cytotoxic cells, potentially translating into greater efficacy.

Financing

Project PB003a (as part of PB003) is co-financed by the National Centre for Research and Development (NCBR) under the Intelligent Development 2014-2020 programme. According to the co-financing agreement, the total cost of the project (PB003a and g) is PLN 39,905 thousand, and the value of the grant is PLN 30,969 thousand. The eligibility period for costs lasts until 31 December 2023. The Company's own contribution amounting to PLN 8,969 thousand the Company intends to cover from equity. In April 2023, the Company received approval from the NCBR to make key changes to the project application, which included the inclusion of model molecule studies and the change from Phase 1 clinical trials to Phase 0 as the endpoint of the NCRD-funded project. The phase 0 clinical trial will involve injecting microdoses of the drug directly into tumours and will positively and cost-effectively impact the commercialisation potential of the project.

Implementation and results of the project in the reported period

In the reported first quarter of 2023, the project's main activities focused on two areas: 1) continuing the search for proprietary molecules binding the molecular target αVβ8, 2)

obtaining in vivo pharmacological data for the proposed therapeutic format using model molecules targeting αVβ8, based on sequences available in the public domain.

In earlier selections by phage presentation, αVβ8 antigen-binding sequences were obtained and produced in full antibody (IgG) format for functional analysis against the intended mechanism of action of the molecule under development. Primarily, the ability to induce immune cell cytotoxicity against αVβ8-expressing tumour cells was tested. Based on the results obtained, five molecules with the highest cytotoxic potential were selected for further functional analysis. In addition, the discovered sequences were used to develop the molecules in a bifunctional protein (BFP) target format, as well as in an alternative afucosylated antibody format. Both formats aim to improve the molecules' properties in terms of their ability to induce cancer cell death and are currently being produced for further testing. In parallel, further selections of unique αVβ8 antigen-binding sequences are underway.

While project PB003a will continue to develop its own therapeutic molecules targeting αVβ8, due to strategic decisions taken by Pure Biologics and the priority given to projects PB003g and PB004, the Phase 0 clinical trial for molecule PB003a has been postponed.

At the same time, Pure Biologics is continuing to study the BFP anti-αVβ8 therapeutic format, with preliminary results from blood analysis of humanised mice administered the model molecules. The bifunctional molecule was shown to have increased binding to effector immune NK cells (natural killer cells) compared to the antibody (IgG) and unique binding to T lymphocytes. This confirms the superiority of the BFP format over the traditional IgG format in terms of its ability to activate the immune system to kill cancer cells.

Planned works

In the near future, in addition to continuing the selection of unique antibodies, project PB003a, plans to address the safety aspects of using the anti-αVβ8 BFP format in *in vivo* studies.

PB003g Drug development project

Aim of the project

Project PB003g aims to develop an anti-cancer drug in the format of a bifunctional molecule that specifically recognises the GARP-TGFβ1 protein complex, with significantly greater therapeutic efficacy than traditional antibodies directed against GARP currently in early clinical development (e.g. molecules ABBV-151, Abbvie and DS-1055, Daichii-Sankyo). The accumulation of regulatory T cells (Treg) in the tumour microenvironment is associated with an unfavourable prognosis in various types of solid tumours. The GARP-TGFβ1 complex is highly expressed on various tumour cells (including lung, colorectal, breast, head and neck), as well as on regulatory T cells (Treg), and plays a key role in immunosuppression. While ABBV-1551 aims to restore immune function by blocking the release of immunosuppressive TGFβ1 from the complex with GARP, DS-1055 recruits and activates NK cells to directly kill Treg and tumour cells. Project PB003g aims to develop a therapeutic molecule that eliminates Treg and tumour cells with GARP-TGFβ1 expression much more effectively than competing molecules. To achieve this, drug candidate PB003g is being developed in the form of a so-called bifunctional therapeutic molecule (BFP), in which a traditional antibody will be combined with ULBP2, a natural immunoligand of the NKG2D receptor present on the majority of cytotoxic NK and T cells in the tumour environment. This unique therapeutic format developed by Pure Biologics will not only demonstrate a qualitative advantage over conventional antibodies, but will also lead to the recruitment of significantly more cytotoxic cells capable of killing cancer cells.

The aim of the work in project PB003g in 2023 is to identify a lead candidate to enter the Phase 0 clinical trial in December. The implementation of the Phase 0 study, as the first stage of clinical development of immuno-oncology projects, is in line with Pure Biologics' 'smart clinical development' strategy of capturing valuable pharmacodynamic data at an early clinical stage to *1)* reduce the risk of failure of later, costly phases of clinical trials, and *2)* significantly increase the value of the project at the early stage of clinical development.

Financing

Project PB003g (as part of PB003) is co-financed by the National Centre for Research and Development (NCBR) under the Intelligent Development 2014-2020 programme. According to the co-financing agreement, the total cost of the project (PB003a and g) is PLN 39,905 thousand, and the value of the grant is PLN 30,969 thousand. The eligibility period for costs lasts until 31 December 2023. The Company's own contribution amounting to PLN 8,969 thousand the Company intends to cover from equity. In April 2023, the Company received approval from the NCBR to make key changes to the project application, which included the inclusion of model molecule studies and the change from Phase 1 clinical trials to Phase 0 as the endpoint of the NCRD-funded project. The phase

O clinical trial will involve injecting microdoses of the drug directly into tumours and will positively and cost-effectively impact the commercialisation potential of the project.

In March 2023 Pure Biologics has signed an agreement with the Medical Research Agency for funding for a project entitled 'Phase 1 clinical trial to investigate the safety, tolerability and efficacy of a bispecific compound in patients with advanced solid tumours' for molecule PB003g. Funding amounts to PLN 32,439 thousand, with a total project budget of PLN 48,897 thousand.

Implementation and results of the project in the reported period

In the first quarter of 2023, project PB003g focused primarily on identifying a lead candidate for preclinical development. In April this year, the bifunctional PBA-0091 molecule was selected as a lead candidate for further preclinical and clinical development. The lead molecule and the backup molecules have been comprehensively characterised *in vitro* for specificity, stability in blood serum and anti-tumour activity, i.e. the ability to kill tumour cells and immunosuppress regulatory T cells (Treg).

The binding strength of antibodies to molecular targets is a major determinant of their therapeutic efficacy. Therefore, an important step in candidate characterisation was to confirm using biophysical and cellular assays that the antibodies discovered in the BFP format retain binding strength to GARP- TGFβ1. Binding specificity, on the other hand, is one of the main determinants of both therapeutic efficacy and safety. The BFP molecules tested effectively and specifically bound to GARP- TGFβ1 on cancer and Treg cells, as well as to CD16 and NKG2D, receptors that trigger NK cell and T-cell cytotoxicity. Furthermore, by demonstrating the formation of a triple complex between the antibodies and GARP-TGFβ1 and NKG2D, it was confirmed that the developed bifunctional molecules are able to bind both molecular targets simultaneously, which is essential for the therapeutic action of the BFP molecule. The intended mechanism of action was confirmed in cellular assays investigating the ability of BFP to induce the killing of cancer and Treg cells by activated cytotoxic cells, and demonstrated a clear advantage of BFP molecules over the DS-1055 antibody (Daichii-Sankyo) in terms of more effective induction of GARP-TGFβ1-expressing cell death. This is due to the synergistic action of the immunoligand ULBP2, which activates NK and cytotoxic T cells via the NKG2D receptor, and the antibody fragment Fc, which activates effector cells via the CD16 receptor. This gives molecule PBA-0091 a significant advantage over anti-GARP antibodies being developed by competitors. Studies have also shown that the molecule is stable in blood serum and also in buffers, making it suitable for further development as a drug candidate.

With the nomination of the lead candidate, project PB003g has reached an important milestone on the road to clinical development. The lead candidate and three stock molecules are now being produced for *in vivo* studies. It is planned to: 1) to obtain a preclinical proof-of-concept (pcPoC) using two human tumour models in humanised mice, and 2) to conduct in vivo safety and tolerability profile studies of the lead molecules.

In parallel, in vivo studies using BFP anti-GARP- TGFβ1 model molecules are ongoing to obtain pharmacokinetic and pharmaco-dynamic data for the proposed therapeutic format. The results are expected in Q2 2023 and will be used to plan study protocols and experimental models with the lead molecules.

In parallel, immunohistochemical studies are being carried out to determine the binding of selected molecules to antigens present in tissues from patients with colorectal cancer (CRC), triple negative breast cancer (TNBC) and head and neck cancer (HNC). This is to precisely define the target group of patients, as well as to confirm the indication selected for the Phase 0 study. Collaboration with Presage Bioscience (USA) is continuing in order to prepare the documentation necessary to obtain FDA approval for the study and its initiation in December this year.

Planned works

In the near term, humanised mouse studies are planned for the lead molecules with a view to starting a Phase 0 clinical trial in December 2023. The plans are to: 1) obtaining a preclinical proof-of-concept (pcPoC) using two human tumour models in humanised mice, and 2) conducting in vivo safety and tolerability profile studies of the lead molecules. Subcontractor manufacturing of molecules (CDMO, contract development and manufacturing organisation) for the Phase 0 study will also be carried out.

PB004 Drug development project (PureBIKE)

Aim of the project

The objective of the PB004 project is to develop an anti-cancer drug based on an anti-ROR1 antibody with significantly improved therapeutic properties compared to Zilovertamab, anti-ROR1 antibody currently in clinical development. PB004 will develop an anti-ROR1 molecule characterised by an appropriate format and binding to a selected epitope to induce cancer cell death through activation of natural killer (NK) cells and initiation of antibody-dependent cell cytotoxicity (ADCC). The drug under development has great potential for the treatment of patients with ROR1-expressing cancers, including triple negative breast cancer (TNBC), a particularly aggressive type of breast cancer. In addition, PB004 drug will be used in the treatment of various types of lymphomas and leukaemias, such as mantle cell lymphoma (MCL), or chronic lymphocyte leukaemia (CLL). Pure Biologics plans to bring the drug candidate to the first phase of clinical trials, and then commercialise the project by making it available under a license. The PB004 project is an important item in the Company's portfolio of highly innovative drug development projects in the immuno-oncology therapy segment.

Financing

The project is co-financed by the National Centre for Research and Development (NCBR) under the Intelligent Development 2014-2020 programme. According to the co-financing agreement, the total cost of the project is PLN 40,417 thousand and the value of the grant is PLN 29,869 thousand. On 21 August 2022, NCBR accepted the Company's proposed amendments to the project application, which included changing the format from BiKE (bispecific killer engager) to a long-acting BiKE molecule or afucosylated antibody, and changing the Phase 1 clinical trial to Phase 0 as the endpoint of the NCBR-funded project. The changes in scope are related to changes in the total project budget (from PLN 40,417 thousand to PLN 38,617 thousand) and the amount of funding (from PLN 29,869 thousand to PLN 28,789 thousand). The planned cost eligibility period lasts until December 31, 2023. The Issuer intends to cover its own contribution to the project in the amount of PLN 9,898 thousand by equity.

In January 2023, Pure Biologics signed an agreement with the Medical Research Agency for funding of a project entitled 'Phase 1 clinical trial of a first-in-class bispecific ROR1xCD16 molecule in patients with B-cell lymphoid malignancies'. The funding amounts to PLN 32,439 thousand with a total project budget of PLN 48,897 thousand.

Implementation and results of the project in the reported period

In the reported first quarter of 2023, the project's main activities focused on identifying a lead molecule for further preclinical and clinical development. In April this year, molecule

PBA-0405, which is an afucosylated anti-ROR1 antibody, was selected as the lead candidate for the PB004 project. The lead molecule and backup molecules have been comprehensively characterised *in vitro* for specificity, stability in blood serum and ability to kill cancer cells.

The strength and specificity of binding of the antibody to the molecular target are determinants of the efficacy and safety of the drug under development. The lead and back-up molecules were characterised in terms of the strength and kinetics of binding to the molecular target, the ROR1 antigen, both in biophysical assays and on the cell surface. Binding to the CD16 protein, a receptor that triggers the cytotoxicity of immune effector cells (NK, natural killer cells), was also demonstrated. The intended mechanism of action was confirmed in NK cell activation assays and in assays for the killing of ROR1-expressing tumour cells by activated NK cells. Furthermore, candidate PBA-0405 has been shown to kill cancer cells significantly more effectively than the reference molecule, Zilovertamab, which is currently in phase I/II clinical trials for the treatment of mantle cell lymphoma (MCL), chronic lymphocytic leukaemia (CLL) and other cancers. In collaboration with the Ludwik Hirszfeld Institute of Immunology and Experimental Therapy of the Polish Academy of Sciences (PAS) in Wrocław, analogous studies were conducted using tumour cells from patients with chronic lymphocytic leukaemia (CLL) to obtain data on the antitumour activity of the candidates under conditions as close as possible to clinical trials. The studies confirmed the antitumour potential of the selected molecules in antibody-dependent activation of ROR1-expressing cancer cell death (ADCC) assays.

In addition, other aspects relevant from a drug development perspective were also investigated, such as the ease of protein production and its stability in serum and long-term stability in buffers. The favourable results obtained in the above tests contributed to the nomination of molecule PBA-0405 as a leading drug candidate. Further down the line, it is planned to conduct pharmacodynamics and anticancer activity studies for the lead candidate and back-up molecules, with the aim of obtaining preclinical proof-of-concept (pcPoC) in humanised mouse tumour models. The pharmacokinetics and *in vivo* safety profile of the developed molecules will also be further investigated.

During the reported period, *in vivo* studies using model anti-ROR1 molecules were conducted in collaboration with Jackson Laboratories (USA) and Gempharmatech (China). The study has been completed and the Company is currently awaiting final reports. The data obtained will support the planning of research protocols and experimental models for preclinical studies of the identified candidates.

During the first quarter of 2023, preparations also continued to identify a subcontractor for the production of the protein for the Phase 0 study. In addition, collaboration with Presage Biosciences continued to prepare a Phase 0 clinical trial, through which project PB004 will gain confirmation of the mechanism of action in the complex human tumour microenvironment, as well as obtain early data on the potential anticancer activity of the

lead candidate. Production of the antibody for the phase 0 clinical trial will begin in the second quarter of 2023 and the clinical trial is scheduled to start in December 2023.

Project work planned for 2023

The aim of project PB004 in the next quarter is to initiate preclinical studies with the lead molecule PBA-0405 and three stock molecules, including evaluation of their anti-tumour efficacy and obtaining preclinical proof-of-concept, as well as further characterisation of candidates to support a Phase 0 clinical trial application.

Aptamer-based therapeutic projects

project	indication	active molecule
PB002	**neurology / rare diseases:** Devic's syndrome (NMO)	selective aptamer adsorber
PB005	**neurology / rare diseases:** myasthenia gravis	selective aptamer adsorber
PB103	**nephrology:** chronic kidney disease	selective aptamer adsorber

Fig. 4: Aptamer-based projects

Therapeutic project PB002 (AptaPheresis)

Aim of the project

The PB002 (AptaPheresis) project aims to develop a highly innovative targeted apheresis therapy for the treatment of patients suffering from Neuromyelitis Optica (NMO). NMO is a potential fatal neurological disease caused by auto-immune antibodies that target the spinal cord and optic nerves, leading to severe paralyses of limbs and blindness. It is characterised by varying severity of symptoms; periods of remission alter with exacerbations, which often lead to hospitalisation and a significant increase in treatment costs. Therapeutic options for NMO patients during exacerbation periods are non-selective and are associated with serious side effects. Therefore, there is still an unmet medical need for more efficient NMO treatments, with an improved safety profile and cost-efficient. Under project PB002, Pure Biologics is developing a medical procedure in which auto-antibodies against aquaporin-4, a pathogenic factor in NMO, are selectively removed from patients' bloodstreams. PB002 is a medical device that will capture auto-antibodies using highly specific aptamers developed using proprietary PureApta technology. PB002 has the potential to significantly improve care of the estimated 300,000 NMO patients world-wide, while reducing treatment costs.

Financing

The project is co-financed by the National Centre for Research and Development (NCBR) under the Intelligent Development 2014-2020 programme. According to the co-financing agreement, the total cost of the project is PLN 14,282 thousand and the value of the grant is PLN 10,542 thousand. The Company intends to cover its own contribution of PLN 3,740 thousand from equity.

Implementation and results of the project in the reported period

At the beginning of 2023, the analysis of the results obtained in project PB002 was underway. In addition, the transfer of the developed know-how was carried out to project PB103, which will be carried out by the special purpose vehicle Doto Medical set up by Pure Biologics and in which it will be used to develop therapeutic solutions towards improving the standard dialysis procedure.

Therapeutic project PB005 (AptaMG)

Aim of the project

The PB005 (AptaMG) project aims to develop a highly innovative, targeted apheresis-based therapy for the treatment of patients suffering from Myasthenia Gravis (MG). Myasthenia Gravis is an autoimmune disease caused by disturbances in neurotransmission in the neuromuscular junction. During the course of disease, patients experience exacerbations that severely weaken limb muscles, thus affecting their daily lives, as well as life-threatening myasthenic crises that cause respiratory failure. Exacerbation is regarded as a possible prodromal stage of a crisis and requires hospital treatment. One of the main factors responsible for disease symptoms is the complement system, and it is clinically proven that inhibition of complement 5 (C5) protein is beneficial for patients in exacerbation. Under PB005 Pure Biologics is developing a medical device that will capture C5 protein from the patients' blood, improving apheresis procedures currently used for patients with severe symptoms. The device will use highly specific aptamers for capturing C5 from blood, developed using Pure Biologics' proprietary PureApta technology. PB005 has the potential to significantly improve care of the estimated 800,000 NMO patients world-wide, while reducing treatment costs.

Financing

The project is co-financed by the National Centre for Research and Development (NCBR) under the Intelligent Development 2014-2020 programme. According to the co-financing agreement, the total cost of the project is PLN 14,730 thousand and the value of the grant is PLN 10,775 thousand. The cost eligibility period lasts until December 31, 2023. The Company intends to cover its own contribution of PLN 3,958 thousand from equity.

Implementation and results of the project in the reported period

At the beginning of 2023, the analysis of the results obtained and the preparation of a strategy to protect the intellectual property developed in project PB005 were underway. The results will form the basis of a patent application. In addition, the transfer of the developed know-how was carried out to project PB103, which will be carried out by the special purpose vehicle Doto Medical set up by Pure Biologics and in which it will be used to develop therapeutic solutions towards improving the standard dialysis procedure.

Therapeutic project PB103 (UreTox)

Aim of the project

The aim of project PB103 is to develop an innovative medical device based on Pure Biologics' PureApta technology, which will significantly improve the efficiency of toxin removal during haemodialysis performed in patients suffering from chronic kidney disease (CKD). The project is divided into sub-projects PB103a and PB103b, each of which will develop an adsorber targeting different molecular targets. The effect of toxin capture by the PB103a adsorber will be to preserve residual renal function, while the use of the adsorber being developed in PB103b project will reduce the risk of developing cardiovascular disease and mortality in patients with CKD.

In patients with CKD when the kidneys stop functioning, the body's water balance is disrupted. Problems with urine production result in a sharp decline in quality of life. Therefore, there is an unmet medical need to develop therapies to extend kidney function time in patients with CKD. Chronic inflammation underlies the deterioration of renal function. Therapeutic strategies that inhibit chronic inflammation, for example by blocking the activity of pro-inflammatory cytokines, can prolong renal function. The main disadvantage of existing therapies is that a single injection of the drug weakens patients' immunity for many weeks, making this group of patients particularly susceptible to infections such as COVID and influenza. Another major barrier is the cost of antibody therapy reaching several thousand dollars per month. To address this medical need, Pure Biologics will develop a medical device, complementary to the current haemodialysis procedure, that will safely remove pro-inflammatory cytokines from the blood of CKD patients. The effect of the device being developed under sub-project PB103a will be to preserve residual kidney function in CKD patients to maintain water homeostasis, without compromising immunity.

Patients with chronic kidney disease on dialysis have a 9 to 12 times greater risk of death compared to the general population. Cardiovascular disease (CVD), including heart failure, accounts for approximately 50% of deaths in patients on dialysis. The link between the presence of toxins in patients' blood and vascular deterioration is direct but poorly addressed by current dialysis therapy. Therefore, there is an unmet medical need to develop therapies that would offset vascular deterioration in haemodialysis patients. Certain proteins are present in much higher amounts in the blood of CKD patients with CVD and appear to play a direct role in their clinical deterioration. In addition, they are not removed during current dialysis therapy and may therefore contribute to the disease and worsening of the patient's condition. The aim of the project is to develop a medical device as an add-on module to the apparatus used in haemodialysis, which will safely remove the above proteins from the blood of CKD patients. The effect of the medical device developed in sub-project PB103b will be a significant reduction in CVD mortality in

patients with CKD, as well as a reduction in the societal costs associated with CVD treatment.

Project PB103, divided into sub-projects PB103a and PB103b, is a joint development programme between Pure Biologics and Relitech B.V. (Nijkerk, the Netherlands). Pure Biologics has developed unique technical expertise in extracorporeal blood purification using aptamers in projects PB002 and PB005. Building on its experience to date, the Company will develop 'molecular magnets' in the form of aptamers that can actively remove selected uremic toxins from the blood of CKD patients, based on its patented PureApta technology. Relitech will use its expertise and intellectual property rights to develop a medical device for extracorporeal blood purification. The end product, a medical device that can significantly improve current dialysis therapy, will enter an ever-growing market with a global value of more than $105 billion in 2021.

Worldwide, more than 2 million CKD patients undergo dialysis, typically 3-4 times a week for an average of 5-10 years. In the US, treatment typically costs between $3.3k and $10.4k per month, with treatment of comorbidities raising the average price of care to as much as $14.4k per month. In order to maximise project PB103's chance of success in a market far more attractive than the niche markets targeted by the products being developed under PB002 and PB005, Pure Biologics decided to focus its efforts entirely on the development of extracorporeal treatment under project PB103.

Financing

Project PB103 is being carried out in collaboration with the Dutch company Relitech B.V. (Nijkerk, the Netherlands). On 3 June 2022, a collaboration agreement was signed covering the first phase of the project, in which Pure Biologics will select aptamers against the first two molecular targets and Relitech will build a prototype device. Both companies will incur their own costs at this stage of the project.

During the course of implementation, the project was expanded and divided into two sub-projects, PB103a and PB103b, addressing different complications in CKD patients. In the next stages, the Companies plan to develop a device based on selected aptamers and their preclinical and clinical development.

Pure Biologics has formed a special purpose vehicle (SPV) Doto Medical Ltd. and is actively seeking financing in the form of non-dilutive capital and venture capital for project PB103. A grant application has now been completed for the competition organised by PARP under the SMART (FENG) pathway. The application was submitted on May 8, 2023.

Implementation and results of the project in the reported period

As part of project PB103, activities to select aptamers specific to selected molecular targets were underway at Pure Biologics in Q1 2023. On the partner side, Relitech,

meanwhile, work was underway on a prototype ABD device, which will be used for technology development and *proof-of-concept* experiments.

2 aptamer selection campaigns were carried out against 2 molecular targets (targets number 2 and 3). Selection on target number 2 has so far failed to identify aptamers that bind the target, and the results are currently being analysed so that a new selection strategy can be developed, and selection conditions optimised. Selection for target number 3 has resulted in the selection of target protein-binding sequences, the properties of which, as well as their binding characteristics to the target, are currently being investigated in biochemical and biophysical assays. If the test results confirm that the discovered aptamers meet the design criteria, the next step will be to optimise the sequences of the selected molecules, in terms of 1) ease of production and 2) lower production costs, 3) binding strength and 4) stability in plasma.

The aptamers binding molecular target number 1, discovered in 2022, were subjected to sequence optimisation, resulting in shorter molecules and stable in plasma. A test synthesis of two selected molecules was also carried out on a solid substrate, i.e. under the conditions under which industrial-scale aptamer production will take place. Production tests were successful, and the manufactured batches of aptamers are currently undergoing detailed quality control.

In parallel, work was carried out to immobilise selected aptamers binding target number 1 on a bed to form the active surface in the adsorber. After immobilisation on the bed, the aptamers bound the target protein from the buffer with a high efficiency of more than 90%. Optimisation work is currently underway, including aptamer density on the bed and further functional testing. Further tests of molecular target capture from blood plasma will be carried out, i.e. under real operating conditions of the adsorber in the device under development.

On the partner's side, work on the device prototype, as well as testing of the control software, continued during the first quarter. The prototype is designed to integrate a plasmapheresis filter and an adsorber with a variable volume aptamer. Functional tests of the prototype using the adsorber with a model aptamer are planned in the coming weeks, with the ultimate goal of achieving a proof of concept for the technology for selective removal of plasma components using aptamers, as well as confirming the feasibility of the procedure using aptamers.

Planned works

In the next reporting period, it is planned to continue work on the selection of new and optimisation of aptamers that have been discovered so far that bind molecular targets. Research will also be conducted on the development of active aptamer deposits for use in adsorbers. In collaboration with partner Relitech, tests of the developed prototype ABD device using a model aptamer will be carried out.

Collaborative science and technology projects

Project PB013 (ALTERCAR)

Aim of the project

The aim of the project is to pilot the development of a novel cell therapy using T cells with an inserted chimeric antigen receptor (CAR-T) against newly selected molecular targets overrepresented in selected leukaemias and lymphomas. The Polish-Norwegian consortium will lead research from the selection of new targets, through the selection of antibody fragments (scFvs) that bind these targets and the development of a CAR receptor equipped with the selected binding molecule, to animal studies demonstrating the efficacy of the new therapy for use in patients resistant to standard treatment (Rituximab, CD19-CAR T).

Financing

The project is co-financed by the National Centre for Research and Development (NCBR) under the 'Applied Research' programme funded by the Norwegian Financial Mechanism 2014-2021. The total value of the project for the consortium is PLN 6,655 thousand, with an allocated EU funding of PLN 6,573 thousand. The budget of the stages implemented by the Company is PLN 413 thousand (total cost), and the granted amount of funding is PLN 330 thousand. The Company's own contribution to the project in the amount of PLN 83 thousand is covered from equity. The project has been implemented as part of a consortium since January 1, 2021, and the planned completion of the project is December 31, 2023.

The Consortium

The consortium leader is the Medical University of Warsaw, where the team is led by Dr Magdalena Winiarska, and in addition to Pure Biologics, the consortium includes Oslo University Hospital, Institute for Cancer Research, Cancer Division, where the leader is Dr Sébastien Wälchli.

Implementation and results of the project in the reported period

In the first quarter of 2023, 'epitope binning' experiments were performed at Pure Biologics for pre-selected antibodies to pre-map the binding sites (epitopes) of the antibodies to the molecular target. The results of such experiments can predict the biological activity of

the antibodies to a certain extent and will therefore serve the partners to design further studies.

In parallel, the partners have been researching chimeric receptors (CARs) created from antibodies selected at Pure Biologics, presented on the surface of T lymphocytes. The results of their research will determine the Company's possible further participation in the project.

Project PB014 (DualDrug)

Aim of the project

The aim of the project is to develop a conjugate of a human growth factor protein with two different cytostatic drug molecules. This type of therapeutic molecule, which is preferentially internalised by the cells of selected tumours, is expected to effectively eliminate these cells due to the strong synergistic effect of the two cytotoxic drugs. The collaboration with the University of Wrocław and Oslo University Hospital will allow the consortia's expertise to be combined to develop a new drug candidate more quickly and with greater likelihood up to the animal testing stage.

Financing

The project is co-financed by the National Centre for Research and Development (NCBR) under the 'Applied Research' programme funded by the Norwegian Financial Mechanism 2014-2021. The total value of the project for the consortium is PLN 6 571 thousand, with an allocated EU funding of PLN 6 508 thousand. The budget of the stages implemented by the Company is PLN 158 thousand (total cost), and the granted amount of funding is PLN 95 thousand. The Company's own contribution to the project in the amount of PLN 63 thousand, is covered from equity The project has been implemented as part of a consortium since October 1, 2020, and the planned completion of the project is September 30, 2023.

The Consortium

The Consortium leader is the University of Wrocław, where the team is led by Professor Jacek Otlewski, and in addition to Pure Biologics, the Consortium also includes Oslo University Hospital, Institute for Cancer Research, where the leader is Dr Antoni Więdłocha.

Implementation and results of the project in the reported period

During the first quarter of 2023, the consortium partners continued to work on the mechanism of action of selected cytostatic drugs and the preparation of growth factor

conjugates with these drugs. Pure Biologics' further participation in the project, if any, will depend on the results obtained by the Consortium partners.

2. Operating events

Signing of Term Sheet and subsequent Loan Agreement and Investment Agreement with ACRX Limited

On 17 March 2023, as part of the ongoing strategic options review process, the Issuer entered into a Term Sheet with Nicosia-based ACRX Investments Limited ("ACRX") to negotiate a potential transaction to determine the terms and conditions of ACRX's funding to the Company, and the terms of the parties' cooperation in connection with the funding.

As a result of the aforementioned negotiations, on 20 April 2023, an investment agreement was concluded between the Company and ACRX Investments Limited, setting out the obligations of the Parties with respect to the financing transaction, the principles of cooperation between the Parties during its execution, as well as the conclusion of a loan agreement.

Pursuant to the provisions of the Loan Agreement, the Investor will grant the Company a loan of PLN 12,000 thousand [in words: twelve million polish zlotys] for a period of two years from the date of its disbursement. Under the Investment Agreement, the Parties agreed on a mutual right to exercise the option to convert the Company's debt under the Loan into shares of a new issue of the Company. Interest on the Loan will be 10% per annum and will be converted into Converted Shares.

The loan will be disbursed within 7 days of the Company providing confirmation that all of the following conditions have been met:

- adoption by the General Meeting of a resolution to amend the Company's Articles of Association to include an authorisation for the Management Board to increase the share capital within the limits of the authorised capital, together with an authorisation to waive the pre-emptive rights of existing shareholders;
- the adoption by the General Meeting of the Company of a resolution on the issue of 154,272 registered series B subscription warrants with the exclusion of the pre-emptive right of existing shareholders, a conditional increase in the Company's share capital through the issue of 154,272 ordinary bearer shares with the exclusion of the pre-emptive right of existing shareholders; and
- adoption by the Company's General Meeting of a resolution on the appointment to the Company's Supervisory Board of a candidate nominated by the Investor.

The conditions precedent referred to in points i-iii above should be fulfilled by May 31, 2023.

As security for the Investor's claim for repayment of the Loan, the Company shall issue a blank promissory note, together with a promissory note declaration, within 3 days of the

disbursement of the Loan. The Investor shall be entitled to terminate the Loan Agreement with immediate effect and may demand immediate repayment of all or part of the Loan plus interest in the event of breach of the Investment Agreement by the Company.

The rights attached to the Warrants will be exercisable by the Investor by way of subscription for shares in the Company within one month of the Investor's subscription for the Converted Shares, but no later than 12 months from the date of the Investor's subscription for the Warrants if a private placement of the Converted Shares has not been made by that time.

During the term of the Investment Agreement, the Company may decide to carry out a public offering of the Company's shares of a new issue within the Company's authorised capital - if the Company's General Meeting passes a Resolution. Within 30 days after the registration of the increase of the share capital by shares issued under the SPO by the competent registry court, the Board of Directors of the Company will adopt the relevant resolution on the increase of the Company's share capital within the limits of the authorised capital as authorised by the Resolution, in order to offer the Converted Shares in a private placement to the Investor. If requested by the Company within 20 days of the Record Date, the Investor will be required to participate in the private placement and subscribe for the Converted Shares at an issue price equal to 90% of the issue price of the shares offered by the Company under the SPO, subject to the number of Converted Shares not exceeding 1/2 of the total shares allotted by the Company under the SPO. The Investment Agreement also provides for the same right of the Investor to request the Company, within 20 days of the Registration, to pass a Resolution to offer to the Investor in a private placement to subscribe for the Converted Shares at an issue price equal to the Investor Price, provided that the number of Converted Shares included in the Investor's request shall not exceed 1/2 of the total shares allotted by the Company in the SPO.

The Investment Agreement provides for contractual penalties, reserved in favour of the Company and the Investor, in the event of non-performance or improper performance of a given Party's obligations under the Investment Agreement, in an amount depending on the type of breached obligation of the Parties ranging from PLN 500 thousand to PLN 6,000 thousand. Payment of the contractual penalty does not exclude the Parties' right to pursue a claim for repair of the damage on general principles.

The Investment Agreement provides for an obligation on the part of the Investor to enter into a lock-up agreement with the brokerage house concerning the Converted Shares and the shares acquired as a result of the exercise of rights under the Warrants, limiting their transferability for a period of 12 months from the date of their acquisition. The aforementioned restriction will not apply if the Investor disposes of the Company's shares at a price of not less than PLN 50 per share.

The funds raised under the Loan Agreement will be used to finance operating costs in connection with the conduct of research and development work, including covering the

Company's own contribution in addition to the grant funds of PLN 64.88 million that were awarded to the Company in connection with:

- ABM's funding agreement for the PB003 project, as reported by the Issuer in current report No. 15/2023 of March 9, 2023; and
- ABM's funding agreement for the PB004 project, as reported by the Issuer in current report No. 4/2023 of January 23, 2023,

and for the continuation of the Company's development strategy directed towards the parallel development of projects PB003 and PB004, through which the Company plans cost optimisations, primarily related to the conduct of Phase 0 clinical trials.

The course of negotiations indicates that the Investor does not rule out increasing its capital commitment to the Company's development in order to meet its financial and capital needs in 2023 from its position as a strategic investor.

ACRX is a European transactional and distribution company in the TV rights market and an investor in areas such as new technologies, internet applications and biotechnology. ACRX is a major shareholder in one of the leading producers and publishers of computer games listed on the WSE.

Signing of a grant agreement with the Medical Research Agency for the next stages of the project PB004 (PureBIKE)

In January 2023, the Company entered into an agreement with the Medical Research Agency for the implementation and funding of the Project 'Phase 1 study of first-in-class bispecific ROR1xCD16 molecule in Patients with B-Cell Lymphoid Malignancies' under the Competition for the Development of Targeted or Personalised Medicine Based on Cellular Therapies or Protein Products [ABM/2022/5].

The scope of the co-funded project includes advanced pre-clinical stages and the first phase of clinical trials [for haematological indications] of the Issuer's existing drug development project PB004, including the development of lead drug candidate PB004 to improve the treatment of patients suffering from haematological malignancies, so-called B-cell lymphoid malignancies, including B-CLL and MCL.

The aim of the project PB004 is to find an antibody-based drug candidate acting on an immunotherapy strategy for the treatment of ROR1 receptor-expressing cancers. Project PB004, under development at the Company as early as 2019, could offer significant competitive advantages over other ROR1-targeting molecules that have shown promising results in preclinical and clinical trials in recent years.

The total value of the project is PLN 48,897,223.25 and the ABM's allocated grant amount is PLN 32,439,513.93. The project funds can be spent between 2022 and 2026.

Signing of a grant agreement with the Medical Research Agency for the next stages of the project PB003 (PureActivator)

Subsequent to the balance sheet date, in January 2023, the Company entered into an agreement with a project entitled "A phase 1 study to investigate the safety, tolerability and efficacy of bispecific compound in subjects with advanced solid tumours" under the competition for the development of targeted or personalised medicine based on cell therapies or protein products (ABM/2022/5).

The scope of the funded project includes the generation and verification in a phase 1 clinical trial of a highly innovative bifunctional fusion protein (BFP) with a specific mode of action resulting from the involvement of multiple targets. BFP, through binding to the GARP-TGF-b1 complex, blocks the release of TGF-b1 thereby alleviating immunosuppression and improving the anti-tumour immune response in the tumour environment, and furthermore reduces the number of tumour and immunosuppressive cells through the NKG2D receptor.

The total value of the project is PLN 48,897,333.25 and the ABM's recommended grant amount is PLN 32,439,596.43. The project implementation period is 2022-2026.

Conclusion of contract for further in vivo studies in project PB003

On 20 January 2023, the Company signed an agreement with Bar Harbor-based Jackson Laboratories, a leading US in vivo testing services company, to perform a pharmacokinetics and pharmacodynamics study on model BFP molecules developed under project PB003g.

The study will enable the assessment of the pharmacokinetic parameters of the investigational drug candidate (bifunctional model protein) in mice with the human FcRn receptor. The data obtained will allow inference of the expected pharmacokinetic parameters of the lead molecule being developed by the Company in humans. A study using model molecules in humanised mice to assess anti-tumour efficacy and biomarkers associated with immune cell activation is also underway. Results of the study are expected in May/June 2023.

Actions taken to secure new grants and subsidies

After the reporting period, on 8 May 2023, the Company applied in the Polish Agency for Enterprise Development FENG.01.01-IP.02-001/23 competition, submitting a proposal for three biopharmaceutical projects:

- FENG.01.01-IP.02-0359/23 „ Development of an innovative biological drug to inhibit immunosuppression in tumour for the treatment of prostate cancer". To be implemented from June 2023 to June 2028; total budget PLN 83.95 million.
- FENG.01.01-IP.02-0495/23 „Development of a bifunctional fusion antibody for innovative immunotherapy targeting the chemokine receptor for the treatment of

metastatic renal cell carcinoma". To be implemented from June 2023 to June 2028; total budget PLN 87.39 million.

- FENG.01.01-IP.02-0363/23 „ Innovative platform for the development of therapeutic antibodies". To be implemented from September 2023 to August 2028. Total budget PLN 30.04 million.

In addition, the company Doto Medical Ltd, also applied in the competition and submitted the project:

- FENG.01.01-IP.02-0358/23 „ Development of breakthrough ABD technology for selective elimination of pro-inflammatory proteins from the blood of patients with chronic kidney disease". To be implemented from June 2023 to May 2027. Total budget 33.75 million.

According to the regulations, the results of the competition should be announced no later than 90 days after the closure of the call for proposals.

Contract research

During the reported period, the Company completed a number of commissioned research activities in the R&D support field for a French client, Neurophoenix SAS (NPX). Neurophoenix is a biotechnology company that is developing polypeptide drug candidates - PTEN inhibitors that unlock neuronal repair in optic neuropathies and several other neuronal diseases. The collaboration between Pure Biologics and Neurophoenix has been ongoing for several years, and during this time, the Company's work has enabled the development of efficient expression of NPX polypeptides in microbial systems and supported the identification of therapeutic candidates and screening of formulations to support Neuropheoenix's development of formulations towards clinical trials. The collaboration with Neurophoenix was completed in the first quarter of 2023.

Patents and protection of intellectual property

In February this year, the Company signed a cooperation agreement for the preparation of patent applications with the Düsseldorf-based law firm MHPatent. The law firm has a broad spectrum of activities with specialisation in technical activities - patents, trademarks, licences.

Events, conferences, partnering

During the reported period, the Company participated in the BIO Europe Spring partnering conference (20-22 March 2023).

During the events, Pure Biologics' Chief Scientific Officer - Dr Pieter Spee - held several meetings with representatives from the pharmaceutical industry as well as the investment industry. The company presented its project portfolio, focusing in particular on antibody drug candidates from projects PB003 and PB004.

Activities relating to the Company's research and development infrastructure

The first quarter of 2023 included the start of research work in the company's newly built laboratory. Thus, activities in the area of infrastructure primarily involved intensive responses to fault reports, adjustments to the settings of individual building systems and minor rearrangements in the equipment of individual laboratories, as well as tests of individual systems. At the same time, work was carried out on optimising and commissioning the laboratory's automation management system, which is an internal BMS.

The process of updating the quality system documents adapting the records to the new facility has begun. An application for a licence to operate the Genetic Engineering Facility was also prepared, as well as an application and notification for the operation of a Category I and II Closed Use of GMM organisms.

3. Corporate events

Registration in the National Court Register of the capital increase from the issue of series G and H shares and amendments to the articles of association

In connection with the issue of series G and H shares taking place in December 2022, on January 13, 2023. District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register registered an increase in the Company's share capital by the amount of PLN 96,000 on the basis of the issue of 450,000 series G ordinary bearer shares and 510,000 series H ordinary bearer shares of the Company, each with a nominal value of PLN 0.10 carried out in accordance with Resolution of the Management Board No. 1/12/2022 of December 12, 2022 on increasing the Company's share capital within the limits of authorised capital.

Following the registration of the aforementioned amendments to the Articles of Association, the Company's share capital now amounts to PLN 321,400 [three hundred and twenty-one thousand four hundred zlotys] and is divided into 3,214,000 [three million two hundred and fourteen thousand] shares, with a nominal value of PLN 0.10 [ten groszes] each.

In connection with the registration of the share capital increase, an amendment to § 5.2 of the Company's Articles of Association was registered. The Company announced this by ESPI report 1/2023 dated January 13, 2023.

Registration in the National Depository for Securities and listing of series G shares on the WSE

On January 23, 2023. The National Depository for Securities (NDS) issued a statement on the registration with the NDS of 450,000 series G bearer shares of the Company with a nominal value of PLN 0.10 each, marked with the ISIN code PLPRBLG00010, subject to their introduction to trading on the regulated market to which other shares of the Issuer marked with the aforementioned ISIN code were introduced.

According to the statement of the NDS, the registration was to take place within three days of the NDS's receipt of a decision on the introduction of the aforementioned shares to trading on the regulated market to which other shares of the Issuer bearing the aforementioned ISIN code had been introduced, but not earlier than the date indicated in that decision as the date of introduction of those shares to trading on that regulated market.

On January 24, 2023. The Management Board of the Warsaw Stock Exchange Inc., pursuant to Resolution No. 54/2023, stated that 450,000 series G ordinary bearer shares of the Company with a nominal value of PLN 0.10 [ten groszes] each were admitted to trading on the parallel market.

At the same time, the WSE Board decided to introduce 450,000 series G ordinary bearer shares of the Company to trading on the parallel market as of January 27, 2023, subject to the registration of these shares by the National Depository for Securities on January 27, 2023 and their designation with the ISIN code „PLPRBLG00010".

Registration of H Shares in the NDS

On January 24, 2023. The National Depository for Securities (KDPW) issued a statement on the registration with the KDPW of 510,000 series H bearer shares of the Company with a nominal value of PLN 0.10 each, designated with the ISIN code PLPRBLG00051.

Registration of the H shares with the NDS took place on January 26, 2023. For the time being, the Company's Management Board will not apply for admission of the H shares to trading on a regulated market operated by the Warsaw Stock Exchange Inc.

Review of strategic options

On February 17, 2023, by ESPI message 14/2023, the Company announced that the Board of Directors of Pure Biologics S.A. had decided to initiate a review of the strategic options available to the Company to support the further development of its business.

The Company's Management Board will conduct analyses of strategic options in the areas of optimising running costs and sources of funding for key projects earmarked for further development. Given the circumstances, the Board assumed that the leading scenario would be to raise financing from a new issue of the Company's shares, with alternative

forms of potential transaction (public or to an identified entity) and sources of capital (primarily in a geographical context) being reviewed.

In view of the above, the Management Board is conducting intensive activities aimed at raising additional cash to ensure the Company's financing and the possibility of continuing the development strategy and securing the Company's liquidity. Activities within the framework of the review of strategic options are carried out with the support and participation of the Supervisory Board.

In the opinion of the Board, the review of strategic options will help to ensure that the Company's key projects can be developed and that the funds obtained from grants and raised capital can be effectively planned. This should translate into the most favourable way of achieving the Company's strategic objective planned until 2024, which is to ensure the maximum number of projects whose results allow to go through the next stages of drug development and commercialisation of the developed assets. The Board is confident that the implementation of this strategy will have a direct impact on maximising value for the Company's shareholders.

Convening the General Meeting of the Company

On February 17, 2023, by ESPI message 21/2023, the Company announced that it had convened the Annual General Meeting of the Company for May 25,2023 at 12:00 p.m. in Wrocław, 48E Legnicka Street. The planned agenda of the Annual General Meeting includes consideration and adoption of corporate resolutions required in connection with the approval and closing of the 2022 financial year, adoption of resolutions constituting conditions precedent to the Loan and Investment Agreements with ACRX Investment described above, election of members of the Supervisory Board for a new term, as well as amendments to the Company's Articles of Association. The exact agenda and draft resolutions can be found in the aforementioned ESPI announcement or on the Company's website.

4. Analysis of the actual and potential impact of the Covid-19 pandemic on the Company's activities

Due to the ongoing pandemic, there were still global factors that were having some effect on the execution of some R&D work in the company's projects, particularly in relation to supply chains. There were no apparent disruptions or delays resulting from this, although the accumulation of a number of individual factors gave rise to an undesirable disruptive element.

To smooth the way the company operated, no additional safety procedures were put in place. Employees had access to diagnostic tests, which made it possible to quickly identify cases of disease and limit their spread. There was no major COVID-19-related downtime in R&D activities although other potential risks were partially realised, which are described in more detail in the 2021 annual report.

5. Analysis of the actual and potential impact of the conflict in Ukraine on the Company's activities

The occurrence of the armed conflict in Ukraine had an indirect and limited impact on Pure Biologics S.A.'s financial position in the first quarter of 2023. The Company does not cooperate with entities registered in Ukraine, Russia and Belarus, nor does it provide services to or procure from contractors from the above countries. The Company is also not directly affected by risks related to the availability of employees coming from Ukraine and sanctions imposed on private citizens of Russia and Belarus, as well as financial institutions from the aforementioned countries. However, macroeconomic mechanisms such as exchange rates, inflation or interest rate increases have had an impact on the macroeconomic situation in Poland and this certainly affects the Company's results. This mainly concerns interest rate increases and inflation. These risks are described in more detail in the "Financial Risk Management" section of the 2022 Annual Report.

The Company's Management Board is analysing the situation related to the armed conflict in Ukraine on an ongoing basis and does not rule out that possible new conditions and developments may significantly affect Pure Biologics S.A.'s business. Possible disruptions include: an increase in the cost of conducting R&D work as a result of inflationary and wage pressures, interrupted or disrupted supply chains, which may result in restrictions on the availability of reagents, particularly those imported from Asia, disruptions in the process of work continuity, disruptions in the supply of electricity, including an increase in energy costs, cyber-attacks on IT resources resulting in data leakage, risks arising from the availability of employees, particularly the exodus of foreign workers.

III. Selected financial data

The selected financial figures presented in the report have been converted into euro as follows:

1. Items relating to the statement of profit or loss and other total income, the cash flow statement and the statement of changes in equity were converted at an exchange rate representing the arithmetic average of the exchange rates published by the National Bank of Poland:

- period between 01.01.2023 – 31.03.2023: PLN 4,7005
- period between 01.01.2022 – 31.03.2022: PLN 4,6472

2. Items in the statement of financial position were translated at the average exchange rate announced by the National Bank of Poland (NBP) as at the balance sheet date, this rate was:

- as on 31.03.2023: PLN 4,6755
- as on 31.12.2022: PLN 4,6899

	Period closed 31.03.2023	Period closed 31.03.2022	Period closed 31.03.2023	Period closed 31.03.2022
	PLN thousand	PLN thousand	EUR thousand	EUR thousand
Operating revenues	4 060	3 112	864	670
Total operating costs	10 374	8 572	2 207	1 845
Operating profit (loss)	(6 308)	(5 450)	(1 342)	(1 173)
Profit (loss) before tax	(7 044)	(6 360)	(1 499)	(1 369)
Net profit (loss)	**(7 044)**	**(6 360)**	**(1 499)**	**(1 369)**
Net cash flows from operating activities	(4 979)	2 758	(1 059)	593
Net cash flows from investment activities	(4 359)	24 363	(927)	5 243
Net cash flows from financial activities	16 315	(571)	3 471	(123)
Total net cash flows	**6 977**	**26 550**	**1 484**	**5 713**

	As on 31.03.2023	As on 31.12.2022	As on 31.03.2023	As on 31.12.2022
	PLN thousand	PLN thousand	EUR thousand	EUR thousand
Total assets / liabilities	72 552	33 009	15 517	7 038
Tangible assets	36 284	8 838	7 761	1 884
Current assets	36 267	24 171	7 757	5 154
Equity capital	29 877	18 297	6 390	3 901
Liabilities and provisions for liabilities	42 674	14 712	9 127	3 137
Long-term liabilities	26 852	1 877	5 743	400
Short-term liabilities	15 822	12 834	3 384	2 737
Weighted average number of ordinary shares	3 075 333	2 254 000	3 075 333	2 254 000
Profit (loss) per ordinary share (in PLN / EUR)	**(2,29)**	**(2,82)**	**(0,49)**	**(0,61)**
Number of shares at the end of the period	3 214 000	2 254 000	3 214 000	2 254 000
Book value per share (in PLN / EUR)	**9,72**	**8,12**	**2,08**	**1,73**

IV. Abbreviated interim financial statement

The Abbreviated Interim Financial Statements for the three months ended 31 March 2023, prepared in accordance with International Financial Reporting Standards as endorsed by the European Union, are attached hereto.

V. Comment on financial results

1. Comment on the separate statement of profit and loss and other total income

Revenue from commercial services

In the commercial services revenue line of the stand-alone statement of profit or loss and other comprehensive income prepared again under IAS/IFRS for Q1 2023. The Company reported a value of PLN 27 thousand. In the comparable period, i.e. Q1 last year, PLN 109k was recorded. During the period covered by the report, the Company focused on conducting R&D work, mainly in the PB003 and PB00 projects, although this does not mean that the Company completely abandoned commercial activities, as exemplified by contracts executed in Q1 of this year. These include contracted research work in the field of R&D support for a customer from France, which is conducting R&D work on a protein preparation for therapeutic applications. For this reason, 92.1% of sales, are foreign sales.

Cost of services sold and gross profit from sales

The result on sales was shaped in accordance with the accounting principles adopted by the Company and currently in force, as described in detail in the Separate Financial Statements for 2022. The value of own costs of services sold amounted to PLN 5 thousand in the quarter of 2022, which generated PLN 21.9 thousand of gross profit on sales. This gave a healthy gross margin on sales of over 74.6%. This margin was generated mainly on foreign sales.

Operating costs

The value of operating costs of PLN 10,374 thousand in the reported period (PLN 8,572 thousand in the comparative period, +21,0%) represents the aggregated costs incurred by the Company in all areas of business activity, i.e. R&D, contract research, administrative and management costs, business development etc. It does not recognise capitalised R&D costs, which did not occur during the reporting period. There are many complex reasons for the increase in operating costs. The main expected and anticipated factors are the intensification of R&D work, moving individual projects into further, increasingly capital-intensive phases of development, e.g. preclinical studies in project PB004 and PB003. Undesirable factors and beyond the Company's control are unfavourable macroeconomic conditions such as exploding inflation and the weakening of the zloty. Costs are also affected by the increase in resources by highly specialised foreigners who must be contracted at the current stage of portfolio development. A significant impact on cost increases is the move to new laboratory and office space. These are both costs incurred in real terms in the form of rent and energy expenses, as well as costs resulting from the accounting treatment of a long-term lease agreement under IFRS 16.

In the structure of costs in the period covered by this report, 57% (PLN 5,910 thousand) were expenses for R&D projects in the field of research work charged directly to the result. General and selling expenses accounted for 43% (PLN 4,459 thousand). Expenditure on R&D projects increased by 19.7% compared with the first quarter of last year, while overheads and selling expenses increased by 24.4%. The main driver of the increase in 'non-project' costs is the relocation to the Company's new location. We also bear the effects of inflation, as well as the absence of programmes in the early stages of development, meaning that the cost of resources not working on projects currently in progress is charged to the Company's overheads.

In the structure of costs by type, the largest item, 35.6% (PLN 3,688 thousand), was external services and recorded a significant increase compared with the first quarter of last year, (+128.3%, PLN 1,615 thousand). In this figure, more than half (PLN 1,903 thousand) are the costs of pre-clinical and phase 0 studies. In the reported period, significant expenses (PLN 503 thousand) were also incurred for "business development" services, i.e. acquiring partners for commercialisation of the R&D work conducted.

The second most important item of expenditure is salary costs (32.7% and, including surcharges, 37.5% of operating expenses). This item recorded a decrease of almost 10.5% compared to Q1 of the comparable period. This decrease is the result of a lower charge for the costs of the incentive programme, which are lower by PLN 441 thousand compared to Q1 2022. After deducting this factor, salaries increased by 1.1% (PLN 44 thousand).

The third largest item in the structure of operating expenses for Q1 2023 was depreciation and amortisation, which accounted for 14.2% of operating expenses in the reported period. At the same time, this is the item that recorded the largest change compared to the comparable period +135% (+PLN 846 thousand). This is entirely due to the recognition in the books of a long-term lease agreement for laboratory and office space in accordance with the guidelines of IFRS 16.

The above cost groups represent 87.2% of the Company's operating costs. Others include consumption of materials and energy (9.1%), rent and rents (2.6%) and other costs (1.15%).

Revenue from subsidies

Under the heading of grant income in Q1 2023. The Company reported PLN 4,031 thousand and this is 34.1% more than in the comparable period of 2022. The largest revenues in the reporting period were generated by projects: PB003 PureActivator which accounts for more than half i.e. 57%, PB004 - PureBIKE - 31.1% of grant revenue. The remaining 5 ongoing projects (PB001, PB002, PB005, PB013 and PB014) generated only 12% of revenue. Grant income should increase in the coming quarters, as it is directly correlated to the costs of ongoing R&D work and these will increase as the work progresses and the individual projects enter further, more capital-intensive stages. It should also be borne in mind that the level of co-financing as the work progresses is reduced from 80% to 60% of eligible costs. This will not be insignificant to the level of this item in the coming quarters.

Project costs

Project costs include both the eligible and non-eligible parts of the costs of running individual research programmes. In the first quarter of 2023. The Company recognised PLN 5,669 thousand of project costs in the statement of profit or loss and other comprehensive income. Analysing the cost structure, the largest share (55.7%) of project costs in the period covered by this report is PB003 - PureActivator. Five major key projects generated 98.1% of total project costs in the first half of 2022. Once again, the costs of unsubsidised projects appeared in the report. This item includes both the initial costs of the PB103 - UreTox project, described in detail in section II.1 of this report, as well as the costs of 'pre-projects', i.e. R&D activities undertaken to identify the most promising candidates for grant applications submitted by the Company.

Profit (loss) on operating activities

The loss from operations in the first quarter of 2023. amounting to PLN 6,308 thousand, is a result that determines the Company's aggregate activity in its two core business segments, i.e. commercial contract research and the implementation of innovative R&D projects. In the comparable period, the loss from operations amounted to PLN 5,450k. Its increase of 15.7% y-o-y was mainly due to the cost factors described above.

When assessing and analysing this item in the Profit and Loss Account, one should take into account the fact that the growing scale, number and value of R&D projects implemented by the Company, as assumed in its strategic objectives, will increase the level of the Company's own share included in the costs of the implemented projects. This will have a direct impact on the value of the generated loss on operations, however, the Company's own share in the costs of R&D projects is treated by it as an investment in projects with a potential above-average rate of return in the event of their positive completion and commercialisation.

While the size of the result generated by the Company on the sale of contract research may mitigate the scale of this process, the proceeds from commercial activities are essentially intended to play a supporting role in the Company's financial model for its own participation in R&D projects. They are primarily intended to secure the operation of the Company's core organisational infrastructure and as a legal entity. The main source of funding for these expenditures is and will continue to be funds from capital raised through the issue of shares.

It should be noted that the value of the loss from operations in the first quarter of 2023 is an expected value, and its level cannot come as a surprise. The Management Board believes that this is a risk inherent in the business model of a highly innovative biotechnology company such as Pure Biologics. The Company's long-term financial model assumes that the growing R&D project segment will be financed in the coming years mainly by external capital raised.

Result on financial activities

In the first quarter of 2023, the Company recorded a negative (PLN -735 thousand) result on financing activities. This consisted of income of PLN 145 thousand, which came mainly from interest on deposits held by the Company, and expenses of PLN 880 thousand, the lion's share of which (PLN 735 thousand, 83.6%) was interest on a long-term lease agreement for laboratory space. This is the accounting figure resulting from the application of IFRS 16.

Net profit (loss)

The net loss in the first quarter of 2023, amounting to PLN 7,044 thousand, is mainly due to factors affecting the loss from operations and the results on financing activities.

2. Comment on the separate statement of financial situation

Tangible assets

In this balance sheet item amounting to PLN 36,284 thousand (50% of total assets) as at the last day of the period covered by this report, the main component is property, plant and equipment of PLN 35,870 thousand. The overwhelming majority of this is laboratory and office space used under a lease agreement, which was charged to fixed assets in January this year. This item has more than quadrupled by +310.6% compared to the beginning of 2023. The main growth factor responsible for the increase in this item described above with the relocation to new laboratories.

The second item of non-current assets is intangible assets. During the reporting period, these amounted to PLN 394 thousand, representing 1.1% of non-current assets and 0.5% of total assets.

Non-current financial assets in the reporting period comprised shares in BioAnimali Ltd. (PLN 15 thousand) and Doto Medical Ltd. (PLN 5 thousand).

Current assets

Current assets as at 31 March 2023 amounted to PLN 36,367 thousand and represented 50% of the balance sheet total. They are 50% higher than at the beginning of the period covered by this report. This is due to the receipt of cash from the issue of G and H shares.

The largest item of current assets was trade and other receivables amounting to PLN 16,887 thousand. This item aggregates mainly subsidy receivables amounting to PLN 9,783 thousand. This figure represents the amount of grant settlements that were incurred and still not settled as at the balance sheet date. Other receivables from third parties in the amount of PLN 4,53 thousand comprises mainly a cash deposit paid as security for the lease agreement for new laboratory space and an advance payment for

Phase 0 studies. Budget receivables (including VAT to be refunded) amounted to PLN 2,251 thousand as on 31 March 2023.

Cash and cash equivalents on 31 March 2023 amounted to PLN 18,386 thousand (PLN 9,236 thousand in accounts and PLN 9,150 thousand in deposits). The increase in this item compared to the values reported at the end of 2022 follows the proceeds from the issue of G and H shares.

Equity capital

The value of this balance sheet item as on 31 March 2023 amounted to PLN 29,877 thousand and its increase from that recorded at the end of last year is a direct result of the accumulation of proceeds from the issue of series G and H shares, as well as losses from the period covered by this report and losses from previous years.

Long-term liabilities

Long-term liabilities at the end of the reporting period amounted to PLN 26,852 thousand and are PLN 24,974 thousand higher than at the beginning of the period covered by this report. This change is due to the recognition in the balance sheet in accordance with the requirements of IFRS 16 of a long-term lease agreement for laboratory and office space.

Short-term liabilities

Short-term liabilities at the end of the reporting period amounted to PLN 15,822 thousand and represent 21.8% of the balance sheet total. They are 23.3% higher than at the beginning of the reporting period, when they amounted to PLN 12,834 thousand. The main reason for the increase is an increase in advance payments for grants and the short-term part of rental, lease and leasing contracts.

Within the structure of liabilities, 56.5% are deferred grants (advances), 25.1% finance leases, 8.9% trade and 9.4% other liabilities. Here, accrued but unpaid wages and salaries and public tributes are aggregated. The significant increase in leasing liabilities is mainly related to the presentation of the company's new laboratory space.

VI. Position on the feasibility of achieving the published result forecasts for a given year in the light of the results presented in this quarterly report

The company does not publish financial forecasts.

VII. Indication of relevant proceedings carried in before a court, an arbitration body or a public administration body

In the period covered by this report, the Company was not a party to any proceedings pending before a court, a body competent for arbitration proceedings or a public administration body regarding the Issuer's liabilities and receivables.

VIII. Information on the conclusion of one or more transactions with related parties, if concluded on other than market terms

In the period covered by the report, there were no transactions with related entities on terms other than market terms.

IX. Description of the organisation of the group, with indication of the units to be consolidated

On December 1, 2022, Pure Biologics Inc. established a wholly-owned subsidiary, Doto Medical Ltd., with its registered office in Wrocław at: 48E Legnicka Street, 54-202 Wrocław, entered in the Register of Entrepreneurs under KRS no.: 0001006044, whose registration files are maintained by the District Court for Wrocław-Fabryczna in Wrocław, IX Economic Division of the National Court Register, holding tax identification number NIP 8943200107, with a share capital of PLN 5,000.00, represented by Filip Jeleń, President of the Management Board.

Due to qualitative and quantitative parameters, the Company has waived the preparation of consolidated financial statements for the 3 months ended 31 March 2023, i.e.

- by the date of publication of this report, Doto Medical Ltd. had not commenced any business activities,
- assets and liabilities of the subsidiary amounted to PLN 5 000, and there were no income or expenses.

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X. Information on the granting of credit or loan guarantees or granting of guarantees by the Issuer or its subsidiary

On May 8, 2023 the Issuer entered into a loan agreement with its subsidiary Doto Medical Ltd. for PLN 200 thousand. In accordance with the provisions of the agreement, the loan is tranched; the first tranche of PLN 10 thousand was disbursed on May 8, 2023. The loan bears interest at market rates.

XI. Issuer's shareholding structure

The table below sets out (in numbers and percentages) information on the structure of the Company's share capital and the structure of the total number of votes at the Company's AGM as at the balance sheet date and the date of publication of this report.

Table 1: Shareholding structure 31.03.2023

	number of shares	number of votes at AGM	share in capital	share of votes at AGM
TFI Allianz Polska S.A.	324 298	324 298	10,09%	10,09%
Filip Jeleń	276 117	276 117	8,59%	8,59%
Augebit FIZ	189 720	189 720	5,90%	5,90%
Other	2 423 865	2 423 865	75,42%	75,42%
Total	**3 214 000**	**3 214 000**	**100,00%**	**100,00%**

Table 2: Shareholding structure at the date of publication of the report

	number of shares	number of votes at AGM	share in capital	share of votes at AGM
TFI Allianz Polska S.A.	320 798	320 798	9,98%	9,98%
Filip Jeleń	276 117	276 117	8,59%	8,59%
Augebit FIZ	189 720	189 720	5,90%	5,90%
Other	2 427 365	2 427 365	75,52%	75,52%
Total	**3 214 000**	**3 214 000**	**100,00%**	**100,00%**

To the best of the Company's knowledge, as at the date of submitting the report, the managing and supervising persons held, directly or indirectly, the Company's shares in accordance with the table below:

Table 3: Shares held by management and supervisory personnel as at 31.03.2023 and the date of the report

	number of shares	number of votes at AGM	share in capital	share of votes at AGM
Filip Jeleń *President of the Management Board*	276 117	276 117	8,59%	8,59%
Romuald Harwas *Vice-president of the Management Board*	3 205	3 205	0,10%	0,10%
Petrus Spee *Vice-president of the Management Board*	1 000	1 000	0,03%	0,03%
Tadeusz Wesołowski *Deputy Chairman of the Supervisory Body****	189 720	189 720	5,90%	5,90%
Andrzej Trznadel *Chairman of the Supervisory Body*	81 000	81 000	2,52%	2,52%
Andrzej Kierzkowski *Member of the Supervisory Body*	26 221	26 221	0,82%	0,82%
Total	**577 263**	**577 263**	**17,96%**	**17,96%**

*** *Actual beneficiary Augebit FIZ*

XII. Indication of factors which, in the Issuer's opinion, will influence results achieved in the perspective of at least the following quarter

Looking ahead to at least the next quarter, performance will mainly depend on the following factors:

- the rate of progress in the various R&D programmes, which primarily concern more advanced projects,
- the effectiveness of the clearance of funding applications for ongoing R&D programmes and final applications submitted,
- the resolution of applications for new grants and subsidies that the Company has submitted over the past quarters,
- progress in the search for potential partners from biotechnology and pharmaceutical companies for selected early-stage programmes that could provide synergies for the Issuer's business.

Other factors are identified and discussed in sections II and V of this report.

XIII. Significant events after the reported period

All events occurring after 31 March 2023 and before the date of publication of this report are described above and in particular in sections II.2 and II.3.

XIV. Management Board's statement on the information contained in this report

The Management Board of Pure Biologics Inc. declares that, to the best of its knowledge, the abbreviated financial statements of the Company included in the report for the first quarter of 2023 and comparable data have been prepared in accordance with the provisions applicable to the Company, and that the information on the Company's operations in the reported period presents a true picture of the company's development and achievements. and the situation of Pure Biologics Inc.

Filip Jan Jeleń	Romuald Apollo Harwas	Petrus Johannes Louis Spee
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board

Wroclaw, 17 May 2023