



Abbreviated interim financial statements

for period 01.01.–30.06.2023

Wrocław, August 31, 2023

Table of contents

I.	SELECTED FINANCIAL DATA.....	3
II.	SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	4
III.	ABBREVIATED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION	5
IV.	SEPARATE STATEMENTS OF CASH FLOWS.....	7
V.	ABBREVIATED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY	9
VI.	BASIC INFORMATION	10
1.	Information about the Company.....	10
2.	Information about the Capital Group.....	10
3.	Composition of the Management Board	11
4.	Composition of the Supervisory Board	11
	Audit Committee.....	12
5.	Basis for the preparation of the Abbreviated Interim Financial Statements.....	12
6.	Functional currency and presentation currency of the abbreviated interim financial statements.....	13
7.	Accounting policy.....	13
8.	New accounting standards and IFRIC interpretations.....	14
9.	Information on operating segments	15
VII.	NOTES TO THE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME.....	16
1.	Revenue from commercial services	16
2.	Grant revenue.....	16
3.	Depreciation and amortisation.....	17
4.	Consumption of material and energy	17
5.	Third-party services	17
6.	Employee benefit costs	18
7.	Operating costs	18
8.	Costs of R&D projects.....	19
9.	Financial income and expenses	19
10.	Deferred tax.....	20
11.	Discontinued operations and assets held for sale	21
12.	Earnings (loss) per share and diluted earnings per share.....	21
VIII.	EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION	23

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

1. Tangible assets	23
2. Intangible assets.....	26
3. Long-term financial assets.....	28
4. Trade and other receivables	29
5. Cash.....	30
6. Financial assets carried at amortised cost.....	30
7. Equity	31
8. Supplementary capital.....	32
9. Reserve capital.....	32
10. Lease liabilities	33
11. Trade and other liabilities	34
12. Subsidies	34
13. Interest bearing loans and borrowings liabilities	35
14. Financial instruments.....	36
IX. OTHER EXPLANATORY NOTES AND INFORMATION.....	36
1. Capital risk management	36
2. Contingent assets and liabilities	37
3. Share-based payments	38
4. Related party transactions.....	39
5. Remuneration of key staff	41
6. Joint actions	42
7. Substantial litigation	44
8. Events after the balance sheet date.....	44
9. Approval of financial statement	45

I. SELECTED FINANCIAL DATA

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

- 1) Items relating to the statement of profit or loss and other comprehensive income, the cash flow statement have been translated at an exchange rate which is the arithmetic mean of the exchange rates announced by the National Bank of Poland on the last day of each month:
 - for period 01.01.2023 – 30.06.2023: PLN 4,6130
 - for period 01.01.2022 – 30.06.2022 PLN 4,6427
- 2) The items of 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, which was as follows:
 - for period 30.06.2023: PLN 4,4503
 - for period 31.12.2022: PLN 4,6899

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022
	PLN thousand	PLN thousand	EUR thousand	EUR thousand
Operating income	9 807	6 523	2 126	1 405
Total operating expenses	23 961	17 561	5 194	3 783
Operating profit (loss)	(15 610)	(10 980)	(3 384)	(2 365)
Profit (loss) before tax	(16 959)	(12 023)	(3 676)	(2 590)
Net profit (loss)	(16 959)	(12 023)	(3 676)	(2 590)
Net cash flow from operating activities	(12 934)	(1 808)	(2 804)	(389)
Net cash flow from investing activities	(7 391)	23 655	(1 602)	5 095
Net cash flow from financing activities	26 119	(1 103)	5 662	(238)
Total net cash flow	5 794	20 744	1 256	4 468

	As at 30.06.2023	As at 31.12.2022	As at 30.06.2023	As at 31.12.2022
	PLN thousand	PLN thousand	EUR thousand	EUR thousand
Total assets/liabilities	74 560	33 009	16 754	7 038
Fixed assets	36 286	8 838	8 154	1 884
Current assets	38 274	24 171	8 600	5 154
Equity	20 617	18 297	4 633	3 901
Liabilities and provisions for liabilities	53 944	14 712	12 121	3 137
Long-term liabilities	38 987	1 877	8 761	400
Short-term liabilities	14 957	12 834	3 361	2 737
Weighted average number of shares	3 145 050	2 254 000	3 145 050	2 254 000
Profit (loss) per ordinary share (PLN / EUR)	(5,39)	(5,33)	(1,17)	(1,15)
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)	6,56	8,12	1,47	1,73

II. SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in PLN thousand)	Note no	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Continuing operations				
Revenue from commercial services	1	30	376	662
Revenue from grants	2	9 777	6 147	12 841
Operating income		9 807	6 523	13 502
Depreciation and amortisation	3	2 980	1 212	2 497
Consumption of materials and energy	4	1 642	2 573	6 069
Tenancies, rents and leases		55	925	1 914
Third-party services	5	11 772	3 482	8 028
Remuneration	6	6 231	7 609	16 289
Social security and other benefits	6	878	1 218	2 475
Other costs by nature		405	542	1 026
Total operating costs	7, 8	23 961	17 561	38 297
Other operating revenue		243	60	168
Other operating costs		1 699	1	2
Operating profit (loss)		(15 610)	(10 980)	(24 629)
Financial revenue	9	323	10	199
Financial costs	9	1 672	1 053	1 173
Gross profit (loss)		(16 959)	(12 023)	(25 603)
Income tax	10	-	-	-
Net profit (loss) from continuing operations		(16 959)	(12 023)	(25 603)
Discontinued operations				
Profit (loss) from discontinued operations	11	-	-	-
Net profit (loss) for the period		(16 959)	(12 023)	(25 603)
Other comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income		(16 959)	(12 023)	(25 603)

III. ABBREVIATED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

(in PLN thousand)	Note no	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
ASSETS				
Tangible fixed assets	1	34 632	8 419	5 077
Intangible assets	2	384	399	570
Long-term financial assets	3	20	20	15
Long-term receivables from third parties	4	1 250	-	-
Deferred tax assets		-	-	-
Fixed assets		36 286	8 838	5 663
Stocks		-	-	-
Trade and other receivables	4	16 518	15 216	10 248
Loans granted		65	-	-
Other assets		1 440	1 777	462
Cash and cash equivalents	5	8 054	2 259	26 922
Short-term financial assets measured at fair value		-	-	-
Financial assets measured at amortised cost	6	12 198	4 919	-
Fixed assets classified as held for sale		-	-	-
Current assets		38 274	24 171	37 632
ASSETS IN TOTAL		74 560	33 009	43 295

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

(in PLN thousand)	Note no	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
LIABILITIES				
Share capital	7	321	225	225
Supplementary capital	8	90 569	75 306	73 082
Other reserves	9	3 920	-	-
Retained earnings / Uncovered losses		(57 235)	(31 632)	(31 632)
Current period result		(16 959)	(25 603)	(12 023)
Total equity		20 617	18 297	29 652
Deferred tax liability		-	-	-
Provisions for employee benefits		39	39	42
Interest-bearing loans and borrowings	13	12 034	-	-
Time-based subsidies	12	55	74	93
Lease commitments	10	26 859	1 765	2 065
Other liabilities		-	-	-
Long-term liabilities		38 987	1 877	2 200
Trade payables	11	2 807	7 235	1 507
Current portion of interest-bearing loans and borrowings		-	-	-
Lease liabilities	10	3 233	1 096	583
Other liabilities	11	728	1 136	1 028
Provisions for employee benefits		579	579	62
Provisions for liabilities		-	-	-
Time-based subsidies	12	7 610	2 788	8 263
Deferred income		-	-	-
Short-term liabilities		14 957	12 834	11 443
Total liabilities		53 944	14 712	13 643
LIABILITIES IN TOTAL		74 560	33 009	43 295

IV. SEPARATE STATEMENTS OF CASH FLOWS

(in PLN thousand)	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
OPERATIONAL ACTIVITIES			
Net profit (loss)	(16 959)	(12 023)	(25 603)
Income tax, of which:	-	-	-
Current income tax	-	-	-
Deferred income tax	-	-	-
Profit (loss) before tax	(16 959)	(12 023)	(25 603)
Corrections	4 026	10 215	8 216
Depreciation and amortisation	2 980	1 212	2 497
Interest	1 548	177	329
Management options programme	1 302	2 189	4 413
Change in receivables, excluding loans and borrowings	(2 552)	(958)	(5 925)
Change in liabilities, excluding loans and borrowings	(4 836)	1 842	7 654
Change in provisions	-	-	514
Change in stocks	-	-	-
Change in other assets	337	334	(981)
Change in grants to be settled	4 803	4 564	(929)
Income tax (paid) refunded	-	-	-
Profit (loss) from investing activities	212	811	623
Foreign exchange gain (loss)	110	53	22
Other corrections	123	(8)	-
Net cash flow from operating activities	(12 934)	(1 808)	(17 387)
INVESTMENT ACTIVITIES			
I. Inflows	4 931	25 984	25 992
Inflows from sale of property, plant and equipment and intangible assets	12	50	53
Inflows from sale of tangible financial assets	4 919	-	-
Inflows from the sale of units	-	25 934	25 940
II. Expenditure	12 323	2 329	10 648
Expenditure on tangible and intangible fixed assets	125	2 329	5 758
Expenditure on financial assets	12 198	-	4 885
Acquisition of shares in companies	-	-	5
Net cash flow from investing activities	(7 391)	23 655	15 345

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

(in PLN thousand)	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
FINANCIAL ACTIVITIES			
I. Inflows	30 861	-	-
Inflows from the issue of shares	18 861	-	-
Inflows from loans and borrowings granted	12 000	-	-
II. Expenditure	4 742	1 103	1 876
Expenditure on loans and borrowings	65	-	-
Interest and commission expenses	1 548	177	329
Payments of obligations under finance leases	3 129	926	1 547
Net cash flow from financial activities	26 119	(1 103)	(1 876)
TOTAL CASH FLOW	5 794	20 744	(3 918)
CHANGE IN CASH AND CASH EQUIVALENTS	5 794	20 744	(3 918)
CASH AT THE BEGINNING OF PERIOD	2 259	6 178	6 178
CASH AT THE END OF PERIOD	8 054	26 922	2 259

V. ABBREVIATED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

(in PLN thousand)	Share capital	Supplementary capital	Reserve capital	Retained earnings / uncovered losses	Equity (total)
As on January 1, 2023	225	75 306	-	(57 235)	18 297
Profit (loss) for the period	-	-	-	(16 959)	(16 959)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(16 959)	(16 959)
Share issue	96	17 881	-	-	17 977
Distribution of the financial result	-	-	-	-	-
Share-based payment transactions (incentive programme)	-	1 302	-	-	1 302
Equity component of a compound financial instrument	-	(3 920)	3 920	-	-
As on June, 30 2023	321	90 569	3 920	(74 194)	20 617
As on January 1, 2022	225	70 893	-	(31 632)	39 486
Profit (loss) for the period	-	-	-	(25 603)	(25 603)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(25 603)	(25 603)
Share issue	-	-	-	-	-
Distribution of the financial result	-	-	-	-	-
Share-based payment transactions	-	4 413	-	-	4 413
As on December 31, 2022	225	75 306	-	(57 235)	18 297
As on January 1, 2022	225	70 893	-	(31 632)	39 486
Profit (loss) for the period	-	-	-	(12 023)	(12 023)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(12 023)	(12 023)
Share issue	-	-	-	-	-
Distribution of the financial result	-	-	-	-	-
Share-based payment transactions	-	2 189	-	-	2 189
As on June, 30 2022	225	73 082	-	(43 655)	29 652

VI. BASIC INFORMATION

1. Information about the Company

On April 30, 2014 Pure Biologics Inc. (the "Company", "Entity") was entered into the Register of Entrepreneurs of the National Court Register, kept by the Regional Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, under KRS number 0000712811. On 10 January 2018 the conversion of the Entity into a joint-stock company was registered. The Company's registered office is located in Wrocław (54-427), address: 11 Duńska Street. The Entity has been assigned the Tax Identification Number (NIP) number 8943003192 and the Register of National Economy (REGON) number 021305772. The Company maintains a corporate website at www.purebiologics.com and has an e-mail box at info@purebiologics.com.

The Company operates under the provisions of the Commercial Companies Code and the Company's Articles of Association. The duration of the Company is indefinite.

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) and the production, purification and analysis of recombinant proteins and the development of measurement methods.

2. Information about the Capital Group

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.

As on 30.06.2023 Doto Medical Ltd. reported a balance sheet total of PLN 1.7 thousand. Due to qualitative and quantitative parameters, the Company has waived the preparation of consolidated financial statements for the six months ended 30 June 2023.

3. Composition of the Management Board

As on June, 30 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.

Due to the expiry of the term of office of the Management Board on the date of approval of the Financial Statements for the financial year 2022, i.e. 25 May 2023, on 26 May 2023 the Supervisory Board of the Company appointed the Management Board with an unchanged composition for a new five-year term of office.

4. Composition of the Supervisory Board

As on June, 30 2023 and as on the date of this report, the Supervisory Board consists of:

- Mr Andrzej Trznadel – Chairman of the Supervisory Board,
- Mr Paweł Wiśniewski – Deputy Chairman of the Supervisory Board,
- Mr Tadeusz Wesołowski – Member of the Supervisory Board,
- Ms Julia Bar – Member of the Supervisory Board,
- Mr Mariusz Czekala – Member of the Supervisory Board.

Until 25 May 2023, the Supervisory Board operated in the following composition:

- Mr Andrzej Trznadel – Chairman of the Supervisory Board,
- Mr Tadeusz Wesołowski – Deputy Chairman of the Supervisory Board,
- Ms Julia Bar – Member of the Supervisory Board,
- Mr Andrzej Kierzkowski – Member of the Supervisory Board,
- Mr Mariusz Czekala – Member of the Supervisory Board.

During the period covered by this report, the term of office of the Supervisory Board came to an end. The election of the Supervisory Board for a new five-year term took place at the General Meeting on 25 May 2023.

Audit Committee

As on June, 30 2023 and as on the date of this report, the Audit Committee of the Supervisory Board is composed of:

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

Mr. Mariusz Czekala 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 Czekala are also the independent members within the meaning of the Act on Statutory Auditors.

Due to the expiry of its term of office on the date of approval of the Financial Statements for the financial year 2022, i.e. 25 May 2023, on 26 May 2023 the Company's Supervisory Board appointed an audit committee with an unchanged composition.

5. Basis for the preparation of the Abbreviated Interim Financial Statements

These abbreviated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and, in particular, International Accounting Standard No. 34 and IFRSs endorsed by the European Union, and, to the extent not covered by these Standards, in accordance with the requirements of the Accounting Act of 29 September 1994 and the implementing regulations issued on its basis. The financial statements present fairly the entity's financial position, financial performance and cash flows.

The abbreviated interim financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. within a period of at least 12 months from the balance sheet date. The basis for the going concern assumption is that by the end of 2023 the Company will have raised funds from a new share issue which, as at the date of these condensed interim financial statements – is expected to be a public offering conducted on the basis of a prospectus approved by the Financial Supervision Commission. The alternative to a public offering will be to conduct an offering to a limited group of investors, at a lower value. As at the date of this report, the Company has not taken any action in fact or in law to conduct an offering of the Company's shares to one or more investors (subject to the conclusion of an investment agreement with ACRX, as detailed in the Separate Interim Report for the period 01.01-30.06.2023). Important matters, including uncertainties relating to the planned public issue, which may indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern are set out in section IV.10 "Description

of significant risks associated with the Company's operations" of the Separate Interim Report for the period 01.01–30.06.2023.

The interim abbreviated financial statements present the Company's financial position and statement of changes in equity as at 30 June 2023, 31 December 2022 and 30 June 2022, as well as its results of operations and cash flows for the six months ended 30 June 2023 and 30 June 2022 and for the period from 1 January 2022 to 31 December 2022. The interim financial result may not fully reflect the realisable result for the financial year.

The interim abbreviated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2022 annual financial statements.

These abbreviated interim financial statements, with the exception of the cash flow statement, have been prepared on an accrual basis.

6. Functional currency and presentation currency of the abbreviated interim financial statements

The functional and presentation currency of the condensed interim financial statements is the Polish zloty ('PLN'). Data is presented in thousands of Polish zloty ("PLN"), unless specified otherwise.

Exchange rate adopted for valuation	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
[EUR/PLN]	4,4503	4,6899	4,6806
[USD/PLN]	4,1066	4,4018	4,4825
[GBP/PLN]	5,1796	5,2957	5,4429
	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Average exchange rates during the period			
[EUR/PLN]	4,613	4,6427	4,6883
[USD/PLN]	4,2711	4,2744	4,4679
[GBP/PLN]	5,2795	5,4971	5,4900

7. Accounting policy

Selected significant accounting policies and significant values based on judgements and estimates are presented and described in the Separate Financial Statements for the financial year ended 31.12.2022, which have been made public and can be found on the website

<https://purebiologics.com/pl/periodic-report/raport-espi-rr-2022-raport-roczny-za-rok-obrotowy-2022/>

The Company has applied the accounting policies consistently for all reporting periods presented.

8. New accounting standards and IFRIC interpretations

In preparing the interim abbreviated financial statements for 2023, the entity applies the same accounting policies as in preparing the annual financial statements for 2022, except for amendments to standards and new standards and interpretations endorsed by the European Union that are effective for reporting periods beginning on or after 1 January 2023:

- IFRS 17 "*Insurance Contracts*", endorsed in the EU, effective for annual periods beginning on 1 January 2023;
- Amendments to IAS 1 and Practice Direction 2 to International Financial Reporting Standards - "*Accounting Policies Disclosures*", endorsed in the EU, effective for annual periods beginning on or after 1 January 2023,
- Amendments to IAS 8 '*Accounting Policies. Changes in accounting estimates and errors: definition of accounting estimates*', endorsed in the EU, effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 12 Income Taxes "*Deferred tax assets and liabilities arising from a single transaction*", endorsed in the EU, effective for annual periods beginning on or after 1 January 2023;
- Amendments to IFRS 17 "*Insurance contracts: initial application of IFRS 17 and IFRS 9 - Comparative information*", endorsed in the EU, effective for annual periods beginning on or after 1 January 2023;

IFRS/IAS as endorsed by the EU do not currently differ significantly from the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards, amendments to standards and a new interpretation which, as at 30 June 2023, have not yet been endorsed for application in the EU (the effective dates below refer to the standards in their full version):

- Amendments to IAS 12 "*Income Taxes: Tax reform Pillar 2*", not endorsed by the EU, effective for annual periods beginning on or after 1 January 2023,
- Amendments to IFRS 16 "*Leases - lease liability on sale and leaseback*", not endorsed by the EU, effective for annual periods beginning on or after 1 January 2024,
- Amendments to IAS 7 '*Statement of Cash Flows*' and IFRS 7 '*Financial Instruments. Disclosures: supplier financing arrangements*', not endorsed by the EU, effective for annual periods beginning on or after 1 January 2024,
- Amendments to IAS 1 "*Presentation of Financial Statements*"
 - Classification of liabilities as short-term and long-term;
 - Classification of liabilities as short-term and long-term – deferred effective date;
 - Long-term liabilities with liabilities.

not endorsed by the EU, effective for annual periods beginning on or after 1 January 2024.

- Amendments to IAS 21 "*Foreign currency exchange rate fluctuations – non-exchangeability*", not endorsed in the EU, effective for annual periods beginning on or after 1 January 2025.

9. Information on operating segments

Based on the definition of operating segments in IFRS 8 'Operating Segments', the Company operates within a single market, defined as 'Biotechnology Innovation'. Revenues are divided into commercial service revenues or grant revenues. Management, however, does not measure operating performance in detail on the basis of any of the above categories. Accordingly, the Company's operations have been presented within a single operating segment because:

- sales revenues and realised profits from these activities exceed in aggregate 75% of the Company's generated value;
- separate financial information is not prepared for individual sales channels, due to the industry-specific collaboration with suppliers whose products are distributed through all sales channels;
- due to the lack of separate segments, i.e. the unavailability of separate financial information for individual product groups, operational decisions are made on the basis of many detailed analyses and financial results achieved on sales of all products in all distribution channels;
- Due to the specific nature of distribution, Pure Biologics' Management Board makes resource allocation decisions on the basis of the Company's achieved and projected results, as well as planned returns on allocated resources and an analysis of the environment.

VII. NOTES TO THE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

1. Revenue from commercial services

The material structure of income from continuing operations in the first half term of 2023 of 2023 and the comparable period was as follows:

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Revenue from the sale of services, of which:	27	367	649
domestic sales	-	211	254
export sales	27	156	395
Revenue from other sales, of which:	3	9	13
domestic sales	3	9	9
export sales	-	-	4
	30	376	662

In the commercial services revenue item, the company reported a value of PLN 27 thousand and this is entirely domestic sales. Revenues from the sale of goods and services are a side activity of the Company, which focuses on conducting R&D work.

In the area of activity in which the Company operates, there is no phenomenon of seasonality.

2. Grant revenue

Grant revenue recognised by the Company in H1 2023 was as follows:

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
PB001 MutliBody	579	509	1 190
PB002 AptaPheresis	44	433	848
PB003 PureActivator	3 728	2 208	4 906
PB003G (ABM)	784	-	-
PB004 PureBIKE	3 747	1 825	3 579
PB004 PureBIKE (ABM)	827	-	-
PB005 Apta-MG	24	1 001	1 969
PB006 AptaMLN	6	6	13
PB008 MAGBRRIS	-	96	96
PB013 Altercar	19	37	129
PB014 DualDrug	18	31	111
Total grant revenue	9 777	6 147	12 841

3. Depreciation and amortisation

The depreciation expense recognized by the Company in H1 2023 was as follows:

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Depreciation and amortisation of tangible fixed assets	2 926	1 017	2 107
own	543	177	463
used under hire, rental or leasing contracts	2 383	840	1 644
Depreciation and amortisation intangible assets	54	195	390
own	29	170	339
used under hire, rental or leasing contracts	25	25	50
Total depreciation and amortisation	2 980	1 212	2 497

The significant increase in the amount of depreciation of property, plant and equipment is due to the commencement of cost recognition of a multi-year lease agreement for laboratory and office space accounted for under IFRS 16. The Company recognised a right-of-use asset for 10 years in the gross amount of PLN 28,780 thousand (see note VIII.1)

4. Consumption of material and energy

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Reagents	1 149	1 719	3 817
Laboratory supplies	227	458	857
Small laboratory supplies and equipment	30	282	616
Other materials and energy	237	114	778
Total consumption of materials and energy	1 642	2 573	6 069

5. Third-party services

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Analysis, pre-clinical and phase 0 services	7 235	234	1 008
Expert consultancy services (B2B)	1 850	952	2 735
IT services	758	923	1 598
Audit, legal, advisory and notary services	1 475	1 025	1 776
Other services (telecommunications, marketing, cleaning and waste disposal, transport, repairs and renovations, banking)	454	347	910
Third-party services	11 772	3 482	8 028

6. Employee benefit costs

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Short-term employee benefits	4 640	5 421	11 876
Post-employment benefits	-	-	-
Other long-term employee benefits	-	-	-
Termination benefits	289	-	-
Share-based payments	1 302	2 189	4 413
Other employee benefits	878	1 218	2 475
Total employee benefit costs	7 109	8 828	18 764

There were no post-employment or termination benefits or any other long-term employee benefits during the period covered by this report.

Employment of

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Researchers	40	81	70
Administrative staff	16	20	26
Total employment	56	101	96

7. Operating costs

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
General administration and selling expenses	6 894	7 834	14 334
Cost of sales	5	118	176
Costs of R&D projects	17 062	9 609	23 787
Costs of completed projects	-	-	-
Total operating costs	23 961	17 561	38 297

8. Costs of R&D projects

Costs incurred on R&D projects in H1 2023:

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
PB001 MutliBody	988	719	1 935
PB002 AptaPheresis	313	855	1 847
PB003 PureActivator	6 404	2 928	8 064
PB003G (ABM)	1 108	-	-
PB004 PureBIKE	6 038	3 170	7 396
PB004 PureBIKE (ABM)	1 157	-	-
PB005 Apta-MG	283	1 390	3 167
PB006 AptaMLN	-	169	278
PB013 Altercar	170	47	213
PB014 DualDrug	26	41	168
Other projects	-	-	-
Total costs of subsidised projects	16 489	9 320	23 068
Unsubsidised projects	573	289	719
Total R&D project costs	17 062	9 609	23 787

9. Financial income and expenses

Specification of financial income and expenses in H1 2023:

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Interest on deposits	212	-	199
Interest on receivables	1	-	-
Foreign exchange gains	110	-	-
Write-downs on financial assets	-	10	-
Total financial income	323	10	199
Interest, of which:	1 672	179	329
- interest on leases and long-term contracts	1 548	177	327
- interest on loans and borrowings	124	-	-
- other interest	-	1	2
Other, of which:	-	875	844
- write-downs on financial assets	-	822	822
- excess exchange rate losses	-	53	22
Total financial costs	1 672	1 053	1 173
Result on financial activities	(1 349)	(1 043)	(974)

During the period covered by these financial statements, the Company incurred a loss on financing activities, which was primarily due to interest expense incurred on lease liabilities (IFRS 16).

10. Deferred tax

The company has recognised a deferred tax asset to the extent of the deferred tax liability and has reported the above items in these financial statements as at 30.06.2023 on a per balance basis.

In the period covered by these financial statements, the Company recognised an amount of PLN 191 thousand as a provision for deferred income tax. The largest portion of this amount was a provision for deferred income tax on rental contracts, which amounted to PLN 161 thousand as at 30.06.2023. The assets on account consisted primarily of a provision for unused holidays, which amounted to PLN 110 thousand as at 30.06.2023.

The table below shows the tax losses on which no asset has been recognised on account of deferred income tax.

	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Tax loss of 2018	635	635	635
Tax loss of 2019	4 359	4 359	4 359
Tax loss of 2020	8 440	8 440	8 440
Tax loss of 2021	6 810	6 810	6 810
Tax loss of 2022	15 087	-	-
Total	35 331	20 244	20 244
	For period 01.01.2023 – 30.06.2023	For period 01.01.2022 – 30.06.2022	For period 01.01.2022 – 31.12.2022
Deferred tax assets			
RMK – research and development PSR 80%	10	-	14
Provision for unused holidays	110	10	110
Employer's social security contributions not paid on time	42	31	61
Provision for severance payments	8	9	8
Leased assets	-	-	-
Unpaid wages	15	174	13
Tax loss	-	-	-
Valuation of foreign currency liabilities at the balance sheet date	-	-	-
Accrued interest on loans	4	-	-
Total deferred tax assets:	189	224	206

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

Deferred tax liability			
Development costs	7	4	6
Leased assets - rental contracts	161	28	15
Leased assets - lease contracts	19	14	20
Balance sheet valuation	2	-	1
Statistical interest on deposits and bonds	2	-	7
Write-downs on financial assets		-	-
Deferred tax liability	191	46	49
Total	(2)	178	157
Write-down	2	(178)	(157)
Reported value	-	-	-

11. Discontinued operations and assets held for sale

There were no discontinued operations in the period covered by these interim condensed financial statements. At the same time, the Company does not anticipate the occurrence of such operations in the future as well as any curtailment of its current operations. The Company also had no significant assets held for sale.

12. Earnings (loss) per share and diluted earnings per share

The profit and share figures used to calculate basic and diluted earnings per share are set out below:

	<u>For period 01.01.2023 - 30.06.2023</u>	<u>For period 01.01.2022 - 30.06.2022</u>	<u>For period 01.01.2022 - 31.12.2022</u>
The weighted average number of ordinary shares used to calculation of basic earnings per share	3 145 050	2 254 000	2 254 000
Net profit (loss) (in PLN thousand)	(16 959)	(12 023)	(25 603)
Earnings (loss) per share in PLN	(5,39)	(5,33)	(11,36)
Diluted			
The weighted average number of ordinary shares used to calculation of diluted earnings per share	3 151 016	2 254 000	2 254 000
Events affecting the change in the basis of calculation of earnings per share:			
- share consolidation			
- issue of warrants	154 272		
Net profit (loss) (in PLN thousand)	(16 959)	(12 023)	(25 603)
Diluted earnings per share in PLN	(5,38)	(5,33)	(11,36)

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on conversion of all dilutive potential ordinary shares into ordinary shares.

VIII. EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. Tangible assets

The specification of property, plant and equipment in the first half of 2023 is given below:

	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Land and buildings	27 434	95	19
Machinery and equipment	5 003	6 132	4 624
Means of transport	409	308	392
Other	1 786	1 884	43
Total	34 632	8 419	5 077

The significant increase in 'Land and buildings' is due to the adoption of a long-term lease agreement for laboratory and office space, which is recognised in the company's books in accordance with IFRS16 guidelines. The company recognised a right-of-use asset for 10 years in the gross amount of PLN 28,780 thousand..

Changes in the value of property, plant and equipment during the period under review and the comparative periods are set out below.

Period ended on 30.06.2023	Land and buildings	Machinery and equipment	Means of transport	Other	Total
Gross value on 1 January 2023	95	10 939	1 006	1 945	13 984
- acquisitions	28 780	125	234	-	29 138
- decommissioning	-	-	-	-	-
- sale	-	-	-	-	-
Gross value on 30 June 2023	28 874	11 064	1 240	1 945	43 123
Depreciation and amortisation as on 1 January 2023		4 807	698	60	5 565
- Depreciation write-down	1 441	1 254	133	99	2 926
- Write-down	-	-	-	-	-
- Sale	-	-	-	-	-
Depreciation and amortisation as on 30 June 2023	1 441	6 061	831	159	8 491
Net value on 1 January 2023	95	6 132	308	1 884	8 419
Net value on 30 June 2023	27 434	5 003	409	1 786	34 632

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01–30.06.2023.

Period ended on 31.12.2022	Land and buildings	Machinery and equipment	Means of transport	Other	Total
Gross value on 1 January 2022	867	10 324	627	62	11 880
– acquisitions	95	4 474	527	1 882	6 979
– decommissioning	(867)	(3 860)	–	–	–
– sale	–	–	(148)	–	(148)
Gross value on 31 December 2022	95	10 939	1 006	1 945	18 710
Depreciation and amortisation as on 1 January 2022	791	7 059	534	50	8 434
– Depreciation write-down	76	1 608	312	10	2 006
– Write-down	(867)	(3 860)	–	–	–
– Sale	–	–	(148)	–	–
Depreciation and amortisation as on 31 December 2022	–	4 807	698	60	10 440
Net value on 1 January 2022	76	3 265	93	12	3 446
Net value on 31 December 2022	95	6 132	308	1 884	8 419

Period ended on 30.06.2022	Land and buildings	Machinery and equipment	Means of transport	Other	Total
Gross value on 1 January 2022	867	10 324	627	62	11 880
– acquisitions	–	2 243	369	35	2 647
– decommissioning	–	–	–	–	–
– sale	–	–	148	–	148
Gross value on 30 June 2022	867	12 567	1 144	97	14 675
Depreciation and amortisation as on 1 January 2021	791	7 059	534	50	8 434
– Depreciation write-down	57	885	70	4	1 016
– Write-down	–	–	–	–	–
– Sale	–	–	148	–	148
Depreciation and amortisation as on 30 June 2022	848	7 943	752	54	9 598
Net value on 1 January 2022	76	3 265	93	12	3 446
Net value on 30 June 2022	19	4 624	392	43	5 077

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

Ownership structure of tangible assets:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Own	5 353	5 773	2 655
Used under a rental, lease or hire agreement IFRS 16	29 278	2 646	2 423
Total	34 632	8 419	5 077

Period ended on 30.06.2023	Land and buildings	Machinery and equipment	Means of transport	Other	Total
Own	31	3 537	-	1 786	5 353
Used under a rental, lease or hire agreement IFRS 16	27 341	1 529	409	-	29 278
	27 372	5 065	409	1 786	34 632

Period ended on 31.12.2022	Land and buildings	Machinery and equipment	Means of transport	Other	Total
Own	95	3 794	-	1 884	5 773
Used under a rental, lease or hire agreement IFRS 16	-	2 338	308	-	2 646
	95	6 132	308	1 884	8 419

Period ended on 30.06.2022	Land and buildings	Machinery and equipment	Means of transport	Other	Og Total ótem
Own	-	2 612	-	43	2 655
Used under a rental, lease or hire agreement IFRS 16	19	2 012	392	-	2 423
	19	4 624	392	43	5 077

As at the balance sheet date, the Management Board reviewed the Company's assets and, following a discussion of the individual assets, concluded that no impairment losses were required as at the balance sheet date, i.e. 30.06.2023.

2. Intangible assets

Specification of intangible assets:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Costs of completed development work	95	114	249
Patents and licences	273	266	197
Other	16	19	124
Total	384	399	570

Change in intangible assets:

Period ended on 30.06.2023	Costs of completed development work	Patents and licences	Other	Total
Gross value on 1 January 2023	1 125	735	81	1 942
- Acquisitions	-	45	-	45
- Sales	-	-	-	-
Gross value on 30 June 2023	1 125	780	81	1 986
Depreciation and amortisation as on 1 January 2023	1 011	469	62	1 543
- Depreciation write-down	19	37	3	59
- Write-down	-	-	-	-
- Sales	-	-	-	-
Depreciation and amortisation as on 30 June 2023	1 030	507	65	1 602
Net value on 1 January 2023	114	266	19	399
Net value on 30 June 2023	95	273	16	384

Period ended on 31.12.2022	Costs of completed development work	Patents and licences	Other	Total
Gross value on 1 January 2022	1 125	288	484	1 898
- Acquisitions	-	447	-	447
- Sales	-	-	(404)	(404)
Gross value on 31 December 2022	1 125	735	81	1 942
Depreciation and amortisation as on 1 January 2023	741	86	357	1 184
- Depreciation write-down	270	113	6	390
- Write-down	-	270	(301)	(31)
- Sales	-	-	-	-
Depreciation and amortisation as on 31 December 2022	1 011	469	62	1 543
Net value on 1 January 2022	384	202	128	714
Net value on 31 December 2022	114	266	19	399

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01–30.06.2023.

Period ended on 30.06.2021	Costs of completed development work	Patents and licences	Other	Total
Gross value on 1 January 2021	1 125	288	484	1 898
– Acquisitions	–	51	–	51
– Sales	–	–	–	–
Gross value on 30 June 2021	1 125	339	484	1 949
Depreciation and amortisation as on 1 January 2021	741	86	357	1 184
– Depreciation write-down	135	57	3	195
– Write-down	–	–	–	–
– Sales	–	–	–	–
Depreciation and amortisation as on 30 June 2021	876	143	360	1 379
Net value on 1 January 2021	384	202	128	714
Net value on 30 June 2021	249	197	124	570

Completed development costs included:

The PureApta platform is a US and EU patent-protected technology platform that allows for selection campaigns aimed at discovering new aptamer sequences that may constitute active molecules such as molecules with potential pharmacological properties or active components of diagnostic tests. This set of procedures, techniques and know-how encompasses both the research work on the selection itself (laboratory work using a physical, chemically modified oligonucleotide library), but also the bioinformatics analysis of its results, the development of candidates, their testing under target activity conditions, and then, once the active molecules have been selected, their modification, truncation, optimisation, and, in each case, subsequent testing experiments.

PureSelect2 technology platform containing a range of techniques, procedures and technological solutions that allow the efficient generation of new antibodies from combinatorial libraries using the phage display technique. Further, these antibodies can be used to develop new diagnostic tests, research reagents and as molecules with potential pharmacological properties – drug candidates. The scope of PureSelect2 encompasses a set of procedures, techniques and know-how within both the research work on the selection of new antibodies itself (laboratory work using a physical phage library), but also the bioinformatics analysis of its results, the development of candidates, testing them under target activity conditions, and then, once the pre-acting molecules have been selected, their cloning into various full-length antibody formats (e.g. IgG). The PureSelect2 platform is used internally within the Company for research and development projects (and has been used in the past for commercial assignments). In 2022, the Company's staff carried out 22 phage display selection campaigns using PureSelect2. Through this work, for each antibody project in the Company's portfolio, several to dozens of molecules were generated as potential drug candidates. This is an indispensable element of these projects – without it, the selection and development of a drug candidate

could not be carried out and the entire antibody portfolio would not exist. PureSelect2 allows this early research work to be carried out internally within the Company. The cost per selection campaign has been estimated at approximately PLN 160,000 (comprising 2,000 sequences and 20 molecules recloned to IgG format, produced and verified for binding to the molecular target in flow cytometry).

Ownership structure of intangible assets:

	<u>As on 30.06.2023</u>	<u>As on 31.12.2022</u>	<u>As on 30.06.2022</u>
Own	380	370	516
Used under a rental, lease or hire agreement IFRS 16	4	29	54
Total	<u>384</u>	<u>399</u>	<u>570</u>

Intangible assets used under lease agreements consist of software used in projects carried out by the Company, which is used to design and analyse molecular biology experiments, allow, among other things, the storage and analysis of data, including sequencing results, cloning, annotation and metadata, are used to edit and analyse nucleotide and amino acid sequences and compare multiple sequences.

Proprietary intangible assets consist of development work in the net amount of PLN 95 thousand, licences and ERP software in the amount of PLN 269 thousand and an Internet domain, developed in accordance with FSC standards, in the amount of PLN 16 thousand.

3. Long-term financial assets

	<u>As on 30.06.2023</u>	<u>As on 31.12.2022</u>	<u>As on 30.06.2022</u>
Long-term financial assets measured at fair value, of which:			
- Shares in Doto Medical Ltd.	5	5	-
- Shares in ProAnimali Ltd.	15	15	15
Total	<u>20</u>	<u>20</u>	<u>15</u>

4. Trade and other receivables

The structure of trade and other receivables:

The structure of long-term receivables

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Other receivables from third parties	1 250	-	-
of which from affiliated companies	-	-	-
Total net receivables	1 250	-	-
Write-down of receivables	-	-	-
Gross receivables	1 250	-	-

The structure of short-term receivables

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Trade receivables	362	151	1 493
of which from affiliated companies	-	-	-
Receivables from grants	9 811	8 945	7 161
Budgetary receivables (including VAT to be refunded on acquired assets)	3 054	1 501	1 569
Other receivables from third parties	3 290	4 619	25
of which from affiliated companies	-	-	-
Total net receivables	16 518	15 216	10 248
Write-down of receivables	-	-	-
Gross receivables	16 518	15 216	10 248

During the period covered by this report, the Company did not write down any receivables.

Grants receivable relate to eligible costs incurred in a financial period and reimbursed in a subsequent financial period and in respect of which the Company has received advances.

As on 30.06.2023. The Company had short-term receivables totalling PLN 16,518 thousand, denominated in the Polish currency in the amount of PLN 16,343 thousand and in foreign currencies in the amount of PLN 175 thousand.

In the value of other receivables from third parties, which amount to PLN 3 290 thousand, the amount of PLN 3 279 thousand. represents the advance payment for Phase O clinical trials.

Non-current receivables from other entities as on 30.06.2023 amount to PLN 1,250 thousand. on account of a cash deposit provided as security for the lease agreement for new laboratory space.

5. Cash

Structure of cash and cash equivalents:

	<u>As on 30.06.2023</u>	<u>As on 31.12.2022</u>	<u>As on 30.06.2022</u>
Cash in hand	-	-	-
Cash in bank	8 054	2 259	26 922
Total	8 054	2 259	26 922

Cash and cash equivalents by currency:

	<u>As on 30.06.2023</u>	<u>As on 31.12.2022</u>	<u>As on 30.06.2022</u>
PLN	8 054	1 922	23 797
EUR	-	30	875
USD	-	9	887
GBP	-	298	1 362
Total	8 054	2 259	26 922

6. Financial assets carried at amortised cost

As on 30 June 2023, financial assets measured at amortised cost included the following:

	<u>As on 30.06.2023</u>	<u>As on 31.12.2022</u>	<u>As on 30.06.2022</u>
Bonds	998	998	-
Deposits	11 200	3 921	-
Total	12 198	4 919	-

7. Equity

Shareholders' paid-in capital reported at nominal value, in accordance with the entity's memorandum of incorporation and entry in the National Court Register.

On 30.06.2023 the share capital was as follows:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
A Series	185 400	185 400	185 400
B1 Series	296 500	296 500	296 500
B2 Series	544 100	544 100	544 100
C Series	146 410	146 410	146 410
D Series	481 590	481 590	481 590
E Series	600 000	600 000	600 000
G Series	450 000	-	-
H Series	510 000	-	-
Total	3 214 000	2 254 000	2 254 000
Nominal share price in PLN	0,10	0,10	0,10

Increases in the Company's capital through the issue of series G and H shares

On 12 December 2022, the Company's Management Board adopted a Resolution to increase the Company's share capital within the limits of authorised capital through the issue of new series G and H shares in a private placement and to exclude the pre-emptive rights of existing shareholders. Pursuant to the Resolution, the Management Board increased the Company's share capital from PLN 225,400 to PLN 321,400, i.e. by PLN 96,000, through the issue of 450,000 Series G ordinary bearer shares with a nominal value of PLN 0.10 each and 510,000 Series H ordinary bearer shares with a nominal value of PLN 0.10 each. The issue price of the Shares was uniform for Series G Shares and Series H Shares and amounted to PLN 20.00 for each Share, thus the gross proceeds from the issue of Shares amounted to PLN 19,200 thousand. The Shares were fully paid for with cash contributions. The above change was registered in the National Court Register on 13 January 2023.

The shareholding structure (number of shares) at the date of these interim abbreviated financial statements was as follows:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
TFI Allianz Polska S.A.	320 789	302 298	302 298
Filip Jeleń	276 117	-	257 817
Augebit FIZ	189 720	189 720	153 220
Other	2 427 374	1 761 982	1 540 665
Total	3 214 000	2 254 000	2 254 000

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

The shareholding structure (share in the total number of votes) at the date of these interim abbreviated financial statements was as follows:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
TFI Allianz Polska S.A.	9,98%	13,41%	13,41%
Filip Jeleń	8,59%	0,00%	11,44%
Augebit FIZ	5,90%	8,42%	6,80%
Other	75,53%	78,17%	68,35%
Total	100,00%	100,00%	100,00%

8. Supplementary capital

On 30.06.2023 supplementary capital was as follows:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Supplementary capital at the beginning of the period	75 306	70 893	70 893
Increases	19 183	4 413	2 189
In agio	17 881	-	-
Incentive programme	1 302	4 413	2 189
Decreases	3 920	-	-
Transactions in the form of financial instruments			
- ACRX warrants	3 920	-	-
Supplementary capital at the end of the period	90 569	75 306	73 082

As on 30 June 2023, the Company recognised within the capital reserve the effects of the settlement of the first tranche of the incentive programme, which is described in detail in note IX.3, in the amount of PLN 1,302 thousand.

Note IX.3 above also describes the transaction relating to the issue of Series B subscription warrants to ACRX Investments Limited.

9. Reserve capital

On 30.06.2023 reserve capital was as follows:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Reserve capital at the beginning of the period	-	-	-
Increases	3 920	-	-
Transactions in the form of financial instruments - ACRX warrants	3 920	-	-
Decreases	-	-	-
-	-	-	-
Reserve capital at the end of the period	3 920	-	-

The reserve capital shown as on 30 June 2023 is derived from the valuation of the financial instrument of Series B subscription warrants directed to ACRX Investment and the equity component of the composite financial instrument (loan with conversion option) in accordance with the provision of the investment agreement described in more detail in point. IV.8 of the Separate Semi-Annual Report for the period 01.01–30.06.2023.

10. Lease liabilities

Specification of lease liabilities:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Long-term	26 859	1 765	2 065
Short-term	3 233	1 096	583
Total	30 092	2 861	2 648

Specification of lease liabilities by valuation method:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Valued at amortised cost	30 092	2 861	2 648
Measured at fair value through current earnings	-	-	-
Total	30 092	2 861	2 648

The significant increase in lease liabilities is due to the commencement of a long-term lease agreement for laboratory and office space, which is recognised in the company's accounts in accordance with IFRS16 guidelines.

Currency structure of leasing liabilities:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
PLN	30 087	2 826	2 576
EUR	-	-	-
USD	5	36	71
Total	30 092	2 861	2 648

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

Specification of lease liabilities by maturity:

	Repayment period				Short-term	Long-term	Total
	Up to 1 year	over 1 to 3 years	over 3 to 5 years	Over 5 years			
As on 30.06.2023	3 233	5 018	5 471	16 370	3 233	26 859	30 092
As on 31.12.2022	1 096	1 049	716	-	1 096	1 765	2 861
As on 30.06.2022	583	1 502	562	-	583	2 065	2 648

11. Trade and other liabilities

Specification of trade and other liabilities:

	<u>As on</u> <u>30.06.2023</u>	<u>As on</u> <u>31.12.2022</u>	<u>As on</u> <u>30.06.2022</u>
Trade liabilities	2 807	7 235	1 507
Public law liabilities, of which	229	384	351
Personal income tax	63	74	77
Social security	155	296	261
State Fund for the Rehabilitation of the Disabled	8	13	14
Employee Capital Plans	2	-	-
Payroll liabilities	482	745	677
Other	17	6	
TOTAL:	<u>3 534</u>	<u>8 370</u>	<u>2 536</u>

The significant decrease in payables, in particular trade payables, is mainly related to the settlement of liabilities arising from the purchase of fixed assets as part of the project to complete the equipment in the Company's new laboratory space.

12. Subsidies

Specification of subsidies:

	<u>As on</u> <u>30.06.2023</u>	<u>As on</u> <u>31.12.2022</u>	<u>As on</u> <u>30.06.2022</u>
Long-term, of which	55	74	93
R&D subsidies	55	74	93
Advances for R&D			
Short-term, of which	7 610	2 788	8 263
R&D subsidies	-	-	-
Advances for R&D	7 610	2 788	8 263
Total	<u>7 665</u>	<u>2 862</u>	<u>8 355</u>

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

Within grants, the Company reported grants deferred to development costs capitalised under intangible assets and advances received for ongoing research projects, all of which are treated as short-term as they are settled within 180 days of receipt.

Grants and advances for grants by project carried out:

	<u>As on</u> <u>30.06.2023</u>	<u>As on</u> <u>31.12.2022</u>	<u>As on</u> <u>30.06.2022</u>
Long-term	55	74	93
PBO12 PureApta – development work completed	55	74	93
PBO10 PureSelect2 – development work completed	-	-	-
Short-term	7 610	2 788	8 263
PBO01 MutliBody	1 303	2 000	5 326
PBO02 AptaPheresis	-	703	2 336
PBO03 PureActivator	-	-	303
PBO03G (ABM)	528	-	-
PBO04 PureBIKE	-	-	387
PBO04 PureBIKE (ABM)	5 779	-	-
PBO05 Apta-MG	-	31	48
PBO06 AptaMLN	-	-	(1)
PBO13 Altecar	-	54	(106)
PBO14 Dualdrug	-	-	(31)
Total	<u>7 665</u>	<u>2 862</u>	<u>8 355</u>

13. Interest bearing loans and borrowings liabilities

	<u>As on</u> <u>30.06.2023</u>	<u>As on</u> <u>31.12.2022</u>	<u>As on</u> <u>30.06.2022</u>
Long-term	12 034	-	-
Loan agreement dated 20.04.2023 with ACRX Investments Limited – principal amount	12 000	-	-
Interest on 30.06.2023.	34	-	-
Total	<u>12 034</u>	<u>-</u>	<u>-</u>

On 20 April 2023, an investment agreement was concluded between the Company and ACRX Investments Limited specifying the obligations of the Parties concerning the financing transaction, the principles of cooperation of the Parties during its performance, and the conclusion of a Loan Agreement.

Pursuant to the provisions of the Loan Agreement, the Investor granted the Company a loan in the amount of PLN 12,000 thousand for a period of two years from the date of its disbursement. Under the Investment Agreement, the Parties agreed on the 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.

14. Financial instruments

Classification of financial instruments:

	Category according to IFRS 9	Carrying value			Fair value		
		As on 30.06.2023	As on 31.12.2022	As on 30.06.2022	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Financial assets							
Trade and other receivables	AFWZK	17 768	15 216	10 248	17 768	15 216	10 248
Loans granted	AFWZK	65			65		
Cash and cash equivalents	AFWZK	8 054	2 259	26 922	8 054	2 259	26 922
Financial liabilities							
Bank credits and loans taken out	ZFWZK	12 034					
Other financial liabilities (leasing)	ZFWZK	30 092	2 861	2 648	30 092	2 861	2 648
Trade and other liabilities	ZFWZK	3 534	8 370	2 536	3 534	8 370	2 536

The fair value of the financial instruments that the Company held on 30 June 2023 did not differ materially from the value presented in the financial statements for the following reasons:

- for short-term instruments, the possible effect of discounting is not material,
- these instruments relate to transactions concluded in market conditions.

IX. OTHER EXPLANATORY NOTES AND INFORMATION

1. Capital risk management

The Company's objective in managing capital risk is to protect the Company's ability to continue as a going concern so that returns to shareholders and benefits to other stakeholders can be realised, and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital by means of a debt ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of borrowings, lease obligations, advances on grants and other liabilities less cash and cash equivalents. Total capital is calculated as equity as shown in the interim condensed statement of financial position together with net debt.

No external capital requirements are imposed on the Board of Directors, with the exception that, in accordance with Article 396 §1 of the Code of Commercial Partnerships and Companies, to which PURE BIOLOGICS Inc. is subject, a capital reserve must be created to cover losses, into which at least 8% of the profit for the financial year is transferred until this capital reaches at least one-third of the share capital.

The financing structure of the Company is shown in the following table:

Financing structure	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Interest-bearing loans and borrowings	-	12 034	
Lease liabilities	30 092	2 861	2 648
Trade and other liabilities	3 534	8 370	2 536
Advances received for research and development work	7 610	2 788	8 263
Cash and cash equivalents* (-)	-8 054	-2 259	-26 922
Short-term financial assets measured at fair value			
Financial assets measured at amortised cost	-12 198	-4 919	
Net debt	33 020	6 841	-13 476
Equity	20 617	18 297	29 652
Net capital and debt	53 636	25 138	16 176
Debt ratio	62%	27%	N/D

The Company's Board of Directors reviews the capital structure once a year. As part of the review, the Board analyses the cost of capital and the risks associated with each class of capital. As part of this review, the Board assesses the cost of capital and risks for each class of capital.

2. Contingent assets and liabilities

Contingent assets

There were no contingent assets as on 30 June 2023.

Contingent liabilities

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

As security for proper performance of contractual obligations, the entity's Management Board has provided security in the form of a blank promissory note bearing the clause 'not to order'. The security was established until the end of the sustainability period of the projects implemented. This is a requirement under the funding (grant) agreements.

The bills of exchange are collateral for the concluded lease agreements for means of transport and equipment.

The Investment Agreement with ACRX Investment, described in more detail in point IV.8 of the Separate Semi-Annual Report for the period 01.01-30.06.2023, provides for contractual penalties reserved for the Company and ACRX in the event of non-performance or improper performance of a given Party's obligations under the Agreement, in an amount depending on the type of the breached obligation of the Parties in the range from PLN 500,000 to PLN 6,000,000.

3. Share-based payments

Employee Incentive Programme

On 21 June 2021, the General Meeting of the Company adopted a resolution on the establishment of a new incentive programme in the Company. The introduction of the Incentive Programme is aimed at creating mechanisms in the Company to increase the Company's value over the next financial years and to achieve the Company's strategic directions/goals and value growth, by permanently associating the Company's key people with the Company and its goals. The duration of the Incentive Programme is the financial years 2021 and 2022, as well as the first half of the financial year 2023. Persons entitled to participate in the Incentive Programme are the current members of the Company's Management Board and other persons deemed to be key to the Company's operations who are parties to an employment contract with the Company or any other contract under which the person provides work or services.

As part of this incentive programme, the Company has conditionally increased its share capital, under which it will issue up to 118,500 Series F ordinary bearer shares with a nominal value of PLN 0.10. In order to grant rights to the Shares, the Company will issue up to 118,500 series A registered subscription warrants, each entitling to acquire one Share. The right to subscribe for the Warrants granted to the Eligible Persons referred to above shall arise subject to the achievement of Management Objectives (condition for members of the Management Board) or Executive Objectives (condition for other participants) and remaining in a business relationship (loyalty criterion) for a given Settlement Period.

On 8 September 2021, the Supervisory Board adopted the Incentive Scheme Regulations and the Regulations set out the method of allocating the Warrants to the Eligible Persons as well as the detailed nature and level of objectives that must be met in order to grant the Warrants.

According to the valuation, the value of the Incentive Scheme is as follows in individual quarters for the years 2021-2023:

period	Cost of the period	Cumulative cost
Q4 2021	689	689
Q1 2022	1 088	1 777
Q2 2022	1 100	2 878
Q3 2022	1 112	3 990
Q4 2022	1 112	5 102
Q1 2023	647	5 750
Q2 2023	655	6 405

Series B subscription warrants

As a result of 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.

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

Pursuant to the terms of the agreement, the Company offered ACRX to subscribe for 154,272 registered subscription warrants, which will entitle ACRX to subscribe for 154,272 shares. The rights under the Warrants will expire 2 years after ACRX takes up the Warrants, with ACRX being obliged to exercise the rights under the Warrants when the Company decides to make a public offering of the Company's new issue shares.

The warrants were offered to ACRX on 21.06.2023, the offer was accepted on 23.06.2023. According to the valuation, the value of the warrants is PLN 2,499,206.40.

4. Related party transactions

Transactions with individuals related to z Pure Biologics Inc. in H1 2023.

Name of associated person	Description of the link	Type/subject of transaction	Amount of transactions in the period 01.01.2023 – 30.06.2023	Amount of outstanding commitment balances on 30.06.2023
Jeleń Filip	President of the Management Board	by virtue of appointment	256	37
		employment contract	24	2
		other types	1	-
Harwas Romuald	Vice-President of the Management Board	by virtue of appointment	30	8
		for services provided	185	29
		other types	275	-
Petrus Spee*	Vice-President of the Management Board	by virtue of appointment	15	2
		employment contract	249	31
		for services provided	168	27
		other types	435	
		by virtue of appointment	16	2
		by virtue of appointment	9	1
Trznadel Andrzej	Member of the Supervisory Board	by virtue of appointment	16	2
Wesołowski Tadeusz	Member of the Supervisory Board	by virtue of appointment	9	1
Julia Bar	Member of the Supervisory Board	by virtue of appointment	15	2
Andrzej Kierzkowski	Member of the Supervisory Board	by virtue of appointment	8	-
Mariusz Czekala	Member of the Supervisory Board	by virtue of appointment	16	2
Paweł Wiśniewski	Member of the Supervisory Board	by virtue of appointment	2	1
Trznadel Dorota	Person related to a member of the Supervisory Board	employment contract	50	5
		other types	1 055	-

PURE BIOLOGICS Inc.
Abbreviated interim financial statements
for period 01.01-30.06.2023.

Transactions with legal entities related to Pure Biologics Inc. in H1 2023.

Entity	Description of the link	Type/subject of transaction	Amount of transactions in the period 01.01.2023 – 30.06.2023	Amount of outstanding commitment balances on 30.06.2023
Doto Medical Ltd.	Subsidiary 100%	Loan granted and interest on 30.06.2023	65	65
		re-invoiced costs	1	-

Transactions with individuals related to Pure Biologics Inc. in 2022.

Name of associated person	Description of the link	Type/subject of transaction	Amount of transactions in the period 01.01.2022– 31.12.2022	Amount of outstanding commitment balances on 31.12.2022
Filip Jeleń	President of the Management Board	by virtue of appointment	450	-
		employment contract	72	-
Romuald Harwas	Vice-President of the Management Board	by virtue of appointment	30	2
		for services provided	296	30
		other types	931	-
Pieter Spee*	Vice-President of the Management Board	by virtue of appointment	21	2
		employment contract	381	29
		for services provided	254	28
Andrzej Trznadel	Member of the Supervisory Board	by virtue of appointment	31	2
Tadeusz Wesołowski	Member of the Supervisory Board	by virtue of appointment	18	1
Julia Bar	Member of the Supervisory Board	by virtue of appointment	30	2
Andrzej Kierzkowski	Member of the Supervisory Board	by virtue of appointment	18	1
Mariusz Czekala	Member of the Supervisory Board	by virtue of appointment	31	1
Trznadel Dorota	Person related to a member of the Supervisory Board	employment contract	111	6
		other types	3	-

**Transactions with individuals related to Pure Biologics Inc.
in the period of 01.01 – 30.06 2022.**

Name of associated person	Description of the link	Type/subject of transaction	Amount of transactions in the period 01.01.2022 – 30.06.2022	Amount of outstanding commitment balances on 30.06.2022
Jeleń Filip	President of the Management Board	by virtue of appointment	243	32
		employment contract	24	2
		other types	232	-
Harwas Romuald	Vice-President of the Management Board	by virtue of appointment	15	2
		for services provided	148	30
		other types	462	-
Petrus Spee*	Vice-President of the Management Board	by virtue of appointment	7	2
		employment contract	126	29
		for services provided	83	27
		other types	139	-
		by virtue of appointment	16	2
		other types	16	2
Trznadel Andrzej	Member of the Supervisory Board	by virtue of appointment	16	2
Wesołowski Tadeusz	Member of the Supervisory Board	by virtue of appointment	9	1
Julia Bar	Member of the Supervisory Board	by virtue of appointment	15	2
Andrzej Kierzkowski	Member of the Supervisory Board	by virtue of appointment	9	1
Mariusz Czekala	Member of the Supervisory Board	by virtue of appointment	16	2
Trznadel Dorota	Person related to a member of the Supervisory Board	employment contract	48	5
		other types	1	-

5. Remuneration of key staff

The remuneration of key management includes the remuneration of the members of the Company's Management Board. The remuneration paid to this group of executives by basic types of benefits is presented in the table below:

	As on 30.06.2023	As on 31.12.2022	As on 30.06.2022
Short-term benefits	926	1 220	646
Post-employment benefits	-	-	-
Other long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payments	711	62	15
	1 637	1 282	661

During the periods covered by this report, the Company did not grant loans to members of the Management Board or other key personnel.

On 21 June 2021, the AGM passed a resolution to establish a new incentive programme in the Company. The programme is targeted at the current members of the Management Board and key personnel of the Company. The programme covers the financial years 2021, 2022 and the first half of 2023 and up to 118,000 shares will be issued. As a result of Mr Filip Deer's resignation from the programme and the changes made by the Supervisory Board on 30 June 2023, Mr Romuald Harwas may take up to 25,000 shares in total and Mr Petrus Spee up to 20,000.

The members of the Company's Management Board are not obliged to refrain from competitive activities after termination. In addition, the agreements do not provide for the payment of severance pay in the event of termination by the Company for any reason other than breach of fundamental, material contractual obligations.

6. Joint actions

Consortium agreement of 27 August 2020

The Company entered into an agreement with the University of Wrocław and Oslo University Hospital on 27 August 2020, establishing a consortium operating under the partnership principles defined in the agreement for the joint implementation of project PBO14 (DUALDRUG). The agreement defines the rights and obligations of the parties, as well as the principles of cooperation and division of work of the consortium members. The individual tasks specific to each consortium member are defined in the grant application. Each party shall be liable to the intermediary institution and the other consortium members for non-performance or improper performance of the grant agreement only to the extent of the part of the project implemented by it. None of the consortium members shall be liable for the acts or omissions of the other parties to the agreement.

The scope of the property rights to the research results being the result of the project is vested in the consortium member who is the author of the results. If more than one member of the consortium has jointly produced the results, the agreement shall include guidelines on the procedures required to divide the rights to intellectual property produced as a result of the jointly implemented project.

Members of the consortium shall have the right of first refusal to the objects of industrial property created as a result of the implementation of the project. In the case of joint ownership of rights to an object of industrial property, the co-owners will conclude a separate agreement on the joint ownership of the right, and the co-owner with the highest share in the joint ownership will be entitled to file an application, on behalf of the co-owners, for granting protection at the relevant patent offices.

The effects of the concluded agreement have occurred in the financial statements for the period 01.01–30.06.2023.

Consortium agreement of 10 September 2020

The Company entered into an agreement with the Medical University of Warsaw and Oslo University Hospital on 10 September 2020, establishing a consortium operating under contractually defined partnership principles for the joint implementation of project PBO13 (ALTERCAR). The agreement sets out the rights and obligations of the parties, as well as the principles of cooperation and division of work of the consortium members. The individual tasks specific to each consortium member are defined in the grant application. Each party shall be liable to the intermediate institution and the other consortium members for non-performance or improper performance of the grant agreement only to the extent of the part of the project implemented by it. None of the consortium members shall be liable for the acts or omissions of the other parties to the agreement.

The scope of property rights to the research results being the result of the project shall be vested in the member of the consortium which is their author. In the event that more than one member of the consortium has jointly produced the results, the agreement shall include guidelines on the procedures required for the allocation of rights to the intellectual property produced as a result of the jointly implemented project.

Members of the consortium shall have the right of first refusal to the objects of industrial property created as a result of the implementation of the project. In the case of joint ownership of rights to an object of industrial property, the co-owners will conclude a separate agreement on the joint ownership of the right, and the co-owner with the highest share in the joint ownership will be entitled to file an application, on behalf of the co-owners, for granting protection at the relevant patent offices.

The effects of the concluded agreement have occurred in the financial statements for the period 01.01–30.06.2023.

Cooperation agreement of 3 June 2022

On June 3, 2022, the Company concluded a cooperation agreement with the Dutch company Relitech Besloten Vennootschap regarding the development of an innovative product that significantly improves the effectiveness of haemodialysis for patients suffering from chronic kidney disease (CKD). The concluded contract specifies the obligations of the parties and sets time frames for the implementation of tasks. Using the PureApta™ technology platform, the company has undertaken to select aptamers that bind selected molecular targets in order to develop an innovative aptamer filter. Relitech, on the other hand, agreed to develop a medical device using the above filter. According to the agreement, Relitech will design, manufacture and conduct initial tests of the device prototype using its own patented technologies. The laboratory proof of concept device was committed to development within approximately 14 months. If successful, both companies will continue the further development of the device together. The agreement additionally assumes full cooperation in the implementation of tasks and indicates that both companies will actively seek access to external sources of financing (grants, design competitions), with Pure Biologics as the leading party in this venture.

The funds obtained are intended to finance the development of the product at further stages (regulated in the future by a separate agreement) to the stage of a testable prototype suitable for conducting research on large animals (e.g. pigs) and use in human patients in a clinical trial, prototype, as well as carrying out safety tests and effectiveness, and then completing the steps necessary for registration on the medical device market. If the expected results are achieved, both companies may enter into further agreements to continue commercialization together, or transfer full rights to or withdraw from the project, which gives the other party the right of pre-emption of the solutions and developed intellectual property to one of the parties. In the event of failure, each party will remain the independent owner and administrator of the solutions developed. The Parties also waive the right to claim any damages in the event of failure resulting from objective scientific or technical reasons, and provided that the work is carried out with due diligence.

The effects of the concluded agreement have occurred in the financial statements for the period 01.01-30.06.2023.

7. Substantial litigation

During the period covered by the abbreviated interim financial statements and as at the date of the financial statements, there were no material litigation matters pending against the Company that could have, or have had in the past, a significant effect on the Company's financial position and results of operations.

8. Events after the balance sheet date

After the balance sheet date, on 18 August 2023 final information on the implementation of the PBO01 project was submitted to the National Centre for Research and Development (NCBR). Currently the Company is waiting for the response from the intermediary institution.

9. Approval of financial statement

These abbreviated interim financial statements were approved for publication by the Company's Board of Directors on 31st August 2023.

Dr Filip Jan Jeleń, MBA

President of the Management Board

Romuald Harwas

Vice-President of the Management Board

Dr Petrus Johannes Louis Spee

Vice-President of the Management Board

Brygida Rusinek

Person responsible for drawing up the
abbreviated interim financial statements