



Abbreviated interim financial statements

for the period 01.07.2023 –
30.09.2023

Wrocław, December 12, 2023

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

(PLN thousand)	Note no.	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
Continuing operations					
Revenue from commercial services	1	56	86	263	639
Revenue from grants	2	6 735	16 512	2 917	9 063
Operating revenue		6 791	16 598	3 179	9 702
Depreciation and amortisation	3	1 391	4 370	614	1 826
Consumption of materials and energy	4	641	2 283	1 353	3 926
Rents and leases		27	82	487	1 412
External services	5	8 519	20 291	2 092	5 574
Remuneration	6	1 878	8 109	4 078	11 687
Social security and other benefits		355	1 232	653	1 871
Other costs by nature		195	600	251	793
Total operating costs	7, 8	13 006	36 967	9 527	27 088
Other operating revenue			243		60
Other operating costs		35	1 734	-	1
Operating profit (loss)		(6 250)	(21 860)	(6 347)	(17 327)
Financial revenue		0	323	36	47
Financial costs		1 348	3 019	109	1 162
Gross profit (loss)		(7 597)	(24 556)	(6 420)	(18 443)
Income tax		-	-	-	-
Net profit (loss) from continuing operations		(7 597)	(24 556)	(6 420)	(18 443)
Discontinued operations					
Profit (loss) from discontinued operations	0	-	-	-	-
Net profit (loss) for the period		(7 597)	(24 556)	(6 420)	(18 443)
Other net comprehensive income					
Other comprehensive income		-	-	-	-
Total comprehensive income		(7 597)	(24 556)	(6 420)	(18 443)
Earnings (loss) per share in PLN		(2,36)	(7,75)	(2,85)	(8,18)
Diluted earnings per share in PLN		(2,23)	(7,59)	(2,85)	(8,18)

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II. SEPARATE STATEMENT OF FINANCIAL SITUATION

(PLN thousand)	Note no.	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
ASSETS					
Tangible fixed assets	1	33 262	34 632	8 419	4 912
Intangible assets	2	369	384	399	473
Non-current financial assets	3	20	20	20	15
Long-term receivables from third parties		1 250	1 250	-	-
Deferred tax assets		-	-	-	-
Fixed assets		34 901	36 286	8 838	5 400
Stocks		-	-	-	-
Trade and other receivables	4	17 506	16 518	15 216	8 041
Loans granted		196	65	-	-
Other assets		1 952	1 440	1 777	1 145
Cash and cash equivalents	5	6 629	8 054	2 259	15 674
Short-term financial assets measured at fair value		-	-	-	-
Financial assets measured at amortised cost	6	3 993	12 198	4 919	-
Non-current assets classified as held for sale		-	-	-	-
Current assets		30 276	38 274	24 171	24 860
TOTAL ASSETS		65 177	74 560	33 009	30 260

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	Note (PLN thousand)	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
LIABILITIES					
Share capital	7	321	321	225	225
Supplementary capital		90 569	90 569	75 306	74 194
Other reserves		3 920	3 920	-	-
Retained earnings / Uncovered losses		(57 235)	(57 235)	(31 632)	(31 632)
Current period result		(24 556)	(16 959)	(25 603)	(18 443)
Total equity		13 020	20 617	18 297	24 344
Deferred tax liability		-	-	-	-
Provisions for employee benefits		39	39	39	42
Interest-bearing loans and borrowings		12 330	12 034	-	-
Time-based subsidies	10	45	55	74	83
Lease commitments	8	26 002	26 859	1 765	1 696
Other liabilities		-	-	-	-
Long-term liabilities		38 416	38 987	1 877	1 822
Trade payables	9	3 171	2 807	7 235	1 219
Current portion of interest-bearing loans and borrowings		-	-	-	-
Lease liabilities	8	3 027	3 233	1 096	612
Other liabilities	9	657	728	1 136	1 170
Provisions for employee benefits		579	579	579	62
Provisions for liabilities		-	-	-	-
Time-based subsidies	10	6 307	7 610	2 788	1 031
Deferred income		-	-	-	-
Short-term liabilities		13 742	14 957	12 834	4 094
Total liabilities		52 158	53 944	14 712	5 916
LIABILITIES IN TOTAL		65 177	74 560	33 009	30 260

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III. SEPARATE STATEMENT OF CASH FLOWS

	For the period 01.07.2023	For the period 01.01.2023	For the period 01.07.2022	For the period 01.01.2022
(PLN thousand)	-	-	-	-
	30.09.2023	30.09.2023	30.09.2022	30.09.2022
OPERATIONAL ACTIVITIES				
Net profit (loss)	(7 597)	(24 556)	(6 420)	(18 443)
Income tax, of which:	-	-	-	-
Current income tax	-	-	-	-
Deferred income tax	-	-	-	-
Profit (loss) before tax	(7 597)	(24 556)	(6 420)	(18 443)
Corrections	752	4 778	(4 062)	6 153
Depreciation and amortisation	1 391	4 370	614	1 826
Interest	1 000	2 548	109	286
Management options programme	-	1 302	1 112	3 301
Change in receivables	262	(2 290)	2 207	1 249
Change in liabilities, excluding loans and borrowings	293	(4 542)	(147)	1 695
Change in provisions	-	-	-	-
Change in stocks	-	-	-	-
Change in other assets	(512)	(176)	(683)	(349)
Change in grants to be settled	(1 313)	3 490	(7 241)	(2 677)
Income tax (paid) refunded	-	-	-	-
Profit (loss) from investing activities	49	261	-	811
Foreign exchange gain (loss)	(106)	4	2	55
Other corrections	(311)	(189)	(35)	(43)
Net cash flow from operating activities	(6 845)	(19 779)	(10 482)	(12 290)
INVESTMENT ACTIVITIES				
I. Inflows	-	4 931	-	25 984
Inflows from sale of property, plant and equipment and intangible assets	-	12	-	50
Inflows from sale of tangible financial assets	-	4 919	-	25 934
Inflows from the sale of units	-	-	-	-
II. Expenditure	(8 154)	4 169	352	2 681
Expenditure on tangible and intangible fixed assets	51	176	352	2 681
Expenditure on financial assets	(8 204)	3 993	-	-
Acquisition of shares in companies	-	-	-	-
Net cash flow from investing activities	8 154	763	(352)	23 303

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	For the period 01.07.2023	For the period 01.01.2023	For the period 01.07.2022	For the period 01.01.2022
(PLN thousand)	-	-	-	-
	30.09.2023	30.09.2023	30.09.2022	30.09.2022
FINANCIAL ACTIVITIES				
I. Inflows	-	30 861	-	-
Inflows from the issue of shares	-	18 861	-	-
Inflows from loans and borrowings granted	-	12 000	-	-
II. Expenditure	2 734	7 476	414	1 517
Expenditure on loans and borrowings	135	200	-	-
Interest and commission expenses	1 000	2 548	109	286
Payments of obligations under finance leases	1 599	4 728	305	1 231
Net cash flow from financing activities	(2 734)	23 385	(414)	(1 517)
TOTAL CASH FLOW	(1 425)	4 369	(11 248)	9 496
CHANGE IN CASH AND CASH EQUIVALENTS	(1 425)	4 369	(11 248)	9 496
CASH AT BEGINNING OF PERIOD	8 054	2 259	26 922	6 178
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6 629	6 629	15 674	15 674

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IV. SEPARATE STATEMENT OF CHANGES IN EQUITY

(PLN thousand)	Share capital	Supplementary capital	Reserve capital	Retained earnings / uncovered losses	Equity (total)
As on 1 July 2023	321	90 569	3 920	(74 194)	20 617
Profit (loss) for the period	-	-	-	(7 597)	(7 597)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(7 597)	(7 597)
Share issue	-	-	-	-	-
Distribution of the financial result	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-
Transactions in the form of financial instruments	-	-	-	-	-
As on 30 September 2023	321	90 569	3 920	(81 791)	13 020
As on 1 January 2023	225	75 306	-	(57 235)	18 297
Profit (loss) for the period	-	-	-	(24 556)	(24 556)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(24 556)	(24 556)
Share issue	96	17 881	-	-	17 977
Distribution of the financial result	-	-	-	-	-
Share-based payment transactions	-	1 302	-	-	1 302
Transactions in the form of financial instruments	-	(3 920)	3 920	-	-
As on 30 September 2023	321	90 569	3 920	(81 791)	13 020
As on 1 January 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 31 December 2022	225	75 306	-	(57 235)	18 297
As on 1 July 2022	225	73 082	-	(43 655)	29 652
Profit (loss) for the period	-	-	-	(6 420)	(6 420)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(6 420)	(6 420)
Share issue	-	-	-	-	-
Distribution of the financial result	-	-	-	-	-
Share-based payment transactions	-	1 112	-	-	1 112
As on 30 September 2022	225	74 194	-	(50 075)	24 344

V. BASIC INFORMATION

1. Information about the Company

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

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

Pure Biologics Inc. specialises in research and development in the area of innovative biological drugs, medical devices for therapeutic and diagnostic applications. The company also conducts contract research for pharmaceutical and biotechnology companies, particularly in the 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 1 December 2022, Pure Biologics Inc. established a wholly-owned subsidiary, Doto Medical Ltd., with its registered office in Wrocław, at: Legnicka 48E Street, 54-202 Wrocław, entered in the Register of Entrepreneurs under the KRS number 0001006044, whose registration files are kept by the District Court for Wrocław-Fabryczna in Wrocław, IX Economic Division of the National Court Register, holding the 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 nine months ended 30 September 2023.

3. Composition of the Management Board

As on 30 September 2023 and at 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.

4. Composition of the Supervisory Board

As on 30 September 2023 and at the date of approval 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.

Audit Committee

As on 30 September 2023 and at the date of this report, the Audit Committee of the Supervisory Board consists 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 meets the requirements of the Act on Statutory Auditors to have knowledge and skills in accounting or auditing, while Ms Julia Bar has knowledge of the industry in which the Company operates. In addition, Julia Bar and Mariusz Czekala are independent members within the meaning of the Act on Statutory Auditors.

5. Basis for the preparation of the financial statements

These abbreviated interim financial statements have been prepared in accordance with International Accounting Standard 34 and IFRS as 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

thereunder. 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. for a period of at least 12 months from the balance sheet date. However, the assumption that the Company will continue as a going concern for the next 12 months is subject to a number of assumptions as, at the date of publication of the interim financial statements, the Company did not have sufficient working capital to fund its operations and research activities for that period.

The following section of this note presents important issues, including uncertainties relating to the planned public issue and other sources of operational funding, which may cast significant doubt on the Company's ability to continue as a going concern over the next 12 months.

The basis for the going concern assumption adopted by the Company's Management Board is primarily the raising of funds by the Company by the end of 2023 from a new issue of shares carried out through a public offering under the Prospectus in the amount of PLN 17.5 million. Failure of the planned public issue of shares may delay, limit, suspend or prevent the Company from operating at all. These circumstances may also adversely affect the financial position, development prospects and results of the Entity and lead to a loss of liquidity. In extreme cases, lack of access to financing may lead to the suspension of operations or the declaration of bankruptcy.

In the event that the planned public issue (conducted on the basis of the prospectus) of shares ("Shares") does not materialise, in order to ensure the Company's liquidity, the Management Board of the Company will seek other sources of financing, including, inter alia, by conducting an offering of the Company's shares to one or more investors, in particular to the Company's existing shareholder, ACRX Investments Limited.

In addition to the planned proceeds from the public issue, the cash flow forecast, which was prepared by the Company's Management Board when analysing the going concern assumption for the next 12 months, also included:

- reimbursement of R&D costs already incurred in the amount of PLN 7.7 million based on applications submitted by the date of the abbreviated interim financial statements,
- refund of R&D work costs already incurred in the amount of PLN 2.6 million based on applications to be submitted by the end of 2023 ("Grant Refunds"),
- refund of excess VAT charged to the Company over VAT due to the Company for the months of the fourth quarter of 2023 in the estimated amount of PLN 4.5 million, of which, as at the date of preparation of the abbreviated interim financial statements, tax returns for PLN 4.0 million have been submitted, and for November

and December 2023 tax returns for approximately PLN 0.5 million will be submitted ("VAT Refunds");

- funds from the transfer of grant funds allocated to the Company that were not used in the 2023 financial perspective passing in 2024 ("Project Phasing") in the maximum assumed amount of PLN 10.1 million. (applications submitted on 14 November 2023),
- potential grant award under the European Funds for the Modern Economy (FENG) programme, SMART 2 competition, under which the Company applied for funding of PLN 181.8 million on 15 November 2023,
- proceeds from a future potential partnership agreement.

In addition to the material uncertainties identified above, the Management Board has also considered the following risks in assessing the going concern assumption:

Risks associated with a lack of positive financial results

Due to the nature of its business and the way it is financed, the way it recognises the costs of its own research projects according to IAS/IFRS and the relatively short period of the Company's research project activities, the Company has not generated or continues to generate positive financial results to date. This is in line with the business assumptions adopted by the Company.

In particular, due to the failure of any of its own research projects to reach the commercialisation stage, the Company did not and still does not generate revenue from the sale of the results of these projects, while incurring their costs. Revenues are only generated from the provision of services performed for third parties (commercial research), but these cover a negligible part of the Company's total costs. In the Company's opinion, this situation will continue until the Company receives at least part of the funds resulting from the conclusion of the first partnering agreement, which may take place no sooner than after the completion of in vivo studies. The persistence of the lack of positive financial results in subsequent years, in particular as a result of the failure to achieve the assumed research results of individual projects or the lack of effective commercialisation of successfully completed projects, may have a negative impact on the Company's development prospects, financial position or results. In the event of simultaneous failure to start achieving commercialisation proceeds in the assumed periods, as well as in the event of failure to successfully obtain the necessary financing, the realisation of this risk may lead to the Management Board having to file for the liquidation or bankruptcy of the Company.

Liquidity risk

Due to the nature of its business, the Company incurs significant expenses in carrying out research work. At the same time, during the period of research work, the potential invention does not generate positive cash flows, which translates in total into the Company generating negative cash flows from operations.

As a result, especially in the initial period of running the projects, the Company relies primarily on grants and own funds, including those raised from the issue of shares, as well as other sources of financing available to it which are attractive in the given market conditions (including, inter alia, debt financing provided by the Company's shareholder, ACRX Investment Limited). Possible disruptions in the settlement of grants awarded for the project(s), in particular delays in the settlement of individual tranches and – consequently – in the disbursement of funds, as well as disruptions in the collection of receivables, including public and legal receivables, may adversely affect the Company's liquidity in the short term. In the event that it is not possible to raise funds from the issue of Shares in the planned amount by the end of 2023, or funds in this amount from other sources, including Grant Refunds and VAT Refunds and Project Phasing (which will ensure the Company's operation until the end of the first half of 2024.), from January 2024. The Company will not have the funds to cover its operating or research costs and to repay its existing current liabilities, which, if the Company loses the ability to meet its maturing cash obligations, will result in the fulfilment of the statutory prerequisites to file for liquidation or bankruptcy. In assessing the likelihood of raising funds from the Shares and Project Phasing, it should be borne in mind that the Company does not have any guarantees of the receipt of funds from these titles. The Company assesses the probability of obtaining funds from Grant Refunds and VAT Refunds highly, as their procedure is known and has been repeatedly implemented by the Company with positive results. On the other hand, the Company is unable to assess the probability of obtaining funds from Project Phasing.

It should be emphasised, however, that even if funds in the maximum assumed amount of PLN 17.5 million are raised from the issue of Shares, if no additional sources of financing are obtained, it will be necessary for the Company to carry out another issue of new shares only a few months after the issue of the Shares in order to ensure sufficient funds for the Company to continue its operations – otherwise the Company may lose its ability to fulfil its mature cash obligations, which will result in the fulfilment of the statutory prerequisites to file for liquidation or bankruptcy.

In addition, in the event that an amount of less than PLN 11.0 million is raised from the issue of Shares and funds from the partnering agreement are not received by the end of the first half of 2024, the Company may not have the funds to cover its operating or research costs and to repay existing current liabilities from July 2024, which, if it loses the ability to meet its maturing cash obligations, will result in the fulfilment of the statutory prerequisites for filing a liquidation or bankruptcy petition. If the likelihood of receipt of funds from the partnership agreement by the end of the first half of 2024 is assessed as low, with the Company making this assessment at the end of the first and second quarters of 2024, the Company will consider raising funds from other sources, i.e., for example, (i) an equity offering to one or more investors, most likely industry or financial investors, or (ii) a further loan.

The prolongation of research work, studies, including pre-clinical and clinical studies, may in turn result in a significant increase in the cost of the project(s) and thus the need to

raise further rounds of funding to finance them. Failure to raise additional funds in such a situation could result in the loss of liquidity for the Company in the long term. It is the Company's intention to have a transparent information policy and to maintain good relations with investors in order to mitigate the risk of access to financing.

This risk has not been realised in the Company's history to date. The Company assesses the probability of the risk being realised and its materiality as high.

Risk of not implementing the Company's strategy

The main premise of the strategy adopted by the Company is the implementation of two research projects, i.e. PBO03g and PBO04, aimed at the discovery and commercialisation of drug candidates with high market potential for the treatment of oncological conditions. According to the adopted strategy, clinical trials of the above-mentioned projects in Phase 0 are expected to begin as early as 2023, with completion expected in the first half of 2024. In parallel, the Company has been working to conclude partnership agreements with global pharmaceutical companies since 2023. The conclusion of partnering agreements may not take place before the completion of the in vivo study phase. It may not be possible to implement the Company's strategy in this area due to (i) the inability to obtain the external financing necessary for Phase 0 clinical trials or (ii) the failure to obtain regulatory approvals to commence Phase 0 clinical trials or (iii) the lack of satisfactory results from in vivo trials. There is also a risk that it may not be possible to conclude a partnership agreement or that the commercial terms of a transaction with a potential partner may not be satisfactory to the Company.

At the same time, the Company's strategy is to optimise its business and financial model with a view to developing selected projects in the form of special purpose vehicles, in which the Company and one or more external partners will be shareholders in each case. By the date of the report, the Company had established the first such entity, Doto Medical sp. z o.o.. The purpose of the existence of Doto Medical sp. z o.o. is to develop the PB103 project, i.e. an innovative medical device for removing toxins during haemodialysis. The process of acquiring external partners for Doto Medical sp. z o.o. on the date of the report has not been completed. However, there is a risk that it will prove impossible to establish such cooperation or the commercial terms of a transaction with a potential partner may not be satisfactory to the Company.

Difficulties in implementing the Company's strategy may also result from changes in the economic policy of the Polish state in the area of subsidising innovative companies, e.g. from the biotechnology sector, or from difficulties in obtaining further financing on the capital market, as a result of which the Company will be forced to change the financing structure of its activities, which may delay, suspend or prevent the implementation of research and development projects by the Company.

If the Company encounters unforeseen or beyond its control in the course of implementing its strategy, it may fail to fully implement it, decide to change it, suspend its implementation or abandon it. Thus, there is a risk that the Company may not achieve the

benefits planned from the implementation of the strategy or may achieve them late or at a lower level than expected. However, it cannot be ruled out that if the Company fails to achieve the adopted strategic objectives, this will adversely affect the Company's financial position, development prospects and results, and investors may lose the funds invested in the Company.

Risk of not receiving revenues expected from commercialisation agreements (partnering agreements)

Once the Company has sought out an entity interested in entering into a commercialisation agreement, negotiated the business terms and concluded the agreement (the so-called partnering agreement), there is a risk of: (i) failure of the partner to comply with the terms of the agreement or (ii) further development of the project in a manner inconsistent with the assumptions – ergo failure to generate the revenues envisaged for the Company in the partnering agreement. This may translate into a reduction or postponement of, or a complete failure to make, the contractually guaranteed payments to the Company. The realisation of the risk may therefore have a negative impact on the Company's growth prospects, financial position or results.

This risk has not been realised in the Company's history to date. The Company assesses the probability of the risk being realised as medium. The Company assesses the materiality of the risk as high in terms of the further development of the project in a manner that is not in line with the objectives and low in terms of the credibility of the entities entering into the partnership agreements.

Risk of having to repay in part or in full any public funding granted and paid, including the risk of termination of funding agreements

The Company obtains grant funds in the form of advance payments, which it is then obliged to settle in accordance with the application and the grant agreement. One of the important requirements to be met by the Company – as part of the implementation of projects – is to make an own contribution calculated on the value of eligible costs. Irrespective of the own contribution calculated on the value of the eligible costs, the Company itself bears the entirety of the non-eligible costs of the projects. In the event of a failure to raise capital from the Company's share issue, there is a risk that the Company will have to apply to an intermediary institution for permission to change the way in which the Company finances its own contribution. The possibility cannot be ruled out that this will result in a negative decision and, consequently, in the termination of co-financing agreements with the necessity to return the funds obtained as co-financing, including interest. There is also a risk that the costs incurred by the Company on research projects will be questioned by the intermediary institution and the final amount of co-financing will be reduced, and the financier will refuse to reimburse the Company for the costs incurred or demand repayment of the advance payment made, together with interest. The Company assesses the probability of the risk being realised as medium and the materiality of the risk as high.

Risk of limiting the ability to obtain new public funding

There is also a risk associated with the financing of operations from public funds that it may not be possible to obtain financing for further projects, which applies both to funds from national funds (especially within the scope of the current perspective of NCBR, ABM and Polish Agency for Enterprise Development) lasting from 2022) and the European Union. Restriction may occur due to (i) changes in the conditions for granting such funding or (ii) reduction of amounts allocated for such funding, (iii) identification of irregularities in the implementation of agreements concluded earlier, (iv) assessment of the Issuer's applications for funding at a level lower than the minimum required to obtain funding, (v) increase in competition from other entities applying for such funding or (vi) other unforeseeable at the date of the report.

In the event that the Company decides to apply for public aid for subsequent key projects, the Company cannot exclude the risk of failing to obtain new funding due to failure to meet formal requirements or negative opinions of experts assessing the merits and innovation value of a given project. Regardless of the reasons, failure to obtain the planned further grants may result in the need for greater equity capital, which could have a material adverse effect on the Company's operations.

Risk of limiting the availability of committed but unpaid public funding

In order to retain the rights to disburse successive tranches of awarded public funding, the Company is required to meet and maintain, during the periods indicated in the agreements, a number of formal requirements and strict criteria set out in the application procedure. Consequently, there is a risk that the costs incurred by the Company on research projects or the manner in which they are accounted for will be questioned by the funding provider, and thus the amount of funding to be disbursed will be reduced.

In addition, there are operational risks associated with public funding of activities, such as:

- the mismatch between the intermediate or final settlement date of the public funding and the completion dates of the various stages of the research project, due to the project duration being longer than planned, both because of the extension of the various research activities and because of the unavailability of free research and analytical capacity of external entities with the authority and intellectual and technical potential to carry out the processes expected by the Company;
- exceeding, in the projects covered by the research, the settlement limit of the current financial perspective, which ends in 2023 for NCBR grants and at the end of 2026 for ABM grants.

Depending on the financing model, this could translate into (i) the non-payment of further advances for planned costs or (ii) the non-payment of funding for outlays pre-financed by the Company from its own resources (refinancing, potentially future contracts). The occurrence of either of the above situations would expose the Company to the need to

raise funds to cover future costs that were planned to be covered – at least in part – by public aid, and could therefore have a negative impact on the Company's development prospects, financial position or results.

The abbreviated interim financial statements present the financial position and statement of changes in equity of the Company as on 30 September 2023, 31 December 2022 and 30 September 2022, and the results of its operations and cash flows for the 3 months and 9 months ended 30 September 2023 and 30 September 2022. The interim financial result may not fully reflect the realisable financial result for the financial year.

The abbreviated interim 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 and presentation currency

The functional and presentation currency of the financial statements is the Polish zloty ("PLN"). Data is presented in thousands of Polish zloty ("PLN"), unless otherwise stated in specific situations.

Exchange rate adopted for valuation	As on 30.09.2023	As on 30.09.2022
[EUR/PLN]	4,6356	4,8698
[USD/PLN]	4,3697	4,9533
[GBP/PLN]	5,3464	5,5560

Average exchange rates during the period	For the period 01.01.2023 – 30.09.2023	For the period 01.01.2022 – 30.09.2022
[EUR/PLN]	4,5773	4,7787
[USD/PLN]	4,2337	4,7753
[GBP/PLN]	5,2644	5,5707

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 at

<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.

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

1. Revenue from commercial services

The material structure of revenue from continuing operations in the third quarter of 2022 and the comparable period was as follows:

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
Revenue from the sale of services, of which:				
domestic sales	56	83	262	629
export sales	-	-	44	255
Revenue from other sales, of which:				
domestic sales	56	83	218	374
export sales	-	3	1	10
domestic sales	-	3	1	10
export sales	-	-	-	-
Total revenue	56	86	263	639

2. Grant revenue

Grant revenue recognised by the Company

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
PB001 MutliBody	(33)	546	171	680
PB002 AptaPheresis	3	47	207	640
PB003 PureActivator	2 328	6 056	1 206	3 414
PB003G (ABM)	455	1 240	-	-
PB004 PureBIKE	3 443	7 190	797	2 622
PB004 PureBIKE (ABM)	532	1 360	-	-
PB005 Apta-MG	3	28	476	1 476
PB006 AptaMLN	3	10	3	10
PB008 MAGBRRIS	-	-	-	96
PB013 Altercar	-	19	17	55
PB014 DualDrug	-	18	40	71
Other	-	-	-	-
Total grant revenue	6 735	16 512	2 917	9 063

The Company mainly has cost subsidies, i.e. for ongoing research work.

3. Depreciation and amortisation

Depreciation and amortisation during the reporting period was as follows:

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
Depreciation and amortisation of tangible fixed assets	1 375	4 301	517	1 533
own	273	816	139	315
used under rental, lease or hire purchase contracts	1 102	3 485	378	1 218
Depreciation and amortisation of intangible assets	15	69	97	292
own	11	40	85	255
used under rental, lease or hire purchase contracts	4	29	13	38
Total depreciation and amortisation	1 391	4 370	614	1 826

4. Consumption of materials and energy

Consumption of materials and energy during the reporting period was as follows:

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
Reagents	431	1 580	999	2 718
Laboratory supplies	84	310	228	686
Small laboratory supplies and equipment	7	37	84	365
Other materials and energy	119	356	43	157
Total consumption of materials and energy	641	2 283	1 353	3 926

5. Third-party services

The operating costs incurred by the Company during the reporting period were as follows:

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
Analysis, pre-clinical and phase 0 services	7 041	14 276	211	257
Expert consultancy services (B2B)	771	2 621	774	1 726
IT services	259	1 016	291	983
Audit, legal, advisory and notary services	292	1 768	296	1 321
Other services (telecommunications, marketing, cleaning and waste disposal, transport, repairs and renovations, banking)	157	611	519	1 286
Total external services	8 519	20 291	2 092	5 574

6. Employee benefits costs

Employee benefit costs incurred by the Company during the reporting period were as follows:

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
Short-term employee benefits	1 878	6 518	2 965	8 386
Post-employment benefits	-	-	-	-
Other long-term employee benefits	-	-	-	-
Termination benefits	-	289	-	-
Share-based payments	-	1 302	1 112	3 301
Other employee benefits	355	1 232	653	1 871
Total employee benefits costs	2 233	9 342	4 731	13 558

7. Operating costs

The operating costs incurred by the Company during the reporting period were as follows:

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
General administration and selling expenses	1 814	8 708	2 176	10 010
Cost of sales	14	19	47	165
Costs of R&D projects	11 177	28 239	7 304	16 913
Costs of completed projects	-	-	-	-
Total operating costs	13 006	36 967	9 527	27 088

8. R&D project costs

Costs incurred on R&D projects during the reporting period were as follows.

	For the period 01.07.2023 – 30.09.2023	For the period 01.01.2023 – 30.09.2023	For the period 01.07.2022 – 30.09.2022	For the period 01.01.2022 – 30.09.2022
PB001 MutliBody	227	1 215	428	1 147
PB002 AptaPheresis	(6)	308	571	1 427
PB003 PureActivator	3 695	10 100	2 652	5 580
PB003G (ABM)	601	1 709	-	-
PB004 PureBIKE	5 743	11 781	2 260	5 431
PB004 PureBIKE (ABM)	705	1 862	-	-
PB005 Apta-MG	(4)	279	957	2 347
PB006 AptaMLN	-	-	73	242
PB007 MARA	-	-	-	-
PB008 MAGBBRIS	-	-	-	-
PB010 PureSelect2	-	-	-	-
PB013 Altercar	52	222	33	79
PB014 DualDrug	(4)	22	65	106
Other	-	-	-	-
Total costs of subsidised projects	11 009	27 498	7 039	16 359
Unsubsidised projects	168	741	264	554
Total costs of R&D projects	11 177	28 239	7 304	16 913

VII. NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. Tangible assets

Specification of tangible assets.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Land and buildings	26 651	27 434	95	-
Machinery and equipment	4 521	5 003	6 132	4 523
Means of transport	353	409	308	350
Other	1 736	1 786	1 884	39
Total	33 262	34 632	8 419	4 912

Ownership structure of tangible assets.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Own	5 085	5 353	5 773	2 868
Used under a rental, lease or hire agreement IFRS 16	28 177	29 278	2 646	2 044
Total	33 262	34 632	8 419	4 912

2. Intangible assets

Specification of intangible assets.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Costs of completed development work	86	95	114	182
Patents and licences	269	273	266	270
Other	14	16	19	21
Total	369	384	399	473

Ownership structure of intangible assets.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Own	369	380	370	431
Used under a rental, lease or hire agreement IFRS 16	-	4	29	42
Total	369	384	399	473

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There were no significant acquisitions or sales of intangible assets during the reporting period.

3. Long-term financial assets

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Long-term financial assets measured at fair value, of which:				
- shares in Doto Medical Ltd.	5	5	5	-
- shares in ProAnimali Ltd.	15	15	15	15
Total	20	20	20	15

4. Trade and other receivables

The structure of trade and other receivables on 30 September 2023 was as follows.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Trade receivables	271	362	151	1 854
of which from affiliated companies	-	-	-	-
Receivables from grants	10 157	9 811	8 945	5 246
Budgetary receivables (including VAT to be recovered on acquired assets)	3 782	3 054	1 501	910
Other receivables from third parties	3 295	3 290	4 619	32
of which from affiliated companies	-	-	-	-
Total receivables (net)	17 506	16 518	15 216	8 041
Write-downs of receivables	-	-	-	-
Gross receivables	17 506	16 518	15 216	8 041

During the period covered by this report, the Company did not write down any receivables. As on 30.09.2023, the Company had receivables only in the Polish currency.

5. Cash and cash equivalents

Structure of cash and cash equivalents at the end of the period covered by the abbreviated interim financial statements.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Cash in hand	-	-	-	-
Cash in bank accounts	6 629	8 054	2 259	3 864
Deposits	-	-	-	11 810
Total	6 629	8 054	2 259	15 674

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Cash and cash equivalents by currency.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
PLN	6 459	8 054	1 922	14 262
EUR	170	-	30	589
USD	-	-	9	-
GBP	-	-	298	824
Total	6 629	8 054	2 259	15 674

The Company had no restricted cash during the period covered by the abbreviated interim financial statements.

6. Financial assets measured at amortised cost

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Bonds	2 993	998	998	-
Deposits	1 000	11 200	3 921	-
Total	3 993	12 198	4 919	-

7. Equity

The number of shares at the date of these interim condensed financial statements was as follows.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
A series	185 400	185 400	185 400	185 400
B1 series	296 500	296 500	296 500	296 500
B2 series	544 100	544 100	544 100	544 100
C series	146 410	146 410	146 410	146 410
D series	481 590	481 590	481 590	481 590
E series	600 000	600 000	600 000	600 000
G series	450 000	450 000	-	-
H series	510 000	510 000	-	-
Total	3 214 000	3 214 000	2 254 000	2 254 000
Nominal share price (PLN)	0,10	0,10	0,10	0,10
Value of share capital (PLN 000)	321	321	225	225

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The shareholding structure (number of shares) at the balance sheet date and the date of these interim condensed financial statements was as follows.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
TFI Allianz Polska S.A.	320 798	320 798	302 298	302 298
Filip Jeleń	276 117	276 117	-	257 817
Augebit FIZ	189 720	189 720	189 720	153 220
Other	2 427 365	2 427 365	1 761 982	1 540 665
Total	3 214 000	3 214 000	2 254 000	2 254 000

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

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
TFI Allianz Polska S.A.	9,98%	9,98%	13,41%	13,41%
Filip Jeleń	8,59%	8,59%	0,00%	11,44%
Augebit FIZ	5,90%	5,90%	8,42%	6,80%
Other	75,53%	75,53%	78,17%	68,35%
Total	100,00%	100,00%	100,00%	100,00%

There were no dividends paid or proposed to be paid during the period covered by the abbreviated interim financial statements.

8. Lease liabilities

Specification of lease liabilities at the date of these abbreviated interim financial statements.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Long-term	26 002	26 859	1 765	1 696
Short-term	3 027	3 233	1 096	612
Total	29 030	30 092	2 861	2 308

9. Trade and other payables

Specification of trade and other payables at the date of these abbreviated interim financial statements.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Trade payables	3 171	2 807	7 235	1 219
Public law liabilities, of which	248	229	384	445
personal income tax	77	63	74	104
social security	155	155	296	327
State Fund for the Rehabilitation of the Disabled	16	8	13	14
Employee Capital Plans	-	2	-	-
Payroll liabilities	393	482	745	721
Other liabilities	16	17	6	4
Total:	3 828	3 534	8 370	2 389

10. Grants

Specification of grants at the date of these abbreviated interim financial statements.

	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Long-term, of which	45	55	74	83
subsidies for development work	45	55	74	83
advances for research and development				
Short-term, of which	6 307	7 610	2 788	1 031
subsidies for development work	-	-	-	-
advances for research and development	6 307	7 610	2 788	1 031
Total	6 352	7 665	2 862	1 114

Balance of research and development advances by project in progress as at the date of these abbreviated interim financial statements.

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	As on 30.09.2023	As on 30.06.2023	As on 31.12.2022	As on 30.09.2022
Long-term	45	55	74	83
PBO12 PureApta - Development work completed	45	55	74	83
Short-term	6 307	7 610	2 788	1 031
PBO01 MutliBody	-	1 303	2 000	113
PBO02 AptaPheresis	-	-	703	659
PBO03 PureActivator	-	-	-	(40)
PBO03G (ABM)	528	528	-	-
PBO04 PureBIKE	-	-	-	220
PBO04 PureBIKE (ABM)	5 779	5 779	-	-
PBO05 Apta-MG	-	-	31	145
PBO06 AptaMLN	-	-	-	(1)
PBO13 Altecar	-	-	54	(68)
PBO14 Dualdrug	-	-	-	2
Other	-	-	-	-
Total	6 352	7 665	2 862	1 114

VIII. OTHER EXPLANATORY NOTES

1. Bank credits and loans taken out

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.

2. Contingent assets and liabilities

As on 30 September 2023, there were no contingent assets. The Company issues registered blank promissory notes issued for each grant agreement (for each project). This is required by the regulations for publicly co-financed projects.

As security for the proper performance of the obligations under the contract, the management of the unit 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.

Bills of exchange are used as collateral for concluded leases of 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 in favour of the Company as well as ACRX, in the situation of non-performance or improper performance of a given Party's obligations under the Agreement, in an amount depending on the type of breached obligation of the Parties in the range from PLN 500 thousand to PLN 6,000 thousand.

3. Seasonality

There is no seasonality in the business area in which the Company operates.

4. Discontinued operations

There were no discontinued operations in the period covered by the interim condensed financial statements.

5. Significant litigation

During the period covered by the condensed interim financial statements and as at the date of preparation of these financial statements, there were no material litigation cases pending against the Company that could have or have had in the past a significant impact on the financial position and results of operations.

6. Events after the balance sheet date

There were no material post-balance sheet events up to the date of the abbreviated interim financial statements.

7. Approval of financial information

These abbreviated interim financial statements were approved for publication by the Company's Board of Directors on 15 November 2023.

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

Brygida Rusinek
Person responsible for drawing up the
interim condensed financial statements

Wrocław, November 15, 2023