ABRIDGED INTERIM FINANCIAL STATEMENTS

as at and for the period ended 30 June 2024

prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, in particular IAS 34

Gdańsk, 26 September 2024

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I. Selected financial data

Item	6 months ended 30 June 2024 PLN ‘000	6 months ended 30 June 2023 PLN ‘000	6 months ended 30 June 2024 EUR ‘000	6 months ended 30 June 2023 EUR ‘000
Net sales	-	-	-	-
Gross profit (loss) from sales	(2,101)	(3,222)	(487)	(699)
Profit (loss) before tax	(1,775)	(3,194)	(412)	(692)
Net profit (loss)	(1,884)	(3,194)	(437)	(692)
Projected net cash flow from operating activities	(2,934)	(1,821)	(681)	(395)
Net cash flow from investing activities	2,752	(148)	638	(32)
Net cash flow from financing activities	(145)	27,599	(34)	5,983
Total net cash flow	(327)	25,630	(76)	5,556
Weighted average number of shares	1,409,669	1,174,702	1,409,669	1,174,702
Profit (loss) per ordinary share (PLN / EUR)	(1.34)	(2.72)	(0.31)	(0.59)

Item	30 June 2024 PLN ‘000	31 December 2023 PLN ‘000	30 June 2024 EUR ‘000	31 December 2023 EUR ‘000
Total assets/liabilities	28,509	29,598	6,610	6,807
Fixed assets	5,588	3,036	1,296	698
Current assets	22,921	26,562	5,314	6,109
Equity	25,859	27,743	5,996	6,381
Liabilities and provisions for liabilities	2,650	1,855	615	427
Non-current liabilities	1,362	315	316	72
Current liabilities	1,288	1,540	299	354
Weighted average number of shares	1,409,669	1,293,057	1,409,669	1,293,057
Book value per share (in PLN /EUR)	18.34	21.46	4.25	4.93

The following exchange rates are used for converting selected financial data into EUR:

- assets and equity and liabilities as at 30 June 2024 at the exchange rate of EUR 1 = EUR 4.3130 (National Bank of Poland average exchange rate),
- assets and equity and liabilities as at 31 December 2023 at the exchange rate of EUR 1 = EUR 4.3480 (National Bank of Poland average exchange rate),
- items in the profit and loss and other comprehensive income account, cash flow statement for the period from 01 January 2024 to 30 June 2024 at the exchange rate of EUR 1 = PLN 4.3109*,
- items in the profit and loss and other comprehensive income account, cash flow statement for the period from 01 January 2023 to 30 June 2023 at the exchange rate of EUR 1 = PLN 4.6130*,

*The exchange rates are the arithmetic averages of the current average exchange rates announced by the National Bank of Poland on the last day of each month from January to June 2024 and 2023 respectively.

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

II. Profit or loss and other comprehensive income account

Item	Note	6 months ended 30 June 2024	6 months ended 30 June 2023
Continuing operations			
Sales revenue	-	-	-
Other revenue	3	1,014	4
Consumption of materials and energy	4	(225)	(143)
Employee benefit costs	4	(1,490)	(1,298)
Third-party services	4	(880)	(1,390)
Amortisation/depreciation	4	(335)	(328)
Other costs	4	(184)	(67)
Operating profit (loss)		**(2,101)**	**(3,222)**
Financial revenue	5	690	73
Financial costs	5	(364)	(45)
Profit (loss) before tax		**(1,775)**	**(3,194)**
Income tax	6	109	-
Net profit (loss) from continuing operations		**(1,884)**	**(3,194)**
Discontinued operations			
Net profit (loss) from discontinued operations		**-**	**-**
Net profit (loss)		**(1,884)**	**(3,194)**
Other comprehensive income			-
Total comprehensive income		**(1,884)**	**(3,194)**

Earnings (loss) per share

Item	Note	6 months ended 30 June 2024	6 months ended 30 June 2023
Basic earnings (basic loss) per share from continuing operations in PLN		(1.34)	(2.72)
Basic earnings (basic loss) per share from discontinued operations in PLN		-	-
Earnings (loss) per ordinary share	7	(1.34)	**(2.72)**
Diluted earnings (diluted loss) per share from continuing operations in PLN		(1.34)	(2.72)
Diluted earnings (diluted loss) per share from discontinued operations in PLN		-	-
Diluted earnings (loss) per ordinary share	7	(1.34)	**(2.72)**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

III. Statement of financial position

Item	Note	30 June 2024	31 December 2023
Intangible assets	8	2,837	49
Property, plant and equipment	9	2,716	2,893
Other receivables	10	32	20
Deferred tax assets	6	3	74
Total fixed assets		**5,588**	**3,036**
Inventory	-	-	162
Trade and other receivables	10	3,942	1,703
Income tax receivables	-	-	-
Cash and cash equivalents	11	812	1,139
Financial assets measured at amortised cost	12	18,167	23,511
Current assets excluding fixed assets held for sale		**22,921**	**26,515**
Fixed assets classified as held for sale		-	47
Total current assets		**22,921**	**26,562**
Total assets		**28,509**	**29,598**

Item	Note	30 June 2024	31 December 2023
Share capital	13	141	141
Share premium account	13	25,729	34,175
Other reserves	13	1,873	1,873
Retained earnings, including	13	(1,884)	(8,446)
- current period result		(1,884)	*(5,586)*
Total equity		**25,859**	**27,743**
Lease liabilities	14	296	312
Deferred tax liability	6	34	3
Subsidies settled over time	16	1,032	-
Total non-current liabilities		**1,362**	**315**
Lease liabilities	14	394	315
Trade and other liabilities	15	673	530
Income tax liabilities	-	-	144
Provisions for employee benefits	17	196	74
Provisions for liabilities	17	25	477
Current liabilities excluding liabilities included in groups held for sale		**1,288**	**1,540**
Liabilities included in groups held for sale		-	-
Total current liabilities		**1,288**	**1,540**
Total liabilities		**2,650**	**1,855**
Total equity and liabilities		**28,509**	**29,598**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

IV. Statement of changes in equity

Item	Share capital	Share premium account	Other capital	Retained earnings	Total equity
Equity as at 01 January 2024	**141**	**34,175**	**1,873**	**(8,446)**	**27,743**
Changes in accounting policies	-	-	-	-	-
Adjustment due to a fundamental error	-	-	-	-	-
Adjusted equity	**141**	**34,175**	**1,873**	**(8,446)**	**27,743**
Share issue	-	-	-	-	-
Settlement of share issue costs	-	**-**	**-**	**-**	-
Coverage of previous years' losses	-	(8,446)	-	8,446	-
Net profit/total income, including	**-**	**-**	**-**	**(1,884)**	**(1,884)**
- Net profit/loss	-	-	-	(1,884)	(1,884)
- Other comprehensive income	-	-	-	-	-
Changes in equity		**(8,446)**	**-**	**6,562**	**(1,884)**
Equity as at 30 June 2024	**141**	**25,729**	**1,873**	**(1,884)**	**25,859**

Item	Share capital	Share premium account	Other capital	Retained earnings	Total equity
Equity as at 01 January 2023	**114**	**10,553**	**1,873**	**(6,919)**	**5,621**
Changes in accounting policies	-	-	-	-	-
Adjustment due to a fundamental error	-	-	-	-	-
Adjusted equity	**114**	**10,553**	**1,873**	**(6,919)**	**5,621**
Share issue	27	29,606	-	-	29,633
Settlement of share issue costs	-	(1,925)	-	-	(1,925)
Coverage of previous years' losses	-	(4,060)	-	4,060	-
Net profit/total income, including	**-**	**-**	**-**	**(3,194)**	**(3,194)**
- Net profit/loss	-	-	-	(3,194)	(3,194)
- Other comprehensive income	-	-	-	-	-
Changes in equity	27	23,621	-	**866**	24,514
Equity as at 30 June 2023	**141**	**34,175**	**1,873**	**(6,053)**	**30,135**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

V. Cash flow statement

Item	6 months ended 30 June 2024	6 months ended 30 June 2023
Cash flow from operating activities		
Profit (loss) before tax	**(1,775)**	**(3,194)**
Adjustments	**(1,010)**	**1,373**
Amortisation and write-downs of intangible assets	335	328
Interest revenue	(41)	-
Interest costs	263	42
Change in inventory	162	(8)
Change in receivables	(2,532)	787
Change in liabilities	69	217
Change in subsidies settled over time	1,032	-
Change in provisions	(298)	7
Projected cash flow from operating activities	**(2,785)**	(1,821)
Income tax paid	149	**-**
Net cash from operating activities	**(2,934)**	**(1,821)**
Cash flow from investing activities		
Expenditure on the acquisition of property, plant and equipment and intangible assets	(228)	(148)
Expenditure on development work in progress	(2,535)	-
Proceeds from the disposal of property, plant and equipment and intangible assets	9	-
Bond payments	5,506	-
Net cash from investing activities	**2,752**	**(148)**
Cash flow from financing activities		
Net proceeds from share issue	-	27,708
Repayment of lease liabilities	(113)	(67)
Interest paid	(32)	(42)
Net cash from financing activities	**(145)**	**27,599**
Increase (decrease) in cash and cash equivalents before effect of exchange rate change	**(327)**	**25,630**
Effects of changes in foreign exchange rates that affect cash and cash equivalents	-	-
Increase (decrease) in cash and cash equivalents	**(327)**	**25,630**
Opening balance of cash and cash equivalents	1,139	3,434
Closing balance of cash and cash equivalents	**812**	**29,064**

VI. Selected explanatory information

Note 1. General information

In its current legal form, as a joint stock company, URTESTE S.A. (hereinafter referred to as the "Company" or "Entity") was entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register, on 2 March 2021. The company has KRS number 886944.

The company was established following the conversion of Urteste spółka z o.o. into a joint stock company. The conversion was effected under Resolution No. 3 of the Extraordinary Meeting of Shareholders of Urteste sp. z o.
o.
based in Gdańsk 16 February 2021.

The Entity is based in Gdańsk (80-137) at ul. Starodworska 1.

The entity has been assigned NIP (Tax ID) 5833355988 and REGON (Business ID) 383394663.

The Entity operates in accordance with the Polish Commercial Companies Code and the Company's Articles of Association.

The Company's shares are listed on a regulated market operated by the Stock Exchange.

The Company's core business is research in the field of biotechnology.

Urteste is specialised in the development of innovative technology to detect cancer at early stages. The Urteste motto is: Early cancer detection saves lives. The company's ground-breaking technology helps detect cancers by measuring the activity of the enzymes in urine. The technology could be used to detect a number of cancers with a single urine sample. At present, the Company is in the process of developing tests to detect a dozen of the most common cancers: pancreatic, prostate, kidney, colorectal, liver, bile tract, stomach, lung, oesophageal, ovarian, endometrial, blood, lymphoid tissue, breast and nervous system cancers. The company's team consists of managers who have extensive experience in managing medical companies and scientists specialising in the field of proteolytic enzymes and peptide chemistry.

As at 30 June 2024, the Entity's Management Board comprised the following members:

- Mr Grzegorz Stefański – President of the Management Board,
- Mr Tomasz Kostuch – Member of the Management Board.

As at 30 June 2024, the Company's Supervisory Board comprised the following members:

- Jarosław Biliński – Chairman of the Supervisory Board;
- Magdalena Wysocka – Member of the Supervisory Board;
- Sławomir Kościak – Member of the Supervisory Board;
- Maciej Matusiak – Member of the Supervisory Board;
- Grzegorz Basak – Member of the Supervisory Board.

As at 30 June 2024, the Company's Audit Committee comprised the following members:

- Maciej Matusiak – Chairman of the Audit Committee;
- Sławomir Kościak – Member of the Audit Committee;
- Magdalena Wysocka – Member of the Audit Committee.

There were no changes to the composition of the Company's Management Board, Supervisory Board or Audit Committee between 30 June 2024 and the date of publication of these abridged interim financial statements.

Note 2. Information on the principles followed to prepare the abridged interim financial statements

Below you can find the major accounting policies followed to prepare the abridged interim financial statements ("financial statements").

Note 2.1. Basis of preparation

The abridged interim financial statements as at and for the period of six months ended 30 June 2024 have been drawn up in accordance with the IFRS, including in particular IAS 34 "Interim Financial Reporting".

The IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These abridged interim financial statements have been drawn up on the historical cost basis. The abridged interim financial statements, except for the cash flow statement, have been drawn up on an accrual basis.

Note 2.2. Periods covered by the abridged interim financial statements

The abridged interim financial statements have been drawn up as at and for the period of six months ended 30 June 2024.

For the data shown in the statement of financial position and off-balance sheet items, comparable financial data as at 31 December 2023 are shown.

Comparable financial data for the six months ended 30 June 2023 are presented for the data presented in the profit or loss and other comprehensive income account, the cash flow statement and the statement of changes in equity.

These abridged interim financial statements have been audited.

Note 2.3. Going concern

The abridged interim financial statements have been drawn up assuming 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 and at least 12 months from the date of these financial statements being approved.

As at the date of the abridged interim financial statements being approved, the Company's Management Board did not identify any circumstances indicating a threat to the Company's going concern.

The duration of the Company is indefinite.

The Management Board believes that the Company manages its financial resources in an optimal manner. In H1 2024, Urteste serviced all liabilities on an ongoing basis. The costs of ongoing research and development will have the most significant impact on the Company's operations in the coming years.

On 28 December 2023, the Company concluded an agreement with the Polish Agency for Enterprise Development ("PARP") for the implementation and co-financing of the project named "PANURI test – an enzyme-based, highly effective and low-cost IVD test for the early-stage diagnosis of pancreatic cancer and international protection of industrial property rights of inventions in the form of enzyme-based IVD tests for the identification of other cancers". The total value of the Project is PLN 68,110k, and the awarded PARP co-financing is PLN 38,255k. The period of Project implementation and expenditure eligibility started on 10 May 2023. The maximum implementation period of the Project ends on 31 December 2029.

On 29 December 2023, the Company concluded an agreement with the National Centre for Research and Development ("NCBR") for the implementation and co-financing of the project named "Diagnostic test for the early stage detection of pancreatic cancer" The total value of the Project is PLN 55 983 k, and the awarded NCBR co-financing is PLN 11,374 k. The period of Project implementation and expenditure eligibility commenced on 01 May 2023 and will end on 31 July 2028.

In the opinion of the Management Board, the proceeds from the issue of series E shares totalling PLN 29,633 and the guarantee of reimbursement of funds allocated for research from subsidies from European Union funds to support R&D projects will enable the Company to cover its financial needs until mid-2026. Liquidity is at a safe level and, as at the date of publication of the statements, the Company does not identify any significant risks that could change this situation.

In Notes 30 and 31, the Company’s Management Board refers to the assessment of how the COVID epidemic and the conflict in Ukraine affect the Company’s operations.

Note 2.4. Functional currency and currency of the abridged interim financial statements

The Company’s functional currency and the currency used in these abridged interim financial statements is the Polish zloty, and all amounts are expressed in thousands of Polish zloty (PLN), unless otherwise indicated.

Any differences in PLN ‘000 in the totalling of items presented in the Notes are due to rounding. Amounts are rounded up or down to the nearest thousand Polish zloty (PLN) without a decimal point. Rounding is done in such a way that decimals with an amount exceeding PLN 500 are rounded up and decimals with an amount below PLN 500 are rounded down.

The exchange rates used to value items of assets and liabilities are shown in the table below.

Item	30 June 2024	31 December 2023
[EUR/PLN]	4.3130	4.3480

Note 2.5. Accounting policies and calculation methods

The Company has followed the accounting policies consistently for all reporting periods presented. In these abridged interim financial statements, the significant accounting policies used by the Entity and the significant values based on judgements and estimates are the same as those described in the individual notes to the 2023 annual financial statements.

In H1 2024, the entity commenced to capitalise development expenditures in progress and to recognise subsidies for assets. Below you can find a description of the accounting policies relating to these areas.

Development work

Selected accounting principles

Expenditure incurred in the course of development is recognised as an intangible asset, depending on whether the criteria for capitalisation have been satisfied.

Expenditure can be recognised and classified as development work on the following conditions:

a. an intangible asset can be technically completed so that it is either usable or can be held for sale,
b. a realistic possibility exists for an intangible asset to generate probable future economic benefits,
c. the ability to use or sell an intangible asset exists,
d. technical, financial and other measures are in place and expenditure can be reliably determined,
e. there is a method of implementation and applicability given the existence of a product market.

When expenditure on development work satisfies the aforementioned conditions, the expenditure incurred is capitalised and recognised in the statement of financial position.

According to IAS 38 “Intangible Assets”, the cost of an asset comprises all expenditure that is directly attributable to the activities of creating, producing and adapting the asset for use in the manner intended by management.

This expenditure includes, in particular, the following:

a. expenditure on materials and services used or consumed in the generation of an intangible asset,
b. employee benefit costs arising directly from the generation of an intangible asset,
c. fees the registration of a legal title,
d. amortisation of patents and licences used in the production of an intangible asset.

Under paragraph 49 of IAS 16 "Property, Plant and Equipment", the cost of production of an intangible asset also includes the depreciation of property, plant and equipment relating to the production of an intangible asset recognised in accordance with IAS 38 "Intangible Assets".

Expenditure on development work in progress constitutes an intangible asset that is not yet available for use. Under paragraph 97 of IAS 38 "Intangible Assets," expenditure on development work in progress is not amortised because amortisation begins when an asset is ready for use, i.e. when the asset is in the location and condition that will enable it to be used in the manner intended by management.

Subsidies settled over time

<u>Selected accounting principles</u>

Subsidies for assets are shown in the statement of financial position under the heading "Subsidies settled over time".
Subsidies represent state aid, which takes the form of a transfer of funds to an economic entity in return for the entity fulfilling, in the past or in the future, certain conditions relating to its activities.
Where the principal condition for receiving a subsidy is for the Company to purchase or produce a tangible asset or an intangible asset, it is shown in the statement of financial position as a subsidy settled over time, i.e. the amount received, until the tangible or intangible asset financed by the subsidy is taken into use. Accrued amounts for subsidies settled over time, as the agreements concern the reimbursement of expenses incurred are recognised as other receivables (receivables from subsidies).

Upon acceptance of a tangible asset or intangible asset, the Company will proportionately recognise revenue from subsidies to keep it proportionate to depreciation and amortisation expense.

When preparing the abridged interim financial statements in line with the IFRS required, the Management Board was required to make professional judgements and estimates and assumptions that affect the figures presented. The estimates and the underlying assumptions are based on historical experience, and such other factors as are considered reasonable in the circumstances, and the results form the basis of professional judgement as to the book value of assets and liabilities not directly derived from other sources.

The Management Board may rely on the opinions of independent experts in making judgements, estimates or assumptions
on significant issues. The judgements, estimates and associated assumptions are subject to ongoing review.

Note 2.6. Amendments to standards or interpretations

When drawing up the abridged interim financial statements as at and for the period ended 30 June 2024, the entity follows the same accounting policies as for the annual financial statements for 2023, with the exception of amendments to standards and new standards and interpretations approved by the European Union, which are effective for reporting periods beginning on or after 1 January 2024:

- Amendments to:
  - Amendments to IFRS 16 "Leases – Lease Liability in a Sale and Leaseback," approved by the EU, effective for annual periods beginning 1 January 2024 or thereafter,
  - Amendments to IAS 1 "Presentation of Financial Statements"
    - Classification of liabilities as current and non-current;
    - Classification of liabilities as current and non-current – deferred effective date;
    - Non-current liabilities with payables.

    approved in the EU, effective for annual periods beginning 1 January 2024 or thereafter,
  - Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures: supplier financing arrangements," approved in the EU, applicable to annual periods beginning on 1 January 2024 or thereafter,

the IFRS/IAS as approved by the EU do not currently differ in any material way from the regulations issued by the International Accounting Standards Board (IASB), except for the following new standards, amendments to standards and a new interpretation that, as at the date of publication of the financial statements, have not yet been approved for application in the EU (the effective dates below refer to the full version of the standards):

- IFRS 19 "Subsidiaries without Public Accountability: Disclosures", not approved in the EU, applicable to annual periods beginning on 1 January 2027 or thereafter,
- IFRS 18 "Presentation and Disclosure in Financial Statements", not approved in the EU, applicable to annual periods beginning on 1 January 2027 or thereafter,
- Amendments to IFRS 21 "The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability", not approved in the EU, applicable to annual periods beginning on 1 January 2025 or thereafter,
- Amendments to IFRS 9 and IFRS 7 "Financial Instruments: Amendments to the Classification and Measurement of Financial Instrument," not approved by the EU, applicable to annual periods beginning on or after 1 January 2026,
- Annual amendments to the International Financial Reporting Standards (version 11), not approved by the EU, applicable to annual periods beginning on or after 1 January 2026.

The Company's Management Board is currently reviewing the aforementioned amendments and assessing how they will affect the separate financial statements, but the impact is not expected to be material.

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 3. Other revenue

Note 3.1. Specification of other revenue

Item	01 January 2024 - 30 June 2024	01 January 2023- 30 June 2023
Subsidies	1,003	-
Profit on the disposal of property, plant and equipment and intangible assets	9	-
Other	2	4
Total	**1,014**	**4**

In H1 2024, the main part of other revenue was revenue from subsidies.

Note 3.2. Specification of revenue from subsidies

Item	01 January 2024 - 30 June 2024	01 January 2023- 30 June 2023
Subsidy FENG.01.01-IP.02-1170/23 ("PARP")	540	-
Subsidy FENG.02.09-IP.01-0003/23-00 ("NCBIR")	463	-
Total	**1,003**	-

On 28 December 2023, the Company concluded an agreement with the Polish Agency for Enterprise Development ("PARP") for the implementation and co-financing of the project named "PANURI test – an enzyme-based, highly effective and low-cost IVD test for the early-stage diagnosis of pancreatic cancer and international protection of industrial property rights of inventions in the form of enzyme-based IVD tests for the identification of other cancers". The total value of the Project is PLN 68,110k, and the awarded PARP co-financing is PLN 38,255k. The period of Project implementation and expenditure eligibility period commenced on 10 May 2023. The maximum implementation period of the Project ends on 31 December 2029.

On 29 December 2023, the Company concluded an agreement with the National Centre for Research and Development ("NCBR") for the implementation and co-financing of the project named "Diagnostic test for the early stage detection of pancreatic cancer" The total value of the Project is PLN 55 983 k, and the awarded NCBR co-financing is PLN 11,374 k. The period of Project implementation and expenditure eligibility commenced on 01 May 2023 and will end on 31 July 2028.

Note 4. Operating costs

Note 4.1. Costs by type and by function

Item	01 January 2024 - 30 June 2024	01 January 2023 - 30 June 2023
Amortisation/depreciation	335	328
Consumption of materials and energy	225	143
Third-party services	880	1,390
Taxes and charges	57	1
Salaries and wages	1,311	1,170
Social security and other benefits	179	128
Other costs	123	66
Total	**3,110**	**3,226**
General administration costs	1,159	999
Cost of sales	-	-
Costs of research projects	1,951	2,227
Total	**3,110**	**3,226**

The most significant item of operating expenses in H1 2024 was the cost of third-party services and wages and salaries, a characteristic feature of the Company's research activities.

The share of third-party services and wages and salaries in H1 2024 in the total costs was 28.3% and 42.2% respectively.

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

The table below provides a breakdown of the most significant third-party service items incurred by the Company in H1 2024 and 2023:

Item	01 January 2024 - 30 June 2024	01 January 2023 - 30 June 2023
Research and research work	337	205
Advisory and consultancy services	105	585
Legal and patent services	91	310
Accounting services and research	104	70
Preparation of application documents and grants	51	23
Other	192	197
Total	**880**	**1,390**

The decline in the value of third-party services in H1 2024 as compared to H1 2023 is attributable to the Company's decision to move the PANURI project from the research stage to the development stage. As a result, the PANURI project expenses are not shown as operating expenses and are capitalised to intangible assets. Development costs are described in greater detail in Note 8.3.

Note 4.2. Research work costs

The table below summarises the costs of research in H1 2024 and 2023

Item	01 January 2024 - 30 June 2024	01 January 2023 - 30 June 2023
PANURI project	1,951	1,199
MULTI-CANCER project	-	1,028
Total	**1,951**	2,227

PANURI project

The project seeks to develop a medical device for in vitro use. The product developed in the project will be used in the diagnosis of pancreatic cancer. Pancreatic cancer tends to show symptoms only at late stages, with very rapid progression. When the cancer is detected at an early stage, the patient's survival rate can increase by up to six times.

MULTI-CANCER project

The project seeks to develop a medical device for in vitro use. The medical device developed in the course of the project will be a test for the simultaneous diagnosis of a dozen or so types of cancer, primarily identified as part of the completed FINDER project, excluding pancreatic cancer (the test is being developed as part of the PANURI project). Nevertheless, the Company does not rule out the possibility of a pancreatic cancer test being incorporated into a medical device resulting from the MULTI-CANCER project in the future. Making use of its know-how, the Company has plans to establish a platform for the development of further tests, after PANURI, to detect different types of cancer. The MULTI-CANCER project includes prototypes of twelve diagnostic tests for the detection of brain, prostate, liver, lung, kidney, colorectal, endometrial, breast, bile duct, stomach, oesophageal and ovarian cancers.

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 5. Financial revenue and expenses

Note 5.1. Specification of financial revenue and expenses

Item	01 January 2024-30 June 2024	01 January 2023-30 June 2023
Interest, including:	690	73
- interest on deposits	7	73
- interest on bonds	683	-
Total financial revenue	**690**	**73**
Interest, including:	362	42
- interest on leases	32	42
- interest on bonds	329	-
- other interest	1	1
Other, including	2	3
- excess exchange rate losses	2	3
Total financial costs	**364**	**45**
Result on financing activities	**326**	**28**

Note 6. Income tax

Note 6.1. Tax expense reported in the profit and loss and other comprehensive income account

Item	01 January 2024-30 June 2024	01 January 2023-30 June 2023
Current tax, including	5	-
- current tax on income from capital gains	5	-
- current tax on other income	-	-
Deferred tax, including:	104	-
- deferred tax on income from capital gains	104	-
- deferred tax on other income	-	-
Total	**109**	**-**

Note 6.2. Deferred tax

During the period under review, the Company did not recognise a deferred tax asset for tax losses.

Item	30 June 2024	31 December 2023
Deferred tax assets including:	**3**	**74**
1. Assets on income from capital gains, including:	-	72
- valuation of bonds as at the balance sheet date	-	72
2. Assets on other income, including:	3	2
- tax losses	3	2
Deferred tax liability:	**34**	**3**
1. Provision on income from capital gains, including:	32	3
- valuation of bonds as at the balance sheet date	32	-
2. Provision on other income	2	-
Difference	**(31)**	**71**
Write-down	-	-
Reported value	**(31)**	**71**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 6.3. Tax losses that can be settled in future years

Item	Value
2019 tax loss	361
2020 tax loss	1,216
2021 tax loss	2,777
2022 tax loss	3,826
2023 tax loss	5,348
Total	**13,528**

As at 30 June 2024, the Company had tax losses that could be settled in future years amounting to a total of PLN 13,528k.

Note 7. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares issued during the year.

Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares issued during the year plus the weighted average number of ordinary shares that would have been issued had all the dilutive potential ordinary shares been converted into ordinary shares.

Below you can find the profit and share figures used for calculating basic and diluted earnings per share:

Earnings per share

Item	01 January 2024 - 30 June 2024	01 January 2023 - 30 June 2023
Average number of ordinary shares during the period	1,409,669	1,174,702
Net profit	(1,884)	(3,194)
Earnings per share in PLN	**(1.34)**	**(2.72)**

Diluted earnings per share

Item	01 January 2024 - 30 June 2024	01 January 2023 - 30 June 2023
Average number of ordinary shares during the period	1,409,669	1,174,702
Adjustment		
- Subscription warrants (pcs.)	-	-
Adjusted average number of ordinary shares during the period	1,409,669	1,174,702
Net profit	(1,884)	(3,194)
Diluted earnings per share in PLN	**(1.34)**	**(2.72)**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 8. Intangible assets

Note 8.1. Specification of intangible assets

Item	30 June 2024	31 December 2023
Expenditure on development work in progress	2,762	-
Software	19	49
Industrial property rights	56	-
Total	**2,837**	**49**

All intangible assets are the Company's property, none are used under a lease, rental or any other agreement, including a lease agreement. The Company did not establish security on intangible assets.
As at 30 June 2024, the Entity had no agreements in place requiring it to purchase intangible assets. In the period from 1 January 2024 to 30 June 2024 and during 2023, the Company did not recognise any impairment losses on intangible assets.

The main item of intangible assets is development work in progress. These expenditures are described in greater detail in note 8.3.

Note 8.2. Changes in intangible assets

Note 8.2.1. Changes in intangible assets in H1 2024

Item	Development work in progress	Values of industrial property rights	Software	Total
Gross value as at 01 January 2024	**-**	**-**	**118**	**118**
- Acquisitions/production	2,762	60	-	2,822
- Sales	-	-	-	-
Gross value at 30 June 2024	**2,762**	**60**	**118**	**2,940**
Amortisation and write-downs as at 1 January 2024	**-**	**-**	**69**	**69**
- Amortisation allowance for the period	-	4	30	34
- Write-down	-	-	-	-
- Sales	-	-	-	-
Amortisation and write-downs as at 30 June 2024	**-**	**4**	**99**	**103**
Net value at 01 January 2024	**-**	**-**	**49**	**49**
Net value at 30 June 2024.	**2,762**	**56**	**19**	**2,837**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 8.2.2. Changes in intangible assets for 2023

Item	Development work in progress	Values of industrial property rights	Software	Total
Gross value as at 01 January 2023	**-**	**-**	118	118
- Acquisitions/production	-	-	-	-
- Sales	-	-	-	-
Gross value as at 30 June 2023	**-**	**-**	**118**	**118**
Depreciation and write-downs as at 01 January 2023.	**-**	**-**	9	9
- Amortisation allowance for the period	-	-	60	59
- Write-down	-	-	-	-
- Sales	-	-	-	-
Depreciation and write-downs as at 30 June 2023.	-	-	69	69
Net value as at 1 January 2023.	**-**	**-**	109	109
Net value as at 30 June 2023.	**-**	**-**	**49**	**49**

Note 8.3. Development work in progress

Note 8.3.1. Specification of expenditure on development work in progress

Item	30 June 2024	31 December 2023
Amortisation/depreciation	227	-
Materials	367	-
Third-party services	904	-
Employee benefits	1,154	-
Other costs	110	-
Impairment losses	-	-
Total	**2,762**	**-**

As at 30 June 2024, the Company disclosed expenditure on development work in progress in the amount of PLN 2,762k related to development work in progress associated with the development of the PANURI test. The project aims to develop an innovative *in vitro* diagnostic test for early-stage pancreatic cancer detection. The IVD PANURI medical device detects markers of enzymatic proteolytic activity characteristic of pancreatic cancer in a urine sample.

The project's innovation, i.e. a low-cost, freely available test for the early-stage diagnosis of pancreatic cancer, offers the potential to create a new market – screening for the disease in high-risk groups at the pre-invasive (pre-symptomatic) stage.

In Q1 2024, the Company's Management Board reviewed the rationale for capitalising expenditure as development work in accordance with IAS 38 "Intangible Assets". The capitalisation of expenditures started as at 1 April 2024. The Company's Management Board believes that the advancement of the work in progress and the technical possibility of completing the project so that the resulting asset is usable or sellable enables the capitalisation of the expenditure incurred.

Note 9. Property, plant and equipment

Note 9.1. Specification of property, plant and equipment

Item	30 June 2024	31 December 2023

Land and buildings	894	925
Means of transport	132	205
Technical equipment and machinery	31	38
Other tangible assets	1,659	1,724
Tangible assets under construction	-	-
Total	**2,716**	**2,892**

No commitments existed for the purchase of property, plant and equipment in late June 2024.

Note 9.1.1. Changes in property, plant and equipment for the six months ended 30 June 2024

Item	Land and buildings	Means of transport	Technical equipment and machinery	Other	Total
Gross value as at 01 January 2024	**1,528**	**436**	**61**	**1,957**	**3,981**
- Acquisitions	-	-	-	168	**168**
- IFRS 16 Leases	177	-	-	-	**177**
- Sales	-	-	-	-	**-**
Gross value at 30 June 2024	**1,704**	**436**	**61**	**2,125**	**4,326**
Amortisation and write-downs as at 1 January 2024	603	231	22	233	**1,089**
- Depreciation allowance	208	73	7	241	**529**
- Write-down	-	-	-	-	**-**
- Sales	-	-	-	(8)	**(8)**
Amortisation and write-downs as at 30 June 2024	**811**	**304**	**30**	**466**	**1,610**
Net value at 01 January 2024	**927**	**205**	**38**	**1,724**	**2,893**
Net value as at 30 June 2024.	**894**	**132**	**31**	**1,659**	**2,716**

Note 9.1.2. Changes in property, plant and equipment for 2023

Item	Land and buildings	Means of transport	Technical equipment and machinery	Other	Total
Gross value as at 01 January 2023	1,485	272	38	690	2,485
- Acquisitions	138	-	23	1,431	**1,592**
- IFRS 16 Leases	-	165	-	-	**165**
- Sales	(95)	-	-	(165)	**(260)**
Gross value as at 31 December 2023	**1,528**	**436**	**61**	**1,957**	**3,981**
Amortisation and write-downs as at 1 January 2023	256	113	9	130	**507**
- Depreciation allowance	364	118	14	221	**717**
- Write-down	-	-	-	-	**-**
- Sales	(18)	-	-	(117)	**(135)**
Depreciation and write-downs as at 31 December 2023	**603**	**231**	**22**	**233**	**1,089**
Net value as at 01 January 2023	1,229	158	29	561	**1,978**
Net value as at 31 December 2023	**926**	**205**	**38**	**1,724**	**2,893**

Note 9.2. Permanent impairment

At the current stage of its operations, the Company is a single operating unit with a focus on research work. Biotechnology companies are characterised by the deferral of the manufacturing process of a future potential medical device from the research process for that device, including clinical trials. The life cycle of a research project is considerably longer compared to that of a manufacturing company, which has an impact on the period of time between the establishment and evaluation of a project and its final marketing, which usually takes many years, which is why the Management Board considers the entire Company to be a single cash-generating unit.

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

As at the balance sheet date, the Company's Management Board reviewed the premises set out in IAS 36.12; as a result, it did not find it necessary to make any write-downs of fixed assets.

Below you can find the details of the external premises under consideration:

- there was no impairment of the market value of an asset substantially exceeding that which could be expected as a result of the passage of time and the normal use of the individual tangible assets,
- there were no, as far as we know, in the near future will be no significant and adverse changes of a technological, market, economic or legal nature which could indicate an impairment of tangible assets held as at the balance sheet date,
- the Company would not estimate the value in use in determining the recoverable amount at the current stage of its operations, hence no discount rate analysis was appropriate,
- the Company's market capitalisation exceeded the carrying amount of its net assets (the Entity was considered as a single cash-generating unit),

and the details of the internal premises:

- in our analysis of tangible assets as at the balance sheet date, we identified no impairment or physical damage to the tangible assets,
- given the nature of the biotechnology business, we consider the Company's financial performance to be typical of the Company's current stage of development and not likely to be worse than expected in the near future.

Note 9.3. Leases

Note 9.3.1. Company as a lessee

Item	Carrying amount of right of use as at 30 June 2024	Amortisation of the right of use in the period from 01 January 2024 to 30 June 2024
Buildings and structures	426	93
Means of transport	264	73
Total	**690**	**166**

Lease agreements in progress include 3 lease agreements for means of transport and 2 lease agreements for premises. The first lease agreement concerns the rental of premises for a research laboratory. For the purposes of MSSF 16, the expected period of use of the premises was set to be the term of the agreement, i.e. 59 months. The second lease agreement is for office premises; the agreement is for a term of 2 years, and the duration of use of the premises is also defined as a period of 24 months.

Lease agreements for means of transport have been made for three years, at the end of which the Company has the right to acquire ownership of the leased asset. Lease instalments bear a variable interest rate calculated based on WIBOR 1M. The repayment of lease instalments is secured by the leased object.

Note 9.3.2. Company as lessor

The Company did not act as a lessor during the period covered by the abridged interim financial statements.

Note 9.4. Commitments for the purchase of property, plant and equipment

As at 30 June 2024, the Company had made no commitments to purchase property, plant and equipment.

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 10. Trade and other receivables

Note 10.1. Structure of trade and other receivables

Item	30 June 2024	31 December 2023
Trade receivables	-	-
Public-law receivables	616	313
Receivables from subsidies	3,294	1,259
Other receivables	35	101
Accruals and prepayments	29	50
Total receivables (net)	**3,974**	**1,723**
Write-off of receivables	-	-
Gross receivables	**3,974**	**1,723**
- non-current	30	20
- current	3,944	1,703

Public receivables in H1 2024 and in 2023 comprised VAT receivables. The Entity generates excess input VAT over output VAT because of the lack of sales revenue and hence output VAT.

The value of receivables from subsidies comprises co-financing for costs and co-financing for development work in progress for two subsidies received by the company. The subsidies are described in greater detail in Note 3.2.

As at 30 June 2024, receivables from subsidies amount to PLN 3,294k, including the following:
- the amount of PLN 2 068 000 concerns the PANURI subsidy (FENG.01.01-IP.02-1170/23).
- the amount of PLN 1 226 000 concerns the SoE subsidy (FENG.02.09-IP.01-0003/23-00)

The Company did not write down any receivables in H1 2024 and 2023.

Note 10.2. Trade and other receivables by maturity

Item	30 June 2024	31 December 2023
Overdue	**3,973**	**1,719**
Overdue, including:	**1**	**4**
0- 30 days	-	-
30 - 90 days	-	1
90 - 180 days	1	1
180-360 days	-	2
over 360 days	-	-
Total	**3,974**	**1,723**

Note 10.3. Currency structure of trade and other receivables

Item	30 June 2024	31 December 2023
PLN	3,974	1,723
Foreign currency	-	-
Total	**3,974**	**1,723**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 11. Cash and cash equivalents

Note 11.1. Structure of cash and cash equivalents

Item	30 June 2024	31 December 2023
Cash at bank	812	1,319
Deposits and savings accounts	-	-
Total	**812**	**1,319**

Cash and cash equivalents comprised only cash held in bank accounts. During the period covered by the financial statements, the Company did not hold any restricted cash.

Note 11.2. Cash and cash equivalents by currency

Item	30 June 2024	31 December 2023
PLN	812	1,131
EUR	-	8
Total	**812**	**1,139**

The Company has invested the proceeds from the issue of series E shares in Treasury bonds and BGK bonds guaranteed by the Treasury. The Company classifies the bonds purchased as financial assets measured at amortised cost. The bonds are described in greater detail in Note 12.

Note 12. Financial assets measured at amortised cost

Note 12.1. Structure of financial assets measured at amortised cost at 30 June 2024

Item	Number (pieces)	Carrying amount	Fair value
BGK bonds secured by the State Treasury	4,193	5,078	4,743
BGK bonds secured by the State Treasury	8,899	10,069	10,066
BGK bonds secured by the State Treasury	2,669	3,020	3,019
Total	**15,761**	**18,167**	**17,827**

Note 12.2. Structure of financial assets measured at amortised cost as at 31 December 2023

Item	Number (pieces)	Carrying amount	Fair value
BGK bonds secured by the State Treasury	14,751	14,754	14,475
BGK bonds secured by the State Treasury	4,917	4,859	4,825
Treasury bonds	3,915	3,898	3,824
Total	**23,583**	**23,511**	**23,124**

The Company, under its agreement with NWAI Dom Maklerski S.A., purchased and sold financial instruments such as State Treasury bonds and BGK bonds guaranteed by the State Treasury in the period covered by the abridged interim financial statements.

Note 13. Equity

Note 13.1. Basic information on share capital

As at 30 June 2024, the Company's share capital amounted to PLN 140,966.90 and was divided into 1,409,669 ordinary bearer shares with a nominal value of PLN 0.10 each, including:

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

- 1,000,000 series A ordinary bearer shares,
- 24,588 series B ordinary bearer shares,
- 95,200 series C ordinary bearer shares,
- 20,492 series D ordinary bearer shares,
- 269,389 series D ordinary bearer shares.

Shares of all series were fully paid up.

Note 13.2. Shareholding structure as at 30 June 2024

Item	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
Lesner Adam	241,808	17.15%	241,808	17.15%
Gruba Natalia	209,018	14.83%	209,018	14.83%
TWITI INVESTMENTS LIMITED	204,918	14.54%	204,918	14.54%
Stefański Grzegorz	185,993	13.19%	185,993	13.19%
Kostuch Tomasz	184,422	13.08%	184,422	13.08%
Allianz TFI	122,933	8.72%	122,933	8.72%
Other Shareholders	260,577	18.49%	260,577	18.49%
Total	**1,409,669**	**100%**	**1,409,669**	**100%**

Note 13.3. Shareholding structure as at 31 December 2023

Item	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
Lesner Adam	241,808	17.15%	241,808	17.15%
Gruba Natalia	209,018	14.83%	209,018	14.83%
TWITI INVESTMENTS LIMITED	204,918	14.54%	204,918	14.54%
Stefański Grzegorz	185,993	13.19%	185,993	13.19%
Kostuch Tomasz	184,422	13.08%	184,422	13.08%
Allianz TFI	122,933	8.72%	122,933	8.72%
Other	260,577	18.49%	260,577	18.49%
Total	**1,409,669**	**100%**	**1,409,669**	**100%**

Note 13.4. Share premium account

Item	30 June 2024	31 December 2023
Opening balance of share premium account	**34,175**	**10,553**
- share premium	-	27,682
- coverage of previous years' losses	(8,446)	(4,060)
Closing balance of share premium account	**25,729**	**34,175**

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Note 13.5. Other reserves

Item	30 June 2024	31 December 2023
Opening balance of other capital	**1,873**	**1,873**
Unregistered share capital	-	-
Valuation of the incentive scheme	-	-
Registration of share capital	-	-
Closing balance of other capital	**1873**	**1873**

Note 13.6. Retained earnings

Item	30 June 2024	31 December 2023
Opening balance of retained earnings (losses)	**(8,446)**	**(6,919)**
Net profit (loss) of the current period	(1,884)	(5,586)
Loss coverage from supplementary capital	8,446	4,060
Closing balance of retained earnings (losses)	**(1,884)**	**(8,446)**

Note 13.7. Dividends paid and proposed to be paid

During the period covered by the financial statements, there were no dividends paid or proposed to be paid because of net losses incurred by the Company.

Note 14. Lease liabilities

Note 14.1. Specification of lease obligations

Item	30 June 2024	31 December 2023
Leases		
- non-current	296	315
- current	394	312
Total	**690**	**627**

All lease obligations are denominated in the Polish currency.

Note 14.2. Lease liabilities by maturity

Item	Repayment period				current	non-current	Total
	up to 1 year	over 1 to 3 years	over 3 to 5 years	over 5 years			
As at 30 June 2024	394	296	-	-	394	296	**690**
As at 31 December 2023	312	315	-	-	312	315	**627**

Note 14.3. Lease fees payable over the period

As at 30 June 2024

Item	Fees for lease agreements payable over the period:				Total
	up to 1 year	over 1 to 3 years	over 3 to 5 years	over 5 years	
Lease payments	428	313	-	-	741
Financial costs (-)	(35)	(16)	-	-	(51)
Current value	394	296	-	-	690

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

As at 31 December 2023

Item	Fees for lease agreements payable over the period:				Total
	up to 1 year	over 1 to 3 years	over 3 to 5 years	over 5 years	
Lease payments	**359**	**339**	**-**	**-**	**697**
Financial costs (-)	(47)	(23)	-	-	(70)
Current value	**312**	**315**	**-**	**-**	**627**

Note 15. Trade and other liabilities

Note 15.1. Specification of trade and other liabilities

Item	30 June 2024	31 December 2023
Trade liabilities	502	371
Public law liabilities, including	148	128
- personal income tax	35	36
- social security	109	92
- employee capital plans	3	-
Payroll liabilities	22	31
Other liabilities	1	-
Total	**673**	**530**

Note 15.2. Age structure of trade and other liabilities

Item	30 June 2024	31 December 2023
Overdue	**568**	**406**
Overdue, including:	**105**	**124**
0- 90 days	98	123
91 - 180 days	7	-
181 - 360 days	-	1
over 360 days	-	-
Total	**673**	**530**

Note 15.3. Currency structure of trade and other liabilities

Item	30 June 2024	31 December 2023
PLN	670	530
EUR	3	-
Total	**673**	**530**

Note 16. Subsidies settled over time

Note 16.1. Specification of subsidies settled over time

Item	30 June 2024	31 December 2023
Long-term asset subsidies, including:		
- PANURI subsidy (FENG.01.01-IP.02-1170/23)	777	-
- SoE subsidy (FENG.02.09-IP.01-0003/23-00)	255	-

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

Total	**1,032**	**-**

As at 30 June 2024, the Company has two co-financing agreements signed, agreement no. FENG.01.01-IP.02-1170/23 and agreement no. FENG.02.09-IP.01-0003/23-00. Both agreements relate to co-financing for the PANURI project, i.e. a project to develop an innovative *in vitro* diagnostic test for early-stage pancreatic cancer detection.

As decided by the Company's Management Board, as at 1 April 2024, the Entity started the development phase of the PANURI project. As at this date, the expenditure related to the direct development of the PANURI project is capitalised to "Intangible assets" as development work in progress. The amount of the percentage co-financing for expenditure for development work in progress from the subsidies listed above is included in non-current liabilities as subsidies settled over time until the intangible asset is taken into use and in other receivables (receivables from subsidies).

Note 17. Provisions

Note 17.1. Specification of provisions

Item	31 December 2023	31 December 2023
Provision for unused holidays	196	74
Provisions for liabilities	25	477
Total	**221**	**551**

Provisions as at the end of H1 2024 and at the end of 2023 comprised provisions made for holidays not taken by the Company's staff and provisions for future trade liabilities.

Note 18. Financial instruments

Note 18.1. Classification of financial instruments

Item	Category IFRS 9	Carrying amount 30 June 2024	Carrying amount 31 December 2023	Fair value 30 June 2024	Fair value 31 December 2023
Financial assets		**22,953**	**26,373**	**22,613**	**25,986**
Trade and other receivables	Financial assets measured at amortised cost	3,974	1,723	3,974	1,723
Cash and cash equivalents	Financial assets measured at amortised cost	812	1,139	812	1,139
Treasury bonds and BGK bonds guaranteed by the State Treasury	Financial assets measured at amortised cost	18,167	23,511	17,827	23,124
Financial liabilities		**1,363**	**1,301**	**1,363**	**1,301**
Lease commitments	Financial liabilities	690	627	690	627

as at and for the period ended 30 June 2024 (in PLN '000, unless stated otherwise)

	measured at amortised cost				
Income tax liabilities	Financial liabilities measured at amortised cost	-	144	-	144
Trade and other liabilities	Financial liabilities measured at amortised cost	673	530	673	530

Abbreviations used:

FAMAC *- Financial assets measured at amortised cost*

FLMAC *- Financial liabilities measured at amortised cost*

Other than the treasury bonds that the Company held as at 30 June 2024 and 31 December 2023, the fair value of the financial instruments did not differ to a material extent from the value shown in the financial statements for the respective years for the following reasons:

- with respect to short-term instruments, the discount effect, if any, is immaterial,
- these instruments concern arm's length transactions.

Treasury bonds classified by the Company as financial assets measured at amortised cost are described in greater detail in Note 12.

Note 19. Capital risk management

Since the Company's establishment, the primary sources of funding have been contributions from the founders and external investors, i.e. equity capital. The Company's further development will require further financial expenditure related to the subsequent stages of research work and the product marketing process. A risk thus exists that if the funds obtained from the issue of new shares and any amounts of subsidies or grant(s) prove to be insufficient to complete the research work for the result to be marketed, the Company will have no access to sources of funding for its activities. This is particularly probable if any individual phases of research work are prolonged beyond the scheduled timeframe, or if the price of labour, materials or services increases in excess of the values assumed in the project budgets.

The proceeds from the series E share issue carried out in 2023 and the guarantee of obtaining grant funds from EU funds supporting R&D projects make it possible to further develop ongoing research projects. The Company's future revenue depends on the marketing of the research projects.

The proceeds from the issue of series E shares and the signed EU co-financing agreements are described in greater detail in Note 20.1 Liquidity risk.

Note 20. Financial risk management

The Company is exposed to the following risks:

- liquidity risk,
- market risk including currency risk and interest rate risk.

As there were no sales during the period covered by the financial statements, there was no credit risk related to receivables.

Setting the criterion and principles for risk management is the responsibility of the Company’s Management Board.

The most important consideration in the risk management process is the hedging of short-term and medium-term cash flow.

Note 20.1. Liquidity risk

At the current stage of its operations, the Company’s main expenditure is on research work. So far, the implementation of research programmes has been enabled by funding from shareholders through new share issues. In the course of research work, the solutions developed for preparing new medication and medical devices do not generate sales revenue, but their potential value for marketing grows as the research work progresses.

Irrespective of the Company’s financial needs anticipated in the research project budgets due to the difficult-to-predict work results, the risk of incurring additional costs for follow-up research and the continued development of ongoing projects may require additional financial outlays.

In 2023, the Company generated proceeds from the issue of series E shares totalling PLN 29,633k.

On 28 December 2023, the Company concluded an agreement with the Polish Agency for Enterprise Development (“PARP”) for the implementation and co-financing of the project named “PANURI test – an enzyme-based, highly effective and low-cost IVD test for the early-stage diagnosis of pancreatic cancer and international protection of industrial property rights of inventions in the form of enzyme-based IVD tests for the identification of other cancers”. The total value of the Project is PLN 68,110k, and the awarded PARP co-financing is PLN 38,255k. The period of Project implementation and expenditure eligibility period commenced on 10 May 2023. The maximum implementation period of the Project ends on 31 December 2029.

On 29 December 2023, the Company concluded an agreement with the National Centre for Research and Development (“NCBR”) for the implementation and co-financing of the project named “Diagnostic test for the early stage detection of pancreatic cancer” The total value of the Project is PLN 55 983 k, and the awarded NCBR co-financing is PLN 11,374 k. The period of Project implementation and expenditure eligibility commenced on 01 May 2023 and will end on 31 July 2028.

In the opinion of the Management Board, the funds raised from the issue of series E shares and the guarantee of reimbursement of funds allocated for research from grants from European Union funds to support R&D projects will enable the Company to cover its financial needs until mid-2026.

Liquidity is at a safe level and, as at the date of publication of the statements, the Company does not identify any significant risks that could change this situation.

Note 20.2. Currency risk

Almost all transactions at the Company are executed in PLN. The Entity’s exposure to currency risk is due to foreign transactions relating to the purchase of laboratory materials, specialised external services denominated in EUR and USD. Unfavourable exchange rate changes may cause the Company to incur higher financial expenses. Since the value of purchased services, materials in H1 2024 did not exceed PLN 200 000, the impact of currency risk on the financial results and financial position is minimal.

In H1 2024, the Company acquired specialised laboratory equipment from a Polish contractor in a transaction totalling PLN 98k. The transaction was settled in euro. The Company entered into such a transaction incidentally.

Note 20.3. Interest rate risk

As part of financial liabilities, the Company shows only liabilities arising from leases of means of transport and rights to premises in accordance with IFRS 16. Only three lease agreements for means of transport, in respect of which the current value of the lease payments depends on WIBOR 1M, are exposed to interest rate risk. Credit risk due to changes in interest rates on the cost of leases has a minor impact on the Entity’s financial position.

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The following table summarises the sensitivity of the gross financial result to reasonably possible changes in interest rates, under the assumption that other factors remain constant (in connection with variable rate liabilities).

Item	Value exposed to risk	Impact on the gross financial result tax with a decrease by a percentage point	Impact on the gross financial result tax with an increase by a percentage point
As at 30 June 2024			
Financial lease	264	3	(3)

Note 21. Contingent assets and liabilities

Note 21.1. Contingent assets

In the period covered by the abridged interim financial statements, there were no contingent assets.

Note 21.2. Contingent liabilities

As at 30 June 2024 and as at the date of these abridged statements, the Company has not provided any sureties or guarantees as security for third-party agreements, except for two blank promissory notes issued for the benefit of the following:

1) the Polish Agency for Enterprise Development as a performance bond for the Company's obligations under the co-financing agreement FENG.01.01-IP.02-1170/23 named "PANURI test – an enzyme-based, highly effective and low-cost IVD test for the early-stage diagnosis of pancreatic cancer and international protection of industrial property rights of inventions in the form of enzyme-based IVD tests for the identification of other cancers". The promissory note secures the repayment by the Company of the entire co-financing received in the amount of PLN 38,255k plus interest.

2) the National Centre for Research and Development as a performance bond for the Company's obligations under co-financing agreement FENG.02.09-IP.01-003/23-00 named "Diagnostic test for the early stage detection of pancreatic cancer." The promissory note secures the repayment by the Company of the entire co-financing received in the amount of PLN 11,374k plus interest.

The Management Board believes that the securities described above are commonly used for this type of grant agreement.

Note 22. Share-based payments

Incentive programme for 2022-2026

An incentive scheme was introduced in the Company on 29 June 2022, and it will be implemented between 2022 and 2026. The Incentive Scheme is open to members of the Company's Management Board and key employees and associates of the Company who hold a position, perform work, perform a contract, perform services or provide a work. In order for an Eligible Person to participate in the Incentive Scheme, the Company's Management Board and, for members of the Company's Management Board, the Supervisory Board shall adopt a resolution designating the person eligible for participation in the scheme. The Company will offer the subscription of up to 80,000 warrants free of charge under the Incentive Scheme.

The conditions for the exercise of the right to take up the Warrants will be as follows:

- obtaining a certificate of conformity issued by a notified body for a medical device covering a pancreatic cancer diagnostic test (in vitro) on which the Company is working as part of the PANURI project ("Objective I"), and

- the Company’s entering into an agreement with a third party whereby the third party undertakes to do the following:
  - incur expenditure on one of the projects currently being carried out by the Company; or
  - incur expenditure on one of the projects to be carried out in the future by the Company; or

    incur expenditure on a number of projects currently being carried out or to be carried out in the future by the Company; or
  - acquire the rights to the medical device or patents granted to the Company from the Company (by concluding an agreement transferring the rights or granting a licence by the Company to a third party); or
  - entering into an agreement to finance the Company (e.g. in the form of a loan or credit agreement) or to take up shares.

  The minimum threshold for expenses incurred by a third party or funds received by the Company through one of the agreements in question will be as follows:
  - at least EUR 50 million (fifty million) where the agreement is signed before obtaining the certificate of conformity issued by the notified body for the medical device covering a pancreatic cancer diagnostic test (in vitro) on which the Company is working under the PANURI project
  - at least EUR 100 million (one hundred million) where the agreement is signed after obtaining the certificate of conformity issued by the notified body for the medical device covering a pancreatic cancer diagnostic test (in vitro) on which the Company is working under the PANURI project (“Objective II”)
- meeting the loyalty criterion, defined as holding a position or having a legal relationship with the Company that regulates the Participant's employment or cooperation with the Company during the period from the date of the participation agreement, at least until the date of the Supervisory Board’s resolution determining whether or not the objectives have been achieved. The Incentive Scheme provides that when Objective I or Objective II is achieved, each Participant will be offered a maximum of 50% of the Warrants allocated to that Participant; in the event of Objective I and Objective II being met consecutively or cumulatively, each Participant will be offered 100% of the Warrants.

As at 30 June 2024, it was not necessary to recognise the impact of the above incentive scheme in the financial statements.

Note 23. Nature and amounts of items that have an effect on assets, liabilities, equity, net income or cash flow that are unusual due to their nature, size or incidence

There were no unusual items in the period covered by the abridged interim financial statements due to their type, size or frequency.

Note 24. Nature and amounts of changes in estimated amounts that were presented in previous interim periods of the current financial year or changes in estimated amounts that were presented in previous financial years;

The Company changed the estimated value of the leased premises for the research laboratory and updated the value of the provision for unused holidays during the period covered by the abridged interim financial statements.

The gross value of the leased premises shown under fixed assets was increased by PLN 41,000, the lease liability was increased by PLN 40,000 and the difference of PLN 1,000 was recognised under finance revenue. The assessed value of the leased premises was updated as a result of a significant change in rental instalments related to rent indexation.

The provision for unused holidays was increased by PLN 122k, due to an increase in the number of staff employed under employment contracts.

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Note 25. Issuance, redemption and repayment of debt and equity securities

During the period from 1 January to 30 June 2024, the Company did not incur, issue, redeem or repay any debt or equity securities.

Note 26. Seasonality of operations

There is no seasonality in the Entity's operations.

Note 27. Discontinued operations

In the period covered by the abridged interim financial statements, there were no discontinued operations.

Note 28. Employment structure

Specification	30 June 2024	31 December 2023
Employees	25	18
Associates – contract of mandate	48	46
Associates – B2B	3	2
Total	**76**	**66**

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Note 29. Material litigation

There is no material litigation pending against or on behalf of the Company as at the date of these financial statements that could have or had in the past a significant effect on the financial position and operating results of the Entity, save for a liability not recognised by the Company of PLN 893 k net, PLN 1,099 k gross.

The claim in question was issued in respect of an alleged liability on the part of the Entity for INNOVATREE Sp. z o.o., a company based in Gdynia, as a commission-based remuneration (successes free) for the approval of two co-financing applications submitted by the Entity without any involvement of INNOVATREE Sp. z o.o. both at the stage of drafting those applications and at the stage of submission and assessment.

The Management Board determines the risk of being obliged to pay the amount described above as low.

Note 30. COVID-19

Should another wave of the COVID-19 pandemic emerge in Europe, the individual research projects led by the Entity may be delayed. The reason for this is that in that case the priority of the health service will be to provide care to COVID-19 patients, and work on any other matters, including work undertaken by the Entity together with oncology departments in hospitals, may be reduced or suspended altogether. The Company's Management Board considers the above risk to be of low materiality and low probability.

Note 31. Conflict in Ukraine

As at the date of the financial statements, the Entity's Management considers that the continuing armed conflict in Ukraine has no impact on the Company's assessment of going concern.

The Company identifies no direct factors caused by the armed invasion of Ukraine by the Russian Federation that could have an impact on its operations. At present, Urteste S.A. is not engaged in any direct activities in Russia, Belarus or Ukraine and does not intend to do so in the future. As a result, the sanctions imposed on Russia and Belarus by the EU and international organisations, as well as the sanctions imposed by Russia and Belarus on other countries, including Poland, will have no direct impact on the Company's operations.

It is possible that the armed invasion of Ukraine by the Russian Federation may have an indirect impact on the Issuer's market environment through changes in currency exchange rates, or reduced availability, or higher prices for raw materials and components used in production. The Company has no manufacturing capacity of its own to produce medical devices. With a view to manufacturing medical devices, e.g. for the purposes of clinical trials, the Company intends to enter into cooperation with international CDMO (Contract Development and Manufacturing Organisation) partners on an outsourced basis. Any such cooperation will most likely be settled in euros, British pounds or US dollars. If the Polish currency becomes weaker in relation to these currencies, this may result in higher costs for the Entity related to the production of medical devices.

Note 32. Transactions with related parties

The Entity's related parties include key management staff, including members of the Management Board and Supervisory Board.

Note 32.1. Remuneration of members of the Management Board

Remuneration for the function

Item	01 January 2024 - 30 June 2024	01 January 2023 - 30 June 2023
Grzegorz Stefański	12	12
Tomasz Kostuch	12	12
Total	**24**	**24**

The members of the Company's Management Board are under no obligation after the termination of their contract to refrain from competitive activities. Furthermore, their contracts provide for no severance pay where the Company terminates the contract for any reason other than a breach of fundamental, material contractual obligations.

In addition to their connections as President and Member of the Management Board of the Company, Mr Grzegorz Stefański and Mr Tomasz Kostuch are also related parties by virtue of their significant influence on the reporting entity in the period under review of the abridged interim financial statements based on the number of shares held and the share of votes at the General Meeting of Shareholders.

In H1 2024 and, as well as in H1 2023, Mr Grzegorz Stefański also received remuneration under contracts of mandate in the total amount of PLN 198 k for H1 2024 and PLN 138 k for H1 2023.

In H1 2024 and, as well as in H1 2023, Mr Tomasz Kostuch also received remuneration under contracts of mandate in the total amount of PLN 198 k for H1 2024 and PLN 138 k for H1 2023.

Starting from August 2023, members of the Management Board bear the costs of using company cars for private purposes, amounting to 1/30 of 10% of the Company's costs for lease instalments for each day the vehicles are used.

These charges totalled PLN 3,000 in H1 2024 and PLN 5,000 for 2023.

Note 32.2. Remuneration of members of the Supervisory Board

The table below shows the remuneration for serving as a member of the Supervisory Board received during H1 2024 and H1 2023 (gross amount in PLN '000)

Item	01 January 2024 - 30 June 2024	01 January 2023 - 30 June 2023
Jarosław Biliński	12	12
Maciej Matusiak	24	24
Sławomir Kościak	12	12
Magdalena Wysocka	12	12
Grzegorz Basak	6	6
Total	**66**	**66**

Note 32.3. Loans granted to key staff members

In the period covered by the abridged interim financial statements, no loans were granted to members of key personnel.

Note 32.4. Other transactions with related parties

Between 01 January 2024 and 30 June 2024, the Company had no other transactions with related parties.

Note 33. Post-balance sheet events

No material post-balance sheet events have occurred up to the date of these abridged financial statements, other than as described below:

Information on the recommendation for co-financing of the Company's project by the Polish Agency for Enterprise Development

On 20 September 2024, the Company received information that the project named "NASTRO test – an enzyme-based and low-cost IVD test for the early-stage diagnosis of breast cancer and international protection of industrial property rights of a new breast diagnostic marker and the acquisition and development of competencies of the URTESTE S.A. Team in the area of R&D and its marketing" had been included on the ranking list of the Polish Agency for Enterprise Development of projects selected for co-financing as part of call no. FENG.01.01-IP.02-002/23 (European Funds for a Modern Economy, Measure SMART Path). The total net value of the project is PLN 20,820k, and the recommended value of co-financing indicated in the PARP list is PLN 11,500k. The company has its own project contribution.

Note 34. Approval of the abridged interim financial statements

The Company's Management Board approved the abridged interim financial statements as at and for the period ended 30 June 2024 for publication on 26 September 2024.

Grzegorz Stefański President of the Management Board	Tomasz Kostuch Member of the Management Board

Karolina Łuszczak
Person responsible for drawing up the abridged interim financial statements