MANAGEMENT REPORT OF
URTESTE S.A.
01 January 2024 – 30 June 2024

Gdansk, 26 September 2024

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1. 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 of 30 June 2024 at the exchange rate of EUR 1 = PLN 4.3130 PLN (average exchange rate of the National Bank of Poland),
- assets and equity and liabilities as of 31 December 2023 at the exchange rate of EUR 1 = PLN 4.3480 PLN (average exchange rate of the National Bank of Poland),
- items in the profit and loss and other comprehensive income account and 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 and 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.

Principles for the preparation of the abridged interim financial statements

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").

The 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.

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.

Detailed principles for the preparation of the abridged interim financial statements are presented in Note 2 to the abridged interim financial statements prepared as at and for the period of 6 months ended 30 June 2024.

2. INFORMATION ABOUT URTESTE S.A.

2.1. General information

Company:	**Urteste Spółka Akcyjna**
Country of registered office:	Poland
Registered office and address:	ul. Starodworska 1, 80-137 Gdańsk
Email address:	urteste@urteste.eu
Website:	https://urteste.eu/
Court of registration:	District Court Gdańsk-North in Gdańsk, 7th Commercial Division of the National Court Register

KRS:	0000886944
REGON (BUSINESS ID):	383394663
NIP (TAX ID):	5833355988

Urteste S.A. was established following the conversion of a company under the name Urteste spółka z ograniczoną odpowiedzialnością into a joint stock company through a resolution of the Meeting of Shareholders on the conversion of the company dated 16 February 2021.

The duration of the Company is indefinite.

The Issuer does not form a capital group.

2.2. Company authorities

As at 30 June 2024 and at the date of this management report, the Company's Management Board comprised the following members:

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

No changes to the composition of the Company's Management Board took place during the period under review.

As at 30 June 2024 and at the date of this management report, 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.

No changes to the composition of the Company's Supervisory Board took place during the period under review.

As at 30 June 2024 and at the date of these interim statements, 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.

No changes to the composition of the Company's Audit Committee took place during the period under review.

2.3. Capital and shareholding structure

As at 30 June 2024 and as at the date of publication of these statements, the Company's share capital totals PLN 140,966.90 (one hundred and forty thousand nine hundred and sixty-six zloty 90/00) and is divided into:

a) 1,000,000 (one million) series A ordinary bearer shares with a nominal value of PLN 0.10 (ten grosz) each;
b) 24,588 (twenty-four thousand five hundred and eighty-eight) series B ordinary bearer shares with a nominal value of PLN 0.10 (ten grosz) each;
c) 95,200 (ninety-five thousand two hundred) series C ordinary bearer shares with a nominal value of PLN 0.10 (ten grosz) each;
d) 20,492 (twenty thousand four hundred and ninety-two) series D ordinary bearer shares with a nominal value of PLN 0.10 (ten grosz) each.
e) 269,389 (two hundred sixty-nine thousand three hundred eighty-nine) series E ordinary shares with a nominal value of PLN 0.10 (ten grosz) each.

The conditional share capital of the Company totals a maximum of PLN 8,000 (eight thousand zlotys) and is divided into a maximum of 80,000 (eighty thousand) series F ordinary bearer shares with a nominal value of PLN 0.10 (ten grosz) each. The conditional share capital increase is intended to grant the right to take up series F shares to the holders of registered subscription warrants issued by the Company under Resolution No. 22 of the Ordinary General Meeting of the Company of 29 June 2022 ("Subscription Warrants"). Series F shares shall be subscribed for by holders of the Subscription Warrants. The right to take up series F shares may be exercised on the dates defined in Resolution No. 22 of the Ordinary General Meeting of the Company of 29 June 2022, where the right to take up series F shares expires on 30 November 2026 at the latest.

Shareholding structure as at 30 June 2024 and at the date of these statements:

No.	Shareholder	Number of shares	% of shares and votes
1.	Adam Lesner	241,808	17.15%
2.	Natalia Gruba	209,018	14.83%
3.	Twiti Investments Ltd.	204,918	14.54%
4.	Grzegorz Stefański	185,993	13.19%
5.	Tomasz Kostuch	184,422	13.08%
6.	Allianz TFI	122,933	8.72%
7.	Other Shareholders	260,577	18.49%
TOTAL		**1,409,669**	**100.00%**

Source: Issuer.

There have been no changes in the ownership structure of the Issuer's significant shareholdings since the publication of the previous interim statements.

2.4. Ownership of shares or rights to shares by management and supervisory staff

The following members of the Company's management and supervisory bodies hold shares in the Company as at the date of publication of this Management Report:

No.	Shareholder	Function	Number of shares	% Shares and votes
1.	Grzegorz Stefański	President of the Management Board	185,993	13.19%
2.	Tomasz Kostuch	Member of the Management Board	184,422	13.08%

Source: Issuer.

There have been no changes in the ownership of the Issuer's shares by management and supervisory staff since the date of the previous interim statements.

3. ACTIVITIES OF URTESTE S.A.

3.1. Business

Urteste is engaged in research and development work. The Company creates and develops innovative technology intended for early cancer detection. This is done using tests developed by the Company, which are designed to diagnose (detect) and monitor the effects of treatment of various types of cancer. These tests will be medical devices for in vitro use (IVD tests).

The technology being developed by the Company relies on a method to detect enzymatic activity specific to cancer cells. This method makes it possible to develop tests to detect different types of cancer by testing cancer-specific enzymatic activity with a urine sample. As far as the Company knows, the technology it is developing is not currently used in marketed medical devices.

The vision behind Urteste is to develop technology to detect many types of cancer at early stages. Early cancer detection increases the chances of effective treatment.

Source: Own work based on: https://www.who.int/europe/news-room/fact-sheets/item/cancer-screening-and-early-detection-of-cancer

3.2. Strategy and objectives

Urteste runs a business with a focus on leading innovation projects. The projects are expected to lead to the development and subsequent marketing of a technology for producing medical devices for in vitro use, with a focus on cancer diagnostics.

At the current stage of development, the Company identifies fourteen diagnostic targets: pancreatic cancer, prostate cancer, colorectal cancer, lung cancer, kidney cancer, liver cancer, bile duct cancer, stomach cancer, oesophageal cancer, ovarian cancer, endometrial cancer, breast cancer, glioma and bladder cancer. In the future, each of the aforementioned diagnostic objectives may provide the basis for a new stand-alone research project, which could be formulated without the involvement of an external body as a project concept donor.

The Company's main strategic objectives until 2027 are as follows:

1) Marketing of medical devices (diagnostic tests) that are at advanced stages of development, in particular the flagship PANURI project for a pancreatic cancer detection test. Medical devices developed using the Company's research results are expected to ultimately be available in countries that collectively generate at least 80% of global GDP.
2) Development of new, innovative medical devices (diagnostic tests).
3) Further development of the Company by working with international and experienced partners.

Re. 1 The Company is exploring the possibility of marketing the research results to develop a commercial medical device, i.e. diagnostic test prototypes and their manufacturing technology, in one of the following two ways:

1) licensing (strategic partnerships) 2) sale of technology or parts thereof.

Licensing (strategic partnership).

A potential licence may comprise rights to sell a medical device incorporating the results of the Company's research, in a specific territory and for a specific period of time. A licence may be exclusive or non-exclusive, which means that it may be granted under the same conditions to one or more licensees. The licensed medical device will be a ready-to-use set of test reagents. Granting a licence to an industry partner to manufacture and distribute medical devices using technology developed by the Company will require the development of a remuneration model for the Company, including (i) an up-front fee, (ii) payments associated with achieving successive project milestones, such as obtaining regulatory approval to market the device, and (iii) royalties.

Sale of the technology or a part of it.

The sale of the technology or individual solutions using the technology developed by the Company to an industry investor may increase the likelihood of the Company's products being put onto the market given the higher interest in this model on the part of industry investors. When the technology is sold, the medical device will become the purchaser's property. The sale of the technology will comprise technical documentation, including how the product is manufactured. The patent rights will be sold along with the technology.

Re 2. The Company believes that its current know-how and accumulated research results will enable it to develop candidates for further diagnostic tests. The Company envisages that it will be possible in

the future to diagnose multiple cancers using one or more multifunctional tests. The target multifunctional medical device will operate based on a universal technology developed by the Company and currently used for single tests.

Re 3. The strategic objective pursued by the Company at operational level is to independently develop only key technological and scientific competencies with a view to maximising the effects of its project-related tasks. The knowledge of the Company's staff and direct associates as well as its technological processes represent key assets of the Company and will serve as the principal driver for further growth. In other areas, the Company intends to grow through cooperation with international and experienced partners.

With a view to implementing a strategy for the marketing of the Urteste technology, the Company is working with a transaction advisor, Clairfield Partners LLC, based in New York. Urteste continues to work on a regular basis with its advisor. A communication strategy has been developed. Together with its advisor, the Company is engaged in ongoing talks with potential partners.

In June 2024, the Company's team, along with representatives of Clairfield Partners LLC, attended the BIO International Convention in San Diego, involving dozens of meetings with potential strategic partners. The Company also intends to take part in the MEDICA trade fair, which will take place in Düsseldorf n November 2024.

A promotional video was created in May 2024 to demonstrate the advantages of the Urteste technology: https://youtu.be/q1_6Kin2C8E?si=_z_-Fi6KAZ9RmDXi

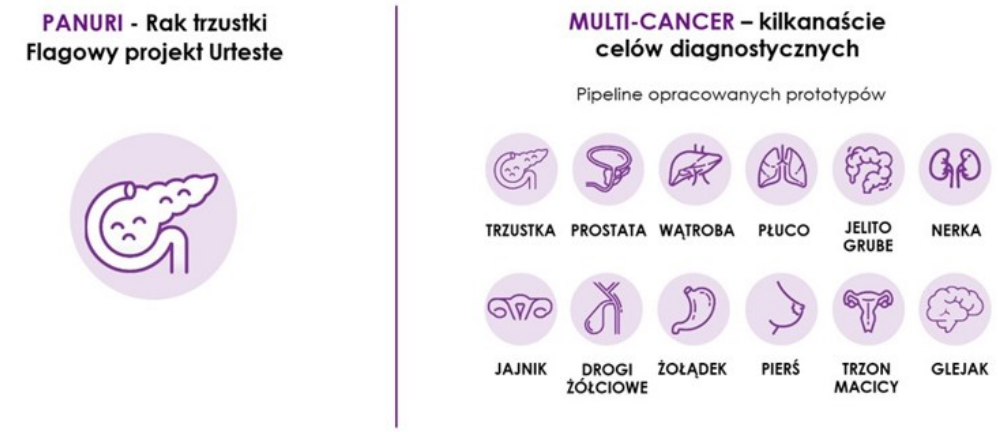
The actions undertaken to implement the strategy are also described in section 3.3.
The Issuer's development outlook is described in sections 3.3 and 3.8.

3.3. Summary of ongoing work in the individual research and development areas

PROGRESS OF ONGOING URTESTE PROJECTS

As at the date of the statements, the Company is running the following projects:

a) PANURI – an R&D project that will produce an internationally groundbreaking new IVD test technology for early pancreatic cancer diagnosis (classification: in vitro diagnostic medical device);
b) MULTI-CANCER – a research project as a result of which the Company is developing tests to detect the most common cancers. A prostate cancer diagnostic test developed as part of the previous EASY-TEST project has been incorporated into the MULTI-CANCER project.



Źródło: Opracowanie własne

PANURI PROJECT

The objective of the PANURI project is to develop an internationally innovative in vitro diagnostic medical device for the early diagnosis of pancreatic cancer.

The following stages of research and development work have been completed to date:

1. A business concept for the product has been developed.
2. There has been a preliminary assessment of the fulfilment of the product design intent through basic laboratory testing.
3. A preliminary registration concept ("go to market"; European Union, USA, other markets) has been developed.
4. Design work, including:

a) groups of compounds have been selected that could be used in a future medical device,
b) compounds with a major development potential have been identified, using a series of laboratory tests,
c) cross-over tests have been performed using urine samples from patients with cancers other than pancreatic cancer.

5. Filing patent applications to protect the solution (commencement of national phases in the PCT procedure in the European Union countries, Indonesia, the United States, Saudi Arabia, China, Hong Kong, Turkey, Japan, Switzerland, India, Thailand, Brazil, Norway, Canada, the United Arab Emirates, Russia, Israel, South Korea, South Africa, Australia, Singapore and Mexico, i.e. countries accounting for nearly 90% of global GDP).
6. Obtaining a patent for the invention as part of the PANURI project ("Chemical compound – diagnostic marker of pancreatic cancer, method of its preparation and application in cancer diagnosis," developed as part of the PANURI project"). The patent has been granted by the Polish Patent Office.
7. A multi-centre study (medical experiment) with patients has been completed. The pancreatic cancer diagnostic test (PANURI) study has produced the following results:
   - a high sensitivity of 95.6%
   - a high specificity of 95.5% in pancreatic cancer patients compared to healthy individuals.

The Issuer's Management Board believes that the PANURI results are promising and consistent with the objectives of the study; they also confirm the concept of the test as a tool for early pancreatic cancer diagnosis.

8. Biological samples required for the analytical validation of the PANURI test have been collected by engaging with specialised clinical centres across Poland by launching a multi-centre research experiment (>20 centres).
9. The transfer of production to a CDMO has been prepared. The company does not have its own production capacity for medical devices, including for clinical trials.
10. The scientific relevance of the medical device has been demonstrated.

    With the aim of proving its scientific relevance, the 2022 research team has reviewed the literature in the available scientific databases. Given the changes in the Company's environment, the medical device design and development procedure assumes that the scientific relevance of the device will be updated every six months or so (the interval is due to the Company's internal regulation).
11. An automatic pipetting station and microplate readers from TECAN have been purchased, allowing the Company to automate the process of preparing the diagnostic test, preparing the marking and analysing the results. Furthermore, the Company has also purchased a peptide synthesiser,

    which will enable the manufacture of reagents used in diagnostic tests to be automated. By automating the stage of test preparation and result analysis, the process will become scalable and, in the Company's opinion, the attractiveness of the project in the marketing process will be enhanced.
12. A patent has been obtained for the PANURI invention in the Russian Federation for a period of 20 years from the filing date (PCT), i.e. until 23 June 2040.
13. Automation of the PANURI test by means of an automatic pipetting station and TECAN microplate readers. Equipment has been qualified and analytical method validation has been planned to ensure the accuracy of the results obtained.
14. The manufacturing process of the reagents used in testing has been automated with the purchased peptide synthesiser.
15. Partnerships have been established with specialised service providers for the design and conduct of clinical trials, certification and registration of medical devices in the European Union, the UK and the US. This has made it possible to strengthen the Company's competencies in selected areas. The Company has entered into cooperation with advisors from the USA, Denmark, the Netherlands and Poland, including, inter alia, American oncologists.

Currently, as part of the PANURI, Urteste is involved in the following processes:

1. Setting up an ISO system according to the 13485 standard.
2. Continued development of the diagnostic test.
3. Preparatory work for the start of clinical trials, including Q-submission consultations with the FDA.
4. Biological samples required for the analytical verification of the test are collected on a continuous basis and the number of clinical centres cooperating with the company is being expanded. The samples collected so far make it possible to start analytical work on the test. Given the suggestions made by the FDA on the design of the clinical trial, the Company is continuing to collect samples with a view to providing material from patients suffering from

various medical conditions, as well as securing a biobank for formulation development in the MULTI-CANCER project.

5. As part of the Pre-Submission Request process, the company has held two formal meetings with representatives of the US Food and Drug Administration (FDA). The development plan incorporates the recommendations made by the FDA during the first consultation in December 2023. The intended use and design of the clinical trials were updated, followed by the development and submission of another application to the FDA. At the July 2024 meeting, new suggestions for product development were obtained, and these are subject to analysis and verification for applicability and feasibility. The work may result in the intended use and design of clinical trials being modified. The Company plans to hold a third meeting with the FDA in December 2024 to present its development plan. The clinical trials in the PANURI project are expected to start in the first quarter of 2025.

MULTI-CANCER PROJECT

The MULTI-CANCER project has the goal of developing internationally innovative in vitro diagnostic medical devices for the early diagnosis of more than a dozen types of cancer.

The following stages of research and development work have been completed to date:

1. A business concept for the product has been developed.
2. A concept for prototypes of future medical devices has been developed.
3. Diagnostic test prototypes have been developed for the following 12 cancers: pancreatic, prostate, lung, liver, colorectal, kidney, endometrial, ovarian, bile duct, stomach, breast and brain cancers.
4. Bladder cancer detection test solutions have been purchased from the University of Gdańsk. The purchased work results will help reduce the time required to develop a prototype for this type of cancer.

Źródło: Opracowanie własne.

As at the date of this report, Urteste has prototype diagnostic tests for 12 cancers: pancreatic, prostate, lung, liver, colorectal, kidney, endometrial, ovarian, bile duct, stomach, breast and brain cancers, which in 2022 accounted for a total of 60% (11.5 million) of new cancer diagnoses worldwide and nearly 70% (approximately 6.7 million) of cancer deaths.

The signing of subsidy agreements with the PARP and NCBR in December 2023 has enabled the Company to resume the development of the MULTI-CANCER project in 2024. In H1 2024, the Company continued to collect urine samples with the aim of securing a biobank for analytical evaluation. The Company expects to complete the expansion of its portfolio of prototype tests in 2024, which will allow it to intensify its activities for the preparation of the clinical trial in this project.

The Company has selected the NASTRO project (breast cancer test) from among its MULTI-CANCER diagnostic test prototypes for further independent development. In November 2023, the Company filed a grant application with the PARP for project co-financing, including clinical trials. On 20 September 2024, the Company was notified that the NASTRO 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" 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 amounts to PLN 20,820,000, and the recommended value of co-financing indicated in the PARP list is PLN 11,500k. The company has its own project contribution.

Following the recommendation for providing co-financing for NASTRO, this project will be separated from MULTI-CANCER. The research and development work in the NASTRO project is due to start as of 01 October 2024.

3.4. Grants and co-financing

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" (hereinafter referred to as the "Project"). Before the agreement was concluded, information was received that the Polish Agency for Enterprise Development had recommended to provide co-financing for the Company's project, as announced by the Issuer's Management Board in the form of current report no. 26/2023 of 19 October 2023.
The project has received co-financing as part of call no. FENG.01.01-IP.02-001/23 (European Funds for a Modern Economy, Measure SMART Path).

The total value of the Project is PLN 68,109,860.36, and the awarded PARP co-financing is PLN 38,254,963.11. 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.

The project is planned to result in a clinically validated innovative pancreatic cancer detection diagnostic test. As part of the internationalisation module, the Company will have the option of filing nine PCT (Patent Cooperation Treaty) patent applications for the MULTI-CANCER project covering countries that generate a total of more than 80% of global GDP.

The other material terms and conditions of the agreement, including those regarding project implementation, the rules and manner of payment of funds, as well as the rules for the withholding of funds or discontinuation of funding or termination of the agreement, do not differ from those commonly used in this type of agreement.

Conclusion of a co-financing agreement with the National Research and Development Centre

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" (hereinafter referred to as the "Project"). Before the agreement was concluded, information was received that the National Centre for Research and Development had recommended to provide co-financing for the Company's project, as announced by the Issuer's Management Board in the form of current report no. 27/2023 of 31 October 2023. The total value of the Project is PLN 55,983,338.78, and the awarded NCBR co-financing is PLN 11,373,726.32. The period of Project implementation and expenditure eligibility commenced on 01 May 2023 and will end on 31 July 2028.

The project has the aim of developing an innovative in vitro diagnostic test for the early-stage detection of pancreatic cancer by identifying pancreatic cancer-specific enzyme activity in the patient's urine.

The project proposes to use the technology both for early-stage pancreatic cancer diagnosis in at-risk groups and for monitoring the effects of surgical treatment. The other material terms and conditions of the agreement, including those regarding project implementation, the rules and manner of payment of funds, as well as the rules for the withholding of funds or discontinuation of funding or termination of the agreement, do not differ from those commonly used in this type of agreement.

Filing a grant application in the breast cancer diagnostic test project (NASTRO) with information on the selection of the project for co-financing

In November 2023, the Company filed a grant application with the PARP in the breast cancer detection diagnostic test project (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.) On 20 September 2024, the Company received information that the project named 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 20,820,182.52, and the recommended value of co-financing indicated in the PARP list is PLN 11 499,611.95.

3.5. Risk and hazard factors associated with the remaining months of the financial year

Risks associated with the early stage of development of the Company's projects.
Research work to develop new solutions for medical diagnostics, in particular solutions intended for use at scale, involves a high risk of failure at every stage of work in each project. These risks concern, inter alia, (i) no validation of the concept adopted at the stage of designing the solution and (ii) an

excessively high percentage of erroneous results during the pre-clinical or clinical studies carried out on the solution already produced, preventing the diagnostic solution from being deployed on a large scale and thus preventing it from being marketed and generating revenue.

The research work conducted by the Company with respect to the two most important projects (PANURI and MULTI-CANCER) is as of the date of publication of this report still at an early stage of development. As a result, on cannot rule out the possibility that, notwithstanding the promising results of the research and trials conducted to date, the projects on which the Company is working will not follow the planned path in the subsequent phases, and that the results obtained in the individual tests will depart in a negative way from the assumptions made in such a way as to prevent the work from being continued.

If the risk materialises, it may have a negative impact on the Company's growth prospects, financial position or performance. So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high and that its probability is high.

Risk of not obtaining an approval for a study on effects (clinical trials).

One of the steps involved in authorising new medical devices (including diagnostic tests) for marketing is the conduct of clinical trials, for which the relevant approvals must be obtained. The procedure to obtain the approval is different in each country, but it always requires the fulfilment of a number of conditions, in particular providing detailed documentation on the planned study. If any of the conditions are not satisfied or the documentation is deficient due to reasons beyond the Company's control or due to intentional acts or omissions, including but not limited to oversights and delays, the research work in progress may be delayed, the Company may incur extra financial costs and, in extreme cases, it may even not be possible to proceed further with the project. The company intends to obtain approvals for clinical trials in the US, EU countries and the UK.

If the risk materialises, it may have a negative impact on the Company's growth prospects, financial position or performance. So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high and that its probability is medium.

Risks associated with prolonged study on effects (clinical trial).

Pancreatic cancer is a relatively rare cancer. Another factor that limits recruitment is the selection of the study group: patients with early-stage pancreatic cancer, i.e. with operable cancer. The selection of such a study group may slow down the recruitment process and prolong the duration of the study.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high and that its probability is medium.

Risk of not having a temporal correlation between the Company's needs and the subcontractors' capabilities.

One cannot exclude the possibility that the Company'' need for a particular type of research or other activity may not coincide in time with the spare research or other capacities of certified third parties that the Company needs to use in the course of its research, including CROs and CDMOs. Also, one cannot exclude the possibility that, for objective reasons or reasons attributable to such an entity, this entity will be unable to carry out the contracted work within the agreed period.

If the risk materialises, it may have a negative impact on the Company's growth prospects, financial position or performance. So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is medium and that its probability is medium.

Risk of losing key research staff.

The expertise of the key research staff members defines the manner and pace at which research work is conducted, making the Company dependent on highly qualified specialists who cannot be replaced by other team members. This lack of substitutability results from the uniqueness of their competencies. Furthermore, within small organisations such as the Company, achieving specific objectives is usually heavily influenced by the individual skills and aptitude of each professional and the quality of their work. Mr Adam Lesner and Ms Natalia Gruba, who are responsible for research work, have a key substantive role in the Company. Mr Adam Lesner and Ms Natalia Gruba are the originators of the technology being developed by the Company, founders of the Company and its major shareholders. Cooperation with the aforementioned persons is based on civil law agreements. If the Company loses its key, indispensable members of the research team, e.g. due to fortuitous events, this could have a negative impact on the Company's growth prospects, financial position or performance.

So far in the Issuer's history, this risk has not been realised. The Company estimates that the materiality of the risk is high and that its probability is low.

Risk of concentration of suppliers of laboratory materials.

The Company purchases the laboratory materials required for its operations from a relatively narrow, carefully selected group of a few suppliers. These suppliers are not connected to each other; they operate independently and are potentially substitutable. Working with a small group of trusted suppliers, on the one hand, guarantees the high quality of laboratory materials, but, on the other hand, may exacerbate the risk of prices changing suddenly or significantly and supplies being reduced or discontinued altogether due to, inter alia, disrupted supply chains and reduced market supply of laboratory materials. Material price increases or reductions in supply volumes would adversely affect the Company's operations.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is low and that its probability is low.

Risk of the Company's lack of experience in marketing the results of research work.

As the Company has not brought any of its research projects to the clinical trial stage, due to the relatively short existence of the Company, the Company, as an organisation, lacks experience in the marketing of research results, including, for instance, the quality and completeness of information provided in the marketing process. Notwithstanding the personal experience of Mr Grzegorz Stefański, who serves as President of the Management Board, and the intention to enter into cooperation with entities such as CDMOs and CROs, one cannot exclude the possibility that the marketing process may fail for reasons attributable to the Company's lack of experience.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high and that its probability is medium.

Risk of not generating revenue as a result of the inability to market the research results.

In line with the Company's business strategy, the technology developed in the individual projects will be marketed, as a general rule, during or after the clinical trials.

When a partner is obtained for the marketing process that expects to conduct clinical trials on its own or supervise such clinical trials, the developed technology can be marketed for the whole project or only for the individual technological solutions developed, even before the clinical trials start. In this situation, the Company would generate marketing revenues prior to the start of the clinical trials. The Company's role in the clinical trial stage would thus depend on the agreement with the partner, or, in extreme cases, the Company would play no role at all.

As the probability of commercial success of each project is considerably different if it is marketed prior to the completion of the clinical trials and after the completion of the clinical trials, it is likely that the difference between the Company's revenue generated from the marketing in the two aforementioned cases will significantly exceed the cost of the clinical trials. In these conditions, the Company deems it unlikely that the projects can be marketed prior to the start of the clinical trials.

A potential buyer or licensee of the technology developed by the Company will be a strategic partner, most likely a large foreign company manufacturing diagnostic medical devices or equipment. It is thus essential to have a good understanding of the trends and developments in global cancer diagnostics markets.

The Company intends to attract as many potential strategic partners as possible to its early-stage inventions. With a view to entering into cooperation with an entity wishing to market its completed projects, the Company monitors market interest in its research on its own, for instance by selecting entities potentially interested in the Company's inventions, attending industry conferences, reviewing publications on new research results and monitoring patent applications submitted. The Company is working at the same time with a professional intermediary, matching technology companies with strategic partners. However, one cannot exclude the possibility that, in spite of pursuing some or all of the above activities, the project to be marketed will not find a purchaser.

The difficulties in finding a partner for the marketing of a project may result from one or more of the following factors, including but not limited to:

1. developments in the medical diagnostics market, which is a global market in constant evolution, with new concepts and medical devices or solutions that streamline or economically optimise medical devices previously used emerging from time to time;
2. failure to approach decision-makers in potential marketing partners or to convince them of the value of the results of ongoing projects.

Consequently, the Company cannot rule out the possibility that even if positive results are achieved at the clinical trial stage, it will not be possible to find a partner willing to acquire a licence or rights to the solutions developed by the Company.

In the event that a marketing agreement is concluded before or during the clinical trials, the strategic partner may withdraw from the agreement should the clinical trials fail to achieve results in line with the objectives. If this is the case, the marketing may ultimately fail.

So far in the Issuer's history, this risk has not been realised. The Company estimates that the materiality of the risk is high and that its probability is high.

Risk of failure to launch new research projects.

As at the date of this report, the Company remains concentrated on running PANURI, its flagship pancreatic cancer diagnostics project. Once the PANURI project is completed and marketed, the Company intends to focus on the MULTI-CANCER project. Given the increased complexity of the MULTI-CANCER project as compared to the PANURI project, the Company expects work on the MULITI-CANCER project to continue until the end of 2027 and to absorb all or most of the Company's financial resources.

Consequently, the Company has no further research projects that it would like to start and develop after 2027, beyond the fourteen diagnostic objectives already defined within the MULTI-CANCER project.

Any future research projects may include tests for further types of cancer or other medical diagnostic inventions. The Company may (i) formulate scientific concepts that could serve as the basis for launching new research projects to invent further solutions for medical diagnostics, or (ii) acquire them free of charge from a third party or (iii) acquire them for a fee from a third party, with the price of any paid acquisition remaining unknown at the date of this report. The risk, therefore, is that if there is no access to a new scientific concept that the Company could use as a basis for researching further inventions with potential application in the practice of medical diagnostics, the Company will have no basis for launching and conducting further research projects, hence no opportunity to create new assets, the marketing of which could generate future revenues for the Company. Should the above risks materialise, the Company will thus become a quasi special purpose vehicle, which will end its business once the MULTI-CANCER project has been marketed. Depending on how the marketing of the PANURI and MULTICANCER projects develops, this could adversely affect the Company's growth prospects, financial position or results.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high and that its probability is high.

Risk of the Company's intellectual property rights being infringed.

The knowledge of our associates, the scientific and research achievements and the technological processes used represent key assets of the Company.

In May 2022, the Company obtained a decision from the Polish Patent Office to be granted a patent for the invention named "Chemical compound – diagnostic marker of pancreatic cancer, method of its preparation and application in cancer diagnosis," developed as part of the PANURI project. In December 2023, the Company received a decision from the Polish Patent Office to grant two patents for inventions named "Compound – a diagnostic marker for lung cancer, a method for detecting enzymatic activity, a method for diagnosing lung cancer, a kit containing the compound and a compound for medical use" and "Compound – a diagnostic marker for liver cancer, a method for detecting enzymatic activity, a method for diagnosing liver cancer, a kit containing the compound and a compound for medical use". In April 2024, the Company received a decision from the Polish Patent Office to grant two patents for inventions named "Compound – a diagnostic marker for kidney cancer, a method for detecting enzymatic activity, a method for diagnosing kidney cancer, a kit containing the compound and a compound for medical use"; in May 2024, the Company obtained decisions from the Polish Patent Office to grant a patent for the invention named "Compound – a diagnostic marker for endometrial cancer, a method for detecting enzymatic activity, a method for diagnosing endometrial cancer, a kit containing the compound and the applications of the compound and a method of treating endometrial cancer".

In June 2021, the Company filed an application with the European Patent Office under the international PCT procedure for a patent for an invention named "Novel diagnostic marker for prostate cancer." Furthermore, the Company has filed applications with the Polish Patent Office for patents in the territory of Poland for inventions such as (i) "Compound – a diagnostic marker for colorectal cancer, a method for detecting enzymatic activity, a method for diagnosing colorectal cancer, a kit containing the compound and applications of the compound and a colorectal cancer treatment method" (March 2022.), (ii) "Compound – a diagnostic marker for ovarian cancer, a method for detecting enzymatic activity, a method for diagnosing ovarian cancer, a kit containing the compound and applications of the compound and an ovarian cancer treatment method" (September 2022), (iii) "Bile duct cancer diagnostic marker, a method for detecting enzymatic activity, a method for diagnosing bile duct cancer, a kit containing the compound and applications of the compound and a bile duct cancer treatment method" (January 2023), (iv) "Stomach cancer diagnostic marker, a method for detecting enzymatic activity, a method for diagnosing stomach cancer, a kit containing the compound and applications of the compound and a stomach cancer treatment method" (February 2023), (v) "Breast cancer diagnostic marker, a method for detecting enzymatic activity, a method for diagnosing breast cancer, a kit containing the compound and applications of the compound and a breast cancer treatment method" (June 2023), (vi) "Brain tumour diagnostic marker, a method for detecting enzymatic activity, a method for diagnosing brain tumour, a kit containing the compound and applications of the compound and a brain tumour treatment method" (April 2024).

At the same time, the Company is engaged in research work, the results of which may be subject to protection under copyright law, industrial property law or laws regulating the combating of unfair competition.

Disclosing the Company's intellectual property externally would entail the risk of the Company's proprietary, innovative and specific solutions being used by competitors without authorisation. This situation could seriously affect the Company's business and economic situation, including its financial performance.

The Company acts to protect its intellectual property rights in a comprehensive manner through an appropriate strategy of applications for exclusive rights and measures to mitigate the risk of unauthorised disclosure of its intellectual property by concluding non-disclosure agreements with its employees, associates and contractors.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high, and that its probability is medium.

Risk of the Company infringing third-party intellectual property rights.

The Company's operations also involve a risk of the Company infringing third-party intellectual property rights. Where a patent is registered for an invention similar to the products being developed by the Company. The Company acts with particular caution in this respect, furthermore, the acquisition of a patent requires the assessment of patent attorneys and offices in terms of the innovation of the invention and the absence of any infringement of intellectual property due to the granting of another patent to third parties. The risk level in this context can be estimated to be higher in distant markets (i.e. outside the European Union and the United States), where the monitoring of intellectual property is not as advanced and systematised. In view of the extensive scope of patent protection defined in the patent applications, the risk of third-party intellectual property rights being infringed cannot be ruled out, but the Company believes that the risk of infringement is unlikely, as the patent office in any

given country issues a decision to grant a patent only after reviewing its innovativeness in light of the state of the art, including patent applications and third-party patents. Nevertheless, one cannot exclude the risk of a lawsuit being brought against the Company by a third party for infringement of the third party's intellectual property rights. In this case, the Company could be exposed to the risk of bearing the costs of such proceedings which could affect the Company's financial position. At the same time, if a ruling is issued that is negative for the Company, one cannot exclude the risk that the ruling will prohibit the Company from continuing to use the solutions that would infringe third-party rights, and this could result in the Company's operations being discontinued in the relevant area.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high, and that its probability is low.

Risks related to the refusal to grant patent protection or the withdrawal of such protection.

In May 2022, the Company obtained a decision from the Polish Patent Office to be granted a patent for the invention named "Chemical compound – diagnostic marker of pancreatic cancer, method of its preparation and application in cancer diagnosis," developed as part of the PANURI project. In December 2023, the Company received a decision from the Polish Patent Office to grant two patents for inventions named "Compound – a diagnostic marker for lung cancer, a method for detecting enzymatic activity, a method for diagnosing lung cancer, a kit containing the compound and a compound for medical use" and "Compound – a diagnostic marker for liver cancer, a method for detecting enzymatic activity, a method for diagnosing liver cancer, a kit containing the compound and a compound for medical use". In April 2024, the Company received a decision from the Polish Patent Office to grant two patents for inventions named "Compound – a diagnostic marker for kidney cancer, a method for detecting enzymatic activity, a method for diagnosing kidney cancer, a kit containing the compound and a compound for medical use"; in May 2024, the Company obtained decisions from the Polish Patent Office to grant a patent for the invention named "Compound – a diagnostic marker for endometrial cancer, a method for detecting enzymatic activity, a method for diagnosing endometrial cancer, a kit containing the compound and the applications of the compound and a method of treating endometrial cancer".

In June 2021, the Company filed an application with the European Patent Office under the international PCT procedure for a patent for an invention named "Novel diagnostic marker for prostate cancer." Furthermore, the Company has filed applications with the Polish Patent Office for patents in the territory of Poland for inventions such as (i) "Compound – a diagnostic marker for colorectal cancer, a method for detecting enzymatic activity, a method for diagnosing colorectal cancer, a kit containing the compound and applications of the compound and a colorectal cancer treatment method" (March 2022.), (ii) "Compound – a diagnostic marker for ovarian cancer, a method for detecting enzymatic activity, a method for diagnosing ovarian cancer, a kit containing the compound and applications of the compound and an ovarian cancer treatment method" (September 2022), (iii) "Bile duct cancer diagnostic marker, a method for detecting enzymatic activity, a method for diagnosing bile duct cancer, a kit containing the compound and applications of the compound and a bile duct cancer treatment method" (January 2023), (iv) "Stomach cancer diagnostic marker, a method for detecting enzymatic activity, a method for diagnosing stomach cancer, a kit containing the compound and applications of the compound and a stomach cancer treatment method" (February 2023), (v) "Breast cancer diagnostic marker, a method for detecting enzymatic activity, a method for diagnosing breast cancer, a kit containing the compound and applications of the compound and a breast cancer treatment method" (June 2023), (vi) "Brain tumour diagnostic marker, a method for detecting enzymatic activity,

a method for diagnosing brain tumour, a kit containing the compound and applications of the compound and a brain tumour treatment method" (April 2024).

One cannot exclude the risk that the Company's solutions, which the Company believes to be patentable inventions, will not ultimately obtain such protection, in particular because the patent authorities will not consider the requirements for patentability, in particular novelty, an inventive step or industrial applicability, to have been met. During proceedings before patent offices, third parties may make comments on the patentability, including novelty, inventive step and industrial applicability, of the patent-pending inventions, and this may hinder or prevent the acquisition of an exclusive right.

As regards the question of "novelty", it should be noted that an invention is considered new if it is not part of the state of the art. The state of the art, in turn, means everything that, before the date used to determine priority to obtain a patent, was made publicly available by means of a written or oral description, through application, exhibition or disclosure by other means. Proceedings for the granting of a patent for an invention are accompanied by a survey of the current state of the art. Individual patent offices prepare state of the art search reports. Such reports are made after the patent application has been filed, as well as in the period prior to the decision to grant (or refuse to grant) the patent. As regards the invention named "Chemical compound – diagnostic marker of pancreatic cancer, method of its preparation and application in cancer diagnosis," developed as part of the PANURI project, the Polish Patent Office has prepared such reports, and they have confirmed the "novelty" of the invention. The Company cannot, however, rule out the possibility that the reports prepared in the European phase, and in other jurisdictions, will not produce different conclusions, which arises, inter alia, from the 18-month delay in the publication of patent applications, which become publicly available only after this date, as well as from the linguistic verification of the publications released to date in the various countries and the possibility of disclosing publications in national languages that have not been demonstrated by previous studies carried out by the European Patent Office or the Patent Office of the Republic of Poland. Similarly, one cannot rule out the possibility that, during proceedings before the European Patent Office or proceedings in other jurisdictions, comments regarding 'novelty' will be made by other parties, including the Company's competitors.

As far as the other aforementioned inventions are concerned, state-of-the-art reports regarding these inventions have not yet been drawn up at this stage. As a result, one cannot exclude the risk that the reports will reveal impediments to the recognition of the "novelty" or "inventive step" of the inventions, and this may constitute grounds for refusing to grant patent protection.

If this risk materialised, it would significantly affect the Company's business, as the Company would be deprived of future competitive advantages related to the absence of an exclusive right granted, i.e. a patent.

One should also note that, where patents are granted, a third party may file an objection to such a decision within 6 months from the date of the decision becoming final. Once this time limit has expired, a third party may file a patent revocation application. One cannot exclude the risk that the Company's competitors will act in this respect, in particular if the inventions developed by the Company attract interest on the market, and there is a real possibility of marketing these inventions.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is high, and that its probability is low.

Competition risks

The market for research into new medical diagnostic solutions, including the Company's research projects, is one of the fastest growing segments of the global market. Accordingly, the operations of competitors engaged in research in the areas explored by the Company, both in Europe and globally, are likely to generate new diagnostic solutions that (i) will be admitted to the market earlier than the solutions the Company is developing, (ii) will exhibit better diagnostic accuracy than the solutions the Company is developing, or (iii) will be offered at a price lower than that expected for products manufactured based on the solutions developed by the Company. If even one of these factors arises, it may result in reduced interest in the results of the Company's research projects, thus affecting the Company's growth prospects, financial position or results.

As a result of the dispersion of entities with the potential to research alternatives to the Company's projects and due to limited access to information, the Company is not in a position to identify all potentially competing technologies that may be developed in the field of cancer diagnostics. Accordingly, the description of the competing projects provided by the Company must be assumed not to be exhaustive.

This risk is a risk specific to the Company. Given the long-term nature of research projects with no knowledge of the solutions that competitors are working on and the inability to introduce any major modifications to the solutions being explored during the course of the project, one cannot exclude the possibility that at the final stage of the project, i.e. after a significant part or all of the related costs have been incurred, it will not be possible to market the project as envisaged by the Company.

So far in the Company's history, this risk has not been realised. The Company estimates that the materiality of the risk is medium and that its probability is medium.

3.6. Key financial items and comments on the Company's financial position

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

Earnings (loss) per ordinary share (PLN / EUR)	(1.34)	(2.72)	(0.31)	(0.59)

Item	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	PLN '000	PLN '000	EUR '000	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

In H1 2024, the Company had a net loss of PLN 1,884k compared to a loss of PLN 3,194k in the corresponding period of the previous year. The net loss was related directly to the significant operating expenses being incurred in the absence of revenue from operations.

The decrease in the net loss is related to the start of the development stage in the PANURI project. Expenditure incurred in the production of the PANURI test from 01 April 2024 onwards is capitalised to intangible assets as expenditure on development work in progress. Given the above, the expenditure on the production of the PANURI test from April 2024 is not included in the costs of the period.

As at 30 June 2024, the Company's balance sheet total was PLN 28,509k, a decrease compared to PLN 29,598k in the balance sheet total reported in late December 2023. The decrease is attributable to the expenditure of funds for day-to-day operations.

At the current stage of the Issuer's development, the financial results achieved are as expected.

3.7. The most significant events of the reporting period and after the balance sheet date, including unusual factors and events with a significant impact on the financial statements

Takeover of patents for a bladder cancer diagnostic test from the University of Gdańsk Technology Transfer Centre

In February 2024, the Company acquired the rights to four Polish patents and one European patent regarding a diagnostic test for bladder cancer from the Technology Transfer Centre of the University of Gdańsk under an agreement signed on 31 December 2023. The Company will use the acquired rights to perform the required further work, the planned result of which will be to develop a prototype diagnostic test for bladder cancer and to file a patent application with the Polish Patent Office. In view of the above, Urteste intends to expand its portfolio of diagnostic test prototypes under the MULTI-CANCER project to include a bladder cancer test in 2024. As part of the transaction, the Company also

obtained the results of a study carried out by the University of Gdańsk on the effect of the test for bladder cancer at different stages of the disease.

Achieving a milestone – developing a prototype diagnostic test for brain tumours and filing a patent application.
In ESPI Report 2/2024 of 11 April 2024, the Company announced that a milestone had been reached to develop a prototype diagnostic test to detect brain tumours. In view of the above, the Issuer has applied to the Polish Patent Office for a patent for the invention. As part of its patent strategy, the Company intends to file a patent application in the international PCT procedure in the next 12 months. The brain tumour diagnostic test forms part of the MULTI-CANCER project. The patent application for a diagnostic marker for brain tumours follows the development of the Company's technology platform for developing tests for diagnosing more than a dozen of the most common cancers.

Obtaining patent protection from the Polish Patent Office for the invention as part of the MULTI – CANCER project
In ESPI report 3/2024 of 29 April 2024, the Company announced the granting by the Polish Patent Office of a patent for the invention in the MULTI-CANCER project named "Compound – a diagnostic marker for kidney cancer, a method for detecting enzymatic activity, a method for diagnosing lung cancer, a kit containing the compound and a compound for medical use". The Company has paid the required administrative fees. The patent has been granted for 20 years from the filing date, i.e. 20 April 2022.

Obtaining patent protection from the Polish Patent Office for the invention as part of the MULTI – CANCER project
In ESPI report 4/2024 of 17 May 2024, the Company announced the granting by the Polish Patent Office of a patent for the invention in the MULTI-CANCER project named " Compound – a diagnostic marker for endometrial cancer, a method for detecting enzymatic activity, a method for diagnosing endometrial cancer, a kit containing the compound and the applications of the compound and a method of treating endometrial cancer". The Company has paid the required administrative fees. The patent has been granted for 20 years from the filing date, i.e. 28 June 2022.

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.

3.8. Factors that will have an impact on the results achieved over at least the next quarter

OBTAINING AN APPROVAL AND STARTING CLINICAL TRIALS

Another important step in the approval process of the PANURI medicinal product will be to test the performance of the product (clinical trial). In order to conduct the study, it is necessary to obtain the relevant consents. The procedure to obtain the approval is different in each country, but it always requires the fulfilment of a number of conditions, in particular providing detailed documentation on the planned study. The company intends to obtain approvals for clinical trials in the US, EU countries and optionally the UK. In December 2024, the Company is scheduled to hold a third meeting with the FDA to receive feedback on the regulatory strategy and design of the planned trial. The clinical trials are expected to start in the first quarter of 2025.

3.9. Transactions with related parties

The Issuer's related parties include key management staff, including members of the Management Board and Supervisory Board, as described in point 3.9.2.

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

3.9.1. Transactions with related parties through members of the Management Board and Supervisory Board

N/A

3.9.2. Remuneration of key management personnel

The table below shows the remuneration for serving as members of the Management Board (in PLN '000):

No.	Shareholder	Function	In the period from 01 January 2024 to 30 June 2024	In the period from 01 January 2023 to 30 June 2023
1.	Grzegorz Stefański	President of the Management Board	12	12
2.	Tomasz Kostuch	Member of the Management Board	12	12

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.

The table below shows the remuneration for serving as members of the Supervisory Board:

No.	Shareholder	Function	In the period from 01 January 2024 to 30 June 2024	In the period from 01 January 2023 to 30 June 2023
1.	Jarosław Biliński	Chairman of the Supervisory Board	12	12
2.	Maciej Matusiak	Member of the Supervisory Board	24	24
3.	Sławomir Kościak	Member of the Supervisory Board	12	12
4.	Magdalena Wysocka	Member of the Supervisory Board	12	12
5.	Grzegorz Basak	Member of the Supervisory Board	6	6

3.10. Dividend paid or declared

The Company incurred a loss for the previous financial year in the amount of PLN 5,586k.

The Company also has no previous years' profits. The Ordinary General Meeting of the Company passed a resolution on 14 June 2024 to cover the loss for the financial year 2023 amounting to PLN 5,586k entirely from supplementary capital.

3.11. Guarantees and sureties granted

As the date of these statements, the Company has not provided any sureties or guarantees as security for third-party contracts, 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. The Polish Agency for Enterprise Development is entitled to fill in the blank promissory note at any time for the amount of the co-financing awarded plus interest at the rate specified for

tax arrears, calculated from the date of transfer of funds to the date of repayment, and bank interest accrued on the bank account for processing the advance payment.

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 National Centre for Research and Development is entitled to fill in the blank promissory note at any time in the period of project implementation under the co-financing Agreement and 4 years from the date of Project completion, up to the amount corresponding to the amount of the financial breach plus interest due to the National Centre for Research and Development defined as for tax arrears, calculated from the date of transfer of funds to the date of reimbursement, and the incurred costs of recovery.

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

3.12. Proceedings pending before a court, a competent arbitration body or a public administration body

No material litigation, arbitration proceedings before any court or tribunal, or administrative or tax proceedings before any public administrative authorities, including governmental authorities, are or were pending against the Company as at the date of this report.

3.13. Management Board's position on the feasibility of meeting previously published earnings forecasts

N/A The Company has not published any financial performance forecasts.

3.14. Other relevant information

The Company's Management Board does not believe that there is any information other than that contained within this report that could be considered material for the assessment of its human resources, assets, financial position, financial result and their changes, or information that is material for the assessment of the Company's ability to fulfil its obligations.

4. STATEMENT OF THE MANAGEMENT BOARD OF URTESTE S.A. ON THE CONFORMITY OF THE INTERIM FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT OF URTESTE S.A.

We, the undersigned, hereby represent that, to the best of our knowledge, the abridged interim financial statements of Urteste S.A. and the comparative figures have been drawn up in compliance with the applicable accounting principles and that they give a true, fair and clear view of the assets and financial position of the Issuer and its financial result.

We further represent that the interim management report of Urteste S.A gives a true picture of the development, achievements and situation of the Issuer, including a description of the main threats and risks.

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