Urteste S.A. quarterly report for the period from 1 July 2024 to 30 September 2024.

Gdansk, 28 November 2024.

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1. SELECTED FINANCIAL DATA

Specification	9 months completed 30.09.2024 thousand PLN	9 months completed 30.09.2023 thousand PLN	9 months completed 30.09.2024 EUR 1 000	9 months completed 30.09.2023 EUR 1 000
Net sales revenue	-	-	-	-
Gross profit (loss) from sales	(2 670)	(4 890)	(621)	(1 068)
Profit (loss) before tax	(2 140)	(4 424)	(498)	(967)
Net profit (loss)	(2 258)	(4 477)	(525)	(978)
Net cash flow from operating activities	(3 263)	(3 174)	(758)	(693)
Net cash flow from investing activities	4 767	(26 378)	1 108	(5 763)
Net cash flow from financing activities	(378)	27 490	(88)	6 006
Total net cash flow	1 126	(2 062)	262	(450)
Weighted average number of shares	1 409 669	1 253 602	1 409 669	1 253 602
Profit (loss) per ordinary share (PLN / EUR)	(1,60)	(3,57)	(0,37)	(0,78)

Specification	30.09.2024 thousand PLN	31.12.2023 thousand PLN	30.09.2024 EUR 1 000	31.12.2023 EUR 1 000
Total assets/liabilities	29 525	29 598	6 900	6 807
Non-current assets	8 658	3 036	2 023	698
Current assets	20 867	26 562	4 877	6 109
Equity	25 485	27 743	5 956	6 381
Liabilities and provisions for liabilities	4 040	1 855	944	427
Long-term liabilities	2 696	315	630	72
Current liabilities	1 344	1 540	314	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)	18,08	21,46	4,22	4,93

The following exchange rates were used to convert the selected financial data into euro:

- the items of assets and equity and liabilities as of 30.09.2024 at an exchange rate of EUR 1= PLN 4.2791 (average exchange rate of the National Bank of Poland),
- asset and equity items and liabilities as of 31.12.2023 at an exchange rate of EUR 1= 4.3480 PLN (average NBP exchange rate),
- items of the statement of profit and loss and other comprehensive income, statement of cash flows for the period from 01.01.2024 to 30.09.2024 at an exchange rate of EUR 1= PLN 4.3022*,
- items of the statement of profit and loss and other comprehensive income, statement of cash flows for the period from 01.01.2023 to 30.09.2023 at an exchange rate of EUR 1= PLN 4.5773*,

*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 September 2024 and 2023 respectively.

2. INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

2.1 Statement of profit or loss and other comprehensive income

Specification	Note	9 months completed	9 months completed 30.09.2023	3 months completed 30.09.2024	3 months completed 30.09.2 0 2 3
Continuing operations					
Sales revenue	-	-	-	-	-
Other income	4	1 080	70	67	66
Consumption of materials and energy	5	(253)	(304)	(28)	(161)
Employee benefit costs	5	(1 710)	(2 203)	(220)	(905)
Third-party services	5	(1 150)	(1 830)	(269)	(440)
Depreciation	5	(395)	(515)	(60)	(186)
Other costs	5	(244)	(108)	(60)	(41)
Operating profit (loss)		**(2 670)**	**(4 890)**	**(570)**	**(1 667)**
Financial income	6	910	530	220	456
Financial costs	6	(380)	(64)	(15)	(19)
Profit (loss) before tax		**(2 140)**	**(4 424)**	**(365)**	**(1 230)**
Income tax	-	118	53	9	53
Net profit (loss) from continuing operations		**(2 258)**	**(4 477)**	**(374)**	**(1 283)**
Discontinued operations					
Net profit (loss) from discontinued operations		-	-	-	-
Net profit (loss)		**(2 258)**	**(4 477)**	**(374)**	**(1 283)**
Other comprehensive income		-	-		-
Total comprehensive income		**(2 258)**	**(4 477)**	**(374)**	**(1 283)**

Earnings (loss) per share

Specification	Note	9 months completed 30.09.2024	9 months completed 30.09.2023	3 months completed 30.09.2024	3 months completed 30.09.2023
Basic profit (basic loss) earnings per share from operations continued in PLN		(1,60)	(3,57)	(0,27)	(0,91)
Basic profit (basic loss) earnings per share from operations of discontinued operations in PLN		-	-	-	-
Earnings (loss) per ordinary share	7	**(1,60)**	**(3,57)**	**(0,27)**	**(0,91)**
Diluted profit (diluted loss) earnings per share from operations continued in PLN		(1,60)	(3,57)	(0,27)	(0,91)
Diluted profit (diluted loss) earnings per share from operations of discontinued operations in PLN			-		-
Diluted earnings (loss) per ordinary share	7	**(1,60)**	**(3,57)**	**(0,27)**	**(0,91)**

2.2 Statement of financial position

Specification	Note	30.09.2024	31.12.2023
Intangible assets	8	6 072	49
Property, plant and equipment	9	2 554	2 893
Other receivables	10	32	20
Deferred tax assets	-	-	74
Total non-current assets		**8 658**	**3 036**
Stocks	-	-	162
Trade and other receivables	10	5 388	1 703
Income tax receivables	-	-	-
Cash and cash equivalents	11	2 265	1 139
Financial assets measured at amortised cost	12	13 214	23 511
Current assets excluding non-current assets held for sale		20 867	**26 515**
Non-current assets classified as held for sale			47
Total current assets		**20 867**	**26 562**
Total assets		**29 525**	**29 598**

Specification	Note	30.09.2024	31.12.2023
Share capital	-	141	141
Share premium account	-	25 729	34 175
Other reserves	-	1 873	1 873
Retained earnings, of which	-	(2 258)	(8 446)
- current period result		(2 258)	*(5 586)*
Total equity		**25 485**	**27 743**
Lease commitments	13	236	312
Deferred tax liability	-	41	3
Time-based subsidies	15	2 419	-
Total long-term liability		**2 696**	**315**
Lease commitments	13	236	315
Trade and other payables	14	911	530
Income tax liabilities	-	-	144
Provisions for employee benefits	16	197	74
Provisions for liabilities	16	-	477
Current liabilities excluding liabilities included in groups to be sold		**1 344**	**1 540**
Liabilities included in groups held for sale		-	-
Total current liabilities		**1 344**	**1 540**
Total liabilities		**4 040**	**1 855**
Total equity and liabilities		**29 525**	**29 598**

2.3 Statement of changes in equity

Specification	Capital basic	Capital from the sale of shares above their value nominal	Other capital	Retained earnings	Equity together
Equity as of 01.01.2024	**141**	**34 175**	**1 873**	**(8 446)**	**27 743**
Changes in accounting policies	-	-	-	-	-
Correction of a fundamental error	-	-	-	-	-
Equity after adjustments	**141**	**34 175**	**1 873**	**(8 446)**	**27 743**
Share issue	-	-	-	-	-
Settlement of share issue costs					-
Coverage of losses from previous years	-	(8 446)	-	8 446	-
Net profit/total income, of which	**-**	**-**	**-**	**(2 258)**	**(2 258)**
- Net profit/loss	-	-	-	(2 258)	(2 258)
- Other comprehensive income	-	-	-	-	-
Changes in equity		**(8 446)**	**-**	**6 188**	**(2 258)**
Equity on 30.09.2024	**141**	**25 729**	**1 873**	**(2 258)**	**25 485**

Specification	Capital basic	Capital from the sale of shares above their value nominal	Other capitals	Retained earnings	Equity together
Equity as of 01.01.2023	**114**	**10 553**	**1 873**	**(6 919)**	**5 621**
Changes in accounting policies	-	-	-	-	-
Correction of a fundamental error	-	-	-	-	-
Equity after adjustments	**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 losses from previous years	-	(4 060)	-	4 060	-
Net profit/total income, of which	**-**	**-**	**-**	**(4 477)**	**(4 477)**
- Net profit/loss	-	-	-	(4 477)	(4 477)
- Other comprehensive income	-	-	-	-	-
Changes in equity	27	23 621	-	**(417)**	**23 231**
Equity as of 30.09.2023	**141**	**34 174**	**1 873**	**(7 336)**	**28 852**

2.4 Statement of cash flows

Specification	9 months completed 30.09.2024	9 months completed 30.09.2023	3 months completed 30.09.2024	3 months completed 30.09.2023
Cash flow from operations operational				
Profit (loss) before tax	**(2 140)**	**(4 424)**	**(365)**	**(1 230)**
Corrections	**(974)**	**1 250**	**36**	**(123)**
Depreciation and impairment losses intangible	395	515	-	186
Interest income	(213)	(49)	(172)	(49)
Interest costs	282	59	19	17
Change in stocks	162	47	-	54
Change in receivables	(3 785)	145	**(1 253)**	(642)
Change in liabilities	81	504	12	288
Change in grants settled over time	2 419	-	1 387	-
Change in provisions	(315)	29	(17)	23
Cash flow from operating activities	**(3 114)**	**(3 174)**	**(329)**	(1 353)
Income tax paid	149	-	-	-
Net cash from operating activities	**(3 263)**	**(3 174)**	**(329)**	**(1 353)**
Cash flow from operations investment				
Expenditure on the acquisition of property, plant and equipment and intangible assets	(337)	(1 429)	(109)	(1 280)
Expenditure on acquisition of financial assets	-	(24 998)	-	(24 998)
Expenditure on development work in progress	(5 558)	-	(3 023)	-
Proceeds from disposal of property, plant and equipment and intangible assets	9	-	-	-
Bond payments	10 653	-	5 148	-
Interest received	-	49	49	49
Net cash from investing activities	**4 767**	**(26 378)**	**2 016**	**(26 229)**
Cash flow from operations Financial				
Net proceeds from the issue of shares	-	27 708	-	-
Repayment of lease liabilities	(331)	(159)	(218)	(92)
Interest paid	(47)	(59)	(16)	(18)
Net cash from financing activities	**(378)**	**27 490**	**(33)**	**(110)**
Increase (decrease) in cash and cash equivalents before effects of exchange rate changes	**1 126**	**(2 062)**	**1 453**	**(27 692)**
Effects of changes in exchange rates that affect cash and cash equivalents				
Increase (decrease) in cash and cash equivalents	**1 126**	**(2 062)**	**1 453**	**(27 692)**
Cash and cash equivalents at beginning of period	1 139	3 434	812	29 064
Cash and cash equivalents at the end of the period	**2 265**	**1 372**	**2 265**	**1 372**

3. OTHER INFORMATION RELEVANT TO THE ASSESSMENT OF THE COMPANY'S SITUATION

Note 1 Information on the principles adopted in the preparation of the condensed interim report Financial

The more significant accounting policies applied in the preparation of the condensed interim financial statements (''financial statements'') are set out below.

Note 1.1 Basis of preparation

The condensed interim financial statements as of and for the nine months ended 30 September 2024 have been prepared in accordance with IFRS, including in particular IAS 34 'Interim Financial Reporting'.

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

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

Note 1.2. Periods covered by the condensed interim financial statements

The condensed interim financial statements have been prepared as of and for the period ended 30 September 2024.

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

For the data presented in the statement of profit or loss and other comprehensive income and in the statement of cash flows, comparable financial data for the three and nine months ended 30 September 2023 are presented, and in the statement of changes in equity for the nine months ended 30 September 2023 are presented

These condensed interim financial statements have not been audited/reviewed by an auditor auditor.

Note 1.3 Going concern assumption

The condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. for a period of at least 12 months from the balance sheet date and at least 12 months from the date of approval of these financial statements.

As of the date of approval of the condensed interim financial statements, the Company's Management Board is not aware of any circumstances indicating a threat to the Company's going concern.

The duration of the Company is indefinite.

In the opinion of the Board of Directors, the Company manages its financial resources optimally. During the period covered by these condensed financial statements, Urteste serviced all liabilities on an ongoing basis. The most significant impact on the Company's operations in the coming years will be the costs of ongoing research and development work.

On 28 December 2023, the Company entered into an agreement with the Polish Agency for Enterprise Development ("PARP") for the implementation and co-financing of the project entitled "PANURI test - based on an enzymatic method, a highly effective and low-cost IVD test for diagnosing pancreatic cancer in its early stages and international protection of industrial property rights of inventions in the form of IVD tests for determining other cancers".

based on an enzymatic method'. The total value of the Project is PLN 68,110 thousand and the granted value of PARP funding is PLN 38,255 thousand. The implementation period of the Project and eligibility of expenditures began on 10.05.2023. The maximum implementation period of the Project ends on 31.12.2029.

On 29 December 2023. The Company entered into an agreement with the National Centre for Research and Development ("NCBR") for the implementation and co-financing of the Project entitled "Diagnostic test for the detection of pancreatic cancer at an early stage of its development". The total value of the Project amounts to PLN 55,983 thousand, and the granted value of NCBR funding is PLN 10,870 thousand. The period of Project implementation and expenditure eligibility began on 01 May 2023 and ends on 31 July 2028.

The proceeds from the issue of E-series shares with a total value of PLN 29,633 thousand and the guarantee of reimbursement of funds allocated for research from grants from EU funds supporting R&D projects will, in the opinion of the Management Board, allow the Company to cover its financial needs until mid-2026. Liquidity is at a safe level and, as of the date of publication of the report, the Company does not identify any significant risks that could change this situation.

In Notes 29 and 30, the Company's Management Board referred to the assessment of the impact of the epidemic on the Company's operations
COVID and the conflict in Ukraine.

Note 1.4. Functional and presentation currency of the condensed interim financial statements

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

Any possible differences of PLN 1 thousand in the aggregation of items presented in the Notes result from the rounding adopted. Amounts are rounded to the nearest thousand Polish złoty (PLN) without any decimal point. The rounding is applied as follows: amounts with a decimal point of more than PLN 500 are rounded up, and amounts with a decimal point of less than PLN 500 are rounded down.

The exchange rates adopted for the valuation of asset and liability items are shown in the table below

Specification	30.09.2024	31.12.2023
[EUR/PLN]	4,2791	4,3480

Note 1.5. Accounting principles (policies) and methods of calculation adopted

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

The preparation of the condensed interim financial statements in accordance with IFRS required the Management Board to make professional judgements and estimates and assumptions that affect the values presented. The estimates and related assumptions are based on historical experience and other factors that are considered reasonable under the circumstances, and the results provide a basis for professional judgement as to the book value of assets and liabilities that is 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. Judgements, estimates and related assumptions are subject to ongoing review.

Selected significant accounting policies relating to assets, liabilities and income and expenses are presented as part of the individual notes to the financial statements.

Note 1.6 Changes to standards or interpretations

In preparing the condensed interim financial statements as of and for the period ended 30.09.2024, the entity applies the same accounting policies as in preparing the annual financial statements for 2023, except for amendments to standards and new standards and interpretations endorsed by the European Union that are effective for reporting periods beginning on or after 1 January 2024:

- Changes to:
  - Amendments to IFRS 16 'Leases - lease liability on sale and leaseback', endorsed in the EU, effective for annual periods beginning on or after 1 January 2024,
  - Amendments to IAS 1 "Presentation of Financial Statements"
    - Classification of liabilities as current and non-current;
    - Classification of liabilities as current and non-current - deferral of date entry into force;
    - Long-term 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', endorsed in the EU, effective for annual periods beginning on or after 1 January 2024,

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

- IFRS 19 'Subsidiaries without public accountability: disclosures', not endorsed in the EU, effective for annual periods beginning on or after 1 January 2027,
- IFRS 18 'Presentation and Disclosure in Financial Statements', not endorsed by the EU, effective for annual periods beginning on or after 1 January 2027,
- Amendments to IAS 21 'The effects of changes in foreign exchange rates - non-exchangeability', not endorsed in the EU, effective for annual periods beginning on or after 1 January 2025,
- Amendments to IFRS 9 and IFRS 7 'Financial Instruments: Changes to the Classification and Measurement of Financial Instruments', not endorsed by the EU, effective for annual periods beginning on or after 1 January 2026,
- Annual Improvements to International Financial Reporting Standards (version 11), not endorsed by the EU, effective for annual periods beginning on or after 1 January 2026.

The Company's Management Board is in the process of analysing the above changes and assessing their impact on the separate financial statements, no less, the impact of these changes is not expected to be material.

Note 2 Information on operating segments, geographical areas and significant customers

Based on the definition of operating segments in IFRS 8 'Operating Segments', the Company operated within a single market defined as 'Biotechnology Innovation'.

The entity did not generate any sales revenue during the period covered by the financial statements.

Note 3 Sales revenue

<u>Selected accounting principles</u>

The company recognises sales revenue when it has fulfilled (or is in the process of fulfilling) its performance obligation by transferring the promised good or service to the customer.

Government grants are recognised at fair value when there is a reasonable certainty that the grant will be received and the Company meets all the conditions attached to it.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match the costs they are intended to offset.

The Company's objective is to develop tests for the detection of the widest possible spectrum of cancers with widespread commercial application in diagnosis and monitoring of treatment progress. In the period covered by the condensed interim financial statements, the Company's activities focused on the development of research projects on medical products related to the use of its know-how in the area of cancer diagnostics (diagnostic tests), which are described in detail in Note 5.

Note 4 Other income

Selected accounting principles

Other income includes income from non-core activities of the Entity, e.g. grants received, gains on disposal of property, plant and equipment, fines and penalties, cancelled liabilities.

Grant recognition

The Company recognises grant revenue from the commencement of the grant work. In connection with the Management Board's judgement that there is sufficient assurance that the Company is able to comply with all the terms and conditions of the grant agreements and will not be required to return the grants received, the Company recognises grant revenue using the stage of completion method based on inputs. Grant revenue is the product of the % of subsidy specified in the agreement and the value of costs incurred in the period, which are included in eligible costs. The accrued grant revenue, as the contracts relate to reimbursement of costs incurred, is charged secondarily to other receivables (grant receivables).

Note 4.1. Specification of other income

Specification	01.01.2024-30.09.2024	01.01.2023-30.09.2023
Grants	1 069	64
Gain on disposal of property, plant and equipment and value intangible	9	-
Other	2	6
Total	**1 080**	**70**

In the period from 01.01.2024 to 30.09.2024, the main part of other income was grant income.

Note 4.2. Specification of grant income

Specification	01.01.2024-30.09.2024	01.01.2023-30.09.2023
Grant FENG.01.01-IP.02-1170/23 ("PARP")	567	-
Grant FENG.02.09-IP.01-0003/23-00 ("NCBIR")	502	-
Total	**1 069**	-

On 28 December 2023, the Company entered into an agreement with the Polish Agency for Enterprise Development ("PARP") for the implementation and co-financing of the Project entitled "PANURI test - based on an enzymatic method, a highly effective and low-cost IVD test for diagnosing pancreatic cancer in its early stages and international protection of industrial property rights of inventions in the form of IVD tests for determining other cancers based on an enzymatic method". The total value of the Project amounts to PLN 68,110 thousand, and the granted value of PARP co-financing is PLN 38,255 thousand. The implementation period of the Project and eligibility of expenditures began on 10 May 2023. The maximum implementation period of the Project ends on 31 December 2029.

On 29 December 2023, the Company entered into an agreement with the National Centre for Research and Development ("NCBR") for the implementation and co-financing of the Project entitled "Diagnostic test for the detection of pancreatic cancer at an early stage of its development". The total value of the Project amounts to PLN 55,983 thousand, and the granted value of NCBR funding is PLN 10,870 thousand. The period of Project implementation and expenditure eligibility began on 01 May 2023 and ends on 31 July 2028.

Note 5. Operating expenses

Selected accounting principles

Research costs include direct costs associated with the innovative and planned search for solutions undertaken with a view to acquiring and assimilating new scientific and technical knowledge.

Research costs are written off to the result as incurred. Expenditure incurred on development work performed as part of a project is carried forward if it can be assumed that it will be recovered in the future. Subsequent to the initial recognition of development expenditure, the historical cost model is applied requiring assets to be recognised at cost less accumulated depreciation and accumulated impairment losses. Any expenditure carried forward is amortised over the expected period of benefit from the project.

General and administrative expenses comprise the costs associated with managing the Company's overall business activities.

Selling costs include sales agency costs, trading costs, advertising and promotion costs.

Note 5.1. Costs by nature and by function

Specification	01.01.2024-30.09.2024	01.01.2023-30.09.2023
Depreciation	395	515
Consumption of materials and energy	253	304
Third-party services	1 150	1 830
Taxes and charges	68	7
Salaries	1 482	1 982
Social security and other benefits	228	221
Other costs	170	101
Total	**3 746**	**4 960**
General and administrative expenses	1 632	1 606
Cost of sales	-	-
Costs of research projects	2 114	3 354
Total	**3 746**	**4 960**

The most significant item of operating expenses in the period from 01.09.2024 to 30.09.2024 was the costs of external services and salaries, which is characteristic of the research activities the Company carries out.

The share of third-party services and wages and salaries in total costs for Q3 2024 was 30.7% and 39.6% respectively.

The table below details the most significant third-party service titles incurred by the Company during the three quarters of 2024 and 2023:

Specification	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023
Research and survey work	334	336
Advisory and consultancy services	140	662
Legal and patent services	106	381
Accounting services and research	142	115
Preparation of application documents and grants	180	65
Other	248	271
Total	**1 150**	**1 830**

The decrease in third-party services in Q3 2024 compared to Q3 2023 is due to the Company's decision to move the PANURI project from the research stage to the development stage.

This has resulted in expenses relating to the PANURI project not being charged to operating costs, but capitalised to intangible assets.

Development costs are described in more detail in note 8.3.

Note 5.2 Research costs

The table below shows the costs of research work for the third quarters of 2024 and 2023.

Specification	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023
PANURI project	1 949	2 326
MULTI-CANCER project	-	1 028
NASTRO project	165	-
Total	**2 114**	**3 354**

PANURI project

The aim of the project is to develop a medical device for in vitro use. The product developed as part of the project will have applications in the diagnosis of pancreatic cancer. Pancreatic cancer is characterised by the occurrence of symptoms only in the late stages of the disease, while the disease progresses very rapidly. If the cancer is detected at an early stage, the patient's survival rate can increase up to sixfold.

MULTI-CANCER project

The aim of the project is 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 several types of cancer, primarily identified in the completed FINDER project with the exclusion of pancreatic cancer (test being developed in the PANURI project). However, the Company does not exclude the future inclusion of the pancreatic cancer test in the medical device resulting from the MULTI- CANCER project. Using its know-how, the Company planned to create a platform for the development of further - after PANURI - tests to detect different types of cancer. The MULTI-CANCER project includes prototypes of twelve diagnostic tests for the detection of the following cancers: pancreas, prostate, liver, lung, kidney, colon, endometrium, breast, biliary tract, stomach, ovary and brain tumour**.**

NASTRO project

The aim of the project is to develop an innovative diagnostic test to detect breast cancer in its early stages based on developed substrates reacting with the urine of patients with a specific cancer type and to test the clinical efficacy of the test. The test has the potential to overcome/eliminate some of the limitations of currently available screening tests - mammography and ultrasound - as it will have a high level of safety and comfort, higher availability, lower cost and very high quality - the target sensitivity >93% and specificity >95% are at a higher level than mammography (sensitivity 75-95%, specificity 80-95%).

Note 6 Financial income and expenses

Selected accounting principles

Dividends are recognised in the statement of profit or loss as financial income when the right to receive payment has been established. This includes when they are paid out of profits generated prior to the Company's acquisition of the dividend distributor, unless the dividend clearly represents reimbursement of part of the expenditure on the investment in the dividend distributor. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

Interest income on financial assets measured at fair value through profit or loss is recognised in net gains/(losses) on the fair value of those assets. Interest income on financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income calculated using the effective interest method is recognised in profit or loss under 'finance income'.

Interest income is calculated on the basis of the effective interest rate and the gross carrying amount of the financial asset, except for financial assets that are subsequently impaired due to credit risk. For financial assets impaired due to credit risk, the effective interest rate is applied to the net carrying amount of the financial asset (net of an allowance for expected credit losses).

Interest income is presented as financial income when it relates to financial assets held for cash management purposes.

Note 6.1. Specification of financial income and expenses

Specification	01.01.2024-30.09.2024	01.01.2023-30.09.2023
Interest on deposits	8	232
Interest on financial assets including:	902	285
- interest on government bonds realised	213	49
- interest on government bonds receivable, not paid	687	236
Others included:	-	13
- excess exchange rate gains	-	13
Total revenue	**910**	**530**
Interest, including:	48	60
- interest on leases	47	59
- Other interest	1	1
Others, including:	332	4
- excess exchange rate losses	2	-
- transactions in bonds	330	4
Total costs	**380**	**64**
Result on financing activities	**530**	**466**

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 in issue occurring during the year.

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

The profit and share figures used to calculate the basic and diluted earnings per share:

Earnings per share

Specification	01.01.2024-30.09.2024	01.01.2023-30.09.2023
Average number of ordinary shares during the period	1 409 669	1 253 602
Net profit	(2 258)	(4 477)
Earnings per share in PLN	**(1,60)**	**(3,57)**

Diluted earnings per share

Specification	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023
Average number of ordinary shares during the period	1 409 669	1 253 602
Correction	-	-
- Subscription warrants (pcs.)	-	-
Average number of ordinary shares after adjustment during the period	1 409 669	1 253 602
Net profit	(2 258)	(4 477)
Diluted earnings per share in PLN	**(1,60)**	**(3,57)**

Note 8 Intangible assets

Selected Accounting Policies

Intangible assets are valued at acquisition cost or production cost, less accumulated amortization or impairment, and impairment losses.

The acquisition cost of intangible assets acquired in a business combination is equal to their fair value at the acquisition date. The Company assesses, on each occasion, whether an intangible asset has a finite or indefinite useful life.

Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there are indications of impairment. The amortisation period and method for intangible assets with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of the economic benefits embodied in the asset are recognised by changing the amortisation period or method, as appropriate, and treated as changes in estimates. The amortisation charge for intangible assets with a finite useful life is recognised in the result in the category that corresponds to the function of the intangible asset.

Intangible assets with indefinite useful lives and those that are not in use are reviewed annually for possible impairment, either on an asset-by-asset basis or at the cash-generating unit level.

Costs that can be directly attributed and are capitalised as software include staff costs and an appropriate proportion of the relevant indirect costs.

Capitalised costs associated with software development are recognised as intangible assets and amortised from the point at which the asset is ready for use.

Costs associated with the maintenance of computer programmes are written off as incurred.

The entity amortises intangible assets with finite useful lives on a straight-line basis over the following useful lives

- software - the amortisation period is between 2 and 4 years. Research costs are not capitalised and are presented in the result as expenses in the period in which they are incurred.

The results arising from the removal of intangible assets from the statement of financial position are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the result when they are removed from the statement of financial position.

Development work

Expenditure incurred during development is recognised as an intangible asset, depending on whether the criteria for capitalisation are met.

It is possible to recognise expenditures and classify them as development work provided that:

a. it is technically possible to complete the intangible asset so that it is either usable or saleable,
b. there is a realistic possibility that the intangible asset will generate probable future economic benefits,
c. there is an ability to use or sell the intangible asset,
d. there is the availability of the technical, financial and other means used and that the inputs can be reliably determined,
e. there is a method of implementation and applicability given the existence of a market for the product.

When development expenditure meets the above conditions, the expenditure incurred is capitalised and recognised
in the statement of financial position.

In accordance with 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.

These expenditures include, in particular:

a. expenditures on materials and services used or consumed in the production of the value item intangibles,
b. employee benefit costs directly attributable to the creation of an asset intangibles,
c. fees for title registration,
d. amortisation of patents and licences that are used in the production of the asset intangibles.

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

Development expenditure in the course of production represents an intangible asset that is not yet available for use. In accordance with paragraph 97 of IAS 38 Intangible Assets, development expenditure in the course of production is not amortised, as amortisation begins when the asset is ready for use, i.e. when the asset is in the location and condition necessary for it to be used in the manner intended by management.

Note 8.1 Specification of intangible assets

Specification	30.09.2024	31.12.2023
Expenditure on development work in progress	6 014	-
Software	5	49
Industrial property rights	53	-
Total	**6 072**	**49**

All intangible assets are owned by the Company, none are used under a rental, lease or other agreement, including a lease agreement. The Company has not pledged any collateral on intangible assets.
As of 30 September 2024, the Entity had no contracts in place that obliged it to purchase intangible assets. The Company did not recognise any impairment losses on intangible assets between 1 January 2024 and 30 September 2024 or during 2023.

The main item of intangible assets is expenditure on development work in progress. These expenditures are described in more detail in Note 8.3.

Note 8.2 Changes in intangible assets

Note 8.2.1. Changes in intangible assets during Q3 2024

Specification	Development work in progress manufacturing	Values of industrial rights	Software	Total
Gross value on 01.01.2024.	**-**	**-**	**118**	**118**
- Acquisitions/production	6 014	60	-	6 074
- Sale	-	-	-	-
Gross value on 30.09.2024.	**6 014**	**60**	**118**	**6 192**
Depreciation and amortisation as of 01.01.2024 r.	**-**	**-**	**69**	**69**
- Depreciation charge for the period	-	7	44	51
- Write-down	-	-	-	-
- Sale	-	-	-	-
Depreciation and amortisation as of 30.09.2024 r.	**-**	**7**	**113**	**120**
Net value on 01.01.2024.	**-**	**-**	**49**	**49**
Net value on 30.09.2024.	**6 014**	**53**	**5**	**6 072**

Note 8.2.2. Changes in intangible assets for 2023

Specification	Development work in progress manufacturing	Values of industrial rights	Software	Total
Gross value on 01.01.2023	**-**	**-**	118	118
- Acquisitions/production	-	-		-
- Sale	-	-		-
Gross value on 31.12.2023.	**-**	**-**	**118**	**118**
Depreciation and amortisation as of 01.01.2023r.	**-**	**-**	9	9
- Depreciation charge for the period	-	-	60	59
- Write-down	-	-		-
- Sale	-	-		-
Depreciation and amortisation as of 30.06.2023r.	-	-	69	69
Net value on 1.01.2023.	**-**	**-**	109	109
Net value on 31.12.2023.	**-**	**-**	**49**	**49**

Note 8.3. Development works during manufacturing

Note 8.3.1 Specification of development expenditure during manufacture

Specification	30.09.2024	31.12.2023
Depreciation	456	-
Materials	604	-
Third-party services	2 230	-
Employee benefits	2 510	-
Other costs	214	-
Impairment losses	-	-
Total	**6 014**	**-**

As of 30 September 2024, the Company reported expenditures of PLN 6,014 thousand related to development work in progress related to the development of the PANURI test. The subject of the project is the development of an innovative *in vitro* diagnostic test to detect pancreatic cancer in its early stages. The IVD PANURI medical device detects markers of enzymatic proteolytic activity characteristic of pancreatic cancer in a urine sample.

The project's innovation - a low-cost, publicly available test for diagnosing pancreatic cancer at early stages - has the potential to create a new market - screening for the disease in high-risk groups at the pre-invasive (pre-symptomatic) stage.

In the first quarter of 2024, the Company's Management Board analysed the rationale for capitalising the expenditure as development work in accordance with IAS 38 "Intangible assets". The capitalisation of expenditures commenced from 1 April 2024. In the opinion of the Company's Management Board, the stage of advancement of the work in progress and the possibility, from a technical point of view, of completing the project in such a way that the resulting component is suitable for use or sale allows for the capitalisation of the expenditure incurred.

Note 9 Property, plant and equipment

Selected accounting principles

Fixed assets are stated at acquisition cost (plus all costs directly attributable to the purchase and bringing the asset to a usable condition) or production cost, less accumulated depreciation and impairment losses. Fixed assets are depreciated on a straight-line basis starting from the first month following the month in which the asset was taken into use. Depreciation rates are based on the economic useful lives of the assets. Fixed assets, with the exception of land, are depreciated on a straight-line basis over their estimated useful economic lives.

Each time an upgrade is performed, the cost of the upgrade is recognised in the carrying amount of property, plant and equipment if the recognition criteria are met. Costs incurred after the date an asset is placed in service, such as maintenance and repair costs, are charged to the result as they are incurred.

An item of property, plant and equipment may be removed from the statement of financial position when it is disposed of or when no future economic benefits are expected from its continued use or sale. Any gain or loss arising from the removal of an asset from the statement of financial position, calculated as the difference between the proceeds from disposal and the carrying amount of the asset being removed, is recognised in the result of the period in which the economic operation takes place, in other operating expenses or income.

The depreciation period for fixed assets is as follows:

- Means of transport (cars) - depreciation period is between 3 and 5 years.
- Other fixed assets (medical and laboratory equipment) - depreciation period is 3 to 5 years.

An entity classifies a non-current asset (or group) as held for sale if its carrying amount will be recovered primarily through a sale transaction rather than through continuing use. The company measures a non-current asset (or group) classified as held for sale at the lower of its carrying amount or fair value less costs to sell.

Estimates

Depreciation rates are determined on the basis of the expected useful life of property, plant and equipment. The Company reviews the assumed economic useful lives annually on the basis of current estimates. The depreciation period for property, plant and equipment under leases restated in accordance with IFRS 16 corresponds to the term of the contract. For the buildings and premises category, this period is between 48 and 60 months. In contrast, the depreciation period for means of transport restated under IFRS 16 is in the range of 36 to 48 months.

Management assesses whether there are indications that individual assets or cash-generating units may be impaired. The analysis of the occurrence of indications looks at both external factors - including primarily the macroeconomic environment, as well as internal factors - including strategic decisions, current financial projections and operational plans. The occurrence of an indication of possible impairment requires an estimate of the recoverable amount.

Note 9.1 Specification of property, plant and equipment

Specification	30.09.2024	31.12.2023
Land and buildings	784	925
Means of transport	96	205
Technical equipment and machinery	28	38
Other fixed assets	1 646	1 724
Fixed assets under construction	-	-
Total	**2 554**	**2 892**

Note 9.2 Changes in the value of property, plant and equipment

Note 9.2.1 Change in value of property, plant and equipment during Q3 2024

Specification	Land and buildings	Measures transport	Equipment Technical and machinery	Other	Total
Gross value on 01.01.2024.	**1 528**	**436**	**61**	**1 957**	**3 981**
- Acquisitions		-	-	277	**277**
- IFRS 16 leases	177	-	-	-	**177**
- Sale					**-**
Gross value on 30.06.2024.	**1 704**	**436**	**61**	**2 234**	**4 435**
Depreciation and write-downs as of 01.01 2024.	603	231	22	233	**1 089**
- Depreciation allowance	317	109	11	363	800
- Write-down	-	-	-	-	**-**
- Sale	-	-	-	(8)	**(8)**
Depreciation and amortisation as of 30 September 2024	**920**	**340**	**33**	**588**	**1 881**
Net value on 01.01.2024.	**927**	**205**	**38**	**1 724**	**2 893**
Net value on 30.09.2024.	**784**	**96**	**28**	**1 646**	**2 554**

Note 9.2.2 Change in value of property, plant and equipment in 2023

Specification	Land and buildings	Measures transport	Equipment Technical and machinery	Other	Total
Gross value on 01.01.2023	1 485	272	38	690	2 485
- Acquisitions	138	-	23	1 431	**1 592**
- IFRS 16 leases	-	165	-	-	**165**
- Sale	(95)			(165)	**(260)**
Gross value on 31.12.2023.	**1 528**	**436**	**61**	**1 957**	**3 981**
Depreciation and write-downs as of 01.01 2023	256	113	9	130	**507**
- Depreciation allowance	364	118	14	221	**717**
- Write-down					**-**
- Sale	(18)	-	-	(117)	**(135)**
Depreciation and write-downs on 31.12.2023	**603**	**231**	**22**	**233**	**1 089**
Net value on 01.01.2023.	1 229	158	29	561	**1 978**
Net value on 31.12.2023.	926	205	38	1 724	**2 893**

Note 9.3. Ownership structure of property, plant and equipment

Note 9.3.1. Ownership structure of property, plant and equipment during Q3 2024

Specification	Buildings, premises	Technical equipment and machinery	Measures transport	Other fixed assets	Total
Own	439	28		1 646	2 113
Used under a rental or leasing contract IFRS 16	345		96		441
Total	**784**	**28**	**96**	**1 646**	**2 554**

Note 9.3.2. Ownership structure of property, plant and equipment in 2023

Specification	Buildings, premises	Technical equipment and machinery	Measures transport	Other fixed assets	Total
Own	612	38	-	1 724	2 374
Used under a rental or leasing contract IFRS 16	314	-	205	-	519
Total	**926**	**38**	**205**	**1 724**	**2 893**

Note 9.4. Impairment in value

At the current stage of its activities, the Company is a single operating unit focusing on research work. It is specific to biotechnology companies that the production process of a future potential medical device is deferred from the research process for that device, including clinical trials. The life cycle of a research project is much longer than in a manufacturing company, which means that the period between the establishment and evaluation of a project and its final commercialisation usually takes many years, which is why the Management Board considers the entire Company as a single cash-generating unit. As of the balance sheet date, the Company's Management Board analysed the rationale indicated in IAS 36.12, and as a result concluded that no write-downs of non-current assets were necessary.

Details of the external rationale considered are set out below:

- there was no impairment of the market value of the asset significantly greater than that which could be expected as a result of the passage of time and the normal use of the individual fixed assets,
- there have not been and, to the best of our knowledge, will not be in the near future any significant and unfavourable changes of a technological, market, economic or legal nature that could indicate an impairment of fixed assets held as of the balance sheet date,
- at the current stage of operations, the Company would not estimate the value in use when determining the recoverable amount, hence an analysis of the discount rate was not justified,
- the Company's market capitalisation was higher than the carrying amount of its net assets (the Unit was treated as a single cash-generating unit),

and internal:

- during our analysis of fixed assets as of the balance sheet date, we did not identify any loss of usefulness of fixed assets or physical damage to them,
  Due to the nature of the biotechnology business, we believe that the Company's financial performance is typical for the current stage of the Company's development and will not be worse than expected in the near future.

Note 9.5. Leases

Note 9.5.1. Company as lessee

<u>Selected accounting principles</u>

A contract is a lease if it gives the Entity the right to control the use of an identified asset for a given period of time in return for a payment i.e. the Company has the right to obtain substantially all the economic benefits from its use and has the right to direct its use. The Company recognises assets and liabilities arising from any lease with a term in excess of 12 months, unless the underlying asset is of low value.

At the commencement date, the lessee measures the right-of-use asset at cost and the lease liability at the present value of the lease payments outstanding at that date.

Lease payments are discounted using the lease interest rate if this rate can be readily determined. Otherwise, the Company uses the lessee's marginal interest rate, which is the interest rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value, in a similar economic environment, for a similar term and with similar security. To determine the marginal interest rate, the Company uses, where possible, external financing received in the recent past as a starting point, adjusted to take into account changes in financing terms since the financing was received.

Lease payments are apportioned by the entity between finance costs and a reduction in the balance of outstanding lease obligations. Finance costs are apportioned between accounting periods to reflect the constant level of interest on the lease obligations outstanding during those periods. The quotient of the interest portion of the lease payment and the expenditure for the acquisition or construction of the leased asset less the lease payments made in advance is, therefore, constant from one reporting period to the next.

Right-of-use assets are valued at cost, which includes:

- the amount of the initial valuation of the lease liability,
- any lease payments made on or before the commencement date, less lease incentives received,
- any initial direct costs, and
- costs of rehabilitating, removing or returning the asset.

Payments relating to short-term leases of premises and leases of low-value assets are recognised as an expense on a straight-line basis in the income statement. Short-term leases represent leases of 12 months or less.

Professional judgement

With regard to agreements in which the Company is the lessee, when the assessment of whether an agreement contains a lease is not clear, the Company exercises professional judgement as to whether the definition of a lease under IFRS 16 is met.

Included in the value of property, plant and equipment, are right-of-use assets with the following carrying amount, which relate to the following classes of underlying assets and which were subject to the following depreciation charges.

Specification	Carrying amount rights to uses for 30.09.2023	Carrying amount rights to uses for 31.12.2023
Buildings and structures	374	344
Means of transport	98	283
Total	**472**	**627**

Leases in progress include 1 lease agreement for a means of transport and 2 leases for premises. The first lease agreement relates to the lease of premises for a research laboratory. For the purposes of IFRS 16, the expected period of use of the premises was determined by the period for which the agreement was concluded, i.e. 59 months. The second lease agreement relates to office premises, the agreement was concluded for a period of 2 years, the period of use of the premises was also defined as a period of 24 months.

The lease agreement for means of transport was concluded for a period of three years, at the end of which the Company has the right to acquire ownership of the leased item. Lease instalments bear interest at a variable rate calculated based on WIBOR 1M. Lease instalments are secured by the object of lease.

In September 2024, the Company made a purchase payment for two cars that had been used under lease agreements to date.

Note 10. trade and other receivables

Selected accounting principles

Receivables, excluding trade receivables, are measured at fair value at inception and subsequently at amortised cost using the effective interest rate with allowance for expected credit losses. Upon initial recognition, the Company measures trade receivables, which do not have a significant financing component, at their transaction price.

The Company uses simplified methods for the measurement of receivables measured at amortised cost where this does not distort the information in the statement of financial position, particularly where the period until the receivable is repaid is not long. Receivables measured at amortised cost, for which the Company applies simplifications, are measured at initial recognition at the amount required to be paid and thereafter, including at the end of the reporting period, at the amount required to be paid less any impairment losses.

After initial recognition, trade receivables are measured at amortised cost using the effective interest method, taking into account impairment losses, with trade receivables with a maturity date of less than 12 months from the date of origination not being discounted and measured at nominal value.

In accordance with its accounting policy, for trade receivables the Company applies the simplified approach of calculating the allowance for expected credit losses using a provision matrix.

The entity applies, irrespective of maturity, a 100% expected credit loss ratio to receivables for which collection is no longer probable.

There were no trade receivables during the period covered by the financial statements.

Note 10.1. Structure of trade and other receivables

Specification	30.09.2024	31.12.2023
Trade receivables	-	-
Public-law receivables	641	313
Grant receivables	4 603	1 259
Other receivables	77	101
Accruals and deferred income	67	50
Total receivables (net)	**5 388**	**1 723**
Description updating receivables	-	-
Gross receivables	**5 388**	**1 723**
- long-term	30	20
- short-term	5 358	1 703

Public and legal receivables in Q3 2024 and 2023 consisted of VAT receivables. In the Entity, there are excesses of input VAT over output VAT due to the lack of sales revenue and therefore output VAT.

The value of the grants receivable consists of a subsidy to costs and a subsidy to development work in progress for two grants received by the company.

As of 30 September 2024, the grant receivable amounts to PLN 4,603 thousand, including:
- the amount of PLN 3 063 000 relates to co-financing from SMART grant (FENG.01.01-IP.02-1170/23) - ("PARP")
- the amount of PLN 1,540 k relates to SoE grant funding (FENG.02.09-IP.01-0003/23-00) - ("NCBIR")

The Company did not write down any receivables in the years Q3 2024 and 2023.

Note 10.2. Trade and other receivables by maturity date

Specification	30.09.2024	31.12.2023
Undetermined	**5 386**	**1 719**
Overdue, including:	**2**	**4**
0- 30 days	-	-
30 - 90 days	1	1
90 - 180 days	1	1
180-360 days	-	2
over 360 days	-	-
Total	**5 388**	**1 723**

Note 10.3. Currency structure of trade and other receivables

Specification	30.09.2024	31.12.2023
PLN	5 388	1 723
Foreign currency		-
Total	**5 388**	**1 723**

Note 11 Cash and cash equivalents

Selected accounting principles

Cash and cash equivalents comprise cash on hand, bank deposits payable on demand. Bank overdrafts are presented in the statement of financial position as a component of short-term debt liabilities. For the purposes of the statement of cash flows, overdrafts do not reduce cash and cash equivalents.

Note 11.1. Structure of cash and cash equivalents

Specification	30.09.2024	31.12.2023
Cash in bank accounts	2 265	1 319
Deposits and savings accounts	-	-
Total	**2 265**	**1 319**

Cash and cash equivalents consisted exclusively of cash accumulated in bank accounts. The Company had no restricted cash during the period covered by the financial statements.

In addition, as of 30 September 2024, the Company held BGK bonds (secured by the State Treasury) with a fair value of PLN 13,439 thousand.

Note 11.2. Cash and cash equivalents by currency

Specification	30.09.2024	31.12.2023
PLN	2 250	1 131
EUR	15	8
Total	**2 265**	**1 139**

Note 11.3. Dividends paid and proposed to be paid

There were no dividends paid or proposed to be paid during the period covered by the financial statements due to net losses incurred by the Company.

Note 12. financial assets measured at amortised cost

Selected accounting principles

Assets measured after initial recognition at amortised cost - these are financial assets held in accordance with a business model that seeks to hold financial assets to earn contractual cash flows and the contractual characteristics of these financial assets provide for the generation of cash flows that are solely payments of principal and interest.

An entity uses the effective interest method to measure financial assets measured at amortised cost. Trade receivables/payables after initial recognition are measured at amortised cost using the effective interest method, taking into account impairment losses, with trade receivables with a maturity date of less than 12 months from the date of origination not being discounted and measured at nominal value.

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

Specification	Number (units)	Carrying amount	Fair value
BGK bonds guaranteed by the State Treasury	8 899	10 208	10 485
BGK bonds guaranteed by the State Treasury	2 507	3 006	2 954
Total	**11 406**	**13 214**	**13 439**

Note 12.2. Structure of non-current assets measured at amortised cost on 31 December 2024

Specification	Number (units)	Carrying amount	Fair value
BGK bonds guaranteed by the State Treasury	14 751	14 754	14 475
BGK bonds guaranteed 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**

In the period covered by the condensed interim financial statements, the Company, under an 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.

Note 13. Lease commitments

Selected accounting principles

The Company recognises the lease liability at the lease inception date. Lease

payments included in the measurement of the lease liability include:

- fixed lease payments,
- variable lease payments that depend on an index or a rate, initially measured using that index or rate according to their value at the commencement date,
- amounts expected to be paid by the lessee as part of the guaranteed residual value,
- the strike price of a call option, if it can be assumed with reasonable certainty that the Company will exercise the option purchase,
- monetary penalties for lease termination, unless it can be assumed with reasonable certainty that the Company will not exercise the termination option.

Variable charges that do not depend on an index or rate are not included in the value of the lease liability. These charges are recognised in the income statement in the period in which the event giving rise to their maturity occurs.

At the commencement date, the lease liability is measured at the present value of the lease payments outstanding at that date, discounted using the lessee's marginal interest rates.

After the commencement date, the Company measures the lease liability by:

- an increase in the carrying amount to reflect the interest on the lease liability,
- a reduction in the carrying amount to take account of lease payments made and
- revaluing the carrying amount to reflect any reassessment or modification of the lease or to reflect updated substantially fixed lease payments.

The Company revises the measurement of the lease liability due to reassessment when there is a material change in future lease payments due to a change in the index or rate used to determine payments (e.g. the fee in perpetual usufruct changes), when the amount the Company expects to pay in guaranteed residual value changes, or if the Company changes its assessment of the likelihood of exercising the option to purchase, renew or terminate the lease.

The revaluation of the lease liability also adjusts the value of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, a further reduction in the valuation of the lease liability is recognised by the Company in profit or loss.

Note 13.1 Specification of lease obligations

Specification	30.09.2024	31.12.2023
Leasing		
- long-term	236	312
- short-term	236	315
Total	**472**	**627**

All lease obligations are expressed in Polish currency.

Note 14. trade and other payables

Selected accounting principles

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method, with payables with a maturity date of less than 12 months from the date of origination not being discounted and measured at nominal value.

The value of public-law and short-term employee benefit liabilities is determined without discounting and shown in the statement of financial position at the amount payable within other liabilities.

Note 14.1 Specification of trade and other payables

Specification	30.09.2024	31.12.2023
Trade payables	693	371
Public law liabilities, of which	201	128
- personal income tax	47	36
- social security	152	92
- employee equity plans	2	-
Payroll liabilities	15	31
Other liabilities	2	-
Total	**911**	**530**

Note 14.2 Age structure of trade and other payables

Specification	30.09.2024	31.12.2023
Not determined	**826**	**406**
Overdue, including:	**85**	**124**
0- 90 days	17	123
91 - 180 days	68	-
181 - 360 days	-	1
over 360 days	-	-
Total	**911**	**530**

The company settles all its liabilities on an ongoing basis. The time-barred amounts result from duplicate invoices that were received by the company late and then paid without delay.

Note 14.3 Currency structure of trade and other payables

Specification	30.09.2024	31.12.2023
PLN	844	530
EUR	43	-
USD	24	
Total	**911**	**530**

Note 15. Deferred grants

Selected accounting principles

Grants to assets are presented in the statement of financial position under the heading 'Deferred grants'.
Grants are public aid that take the form of a transfer of funds to an economic entity in return for it meeting, in the past or in the future, certain conditions relating to its activities.
Grants, the principal condition of which is the acquisition or production of tangible or intangible assets by the Company, are recognised in the statement of financial position as deferred grants, i.e. the amount received, until the tangible or intangible assets financed by the grant are taken into use. Accrued amounts for time-sensitive grants, as the agreements relate to reimbursement of expenses incurred, are recorded secondarily to other receivables (grants receivable).

When a tangible or intangible asset is taken into use, the Company will commensurately recognise grant income to keep it commensurate with depreciation expense.

The preparation of the condensed interim financial statements in accordance with IFRS required the Management Board to make professional judgements and estimates and assumptions that affect the values presented. The estimates and related assumptions are based on historical experience and other factors that are considered reasonable under the circumstances, and the results provide a basis for professional judgement as to the book value of assets and liabilities that is not directly derived from other sources.

In making significant judgments, estimates or assumptions, the Management Board may rely on
on the opinions of independent experts. Judgements, estimates and related assumptions are subject to ongoing review.

Note 15.1 Specification of time-based grants

Specification	30.09.2024	31.12.2023
Long-term asset grants, of which:		
- subsidy (FENG.01.01-IP.02-1170/23) - ("PARP")	1 843	-
- Grant (FENG.02.09-IP.01-0003/23-00) - ("NCBIR")	576	-
Total	**2 419**	**-**

As of 30 September 2024, the Company has two signed subsidy agreements, agreement no. FENG.01.01-IP.02-1170/23 and agreement no. FENG.02.09-IP.01-0003/23-00. Both agreements concern subsidies for the PANURI project, i.e. a project involving the development of an innovative *in vitro* diagnostic test to detect pancreatic cancer in its early stages.

In accordance with the decision of the Company's Board of Directors, starting from 1 April 2024, the Entity entered the development phase with the PANURI project. From this date, the expenditures related to the direct development of the PANURI project are capitalised to "Intangible assets" as development work in progress. The amount of the percentage subsidisation of development work-in-progress from the grants mentioned above is credited to non-current liabilities as deferred grants until acceptance of intangible assets for use and secondarily to other receivables (receivables from grants).

Note 16. Reserves

Selected accounting principles

Provisions for legal claims, service guarantees and restoration obligations are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. No provision is made for future operating losses.

Provision amounts are stated at the present value of the expenditures that, in management's best estimate, will be required to settle the current obligation at the end of the reporting period. A pre-tax interest rate is then used, which reflects the current market assessment of the time value of money and the risks specifically associated with the liability. The increase in provisions related to the passage of time is recognised as interest expense.

Note 16.1 Specification of reserves

Specification	30.09.2024	31.12.2023
Provision for unused holidays	197	74
Provisions for liabilities	-	477
Total	**197**	**551**

At the end of Q3 2024 and at the end of 2023, the Company recognised provisions for unused leave by the Company's employees and provisions for future trade payables.

Note 17 Financial instruments

Selected accounting principles

The Company classifies its financial assets and liabilities in the following categories:

- measured at amortised cost,
- measured at fair value through other comprehensive income,
- measured at fair value through profit or loss,
- hedging financial instruments.

The categorisation of debt financial assets depends on the business model for managing the financial assets and the contractual cash flow characteristics for the financial asset.

Financial assets measured at amortised cost

Assets measured after initial recognition at amortised cost - these are financial assets held in accordance with a business model that seeks to hold financial assets to earn contractual cash flows and the contractual characteristics of these financial assets provide for the generation of cash flows that are solely payments of principal and interest.

An entity uses the effective interest method to measure financial assets measured at amortised cost. Trade receivables/payables after initial recognition are measured at amortised cost using the effective interest method, taking into account impairment losses, with trade receivables with a maturity date of less than 12 months from the date of origination not being discounted and measured at nominal value.

Financial assets at fair value through other comprehensive income

Assets measured after initial recognition at fair value through other comprehensive income - these are financial assets held in accordance with a business model that seeks to both hold assets financial assets for the purpose of generating contractual cash flows as well as the sale of financial assets, and the contractual characteristics of those financial assets provide for cash flows that are solely payments of principal and interest. Gains and losses on a financial asset that is an equity instrument for which the fair value through other comprehensive income option has been used are recognised in other comprehensive income, except for dividend income received. During the period covered by the condensed interim financial statements, there were no financial assets included in the above group.

Financial assets at fair value through profit or loss

Assets at fair value through profit or loss - these are all other financial assets. Gains or losses arising from the measurement of a financial asset classified as at fair value through profit or loss are recognised in profit or loss in the period in which they arise. Gains or losses arising from the measurement of items measured at fair value through profit or loss also include interest and dividend income. The company's holdings of financial assets at fair value through profit or loss are described in note 12.

Hedging financial instruments

Hedging financial instruments - these are derivatives designated as hedging instruments. Hedging financial instruments are measured in accordance with hedge accounting principles. The Company did not apply hedge accounting in the period covered by the condensed interim financial statements.

Note 18 Classification of financial instruments

Specification	Category IFRS 9	Carrying amount 30.09.2024	Carrying amount 31.12.2023	Fair value 30.09.2024	Fair value 31.12.2023
Financial assets		**20 867**	**26 373**	**21 092**	**25 986**
Trade receivables and other	AFWZK	5 388	1 723	5 388	1 723
Cash and cash equivalents	AFWZK	2 265	1 139	2 265	1 139
Treasury bonds and BGK bonds guaranteed by the State Treasury	AFWZK	13 214	23 511	13 439	23 124
Financial liabilities		**1 383**	**1 301**	**1 383**	**1 301**
Lease commitments	ZFWZK	472	627	472	627
Income tax liabilities	ZFWZK	-	144	-	144
Trade and other payables	ZFWZK	911	530	911	530

Abbreviations used: AFWZK- Financial assets measured at amortised cost ZFWZK- Financial liabilities measured at amortised cost

The fair value of financial instruments other than government bonds that the Company held at the date of the 30 September 2024 and 31 December 2023 did not differ materially from the value presented in the financial statements for each year for the following reasons:

- with regard to short-term instruments, the possible effect of discounting is not material,
- these instruments relate to transactions concluded at arm's length.

Treasury bonds classified by the Company as financial assets measured at amortised cost are further described in note 12.

Note 19 Capital risk management

Since the beginning of the Company's operations, the primary sources of funding have been contributions from the founders and external investors, i.e. equity capital. Further development of the Company will require further financial expenditures related to subsequent stages of research work and the process of commercialisation of products. There is therefore a risk that if the funds raised from the issue of new shares and possible amounts of grants or subsidies turn out to be insufficient to complete the research work to an extent that will allow the result to be commercialised, the Company will not have access to sources of financing for its activities. This is particularly likely in the event of unplanned protraction of individual stages of research work or an increase in the price of labour, materials or services beyond the values assumed in project budgets.

The inflow of funds from the issue of series E shares carried out in 2023 and the guarantee of obtaining grant funds from EU funds supporting R&D projects allow for the further development of ongoing research projects. The Company's future revenues depend on the commercialisation of research projects.

Proceeds from the issue of E shares and signed agreements for European Union funding have been further described in note 20.1 Liquidity risk.

Note 20 Financial risk management

The Company is exposed to the following risks:

- liquidity risk.
- market risk comprising currency risk and interest rate risk.

Due to the lack of sales in the period covered by the condensed interim financial statements, the risk of a credit related to receivables did not occur.

It is the responsibility of the Company's Board of Directors to set the risk management criterion and principles.

The following are of paramount importance in the risk management process: securing short-term and medium-term cash flows.

Note 20.1 Liquidity risk

At the current stage of its operations, the company's main expenditure is on conducting research work. The implementation of research programmes to date is made possible by funding from shareholders through the issue of new shares. During the research work, the solutions being developed for the preparation of new drugs and medical devices do not generate sales revenue, but their potential value for commercialisation increases as the research work progresses.

Irrespective of the Company's financial needs assumed in the research project budgets, due to the difficult-to-predict results of the work, the risk of incurring additional costs for follow-up research, the further development of ongoing projects may require additional funding.

In 2023, the Company received proceeds from the issue of series E shares with a total value of PLN 29,633 thousand.

On 28 December 2023, the Company entered into an agreement with the Polish Agency for Enterprise Development ("PARP") for the implementation and co-financing of the Project entitled "PANURI test - based on an enzymatic method, a highly effective and low-cost IVD test for diagnosing pancreatic cancer in its early stages and international protection of industrial property rights of inventions in the form of IVD tests for determining other cancers based on an enzymatic method". The total value of the Project amounts to PLN 68,110 thousand, and the granted value of PARP co-financing is PLN 38,255 thousand. The implementation period of the Project and eligibility of expenditures began on 10 May 2023. The maximum implementation period of the Project ends on 31 December 2029.

On 29 December 2023, the Company entered into an agreement with the National Centre for Research and Development ("NCBR") for the implementation and co-financing of the Project entitled "Diagnostic test for the detection of pancreatic cancer at an early stage of its development". The total value of the Project amounts to PLN 55,983 thousand, and the granted value of NCBR funding is PLN 10,870 thousand. The period of Project implementation and expenditure eligibility began on 01 May 2023 and ends on 31 July 2028.

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

Note 20.2 Interest rate risk

As part of its financial liabilities, the Company presents only liabilities arising from leases of means of transport and rights to premises in accordance with IFRS 16. Only 1 lease agreement for means of transport, in respect of which the present value of lease payments depends on WIBOR 1M, is exposed to interest rate risk. The credit risk arising from changes in interest rates on the cost of leasing has an insignificant impact on the financial position of the Entity.

The table below shows the sensitivity of the pre-tax profit to reasonably possible changes in interest rates, assuming other factors remain constant (in connection with variable rate liabilities).

Specification	Value at risk	Impact on profit before tax with a point reduction percentage	Impact on profit before tax with a point increase percentage
As of 30.09.2024			
Financial leasing - measures transport	98	1	(1)

Note 21. Contingent assets and liabilities

Selected accounting principles

The Company discloses contingent assets at the end of the reporting period if an inflow of economic benefits is probable. Where practicable, the Company estimates the financial effect of contingent assets, measuring them in accordance with the principles applicable to the measurement of provisions.

The company discloses at the end of the reporting period information on contingent liabilities if:

- has a possible obligation that has arisen as a result of past events, the existence of which will not be confirmed until the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Company's control, or
- has a present obligation that arose from past events, but the outflow of resources embodying economic benefits is not probable or the Company is unable to measure the amount of the obligation with sufficient reliability.

The company does not disclose a contingent liability when the probability of an outflow of resources embodying economic benefits is remote.

Estimates

The Company estimates the financial effect of disclosed contingent assets based on the value of previously recognised costs that the Company expects to recover (e.g. under signed insurance contracts), or the value of the subject matter of proceedings in which the Company acts as a plaintiff.

The Company estimates possible future liabilities, representing contingent liabilities, based on the value of claims in pending proceedings in which it is a defendant.

Note 21.1 Contingent assets

There were no contingent assets in the period covered by the condensed interim financial statements.

Note 21.2. Contingent liabilities

As of 30.09.2024, the Company has not provided any sureties or guarantees as security for contracts third parties.

Note 22 Nature and amounts of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

During the period covered by the condensed interim financial statements, there were no unusual items due to their type, size or frequency.

Note 23 Nature and amounts of changes in estimates of amounts that were presented in previous interim periods of the current financial year, or changes in estimates of amounts that were presented in previous financial years;

During the period covered by the condensed interim financial statements, the Company revised the estimated value of the leased premises for the research laboratory and updated the value of the provision for unused leave.

The gross value of the leased premises disclosed under non-current 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 income. The reason for updating the estimated value of the leased premises was a significant change in the amount of rental instalments related to rent indexation.

The provision for unused annual leave was increased by PLN 123 thousand, which was related to the increase in the number of people employed under an employment contract.

Note 24. issues, redemptions and repayments of debt and equity securities

The Company has not incurred, issued, redeemed or repaid any debt or equity securities during the period from 1 January to 30 September 2024.

Note 25 Seasonality of operations

There is no seasonality in the Unit's operations.

Note 26 Discontinued operations

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

Note 27 Employment structure

Specification	30.09.2024	31.12.2023
Employees	28	18
Persons working on a contract basis	42	46
Collaborators - B2B	3	2
Total	**73**	**66**

Note 28 Significant litigation

As of the date of these financial statements, there were no material litigations pending against or on behalf of the Company that could have, or have had in the past, a significant effect on the financial position and results of operations of the Entity, subject to an unrecognised liability by the Company of PLN 893 thousand net, PLN 1,099 thousand gross.

The claim in question was issued as an alleged obligation of the Unit to a company under the name of INNOVATREE Sp. z o.o. with its registered office in Gdynia on account of a commission fee (the so-called success fee) for the approval of two applications for funding submitted by the Unit without any participation of INNOVATREE Sp. z o.o. both at the stage of preparation of those applications and at the stage of their submission and assessment.

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

Note 29 COVID-19

In the event of another wave of the COVID-19 pandemic in Europe, there may be delays in the individual research projects carried out by the Unit. This is due to the fact that the priority of the health service will then be the care of COVID-19 patients, with work on other issues, including the work carried out by the Unit in cooperation with oncology departments in hospitals, may be reduced or completely suspended. The Company's Management Board assesses the materiality of the above risk as low and the probability of occurrence also as low.

Note 30 Conflict in Ukraine

In the opinion of the Company's Board of Directors, the ongoing conflict in Ukraine will continue to affect the macroeconomic situation in the country and globally and this may lead to further increases in inflation and interest rates, but the scale and impact of the war in Ukraine on the macroeconomic situation is currently very difficult to estimate.

As of the date of the condensed interim financial statements, the Board of Directors of the Company assessed that the ongoing armed conflict in Ukraine does not affect the Company's assessment of going concern.

Note 31 Transactions with related parties

Related parties of the Entity include key management personnel, which the Company includes members of the management and supervisory boards.

Note 31.1. Remuneration of the members of the Management Board

Remuneration for the function (gross amounts in PLN thousand)

Specification	01.01.2024 - 30.09.2024	01.01.2023 - 30.09.2023
Grzegorz Stefanski	18	18
Tomasz Kostuch	18	18
Total	**36**	**36**

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

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

During Q3 2024 and Q3 2023, Mr Grzegorz Stefański also received remuneration under employment contracts for a total amount of PLN 297 thousand for the period from 1 January 2024 to 30 September 2024 and PLN 207 thousand for the period from 1 January 2023 to 30 September 2023.

During Q3 2024 and Q3 2023, Mr Tomasz Kostuch also received remuneration under employment contracts for a total amount of PLN 297 thousand for the period from 1 January 2024 to 30 September 2024 and PLN 207 thousand for the period from 1 January 2023 to 30 September 2023.

From October 2021, members of the Management Board are charged for the use of company cars for private purposes an amount which, until 31.07.2023, corresponded to 1/30 of 20% of the costs incurred by the Company for leasing instalments for each day of use. From 01.08.2023, the charge for the use of company cars for private purposes corresponds to 1/30 of 10% of the costs incurred by the Company for leasing instalments.

Note 31.2 Remuneration of members of the Supervisory Board .

The following table presents the remuneration of the members of the Supervisory Board for the third quarters of 2024 and 2023 (gross amounts in PLN thousand)

Specification	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023
Magdalena Wysocka	24	18
Slawomir Kościak	24	18
Jarosław Biliński	24	18
Grzegorz Basak	12	9
Maciej Matusiak	48	36
Total	**132**	**99**

Note 31.3 Loans granted to members of key staff

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

Note 31.4 Other related party transactions

During the period for which the report is prepared, the company had no other transactions with related parties.

Note 32 Events after the balance sheet date

Up to the date of these condensed financial statements, there have been no significant events after the balance sheet date, other than as described below:

Concluding a contract with Avania for the preparation of documentation for the clinical trial in the PANURI project

On 11.10.2024, the Company entered into an agreement with Avania BV, based in the Netherlands. The subject of the agreement is the preparation of documents and a comprehensive substantive and regulatory review necessary to conduct a clinical trial for an in vitro diagnostic test to detect pancreatic cancer (PANURI project). The concluded agreement is a key step in the Company's preparations for conducting a clinical trial in the PANURI project, which aims to streamline the certification and registration process of an in vitro diagnostic medical device in the markets: US, UK and EU.

Avania is a leading global MedTech clinical research organization (CRO) and consulting partner focusing on medical devices, diagnostics/IVD (in vitro diagnostics) and digital health. Key areas of activity include comprehensive clinical trial outsourcing, market access, reimbursement, regulatory and product development consulting.

Obtaining patent protection from the Polish Patent Office for the invention in the project MULTI-CANCER.

On 20.11.2024, the Company received information that the Patent Office of the Republic of Poland had granted a patent for the invention in the MULTI-CANCER project entitled. "A compound - a diagnostic marker for ovarian cancer, a method of detecting enzymatic activity, a method of diagnosing ovarian cancer, a kit containing such a compound and applications of such a compound". The patent was granted for a period of 20 years from the filing date, i.e. 28 September 2022, subject to the payment of the fees for the first period of protection, which fees will be paid by the Issuer within the required period.

Conclusion of a funding agreement for the NASTRO project with the Polish Agency for Enterprise Development.
On 21.11.2024, the company signed an agreement with the Polish Agency for Enterprise Development for the co-financing of the NASTRO project entitled " NASTRO test - an enzyme-based, low-cost IVD test for the diagnosis of breast cancer in its early stages and international industrial property protection of the new breast diagnostic marker as well as acquiring and developing the competence of the URTESTE S.A. Team in the area of R&D work and its commercialisation".

The total net value of the Project amounts to PLN 20,820 thousand, and the value of co-financing is PLN 11,500 thousand. The implementation period of the Project and eligibility of expenditures began on 02.01.2024 and ends on 31.12.2029.

The aim of the project is to develop an innovative diagnostic test to detect breast cancer in its early stages based on developed substrates that react with the urine of patients with a specific type of cancer and to test the clinical efficacy of the test. The test has the potential to removing/eliminating some of the limitations of currently available screening tests - mammography and ultrasound - as they will have a high level of safety and comfort, higher accessibility, lower cost and very high quality, with a target sensitivity >93% and specificity >95% higher than mammography (sensitivity 75-95%, specificity 80-95%).

<u>Signing of an addendum to the contract for the implementation and funding of the project entitled 'Diagnostic test for the detection of pancreatic cancer in its early stages"</u>

On 26 November 2024, an annex of a technical - corrective nature was signed to the agreement concluded on 29 December 2023 with the National Centre for Research and Development ("NCBR") for the implementation and co-financing of the project entitled "Diagnostic test for the detection of pancreatic cancer at an early stage of its development" (the "Agreement"). The aforementioned annex was concluded due to the necessity to adjust the content of the Agreement to the provisions of the Project Selection Regulations and to recalculate the amount of the grant awarded to the Company according to the average euro exchange rate announced by the National Bank of Poland in force on the day of concluding the Agreement (i.e. 29 December 2023), while maintaining the maximum grant limit of EUR 2.5 million, instead of the average exchange rate from the day of announcing the competition, which was used in the content of the signed Agreement. As a result of the conclusion of the annex in question, due to differences in average euro exchange rates announced by the National Bank of Poland, the total value of the project and the total amount of eligible expenditure determined at the amount of PLN 55,983,338.78 were reduced to the amount of PLN 53,044,513.00, similarly, the total amount of co-financing determined initially at the amount of PLN 11,373,726.32 was reduced to the amount of PLN 10,870,000.00. Other important provisions of the Agreement remained unchanged.

4. APPROVAL INTERIM CONDENSED REPORT FINANCING

These interim condensed financial statements were approved for publication by the Board of Directors on 28 November 2024.

Grzegorz Stefanski
President of the Management Board

Tomasz Kostuch
Member of the Management Board

Karolina Łuszczak
Person responsible for drawing up condensed interim report Financial

5. INFORMATION ABOUT URTESTE S.A.

5.1 General information

Company: Urteste Spółka Akcyjna

Country of establishment: Poland

Registered office and address: 1 Starodworska Street, 80-137 Gdańsk

Email address: urteste@urteste.eu

Website: https://urteste.eu/

Registration Court: District Court Gdańsk - Północ in Gdańsk, 7th Commercial Division of the National Court Register

KRS: 0000886944

REGON: 383394663

NIP: 5833355988

Urteste S.A. was established as a result of the transformation of the company under the name Urteste spółka z ograniczoną odpowiedzialnością into a public limited company by virtue of the resolution of the Shareholders' Meeting on the transformation of the company dated 16 February 2021.

The duration of the Company is indefinite. The Issuer does not form a capital group.

5.2 Company authorities

As of 30 September 2024 and as of the date of this quarterly report, the composition of the Company's Board of Directors was as follows:

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

There were no changes in the composition of the Company's Management Board during the period covered by this report.

As of 30 September 2024 and as of the date of this quarterly report, the composition of the The Supervisory Board of the Company was as follows:

- 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.

There were no changes in the composition of the Supervisory Board during the period covered by this report
Companies.

As of 30 September 2024 and as of the date of this quarterly report, the composition of the
The Company's Audit Committee was as follows:

- 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 Audit Committee during the period covered by this report.

5.3 Capital and shareholding structure

Shareholding structure as of 30.09.2024 and as of the date of the report

Lp.	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 Stefanski	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.

In the period since the publication of the previous interim report, there have been no changes in the ownership structure of the Issuer's significant shareholdings.

5.4 Ownership of shares or rights to shares by managing and supervising persons

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

Lp.	Shareholder	Function	Number of shares	% of shares and votes
1.	Grzegorz Stefanski	President of the Management Board	185 993	13,19%
2.	Tomasz Kostuch	Member of the Management Board	184 422	13,08%
TOTAL			1 409 669	100,00%

Source: Issuer.

In the period since the previous interim report, there were no changes in the ownership of the Issuer's shares by management and supervisory personnel.

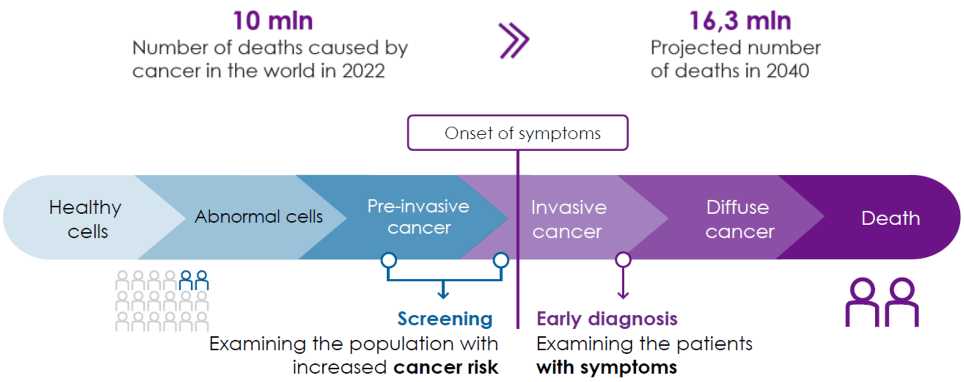
6. ACTIVITIES OF URTESTE S.A.

6.1 Object of activity

Urteste is active in research and development. The company creates and develops innovative technology to enable the detection of cancer in its early stages. Tests developed by the Company for the diagnosis (detection) and monitoring of treatment effects of various types of cancer will serve this purpose. These tests will be medical devices for in vitro use (IVD tests).

The technology being developed by the Company, is based on a method for detecting enzymatic activity specific to cancer cells. This method enables the development of tests to detect different types of cancer, based on the examination of cancer-specific enzymatic activity, using a urine sample. To the best of the Company's knowledge, the technology it is developing is not currently used in marketed medical devices.

Urteste's vision is to develop technology that can detect many types of cancer in the early stages. Early detection of cancer increases the chance of successful treatment.



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

6.2 Strategies and objectives

Urteste's business activities focus on conducting innovation projects. These are expected to result in the development and subsequent commercialisation of technology for the production of medical devices for in vitro use, with a particular 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, biliary tract cancer, stomach cancer, oesophageal cancer, ovarian cancer, endometrial cancer, breast cancer, glioma, and bladder cancer. Each of the above-mentioned diagnostic targets may in the future become the basis for a new stand-alone research project, the formulation of which will not require the involvement of an external entity as the donor of the project concept.

The Company's main strategic objectives until 2027 are:

1) Commercialisation of medical devices (diagnostic tests) at advanced stages of development, in particular the flagship PANURI project for a pancreatic cancer detection test. Medical devices developed on the basis of the Company's research results are expected to be ultimately available in countries generating collectively at least 80% of global GDP.

2) Development of new, innovative medical devices (diagnostic tests).

3) Further development of the Company based on cooperation with international and experienced partners.

Re. 1 The company is considering commercialising the research results developed to develop a commercial medical device, i.e. diagnostic test prototypes and their manufacturing technology, in one of two ways:

1) licensing (strategic partnership)

2) the sale of technology or parts of it.

Licensing (strategic partnership).

A potential licence may include rights to sell a medical device using the results of the Company's research, in a specific territory and for a specific period of time. The licence may be exclusive or non-exclusive, i.e. granted on the same terms to one or more licensees. The licensed medical device will be a ready-to-use set of reagents to perform the tests. The granting of a licence to an industry partner for the manufacture and distribution of medical devices based on the technology developed by the Company will involve the development of a remuneration model for the Company, providing for (i) an upfront front fee, (ii) payments related to the achievement of subsequent milestones in the development of the project (milestones), including, inter alia, obtaining regulatory approval for the marketing of the device, and (iii) a share in the revenue generated from sales made by the partner (royalties).

Sale of technology or parts of it.

The sale of technology or individual solutions based on technology developed by the Company to an industry investor may increase the likelihood of commercialisation of the Company's devices due to higher interest in this model from industry investors. If the technology is sold, the medical device will become the property of the buyer. The sale of the technology will include the technical documentation, including the method of manufacturing the device. Patent rights will be sold along with the technology.

Re 2. The Company believes that its current know-how and accumulated research results will allow it to develop candidates for further diagnostic tests. The Company assumes that in the future it will be possible to diagnose multiple cancers using one or more multifunctional tests. The performance of the target multifunctional medical device will be based on the universal technology developed by the Company and currently used for single tests.

Re 3. The Company's strategic assumption at the operational level is to independently develop only the key technological and scientific competencies in order to maximise the effects of its project-related tasks. The knowledge of the Company's employees and direct collaborators and the technological processes used are the key assets of the Company and will be the main driver of further development. In other areas, the Company intends to develop in cooperation with international and experienced partners.

In order to implement the strategy related to the commercialisation of Urteste's technology, the Company is working with the transaction advisor Clairfield Partners LLC, based in New York. Urteste continues to work with the advisor on a regular basis. A communication strategy has been developed. Together with the advisor, the Company is in an ongoing process of discussions with potential partners.

In June 2024, the Company's team, together with representatives of Clairfield Partners LLC, attended the BIO International Convention in San Diego. On the other hand, in November, the Company's team participated in the MEDICA trade fair in Düsseldorf. During both events, the Company held more than 100 meetings with potential strategic partners.

In May 2024, a promotional film was created to demonstrate the advantages of Urteste technology: https://youtu.be/q1_6Kin2C8E?si=_z_-Fi6KAZ9RmDXi

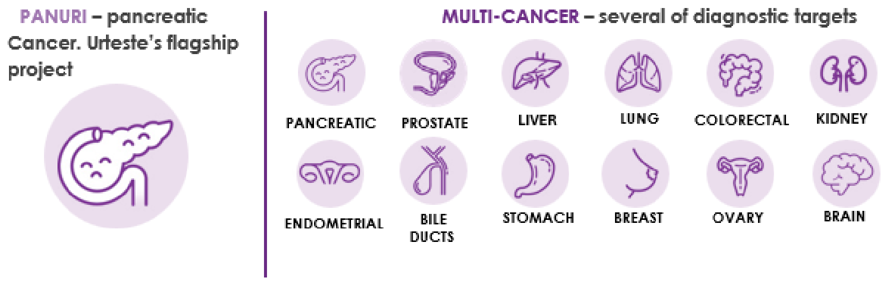
6.3 Summary of work carried out in the various research and development areas

PROGRESS OF ONGOING URTESTE PROJECTS

At the date of the report, the Company has the following projects underway:

a) PANURI - an R&D project that will result in an internationally groundbreaking new IVD test technology for the early diagnosis of pancreatic cancer (classification: in vitro diagnostic medical device);

b) MULTI-CANCER - a research project resulting in the Company developing tests to detect the most common cancers. Included in the MULTI-CANCER project is a test for the diagnosis of prostate cancer developed as part of the previously ongoing EASY- TEST project.



PANURI PROJECT

The PANURI project aims to develop an internationally innovative product
in vitro diagnostic medical device dedicated to the early diagnosis of pancreatic cancer.

To date, the following stages of research and development work have been completed:

1. A business concept for the product was developed.

2. A preliminary assessment of the fulfilment of the product design assumptions was carried out by performing basic laboratory tests.

3. A preliminary registration concept ('go to market'; European Union, USA, other markets) has been developed.

4. Design work, including:

a) selected groups of compounds that could be used in a future product medical,
b) compounds with significant development potential were identified through a series of studies laboratory,
c) performed cross-testing, using urine samples from patients with cancers other than pancreatic cancer.

5. Filing of patent applications protecting the solution (commencement of national phases in the PCT procedure in the countries of the European Union, 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 - countries accounting for nearly 90% of global GDP).

6. Obtaining a patent for the invention covered by the PANURI project ("Chemical compound - a diagnostic marker for pancreatic cancer, its method of production and application in cancer diagnostics"). The patent was granted by the Patent Office of the Republic of Poland.

7. A multi-centre study (medical experiment) involving patients has been completed.
In the pancreatic cancer diagnostic test (PANURI) study conducted, the results were:

- a high sensitivity of 95.6%

- a high specificity of 95.5% in pancreatic cancer patients relative to healthy individuals.

In the opinion of the Issuer's Management Board, the PANURI results obtained are promising and in line with the objectives of the study, and confirm the concept of the test as a tool for the early diagnosis of pancreatic cancer.

8. Biological samples needed for the analytical validation of the PANURI test were collected by establishing cooperation with specialised clinical centres throughout Poland through the launch of a multi-centre research experiment (>20 centres).

9. A production transfer to a CDMO company has been prepared. The company has no in-house production capacity for medical devices, including for clinical trials.

10. The scientific relevance of the medical device was demonstrated. In order to demonstrate scientific relevance, in 2022 the research team performed a literature analysis in the available scientific databases. Due to changes in the Company's environment, the medical device design and development procedure assumes that the scientific significance of the device will be updated approximately every six months (the interval is due to the Company's internal regulation).

11. An automatic pipetting station and microplate readers from TECAN were purchased, which will allow the Company to automate the process of preparing a diagnostic test, performing the assay and analysing the results. In addition, the Company also purchased a peptide synthesiser, which in turn will allow it to automate the production of reagents used in diagnostic tests. The automation of the test preparation stage and the result analysis stage will enable the process to be scaled up and, in the Company's opinion, will have a positive impact on the project's attractiveness in the commercialisation process.

12. A patent has been obtained for the PANURI invention in the territory of 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 using an automatic pipetting station and TECAN microplate readers. Equipment qualification has been carried out and validation of analytical methods is planned to ensure the accuracy of the results obtained.

14. As part of product development, the substrate production process was optimised along with quality control methods - with a focus on the process of preparing the product for technology transfer. Further qualification procedures and validation of production equipment (HPLC, balances, freezers, shakers, labellers) were carried out. Scripts programmed for the FLUENT pipetting station were verified. As part of the analytical evaluation - the Analytical Evaluation Plan was updated.

15. Collaborations were established with specialised companies providing services for the design and conduct of clinical trials, certification and registration of medical devices in the European Union, the UK and the USA. This allowed the Company to strengthen its competence in selected areas. The Company began cooperation with consultants from the USA, Denmark, the Netherlands and Poland, including, among others, American medical-oncologists.

16. A partnership has been established with Avania BV, a leading global CRO specialising in end-to-end solutions for MedTech companies. Avania supports Urteste

in the development of clinical development details, providing advice and support during, among other things.
consultation with the FDA.

Currently, Urteste in the PANURI project is in the process of the following:

1. Setting up an ISO system in accordance with standard 13485.
2. Continued development of the diagnostic test.
3. Preparatory work for the start of clinical trials, including consultations with the FDA under Q-submission.
4. The collection of biological samples needed for the analytical validation of the test is constantly being carried out and the number of clinical centres cooperating with the company is being expanded. The samples collected to date allow the analytical work on the test to begin. Following the FDA's suggestions on the shape of the clinical trial, the Company continues to collect samples to provide material from patients with various disease entities, as well as to secure a biobank for formulation development in the MULTI-CANCER project.
5. In July 2024, the Company held a second formal pre-submission meeting with the FDA. Following the recommendation from the FDA, a thorough analysis of possible solutions and their feasibility was conducted. As a result of the analyses, the intended use and design of the clinical trials were modified in accordance with the FDA's recommendations.

In its current form, the intended use (Intended use) of the PANURI test is as follows:

Intended Use

Panuri is a chromogenic assay to be used for the qualitative determination of proteolytic enzyme activity associated with pancreatic cancer in human urine.

The Panuri test is indicated in **adult patients with symptoms supporting a clinical suspicion of pancreatic cancer**. The Panuri test is to be used **in conjunction with other diagnostic modalities to help physicians evaluate whether further diagnostic imaging (e.g., CT/MRI) is required**.

The assay is intended to be performed with the TECAN Infinite F Nano+ Microplate reader.

The test is intended for In Vitro diagnostic use only.

In connection with the aforementioned envisaged action, a potential clinical trial scheme is presented below:

Sample size assumptions:

The study will be able to use an adaptive scheme due to inaccurate population prevalence data for pancreatic cancer in the enriched arm. The adaptive scheme allows for a flexible approach to the design and conduct of the clinical trial that allows modifications to be made during the trial, based on real-time data.

Recruitment in the enriched arm will continue until a minimum number of positive and negative cases is reached or until 2,000 patients are included in the enriched arm, whichever comes first.

The main objectives of the study are:

- Evaluation of the efficacy of the Panuri test for the detection of pancreatic cancer

- to demonstrate the sensitivity and specificity of the test in detecting pancreatic cancer

At the date of publication of this report, the Company does not assume any significant changes regarding the intended use and design of the clinical trials. However, it should be noted that the information indicated above regarding the intended use and design of the clinical trials may differ from the final assumptions with which the clinical trials will be initiated.

Planned as it is, the study better reflects a high unmet medical need and provides an opportunity to demonstrate the added value from introducing a new test into the standard of care (STC). In addition, it also provides a better chance of applying for breakthrough device designation status with the FDA. PANURI would also remain a diagnostic test rather than a screening test.

A third formal meeting with the FDA has been scheduled for the end of January 2025.

The Company has a secured budget to conduct the clinical trial as presented. The clinical trial is expected to commence in Q1 2025.

Photos of the PANURI test prototype

MULTI-CANCER PROJECT

The aim of the MULTI-CANCER project is to develop internationally innovative in vitro diagnostic medical devices dedicated to the early diagnosis of several types of cancer.

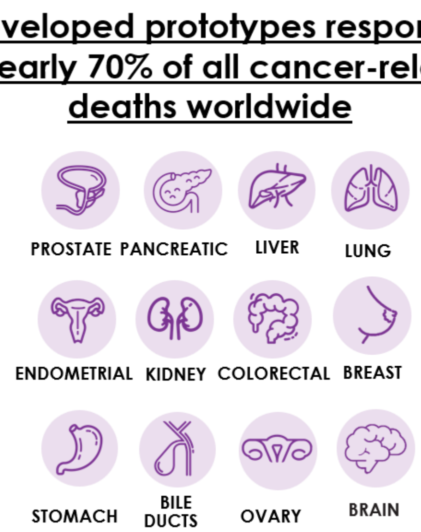
To date, the following research and development phases have been completed:

1. A business concept for the project has been developed.

2. A concept for prototypes of future medical devices was developed.

3. Diagnostic test prototypes have been developed for 12 cancers: pancreas, prostate, lung, liver, colon, kidney, endometrium, ovary, biliary tract, stomach, breast and brain.

4. Solutions for a bladder cancer detection test have been purchased from the University of Gdansk. The purchased work will reduce the time needed to develop a prototype for this type of cancer.



Źródło: Opracowanie własne.

During the period covered by this report, the Company continued to collect urine samples to securing a biobank for analytical evaluation.

The company has completed its portfolio expansion of MULTI-CANCER and has 12 prototype tests for pancreatic, prostate, lung, liver, colorectal, kidney, endometrial, ovarian, biliary, stomach, breast and brain cancers, which together account for 60% (11.5 million) of new cancer cases worldwide and nearly 70% (approximately 6.7 million) of cancer deaths in 2022. Completion of the portfolio expansion makes it possible to intensify activities regarding the preparation of the clinical trial in this project. Thus, the development of tests for oesophageal and bladder cancer has been temporarily halted. The development of these projects can be resumed by the Company mi. if there is interest in these specific tests from potential strategic partners.

Of the diagnostic test prototypes held within the MULTI-CANCER project, the Company has selected the NASTRO project (breast cancer test) for further independent development.
On 21 November 2024, the Company signed an agreement with the Polish Agency for Enterprise Development (PARP) for the co-financing of the NASTRO project entitled "NASTRO test - an enzyme-based, low-cost IVD test for diagnosing breast cancer in its early stages and international protection of industrial property rights of a new breast diagnostic marker as well as the acquisition and development of the competence of the URTESTE S.A. Team in the area of R&D work and its commercialisation".

The total net value of the Project amounts to PLN 20,820,182.52, and the value of co-financing indicated on the PARP list is PLN 11,499,611.95. The period of Project implementation and eligibility of expenditures began on 02.01.2024 and ends on 31.12.2029. The objective of the Project is to develop an innovative diagnostic test to detect breast cancer in its early stages based on the developed substrates reacting with urine of patients with a specific type of cancer and to test the clinical efficacy of the test.

6.4 Key financial items and commentary on the Company's financial position

Specification	9 months completed 30.09.2024 thousand PLN	9 months completed 30.09.2023 thousand PLN	9 months completed 30.09.2024 EUR 1 000	9 months completed 30.09.2023 EUR 1 000
Net sales revenue	-	-	-	-
Gross profit (loss) from sales	(2 670)	(4 890)	(621)	(1 068)
Profit (loss) before tax	(2 140)	(4 424)	(498)	(967)
Net profit (loss)	(2 258)	(4 477)	(525)	(978)
Net cash flow from operating activities	(3 263)	(3 174)	(758)	(693)
Net cash flow from investing activities	4 767	(26 378)	1 108	(5 763)
Net cash flow from financing activities	(378)	27 490	(88)	6 006
Total net cash flow	1 126	(2 062)	262	(450)
Weighted average number of shares	1 409 669	1 253 602	1 409 669	1 253 602
Profit (loss) per ordinary share (PLN / EUR)	(1,60)	(3,57)	(0,37)	(0,78)

Specification	30.09.2024 thousand PLN	31.12.2023 thousand PLN	30.09.2024 EUR 1 000	31.12.2023 EUR 1 000
Total assets/liabilities	29 525	29 598	6 900	6 807
Non-current assets	8 658	3 036	2 023	698
Current assets	20 867	26 562	4 877	6 109
Equity	25 485	27 743	5 956	6 381
Liabilities and provisions for liabilities	4 040	1 855	944	427
Long-term liabilities	2 696	315	630	72
Current liabilities	1 344	1 540	314	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)	18,08	21,46	4,22	4,93

In Q3 2024, the Company recorded a net loss of PLN 2 258 000 compared with a loss of PLN 4 477 000 in the same period of the previous year. The net loss was directly attributable to incurring significant operating expenses while generating no revenue from operations.

The reduction in the net loss has to do with entering the development phase with the PANURI project. Expenditure incurred for the production of the PANURI test from 01.04.2024 onwards is capitalised to intangible assets as development expenditure in the course of production. Accordingly, the expenses for the manufacture of the PANURI test from April 2024 onwards are not charged to period costs.

At 30 September 2024, the Company's total assets amounted to PLN 29,525 thousand, down from the PLN 29,598 thousand total assets recorded at the end of December 2023. The decrease is due to the expenditure of funds for the day-to-day running of the business.

At the Issuer's current stage of development, the financial results achieved are in line with targets.

6.5 Key events in the reporting period and after the balance sheet date, together with an indication of the factors and events with a significant impact on the financial statements

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's Management Board received information about the placement of the project entitled "NASTRO test - based on an enzymatic method, a low-cost IVD test for diagnosing breast cancer in its early stages and international protection of industrial property rights of a new breast diagnostic marker as well as acquisition and development of competence of the URTESTE S.A. Team in the area of R&D works and their commercialisation." ("Project") on the ranking list of the Polish Agency for Enterprise Development ("PARP") of projects selected for co-financing under the call no. FENG.01.01-IP.02-002/23 (European Funds for Modern Economy, Measure SMART Path).

Conclusion of a contract with Avania for the preparation of documentation for the study the clinical project PANURI

On 11.10.2024, the Company entered into an agreement with Avania BV, based in the Netherlands. The subject of the agreement is the preparation of documents and the comprehensive substantive and regulatory review necessary for the conduct of a clinical trial for an in vitro diagnostic test for the detection of pancreatic cancer (PANURI project). The concluded agreement is a key step in the Company's preparations to conduct a clinical trial in the PANURI project, which aims to streamline the certification and registration process of an in vitro diagnostic medical device in the markets: US, UK and EU.

Avania is a leading global MedTech clinical research organization (CRO) and consulting partner focusing on medical devices, diagnostics/IVD (in vitro diagnostics) and digital health. Key areas of activity include comprehensive clinical trial outsourcing, market access, reimbursement, regulatory and product development consulting.

Obtaining patent protection from the Polish Patent Office for an invention in the MULTI-CANCER project

On 20.11.2024, the Company received information that the Patent Office of the Republic of Poland had granted a patent for the invention in the MULTI-CANCER project entitled. "A compound - a diagnostic marker for ovarian cancer, a method of detecting enzymatic activity, a method of diagnosing ovarian cancer, a kit containing such a compound and applications of such a compound". The patent was granted for a period of 20 years from the filing date, i.e. 28 September 2022, subject to the payment of the fees for the first period of protection, which fees will be paid by the Issuer within the required period.

Conclusion of a funding agreement for the NASTRO project with the Polish Agency for Enterprise Development.

On 21.11.2024, the company signed an agreement with the Polish Agency for Enterprise Development (PARP) for co-financing of the NASTRO project entitled "NASTRO test - an enzyme-based, low-cost IVD test for diagnosing breast cancer in its early stages and international protection of industrial property rights of a new breast diagnostic marker as well as acquisition and development of competencies of the URTESTE S.A. Team in the area of R&D works and their commercialisation".

The total net value of the Project is PLN 20,820,182.52 and the value of co-financing is PLN 11,499,611.95. The period of Project implementation and expenditure eligibility began on 02.01.2024 and ends on 31.12.2029.

The aim of the project is to develop an innovative diagnostic test to detect breast cancer in its early stages based on developed substrates reacting with the urine of patients with a specific cancer type and to test the clinical efficacy of the test. The test has the potential to overcome/eliminate some of the limitations of currently available screening tests - mammography and ultrasound - as it will have a high level of safety and comfort, higher availability, lower cost and very high quality - the target sensitivity >93% and specificity >95% are at a higher level than mammography (sensitivity 75-95%, specificity 80- 95%).

Signing of an addendum to the contract for the implementation and funding of the project entitled 'Diagnostic test for the detection of pancreatic cancer in its early stages"

On 26 November 2024, an annex of a technical - corrective nature was signed to the agreement concluded on 29 December 2023 with the National Centre for Research and Development ("NCBR") for the implementation and co-financing of the project entitled "Diagnostic test for the detection of pancreatic cancer at an early stage of its development" (the "Agreement"). The above-mentioned annex was concluded due to the necessity of adjusting the content of the Agreement to the provisions of the Project Selection Regulations and recalculating the amount of co-financing granted to the Company according to the average euro exchange rate announced by the

National Bank of Poland in force on the day of concluding the Agreement (i.e. 29 December 2023), while maintaining the maximum limit of co-financing in the amount of EUR 2.5 million, instead of the average exchange rate from the day of announcing the competition, which was used in the content of the signed Agreement. As a result of the conclusion of the annex in question, due to differences in average euro exchange rates announced by the National Bank of Poland, the total value of the project and the total amount of eligible expenditure determined at the amount of PLN 55,983,338.78 were reduced to the amount of PLN 53,044,513.00, similarly, the total amount of co-financing determined initially at the amount of PLN 11,373,726.32 was reduced to the amount of PLN 10,870,000.00. Other important provisions of the Agreement remained unchanged.

6.6 Factors that will affect the results achieved over at least the next quarter

OBTAINING AUTHORISATION AND LAUNCHING CLINICAL TRIALS

Another important step in the process of approving a PANURI medical device will be to conduct a study of the device's performance (clinical trial). Appropriate approvals must be obtained to conduct the study. The procedure for obtaining authorisations varies from country to country, but always requires a number of conditions to be met, in particular the provision of detailed documentation on the planned study. The Company plans to obtain approvals for clinical trials in the United States, European Union countries and optionally in the United Kingdom. At the end of January 2025, the Company plans to hold a third formal meeting with the FDA to confirm the Intended Use and clinical trial design documents submitted.

6.7 Impact of the COVID-19 epidemic and the political and economic situation in Ukraine on the Company's activities

COVID-19

In the event of another wave of the COVID-19 pandemic in Europe, there may be delays in the implementation of individual research projects conducted by the Unit. This is due to the fact that the priority of the health service will then be the care of COVID-19 patients, and work on other issues, including work carried out by the Unit in cooperation with oncology departments in hospitals, may be reduced or completely suspended. The Company's Management Board assesses the materiality of the above risk as low and the probability of occurrence also as low.

Conflict in Ukraine

As of the date of this quarterly report, the Board of Directors of the Company assessed that the ongoing armed conflict in Ukraine has an impact on the Company's going concern assessment.

The Company does not identify any direct factors caused by the armed invasion of Ukraine by the Russian Federation that could affect its operations. Urteste S.A. does not currently conduct and does not intend to conduct direct operations in Russia, Belarus or Ukraine in the future. Consequently, the sanctions imposed on Russia and Belarus by the EU and international organisations, and the sanctions imposed by Russia and Belarus on other countries, including Poland, will not have a direct impact on the Company's activities.

The armed invasion of Ukraine by the Russian Federation may indirectly affect the Company's market environment through changes in currency exchange rates or a deterioration in the availability or increase in the price of raw materials and components used in production. The Company does not have its own production capacity to manufacture medical devices. In order to manufacture medical devices e.g. for clinical trials, the Company plans to establish cooperation with international partners of the CDMO (Contract Development and Manufacturing Organization) type on an outsourced basis. Such cooperation will most likely be settled in euro, British pound or US dollar. The weakening of the Polish currency against these currencies may result in higher Unit costs associated with the production of medical devices.

6.8 Related party transactions

Related parties of the Issuer include key management personnel, which the Company includes members of the management and supervisory boards, as described in section 6.9.

6.8.1 Transactions with related parties through members of the Management Board and the Council Supervisory

Not applicable.

6.9 Remuneration of key management personnel

REMUNERATION OF BOARD MEMBERS

Remuneration for the function (gross amounts in PLN thousand)

Specification	01.01.2024 - 30.09.2024	01.01.2023 - 30.09.2023
Grzegorz Stefanski	18	18
Tomasz Kostuch	18	18
Total	**36**	**36**

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

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

During Q3 2024 and Q3 2023, Mr Grzegorz Stefański also received remuneration under employment contracts for a total amount of PLN 297 thousand for the period from 1 January 2024 to 30 September 2024 and PLN 207 thousand for the period from 1 January 2023 to 30 September 2023.

During Q3 2024 and Q3 2023, Mr Tomasz Kostuch also received remuneration under employment contracts for a total amount of PLN 297 thousand for the period from 1 January 2024 to 30 September 2024 and PLN 207 thousand for the period from 1 January 2023 to 30 September 2023.

From October 2021, the members of the Management Board are charged for the use of company cars for private purposes an amount which, until 31.07.2023, corresponded to 1/30 of 20% of the costs of the incurred by the Company for leasing instalments for each day of use. From 01.08.2023, the charge for the use of company cars for private purposes corresponds to 1/30 of 10% of the costs incurred by the Company for leasing instalments.

REMUNERATION OF SUPERVISORY BOARD MEMBERS

The following table presents the remuneration of the members of the Supervisory Board in Q3 2024 and Q3 2023 (gross amounts in PLN thousand)

Specification	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023
Magdalena Wysocka	24	18
Slawomir Kościak	24	18
Jarosław Biliński	24	18
Grzegorz Basak	12	9
Maciej Matusiak	48	36
Total	**132**	**99**

6.10 Guarantees and sureties granted

As of 30 September 2024 and as of the date of this quarterly report, the Company has not provided any sureties or guarantees as security for third-party contracts, subject to two blank promissory notes issued in favour of:

1) Polish Agency for Enterprise Development as collateral for the proper performance of the Company's obligations under grant agreement FENG.01.01-IP.02-1170/23 entitled "PANURI test - based on an enzymatic method, a highly effective and low-cost IVD test for diagnosing pancreatic cancer in its early stages and international protection of industrial property rights of inventions in the form of IVD tests for determining other cancers based on an enzymatic method". The promissory note secures the repayment of the entire subsidy received by the Company in the amount of PLN 38,254,963.11, including interest. The Polish Agency for Enterprise Development has the right to fill in the promissory note at any time for the amount of grant awarded, together with 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 to handle the advance.
2) National Centre for Research and Development as collateral for the proper performance of the Company's obligations under grant agreement FENG.02.09-IP.01-003/23-00 entitled: Diagnostic test for the detection of pancreatic cancer at an early stage of its development. The promissory note secures repayment of the entire subsidy received by the Company in the amount of PLN 11,373,726.32, including interest. The National Centre for Research and Development shall have the right to fill in the promissory note, at any time during the implementation of the project under the Subsidy Agreement and 4 years from the date of completion of the project, 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 vindication costs incurred.

The safeguards described above are, in the opinion of the Board, commonly used for this type of contract
subsidies.

6.11 Proceedings pending before a court, an authority competent to conduct arbitration proceedings or a public administration body

As of 30 September 2024 and as of the date of this report, 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 have been pending against the Company.

6.12 Position Management Board regarding regarding the possibility of fulfilment of previously published result forecasts

Not applicable.

6.13 Other information

In the opinion of the Company's Management Board, apart from the information contained within this report, there is no other information which, in the opinion of the Company, is material for the assessment of its personnel, assets, financial position, financial result and their changes, or information which is material for the assessment of the Company's ability to fulfil its obligations.

Signatures

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