



#### TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation and the accounting principles and practices generally adopted in Poland.

The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

## Independent Registered Auditor's Report

To the General Shareholders' Meeting and the Supervisory Board of Selvita S.A.

### Report on the audit of financial statements

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#### Our opinion

In our opinion, the accompanying annual financial statements:

- give a true and fair view of the financial position of Selvita S.A. (the "Company") as at 31 December 2023 and the Company's financial performance and the cash flows for the year then ended in accordance with the applicable provisions of the Accounting Law of 29 September 1994 (the "Accounting Law") and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Law.

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report.

#### What we have audited

We have audited the annual financial statements of Selvita S.A. which comprise:

- the balance sheet as at 31 December 2023;

and the following prepared for the financial year then ended 2023:

- the income statement;
- the statement of changes in equity;
- the cash flow statement, and
- the notes comprising the introduction to the financial statements and additional notes and explanations.

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#### Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing as adopted by the resolution of the National Council of Statutory Auditors and the resolution of the Council of the Polish Audit Supervision Agency ("NSA") and pursuant to the Law of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (the "Law on Registered Auditors") and the Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities (the "EU Regulation"). Our responsibilities under NSA are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Registered Auditors and in the EU Regulation.

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## Our audit approach

### Overview



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 3 500 thousand, which represents 0.9% of total assets.
- All material items included in the Company's financial statements were covered by our audit procedures.
- Key Audit Matter related to correct recognition of revenue.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.



**Overall Company materiality** PLN 3 500 thousand

**How we determined it** 0.9% of total assets

**Rationale for the materiality benchmark applied** We chose total assets as the benchmark because, in our view, it is the measure against which the performance of a holding entity is commonly assessed by the users of financial statements and so may be regarded as a generally accepted benchmark. We chose 0.9% because based on our professional judgment it is within accepted materiality qualitative thresholds.

We agreed with the Audit Committee of the Company that we would report to them misstatements of the financial statements identified during our audit above PLN 350 thousand (for classification misstatements in the balance sheet i.e. not affecting net result or equity, with a value exceeding twice the overall materiality), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Correct recognition of revenue</b></p> <p>Revenue for 2023 amounted to PLN 147,570 thousand (in 2022: PLN 149,916 thousand). Accounting policies and disclosures relating to revenue are presented in notes 4.21, 4.24 of the introduction to the financial statements and in notes 9 and 17 of additional information and explanations to the financial statements. Revenue from sales is one of the key indicators of the results of the Company's operating activity, they indicate the degree of fixed costs coverage and are determinant of the market share. In addition, part of revenues relates to the provision of research services that have not been completed as of the balance sheet date, which requires estimating the stage of completion of the unfinished service in order to</p>	<p><b>Our audit procedures included in particular:</b></p> <ul style="list-style-type: none"> <li>• understanding and evaluating of processes and internal controls related to recognition, measurement and presentation of revenue from sales;</li> <li>• assessment of the compliance of the applied accounting policies with the relevant accounting regulations;</li> <li>• analysis of selected contracts concluded by the Company,</li> <li>• test, on a selected sample, of revenues recognized during the financial year through independent confirmation with customers of the occurrence of selected sales transactions, their value and payment by the customer;</li> <li>• independent confirmation of the existence and value of selected items of trade receivables as at the balance sheet date (for a selected sample);</li> <li>• test, on a selected sample, of credit notes adjusting the value of revenues during and after the end of the audited financial year;</li> <li>• for contracts not completed as at 31 December 2023, for which revenue is recognized over time, conducting tests of details on a selected sample of contracts, including             <ul style="list-style-type: none"> <li>- reconciliation of revenues from contracts to the</li> </ul> </li> </ul>



determine the amount of accrued revenue using the cost method and the matching principle.

Consequently, there is a risk of misstatement of the financial statements as a result of an error or intentional overstatement of sales revenue in the financial statements by, for example, recording fictitious sales transactions or incorrect determination of the percentage of completion of the service. Considering the above, we decided this to be a key audit matter.

- agreement,
- recalculation of revenues according to the adopted by the Company percentage of completion of the project, reconciliation of incurred costs and recalculation of the planned margin;
- understanding, through discussions with the management and analysis of documents, the reasons for the deviations of the actual margin in relation to the budgeted margin and, where we considered it necessary, verifying these deviations against the source documentation;
- comparison of invoiced revenues and payments for issued invoices;
- evaluation of significant accounting estimates and judgments made by the Company's Management Board;
- based on the size of transactions and their risk, a detailed test was performed for a selected sample of sales transactions at the turn of the balance sheet year, ensuring that they were recognized in the appropriate period;
- test of all material journal entries impacting sales revenues during the year that meet certain, defined criteria,
- assessment of disclosures in the financial statements regarding sales revenues and related judgments and estimates.

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## Responsibility of the Management and Supervisory Board for the financial statements

The Management Board of the Company is responsible for the preparation, based on the properly maintained books of account of the annual financial statements that give a true and fair view of the Company's financial position and results of operations, in accordance with the provisions of the Accounting Act, the adopted accounting policies, the applicable laws and the Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management Board and members of the Supervisory Board are obliged to ensure that the financial statements comply with the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting process.

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## Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.



The scope of the audit does not include an assurance on the Company's future profitability nor the efficiency and effectiveness of the Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Other information, including the report on the operations

### Other information

Other information comprises:

a Report on the Company's operations for the financial year ended 31 December 2023 ("the Report on the operations") and the corporate governance statement which is a separate part of the Report on the operations,

- other documents comprising the Annual Report for the financial year ended 31 December 2023 ("the Annual Report"),



(together "Other Information"): Other information does not include the financial statements and our auditor's report thereon.

### **Responsibility of the Management and Supervisory Board**

The Management Board of the Company is responsible for the preparation of the Other Information in accordance with the law.

The Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the operations of the Company including its separate parts comply with the requirements of the Accounting Law.

### **Registered auditor's responsibility**

Our opinion on the financial statements does not cover the Other Information.

In connection with our audit of the financial statements, our responsibility under NSA is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the information in the financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in the Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Law on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual financial statements. Moreover, we are obliged to issue an opinion on whether the Company provided the required information in its corporate governance statement.

### **Statement on the Other information**

We declare, based on the knowledge of the Company and its environment obtained during our audit, that we have not identified any material misstatements in the Report on the operations of the Company and the remaining Other information.

### **Opinion on the Report on the operations**

Based on the work we carried out during our audit, in our opinion, the Report on the operations of the Company:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 70 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("Regulation on current information")
- is consistent with the information in the financial statements.

### **Opinion on the corporate governance statement**

In our opinion, in its corporate governance statement, the Company included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the financial statements.

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## **Report on other legal and regulatory requirements**

### **Information on revenues from the sale of research and development services generated by the Company**

According to Art. 19.1 (2a) of the Act of 30 May 2008 on certain forms of supporting innovative activity (consolidated text, Journal of Laws of 2022, item 2474, "R&D Act"), the financial statements of the entrepreneur includes, among others: information on net revenues from the sale of research and



development services produced by the company, classified as services in the field of scientific research and development, within the meaning of the provisions on the Polish classification of products and services or industrial property rights. The Company's Management Board is responsible for meeting the above requirement.

According to Art. 19.1 (3) of the R&D Act, the report on the audit of the financial statements contains information on net revenues from the sale of research and development services produced by the Company classified as services in the field of scientific research and development, within the meaning of the provisions on the Polish classification of products and services or industrial property rights granted to the entrepreneur by the office competent for industrial property matters.

Information required by Art. 19.1 (2) of the R&D Act was included in Note 31 of the financial statements, which indicates that Net revenues from the sale of research and development services in the financial year ended 31 December 2023 amounted to PLN 123 161 thousand.

#### **Statement on the provision of non-audit services**

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Company are in accordance with the applicable laws and regulations in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Law on Registered Auditors.

The non-audit services which we have provided to the Company and its controlled entities within the European Union during the audited period are disclosed in note 34 to the financial statements and in the Report on the Selvita Group's operations.

#### **Appointment**

We were first appointed to audit the annual financial statements of the Company by resolution of the Supervisory Board dated 14 April 2022 (by the same resolution, we were also selected to audit the annual financial statements of the Company for the financial year ended December 31, 2023). We have been auditing the Company's financial statements without interruption since the financial year ended 31 December 2022, i.e. for 2 consecutive years.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144, is Tomasz Reinfuss.

Tomasz Reinfuss  
Key Registered Auditor  
No. in the registry 90038

Kraków, 27 March 2024