
INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

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

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of Selvita S.A. Group (the 'Group'), for which the parent company is Selvita S.A. (the 'Parent Company') located in Kraków at Profesora Michała Bobrzyńskiego 14, which comprise the consolidated statement of comprehensive income for the period from 1 January 2021 to 31 December 2021, the consolidated statement of financial position as at 31 December 2021, the consolidated statement of changes in equity, the consolidated statement of cash flows for the period from 1 January 2021 to 31 December 2021 and notes to the consolidated financial (the 'consolidated financial statements').

In our opinion the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2021 to 31 December 2021 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- comply in respect of the form and content with laws applicable to the Group and the Parent Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 30 March 2022.

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the version of International Auditing Standards as adopted by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation 537/2014.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material

misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How our audit responded to this matter
<p>Settlement of the acquisition of a subsidiary Fidelta d.o.o. considering the measurement to fair value of identifiable assets and liabilities and the recognition of intangible assets as a result of this transaction</p>	
<p>As described in note 13 "Goodwill" of the explanatory notes to the consolidated financial statements, on 4th January 2021 Selvita S.A. acquired 100% of shares in Fidelta d.o.o. with its registered office in Croatia ("Fidelta"). The acquired entity is material from the point of view of the Group's financial position and financial result and the acquisition settlement required the use of professional judgment and estimates by the Parent Company's Management Board of the Company regarding the identification and determination of the fair value of net assets at the time of the acquisition and allocation of goodwill to the segment of services provided in Croatia.</p> <p>As a result of the purchase price allocation, as at balance sheet date, the Group recognized goodwill in the amount of PLN 76 million and previously unrecognized intangible assets in the form of a contractor base in the amount of PLN 35 million, which constitutes a total of 24% of total assets. The recognition of other assets, such as property, plant and equipment, right-of-use assets or trade receivables, did not involve material revaluations to fair value.</p> <p>The purchase price allocation, the calculation of goodwill and intangible assets recognized as part of this transaction is a key audit matter due to the materiality of the balances presented as at 31 December 2021, as well as due to the significance of the estimate related to the adoption of the depreciation period of the recognized other intangible assets.</p> <p>The disclosure regarding the purchase price allocation is included in note 13 "Goodwill" in the section on explanatory notes to the consolidated financial statements.</p>	<p>As part of the audit of the Consolidated Financial Statements of the Group, in relation to the settlement of the acquisition, we performed, among others, the following procedures:</p> <ul style="list-style-type: none"> ▶ understanding the business aspects of the transaction through discussions with the Parent Company's Management Board; ▶ analysis of the Fidelta purchase agreement as well as assessment of the Group's recognition of financial settlements between the buyer and the seller by agreeing i.a. cash flows to the source documentation; ▶ discussion with the Parent Company's Management Board of the requirements of IFRS 3 "Business Combinations" regarding the settlement of acquisition transactions; ▶ obtaining and analyzing the report of an advisor supporting the Parent Company's Management Board in the process of purchase price allocation in accordance with the provisions of IFRS 3 "Business Combinations"; ▶ understanding the process of identifying assets and liabilities and measuring intangible assets recognized as part of the transaction, assumptions made when determining the fair value of these assets, as well as assumptions adopted by the Parent Company's Management Board in relation to the determination of the depreciation period for assets with a specified economic useful life; ▶ involvement of EY valuation specialists to review the methodology of valuation of assets and liabilities of the acquired company, as well as the valuation of intangible assets identified in the process, the discount rate used in the valuation process and other selected significant assumptions;

	<ul style="list-style-type: none"> ▶ obtaining a detailed statement of the Parent Company's Management Board as to the completeness and correctness of the data provided and the material assumptions made for the valuation of other intangible assets; ▶ in addition, with the support of EY's IFRS specialists, we assessed the adequacy of the disclosures made in the consolidated financial statements related to the settlement of acquisitions, identification and measurement of assets and liabilities, in particular intangible assets recognized as part of the transaction included in the notes to this statement.
Recognition of revenue from contracts with customers	
<p>The Group's net revenues for the year ended 2021 amounted to PLN 311 million, including revenues from contract research and secondment reaching PLN 307 million. The Group recognizes revenues resulting from the performance of contract research and the employee rental in accordance with the International Financial Reporting Standard No. 15 "Revenue from Contracts with Customers" ("IFRS 15"). The contracts with estimated period of time exceeds 6 months, the Company is estimating revenues based on percentage of completion using the expenditure-based methods.</p> <p>The Group estimates the overall budgets of such contracts, considering the detailed costs necessary to complete the order and determining the total result on the contract. The method of recognizing revenues from the contracts described above requires a significant element of judgment of the Management Boards of the Group entities in relation to the identification of performance obligations and significant estimates of the Management Boards in terms of the degree of completion. Determining the moment of revenue recognition and proper presentation of revenues in the financial statements also require a number of significant estimates and judgments on the part of the Management Board. Due to the fact that the improper judgment or assessment of the Management Board in these areas may result in the incorrect recognition of revenues, we consider this issue to be a Key Audit Matter.</p> <p>The accounting policy regarding the method of recognizing revenue from Contracts with</p>	<p>As part of the audit of the consolidated financial statements of the Selvita Capital Group, we assessed the adopted accounting policies regarding the recognition and presentation of revenue from contracts with customers in terms of compliance with IFRS 15.</p> <p>For significant revenue streams:</p> <ul style="list-style-type: none"> ▶ we documented the operation of identified processes and assessed the key control mechanisms within the Group's units; ▶ for completed contracts, on a selected sample of orders, we performed transaction tests of sales source documents and payments received; ▶ for the contracts not completed as at 31 December 2021, for which revenue is recognized over time, on a selected sample of orders we performed tests of the reliability of contract budgets, which were the basis for determining the level of advancement and recognition of revenue; ▶ we conducted a historical analysis of the realization of contract budgets for significant contracts completed in the audited financial year in order to compare forecasts and budgets for unfinished contracts, as well as to identify possible risks that should be reflected in the valuation of open contracts; ▶ we held discussions with the Heads of departments realizing settled according to percentage of completion method, in order to discuss assumptions regarding budgets and risks and the degree of advancement of works on the contracts in progress, as well as the probability of changes in contract results; ▶ we discussed with the Company's Management Board the results of the analysis and the Management

<p>Customers is described in the consolidated financial statements in note 3.9.2. "Revenue from research contracts concluded with customers" and in note 5. "Operating income", together with required disclosures for the revenue recognition, including significant judgement and estimates. In note 5.3 "Contract assets and liabilities" and in note 21 "Trade receivables and other receivables" and note 26 "Trade and other liabilities", the Group disclosed its accounting policy and the relevant elements of the estimation judgments, as well as the required disclosures regarding assets and liabilities arising from customer contracts and trade receivables.</p>	<p>Board's assessment of the possible impact of after the balance sheet date events on the contracts performed by the Group;</p> <ul style="list-style-type: none"> ▶ through analytical procedures, transaction tests and analysis of unusual items from the accounting journal, we assessed the correctness of revenue recognition over the period of time and the correctness of the value of revenues recognized in individual periods. <p>Moreover, we assessed the adequacy of the presentation of the disclosures made in the consolidated financial statements regarding revenues from contracts with customers, trade receivables, as well as contract assets and liabilities.</p>
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Responsibilities of the Company's Management and members of the Supervisory Board for the consolidated financial statements

The Parent Company's Management Board is responsible for the preparation the consolidated financial statements that give a true and fair view of the consolidated financial position and the consolidated financial performance in accordance with applicable International Financial Reporting Standards adopted by the European Union, the applied accounting policies, other applicable laws, as well as the Parent Company's Statute, and is also responsible for such internal control as the Parent Company's Management Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent Company's Management Board is responsible for assessing the Group's (the parent company and significant components) 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 Parent Company's Management Board either intends to liquidate the Group (the parent company or significant components) or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

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

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

The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's opinions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Group nor efficiency or effectiveness of conducting business matters now and in the future by the Parent Company's Management.

As part of an audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the consolidated 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 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 Group's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's Management,
- conclude on the appropriateness of the Company's Management'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the consolidated 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 independent auditor's report, however, future events or conditions may cause the Group to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,
- we obtain sufficient appropriate audit evidence regarding the financial information of entities and business activities within the Group for the purpose of expressing an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the audit of the Group and we remain solely responsible for our audit opinion.

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 provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to 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 consolidated 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.

Other information, including the Directors' Report

The other information comprises the consolidated management report of the Group for the period from 1 January 2021 to 31 December 2021 („Directors' Report") together with the consolidated statement on corporate governance, which is a separate section of the Directors' Report and the

Consolidated Annual Financial Report for the financial year ended 31 December 2021 ('Consolidated Annual Report') (jointly 'Other Information'). The Other Information does not include the consolidated financial statements and our auditor's report thereon. (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

Parent Company's Management is responsible for the preparation of the Other Information in accordance with the law.

The Parent Company's Management and members of the Parent Company's Supervisory Board are required to ensure that the Directors' Report with separate elements meets the requirements of the Accounting Act.

Auditor's responsibilities

Our opinion on the consolidated financial statements does not include the Other Information. In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to issue an opinion on whether the Parent Company has included the required information in the consolidated statement on corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the consolidated financial statements.

Moreover, based on our knowledge of the Group and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance statement

In our opinion, in the representation on application of corporate governance, the Group has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the consolidated statement on corporate governance is in accordance with applicable laws and information included in the consolidated financial statements.

Report on other legal and regulatory requirements

Opinion on the compliance of marking up of the consolidated financial statements prepared in the single electronic reporting format with the requirements of the regulation on technical standards on the specification of a single electronic reporting format

As part of our audit of the consolidated financial statements we were engaged to perform a reasonable assurance engagement to express an opinion on whether the consolidated financial statements of the Group as at and for the year ended 31 December 2021, prepared in the single

electronic reporting format, included in the file named „SELVITA-2021-12-31.zip“ (‘consolidated financial statements in ESEF format’), was marked up in accordance with the requirements stipulated in the Commission Delegated Regulation (EU) of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the ‘ESEF Regulations’).

Identification of the applicable criteria and description of the subject matter

The consolidated financial statements in ESEF format were prepared by the Company’s Management in order to meet the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations.

The subject matter of our assurance engagement is the compliance of marking up of consolidated financial statements in ESEF format with the requirements of the ESEF Regulations, while the requirements specified in these regulations represent, in our opinion, applicable criteria for us to express an opinion.

Responsibilities of the Company’s Management and members of the Supervisory Board

The Company’s Management is responsible for the preparation of the consolidated financial statements in ESEF format in accordance with the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations. Such responsibility includes the selection and application of appropriate XBRL tags using the taxonomy specified in these regulations.

The responsibility of Management also includes the design, implementation and maintenance of such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material incompliances with the ESEF Regulations.

The members of the Company’s Supervisory Board are responsible for overseeing the Company’s financial reporting process, which include also the preparation of financial statements in the format required by applicable regulations.

Auditor’s responsibilities

Our objective is to express an opinion, based on the performed reasonable assurance engagement, that the consolidated financial statements in ESEF format have been tagged in accordance with ESEF Regulations.

We have performed our assurance engagement in accordance with the National Standard on Assurance Engagements Other than Audit and Review 3001 PL on audit of financial statement prepared in the single electronic reporting format (‘NSAE 3001PL’) and when applicable in accordance with National Standard on Assurance Engagements Other than Audit and Review 3000 (R) in the form of the International Standard on Assurance Engagements 3000 (revised) - ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’ (‘NSAE 3000 (R)’).

The standard requires us to design and perform procedures to obtain reasonable assurance that the consolidated financial statements in ESEF format have been prepared in accordance with the applicable criteria.

Reasonable assurance is a high level of assurance, but it is not a guarantee that the assurance engagement conducted in accordance with NSAE 3001PL and, when appropriate, in accordance with NSAE 3000 (R), will always detect material misstatement when it exists.

The selection of procedures depends on the auditor’s professional judgment, including the auditor’s assessment of risks of material misstatements, whether due to fraud or error. When performing risk assessment the auditor takes account of internal controls related to preparation of the consolidated financial statements in ESEF format, to design procedures responsive to those risks in order to obtain

evidence that is sufficient and appropriate. The assessment of internal control was not performed for the purpose of expressing an opinion on its operational effectiveness.

Summary of work performed

Procedures that were designed and performed by us included among others:

- obtaining an understanding of the process of preparation of the consolidated financial statements in ESEF format, including the process of selection and application of XBRL markups and maintaining compliance with the ESEF Regulations, as well as obtaining an understanding of internal controls related to this process;
- reconciling the tagged information in consolidated financial statements in ESEF format to the audited consolidated financial statements;
- assessment of the compliance with the technical standards on the specification of a single electronic reporting format with the use of specialistic IT tools and IT expert;
- assessment of the completeness of tagging of information in the consolidated financial statements in ESEF format with XBRL tags with the use of specialistic IT tools;
- assessment whether XBRL tags from the taxonomy specified by the ESEF Regulations have been applied appropriately and whether extension taxonomy elements have been used when there are no appropriate elements in the core taxonomy specified in the ESEF Regulations;
- evaluating of the anchoring of the extension taxonomy elements to the core taxonomy elements specified by the ESEF Regulations.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance of marking up with ESEF Regulations.

Ethical requirements, including independence

While performing the assurance engagement, the key statutory auditor and the audit firm have complied with the independence and other ethical requirements as specified by the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have also complied with other independence and ethical requirements applicable to this assurance engagement in Poland.

Quality control requirements

The audit firm applies national quality control standards in the form of International Standard on Quality Control 1 - 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements and other Assurance and Related Services Engagements' as adopted by a resolution of the National Council of Certified Auditors ('NSQC').

In accordance with NSQC, the audit firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on compliance with the ESEF Regulations

Our opinion has been formed on the basis of the matters outlined in this report and therefore should be read in conjunction with these matters.

In our opinion, the consolidated financial statements in ESEF format have been marked up, in all material respects, in accordance with the requirements of the ESEF Regulations.

Statement on the provision of non-audit services

To the best of our knowledge and belief, we represent that services, which we have provided to the Group, are compliant with the laws and regulations applicable in Poland, and that non-audit service, which are prohibited under article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors, were not provided. The non-audit services, which we have provided to the Group in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Group's consolidated financial statements initially based on the resolution of Supervisory Board from 21 June 2019. The consolidated financial statements of the Group have been audited by us uninterruptedly starting from the financial year ended on 31 December 2019, i.e. for the past 3 consecutive years.

Warsaw, 30 March 2022

Key Certified Auditor

Rafał Hummel

certified auditor

no in the register: 12455

on behalf of:

Ernst & Young Audyt Polska spółka z ograniczoną
odpowiedzialnością sp. k.

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no on the audit firms list: 130