

Dear Selvita Investors, Business Partners, and Friends,

We are pleased to report another successful year at Selvita. We achieved strong financial results and made significant progress in the development of the Company. As we look ahead to the future, we are excited about the opportunities awaiting and confident in our ability to continue delivering value to our shareholders.

2022 was fruitful yet hectic. An unprecedented year, which initially filled us with the hope of moving into a post-covid world, but soon turned out to be equally, if not more, stressful than the previous two years.

The events of February 2022 and the conflict in Ukraine have left us startled and shocked. We couldn't be more proud of how Poland, along with the Western world, has stood united for Ukraine, however, everything that happened next has severely impacted the global macroeconomic outlook, pushing the world that was just about to recover from COVID-19 to the brink of a recession.

Despite these difficulties, at Selvita, we have been doing well, presenting dynamic growth in revenues and solid profitability. Importantly, in the past year, we took care not only of short-term results but also proceeded with significant structural changes. Thanks to this, we are much better prepared for further growth and development of Selvita in the coming years.

In the Spring, we approached the market with a new strategy for 2022-2025. We promised to continue the dynamic development of Selvita mainly through an increasing pivot towards high-value services and building unique expertise in selected therapeutic areas. We assumed that Selvita will enter 2026 as a leading global preclinical CRO providing comprehensive drug discovery and development services, three times bigger than in 2021. This will be possible thanks to supplementing our Drug Discovery offer and building a Drug Development segment. Last but not least, we'll be expanding our presence in the largest markets in the US and UK. We have made a strong start with the implementation of the strategy, in continuing the scaling up of our current services.

In 2022, Selvita laid the solid foundations for the Group's further development by integrating its services in the drug discovery area. The integrated departments providing drug discovery services, operating in Krakow, Poznan, and Zagreb, are led now by Dr. Adrijana Vinter. On top of that, a new department, Integrated Drug Discovery (IDD), was introduced within the Selvita Group. The IDD department is responsible for the scientific delivery of all IDD projects and IDD Business Development activities across Selvita Group. The IDD Team was formed from existing experienced employees and is being joined by more, including some of the best scientists from across the EU in the areas of DMPK, in vitro pharmacology, and medicinal chemistry. In 2023, the team will seek to recruit further experienced IDD scientists from the EU and the US to support the Group's IDD activities.



In 2022, also the Computational Chemistry Department continued development in order to be able to support all drug discovery processes using advanced AI solutions. Selvita is continuously increasing the range of available modeling tools and putting significant emphasis on applying artificial intelligence approaches to drug discovery by employing experienced specialists. We expect AI to become an area of dynamic growth within the drug discovery business.

It is worth noting that in 2022, Selvita made significant progress in the development of high-value services in the areas of ADME/DMPK, HTS, and HCS. These services are critical in the drug discovery process. We are excited about these services' potential impact on our Company's growth and look forward to sharing further updates with you in the coming months.

At the beginning of 2022, Selvita's Analytical Department was transformed into the Development and Contract Testing Department following important organizational structure changes. We made significant progress in this department's efforts to develop analytical platforms for biologics and small molecules.

As for Ardigen, 2022 was another year of significant growth. Ardigen has continued the development of its digital CRO services portfolio and working within Bioimaging, Immunooncology, and Microbiome platforms. An important event in 2022, was the conclusion of an agreement with the BROAD Institute (MIT and Harvard), as a result of which Ardigen joined the JUMP-CP consortium. Participation in the consortium gives the Company access to large amounts of data and, most importantly, to experienced drug discovery experts focused on the development of the latest concepts of phenotypic drug discovery. The key role in this approach is played by AI technologies, which in the JUMP-CP consortium are represented only by Ardigen.

Over two hundred scientists and specialists joined Selvita Group in 2022. Most of them come with extensive experience, but we also have a broad group of graduates, the best of the best. In 2022, we broadened the range of training opportunities delivered to our people to ensure that our competencies match the level of scientific support we want to provide to our clients.

In the meantime, we are continuously developing our infrastructure. We entered 2022 with over 2000m² of new laboratory space in Zagreb and with an expansion of over 500m² at our current location in Krakow. More importantly, the construction of our first laboratory facility was completed in early 2023, and we launched operations at the new site in March 2023. A new facility in Krakow and access to a vast pool of talents in this part of Europe will constitute a significant competitive advantage for further development of Selvita.

We entered 2023 in good shape and with a clear strategy. However, the global economic and geopolitical environment has entered a difficult and sensitive phase. Energy price spikes were impacting virtually every business, influencing operational costs on multiple levels. Inflation and growing interest rates added for the increased cost of running business.

In 2021/22, biotech financing has collapsed in the public market in the United States, which is the most important market for scientific research outsourcing. Gradually in 2022, the private market (venture

capital and private equity) has increased its activity, and the public market activity has also partially returned. Ultimately, access to research funding for the biotech companies in 2022 has declined despite the fact that the level of available capital was estimated to be similar to the pre-pandemic state. Large pharmaceutical companies continue to increase their spending on drug discovery and the cost-efficiency pressure is causing them to increasingly use outsourcing.

At the same time, uncertainty and high interest rates have made clients very cautious in contracting services, and as a result we entered 2023 with a relatively small increase in contracting compared to the previous year. The relatively large share of revenues from biotech companies, the customer group that has suffered the most from impeded access to financing, affected the flattening of our backlog dynamics.

A factor that will ensure stabilization and further growth of Selvita's scale of operations in the near term, will be the increasing share of revenues from "big pharma" companies, whose increasing interest in cooperation with Selvita we can observe along with the expansion of our offer.

Thanks to significant investments in team development and research infrastructure, we have built a solid base for Selvita's continued dynamic growth in the coming years. The intensification of sales activities that we undertook at the turn of the year, the emphasis on diversifying revenues from multiple customer segments, and the expected improvement in investor sentiment toward biotech companies will, in the medium and long term, help us to maintain revenue growth dynamics significantly above the development of the CRO sector

Selvita's success can be attributed only to one thing: an excellent team of over 900 specialists from 27 different countries. Thanks to their passion and commitment, we can continue building our global CRO organization. I want to thank and congratulate each of our colleagues for their commitment and dedication.

I would also like to thank all of our investors: your support is highly appreciated, not only during the first years of operation but also now when we aim to become a truly global leader in preclinical contract research outsourcing.

With kind regards,
Boguslaw Sieczkowski