Selvita

Consolidated Q1 2023 Report

Selvita Capital Group

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01 — Selected financial data

The consolidated financial statements cover the period from January 1, 2023 to March 31, 2023 with comparative period from January 1, 2022 to March 31, 2022.

1.1. Main results achieved in the reporting period

Change of the consolidation rules of Ardigen S.A.

On January 18, 2023, the Company became aware of the registration of the increase in the share capital of Ryvu Therapeutics S.A. with its registered office in Kraków („Ryvu"), as a result of which the share of Mr. Paweł Przewięźlikowski in the total number of votes at the General Meeting of Ryvu decreased from 33.03% to 27.91%.

Pursuant to § 27 of the articles of association of the Company's subsidiary – Ardigen S.A. ("Ardigen") – personal entitlement of Selvita S.A. as to the voting rights attached to series A and B Ardigen preferred shares, whereby each of these series shares gives two votes at the General Meeting of Ardigen, it is conditional upon Mr. Paweł Przewięźlikowski holding at least 33% of the total number of votes in Ryvu – being a company with which was separated in the form of an Organized Part of the Enterprise ("OPE"), comprising a separate set of tangible and intangible assets, intended for the implementation of specific economic tasks, under which service activities in the field of biotechnology of the Contract Research Organization type were conducted, including shares in Ardigen S.A., and then OPE was transferred as a result of the corporate split of Selvita S.A. (now Ryvu) to a new company (Selvita CRO S.A.), currently operating under the name of Selvita S.A.

In view of the above, despite the lack of a transaction involving Ardigen shares or changes in the share capital of this company, after the registration of the increase in the share capital of Ryvu, the Company lost the personal voting rights attached to series A and B preferred shares and currently holds Ardigen shares representing 46.22 % of the total number of votes at the company's general meeting, remaining its largest shareholder.

Prior to the registration of the increase in the share capital of Ryvu, the Company held 54.03% of the total number of votes at the general meeting of Ardigen. The Management Board of the Company emphasizes that the share of Selvita S.A. in the share capital of Ardigen did not change as a result of the registration of the increase in the share capital of Ryvu and amounts to 46.74% of the share capital of Ardigen.

In view of the above, on January 17, 2023 Selvita S.A. ceased to be the parent company of Ardigen within the meaning of Art. 4 § 1 point 4 lit. a) of the Code of Commercial Companies. Thus, the Company no longer has control over Ardigen within the meaning of Art. 5-9 of the International Financial Reporting Standard 10 – Consolidated financial statements (IFRS). Considering that the loss of control occurred only a dozen business days after the end of 2022 and no significant transactions occurred during this period, the Parent Entity ceased to fully consolidate Ardigen's results and other financial data as of December 31, 2022.

Ardigen S.A. is recognized by Selvita S.A. as an associate and the consolidation is based on the equity principle.

The Company's Management Board stipulates that the discontinuation of the consolidation of Ardigen's results does not affect the Company's business goals set out in the Development Strategy of the Selvita Capital Group for 2022-2025, which did not include Ardigen. The Company, in its periodic reports (in the Management Board's reports on activities), in consultation with the Management Board of Ardigen, still will continue to provide up-to-date information on the development and situation of this company due to the possession of a significant block of Ardigen shares.

1.2. Consolidated financial data

The table below presents the consolidated financial data of the Selvita S.A. Group:

Selected financial data presented in the half year report were converted to Euro as follows:

1. Items relating to the profit and loss statement and the cash flow statement were converted using the exchange rate constituting the arithmetic average of the exchange rates, applicable as of the last day of every month in the given period, based on the information published by the National Bank of Poland (NBP):
   - for the period from 01/01/2023 to 31/03/2023: PLN 4.7005,
   - for the period from 01/01/2022 to 31/03/2022: PLN 4.6472.
2. Balance sheet items were converted using the average exchange rate announced by the NBP applicable as at the balance sheet date; which were:
   - as of 31 March 2023: PLN 4.6755,
   - as of 31 December 2022: PLN 4.6899.

TABLE 1.

The Consolidated financial data of the Selvita S.A. Group – concerning the consolidated balance sheet

Selvita S.A. Group	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
Item	**31.03.2023**	**31.12.2022**	**31.03.2023**	**31.12.2022**
Total assets	**580 883**	**584 911**	**124 240**	**124,717**
Trade and other receivables	78,636	98,802	16,819	21,067
Investment in subsidiaries not fully consolidated	12,741	-	2,725	-
Cash and other monetary assets	51,441	74,157	11,002	15,812
Other financial assets	3,329	2,018	712	430
Total liabilities	310,807	311,750	66,476	66,473
Long term liabilities	192,533	189,083	41,179	40,317
Short term liabilities	118,274	122,667	25,297	26,156
Equity	**270 076**	**273,161**	**57,764**	**58,245**
Share capital	14,684	14,684	3,141	3,131

TABLE 2.

The Consolidated financial data of the Selvita S.A. Group – concerning the consolidated profit and loss statement

Selvita S.A. Group	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
Item	From 01.01.2023 to 31.03.2023	From 01.01.2022 to 31.03.2022	From 01.01.2023 to 31.03.2023	From 01.01.2022 to 31.03.2022
Continuing operations:				
Revenues from sales	**90 593**	**83 214**	**19 273**	**17 906**
Revenues from subsidies	1,164	818	248	176
Other operating revenues	57	217	12	47
Revenues from operating activities	**91,814**	**84,249**	**19,533**	**18,129**
Operating expenses	-87,538	-78,796	-18,623	-16,955
Operating expenses (excl. incentive scheme)	-83,136	-67,820	-17,687	-14,594
Depreciation	-10,419	-8,540	-2,217	-1,838
Depreciation (excl. IFRS 16 impact)	-6,766	-5,188	-1,439	-1,116
Incentive scheme valuation	-4,403	-10,976	-937	-2,362
Profit from operating activities / EBIT	4,275	5,453	910	1,173
Profit from operating activities / EBIT (excl. incentive scheme)	**8,678**	**16,430**	**1,846**	**3,535**
Profit before income tax	2,632	3,912	560	842
Net profit attributable to the parent entity from continued and discontinued operations	2,447	4,894	521	1,053
Net profit attributable to the parent entity from continued and discontinued operations (excl. incentive scheme)	**6,850**	**15,870**	**1,457**	**3,415**
EBITDA	14,695	13,994	3,126	3,011
EBITDA (excl. incentive scheme)	**19,097**	**24,970**	**4,063**	**5,373**
Net cash flows from operating activities	1,489	21,223	317	4,567
Net cash flows from investing activities	-19,029	-5,254	-4,048	-1,131
Net cash flows from financing activities	-5,528	-10,068	-1,176	-2,166
Total net cash flows	-23 069	5,901	-4,908	1,270
Number of shares (weighted average)	18,355,474	18,355,474	18,355,474	18,355,474

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Selvita S.A. Group	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
Item	From 01.01.2023 to 31.03.2023	From 01.01.2022 to 31.03.2022	From 01.01.2023 to 31.03.2023	From 01.01.2022 to 31.03.2022
Profit (loss) per share (in PLN) attributable to the parent entity	0.13	0.27	0.03	0.06
Diluted profit (loss) per share (in PLN) attributable to the parent entity	0.13	0.27	0.03	0.06
Book value per share (in PLN) attributable to the parent entity	14.71	11.69	3.15	2.51
Diluted book value per share (in PLN) attributable to the parent entity	14.71	11.69	3.15	2.51
Declared or paid dividend per share (in PLN)	–	–	–	–

1.3. Impact of Incentive Scheme on 2021-2024 financial results

On May 17, 2021, the General Meeting resolved to adopt a non-diluting Incentive Scheme for 2021-2024 for employees in the form of the right to acquire shares in the Company at a preferential price of 0.19 PLN per share. Mr. Paweł Przewięźlikowski – founder, member of the Supervisory Board and main shareholder of the Company, undertook to transfer to the Company, free of charge, the shares constituting the subject of the program with an order to release them to the company's employees in the total number of 1,247,720. The fair value of the granted shares is determined as at the grant date and recognized over the vesting period in remuneration costs in correspondence with the increase in equity at the time of vesting by employees during the program period.

The valuation of the program, with regards to the shares currently issued to employees as of March 31, 2023, indicated the total estimated cost of PLN 72,646 thousand, which is recognized in the Group's expenses from the second quarter of 2021 to the first quarter of 2025. The impact of the program on the reporting period result is PLN 4,403 thousand and this amount reduces the gross result, net result, EBIT and EBITDA in Q1 2023 (the details are presented in the table below along with the disclosure of its impact on the balance sheet). The estimated impact on the following years is as follows:

- whole 2023: PLN 9.571 thousand,
- 2024: PLN 673 thousand,
- 2025: PLN 95 thousand.

TABLE 3.

The impact of the valuation of incentive scheme on consolidated statement of comprehensive income in Q1 2023 in PLN thousand

Item	From 01.01.2023 to 31.03.2023 including incentive scheme	incentive scheme valuation	From 01.01.2023 to 31.03.2023 excluding incentive scheme
Operating expenses from continuing operations	-87,538		-83,135
EBIT from continuing operations	4,275		8,678
Gross profit from continuing operations	2,632	4,403	7,035
Net profit attributable to the parent entity from continued and discontinued operations	2,447		6,850
EBITDA from continuing operations	14,695		19,098

TABLE 4.

The impact of the valuation of incentive program on consolidated statement of financial position in Q1 2023 in PLN thousand

Item	As of 31.03.2023 including incentive scheme	incentive scheme valuation	As of 31.03.2023 excluding incentive scheme
Equity, incl:	**270,076**	**0**	**270 076**
Other reserve capitals	66,947	-4,403	62,544
Net profit attributable to the parent entity from continued and discontinued operations	2,447	4,403	6,850

A detailed description of the program provided in the Note 29 to the interim condensed consolidated financial statements. At the same time, it is important to point out that in the analysis of individual operating segments no impact on the valuation of the incentive scheme was taken due to the one-off and non-cash nature of this event. ●

02 — Management Board's comments on financial results

2.1. Consolidated data excluding incentive scheme impact

In the first quarter of 2023, Selvita S.A. Group recognized total operating revenue of PLN 91,813 thousand, which represents 9% increase compared to the corresponding period in 2022, when the total operating revenue amounted to PLN 84,249 thousand. The Group continued growing mainly in segment of services executed in Poland. The revenues from subsidies increased by PLN 345 thousand to PLN 1,163 thousand in the first quarter of 2023 compared to PLN 818 thousand in the corresponding period in 2022.

TABLE 5.
Selvita S.A. Group – continuing operations

Data in PLN thousand	From 01.01.2023 to 31.03.2023	From 01.01.2022 to 31.03.2022
Revenue	**91,813**	**84,249**
Segment of Services executed in Poland	55,406	47,490
Segment of Services executed in Croatia	35,844	36,382
Revenues from subsidies	1,163	818
Other operating revenue	57	217
Exclusions of revenues between segments	-657	-658
EBIT (excl. incentive scheme)	**8,678**	**16,429**
%EBIT (excl. incentive scheme)	9.5%	19.5%
EBITDA (acc. to IFRS16 excl. incentive scheme)	**19,098**	**24,970**
%EBITDA (acc. to IFRS16 excl. incentive scheme)	20.8%	29.6%
Net profit (excl. incentive scheme)	**6,850**	**14,975**
%Net profit (excl. incentive scheme)	7.5%	17.8%
MSSF 16 impact on EBITDA	**3,653**	**3,352**

TABLE 6.
Selvita S.A. Group – continuing operations

Data in PLN thousand	From 01.01.2023 to 31.03.2023	Percentage share	From 01.01.2022 to 31.03.2022	Percentage share
Continuing operations:				
Revenues from external customers	**89,033**	**100%**	**82,051**	**100%**
Biotechnology companies	48,325	54%	45,253	55%
Pharmaceutical campanies	21,290	24%	20,203	25%
Pharmaceutical campanies – Big Pharma	7,489	8%	8,837	11%
Academia and Foundations	4,098	5%	3,574	4%
Companies operating in the chemical and agrochemical field	4,176	5%	2,381	3%
Other	3,655	4%	1,803	2%

Due to the decrease in the level of control over Ardigen S.A. (together with Ardigen Inc.) in 2023 as a result of reduction in the number of votes at the general meeting, Selvita S.A. Capital Group did not show the revenues of the Bioinformatics Segment in the sales revenues in the reporting period. As a consequence, the revenues of the Bioinformatics Segment in the first quarter of 2022 were disclosed as discontinued operations. In the first quarter of 2023, the Selvita Group recognized only the share in the net profit of Ardigen S.A.

In the first quarter of 2023, after elimination of the incentive scheme impact, the Group reported EBITDA amounted to PLN 19,098 thousand and decreased by 23.5% compared to the corresponding period of 2022 which is the result of an increase in operating costs related to the new laboratory space in the Laboratory Services Center in Cracow and the initial stage of its operation followed by operating expenses inflation which is only partially passed on to customers and incomplete contracting (utilization rate of human resources on projects in continuing operations was lower by 5.5 p.p. in the first quarter of this year compared to the same period last year). As a consequence, EBITDA in the first quarter of 2023 decreased by 8.8 p.p. to 20.8% compared to the same period last year, when it amounted to 29.6%.

Net profit of Selvita S.A. Capital Group from continuing operations, after adjusting for the impact of the incentive scheme, amounted to PLN 6,850 thousand. PLN and is lower by 54% compared to the net profit from continuing operations for the corresponding period of 2022.

The structure of revenues from external customers in the first quarter of 2023 is mainly focused on biotechnology and pharmaceutical industries and their share in the total of revenues from external customers amounted to 54% and 32% respectively. Compared to the corresponding period of 2022, the share of the revenue mix in biotechnology industry remained at a high level as a result of higher growth dynamics versus growth of revenues reported by other industries.

TABLE 7.

Segment of services executed in Poland

Data in PLN thousand	From 01.01.2023 to 31.03.2023	From 01.01.2022 to 31.03.2022
Revenue	**56,586**	**48,504**
Revenues from external customers	53,189	45,669
Between segments and to Ryvu Therapeutics S.A.	2,217	1,821
Revenues from subsidies	1,163	818
Other operating revenue	17	196
EBIT (excl. incentive scheme)	**5,156**	**9,157**
%EBIT (excl. incentive scheme)	9.1%	18.9%
EBITDA (acc. to MSSF16) excl. incentive scheme	**11,044**	**13,648**
%EBITDA (acc. to MSSF16) excl. incentive scheme	19.5%	28.1%
IFRS16 impact on EBITDA	1,797	1,491

In the first quarter of 2023 Segment of Services executed in Poland recorded continuing growth of revenues from external customers which increased by 16% and amounted to PLN 53,189 thousand compared to PLN 45,669 thousand during the corresponding period in 2022. The very good contracting results in the area of regulatory services reported from the third quarter of 2021 continued in the first quarter of 2023.

In the first quarter of 2022 EBITDA ratio was at 19.5%, which is 8.6 p.p. lower when compared to the corresponding period of 2022. Total EBITDA decreased from PLN 13,648 thousand in the first three months of 2022 to PLN 11,044 thousand in the first three months of 2023 mainly as a result of increased operating costs, including the start of operation of the Laboratory Services Centre located in Cracow. The estimated total of unused resources related to the Laboratory Services Center in the first quarter of 2023 amounted to approximately 1 million zloty.

TABLE 8.

Segment of services executed in Croatia

Data in PLN thousand	From 01.01.2023 to 31.03.2023	From 01.01.2022 to 31.03.2022
Revenue	**35,884**	**36,403**
Revenues from external customers	35,844	36,382
Other operating revenue	40	21
EBIT	**3,522**	**7,272**
%EBIT	9.8%	20.0%
EBITDA (acc. to MSSF16)	**8,053**	**11,321**
%EBITDA (acc. to MSSF16)	22.4%	31.1%
IFRS16 impact on EBITDA	1,856	1,861

Segment of Services executed in Croatia has been extracted in 2021 as a result of the acquisition of Fidelta d.o.o. (currently Selvita d.o.o.) which is the only legal entity in this operating segment. In the first quarter of 2023, Selvita d.o.o. continued the level of sales reported in 2022 by achieving sales of PLN 35.884 thousand. In the first quarter of 2023, the Segment continued its development mainly in the field of chemistry, ADME / DMPK and in vitro research.

The segment's EBITDA margin in the first quarter of 2023 amounted to 22.4%, with the operating profit margin of 9.8%, which means a decrease compared to the corresponding period of 2022 by approx. 10% p.p. The decrease in profitability was mainly due to the increase in the cost of utilities related to the maintenance of laboratory space located in Zagreb.

Additional information on the operating activities of this segment is provided in section 8 of this report.

TABLE 9.

Selvita S.A. Group – discontinued operations bioinformatics segment

Data in PLN thousand	From 01.01.2023 to 31.03.2023*	From 01.01.2022 to 31.03.2022*
Revenue	**13,643**	**11,021**
Revenues from external customers	12,891	10,423
Revenues from subsidies	739	721
Other operating revenue	14	36
Between segments	-	-159
EBIT	**-68**	**2,405**
%EBIT	0%	21.8%
EBITDA (acc. to MSSF16)	**266**	**2,716**
%EBITDA (acc. to MSSF16)	1.9%	24.6%
Net profit (excl. incentive scheme)	**-315**	**1,023**
%Net profit	-2.3%	9.3%
IFRS16 impact on EBITDA	146	139
(Loss) / net profit from discontinued operations attributable to the parent company **	**-147**	**895**

* Supplementary data on discontinued operations not consolidated in the financial statements due to the loss of control over this segment

** included in the consolidated financial statements

Bioinformatics segment (activity discontinued as of December 31, 2022), i.e. subsidiary Ardigen S.A. (together with Ardigen Inc.) achieved in the first quarter of 2023 revenues from external customers at the level of PLN 12,891 thousand, which means an increase by 24% compared to the revenues achieved in the previous year, which amounted to PLN 10,423 thousand. In the first quarter of 2023, this segment incurred an operating loss of PLN 68 thousand, which means 103% decrease compared to the first quarter of 2022, when the operating profit amounted to PLN 2,405 thousand and results from investments in the development of sales forces (including in the USA), cost inflation not fully passed on to external customers, a slight increase in expenditure on R&D and increased cost of administration related to its adjustment to the scale of operations of Ardigen. The above also resulted in a decrease in EBITDA, which amounted to 1.9% which decreased by 22.7 p.p.

2.2. Contracted (Backlog)

The value of the 2023 contracts portfolio resulting from commercial contracts and grant agreements as of May 28, 2023 (backlog) amounts to PLN 243,137 thousand and increased by 2% compared to 2022 backlog announced in May last year. The lower backlog dynamics observed for Services provided in Croatia is the result of the more difficult market environment visible since the turn of the year, i.e. access to financing for biotechnology companies, in particular in the United States, which makes these companies more cautious in spending their R&D budgets. In particular they conclude FTE cooperation agreements for shorter periods than in the previous year.

In the case of the Bioinformatics Segment, we observe an upward dynamics of the backlog by 10% year on year. ●

TABLE 10.
Backlog*

Item	For 2023 as of May 28, 2023	For 2022 as of May 24, 2022	Change	Change %
Services executed in Poland	138,088	126,782	11,306	9%
Services executed in Croatia	101,578	109,154	-7,576	-7%
Grants	3,471	2,496	975	39%
Total continued operations in 2023	**243,137**	**238,432**	**4,705**	**2%**
Bioinformatics – external customers	37,485	30,101	7,384	25%
Bioinformatics – grants	873	4,929	-4,056	-82%
Total Bioinformatics	38,358	35,030	3,328	10%

* Backlog includes the revenues already invoiced in a given year

03 — The group's assets and the structure of assets and liabilities

3.1. Consolidated data

As of March 31, 2023, the total value of the Selvita Group's assets was PLN 580,883 thousand. At the end of March 2023, the most significant current assets are short-term receivables which amounted to PLN 78,636 thousand and cash amounting to PLN 51,441 thousand. The decrease in short-term receivables is mainly the result of decreased tax receivables, subsidies due and a decrease in trade receivables in which Ardigen's receivables are not included at the end of March 2023. The decrease in cash is due to the lack of consolidation of Ardigen's cash, significant cash flows related to investing activities, servicing liabilities that exceed positive cash flows from operating activities.

Fixed assets are mainly Laboratory Services Center, laboratory equipment, recognized assets due to the right to use and deferred tax assets in the amount of PLN 10,126 thousand. The total of non-current assets increased in comparison to December 31, 2022, by PLN 36,403 thousand mainly as a result of increased tangible fixed assets as a result of capital expenditure on the construction of the Laboratory Services Center and recognition of Ardigen as an investment.

TABLE 11.
The assets structure demonstrates the Group's high financial liquidity, which is confirmed by the following ratios:

	31.03.2023	31.12.2022
Current ratio current assets/current liabilities including short-term provisions and deferred revenues (excl. accruals)	1.65	2.06
Quick ratio (current assets-inventory)/current liabilities including short-term provisions and deferred revenues (excl. accruals)	1.57	1.98

The main item in the Selvita Group's equity and liabilities is equity, which amounted to PLN 270,076 thousand as of March 31, 2023. Increase of equity compared to the end of 2022 is due to net profit generated in Q1 2023 and recognized increase of reserve capitals from incentive scheme valuation of PLN 4.403 thousand.

Another significant source of financing are long term liabilities which amounted to PLN 192,533 thousand at the end of March 2023. The highest value items in the long-term liabilities are credits and bank loans in total of PLN 106,192 thousand and lease liabilities in total of PLN 68,545 thousand. Short-term liabilities remained comparable and amounted to PLN 118,274 thousand at the end of March 2023 and PLN 122,667 thousand at the end of March 2022. ●

04 — Current and projected financial condition

The Group's financial position as of the report date is very good. As of March 31, 2023, the value of the Group's cash (including other financial assets) amounted to PLN 54,770 thousand, and at May 26, 2023, the total cash (including other financial assets)of the Selvita S.A. Group amounted to PLN 41,448 thousand. The decrease in the level of cash compared to March 31, 2023, is the effect mainly of financing the construction and equipping of the Laboratory Services Centre using mostly its own funds.

The Group meets its obligations timely and maintains sustainable cash levels ensuring its financial liquidity. Cash generated from operations allows to execute the planned investments in the expansion of laboratory infrastructure. ●

05 — Significant off-balance sheet items

Significant off-balance sheet items are described in the Note 31 to the condensed interim consolidated financial statements.

06 — Explanation of differences between the financial results disclosed in the quarterly report and previously published forecasts of the financial results

On March 30, 2023, the Issuer published preliminary estimates of Selvita S.A. Capital Group's results for the first quarter of 2023. Selvita's Management Board, as of the date of publication of this report, estimated that in the first quarter of 2023:

- the growth rate of the Selvita Group's consolidated commercial revenues from continued operations from external clients will be higher compared to the first quarter of 2022, and will be in the range of 4% to 7%;
- Selvita Group's operating profitability will reach a value in the range of 8% to 10%;
- Group EBITDA profitability will reach a value in the range of 19% to 21%.

The financial results actually achieved indicate the growth dynamics of the Selvita Group's consolidated commercial revenues from external customers compared to the first quarter of 2022 at the level of 8.5%, which exceeded the initial estimates and results from additional sales realized in March 2023. Operating profitability and EBITDA of Selvita Group's was sustained at the upper end of the preliminary estimates and amounted to 9.5% and 20.8% respectively. ●

07 — Significant events in reporting period

7.1. Significant events in reporting period

Change of consolidation methods of Ardigen S.A. within Selvita S.A. capital group from 2023

Full details of the changes to Ardigen S.A.'s consolidation rules can be found in section 1.1 above.

7.2. Post balance sheet significant events

Real estate acquisition in Croatia by Selvita d.o.o.

On May 5th, 2023, the Issuer's subsidiary – Selvita d.o.o. with its registered office in Zagreb has concluded with the Municipality of Brdovec an agreement for the acquisition of a property in the town of Savski Marof, with an area of 26,901 m2. The price for the acquisition of the property by the Company has been set at EUR 550,000. The acquisition of the property, located in the immediate vicinity of other companies in the life sciences/pharma sector, aims to secure the possibility of further organic development of the Issuer's Capital Group in Zagreb through the future construction of its own laboratory infrastructure and is consistent with the announced Strategy of the Selvita Capital Group for the years 2022-2025 published in the current report No. 12/2022 dated March 31st, 2022.

7.3. Unusual events occuring in the reporting period

COVID-19

Covid-19 pandemic, which began in the first quarter of 2020, was coming to an end during the reported period. From May 16, 2022, the epidemic was abolished and the state of epidemic threat came into force. The Issuer currently does not record a negative impact of Covid-19 on operational efficiency and timeliness in terms of the services provided.

Particularly, in the reporting period direct business contacts, physical participation in conferences has been possible again, which is essential for the implementation and provision of the services offered by the Issuer and was the greatest challenge from the Issuer's perspective in recent quarters. The Issuer's Management Board expects that, due to the lifting of the restrictions related to Covid-19, this tendency will continue in the following quarters. The government plans to lift all of the related restrictions on June 30, 2023.

The Company's Management Board is analysing the Issuer's situation on an ongoing basis. New circumstances, if any, having a significant effect on the Issuer's financial results and business position, will be communicated promptly after their occurrence.

Conflict in Ukraine

Due to the Russian invasion on Ukraine, the Issuer's Management Board has analyzed the potential impact of the ongoing conflict on the Issuer's operations. The Management Board did not identify any significant risks that could affect the Issuer's operations as of the date of this report. In particular, it should be noted that the Issuer does not have any assets in Ukraine, and does not conduct business and operations in Ukraine and Russia. The share of entities from Ukraine, Belarus or Russia as customers and suppliers in the Issuer's structure remains insignificant. Nevertheless, due to risks associated with Russia's actions, including the potential risk of spillover from Russia's current invasion of Ukraine into neighboring countries, and the dynamic and unpredictable nature of the current situation in Ukraine, the Management Board of the Company analyses the Issuer's situation in the context of this geopolitical risk on an ongoing basis. Any new circumstances having a significant impact on the financial results and business situation of the Issuer will be communicated to investors. ●

08 — Management board's information on group's activities

The area of drug discovery

In March 2023, Chemistry Department gained additional space in new Selvita research center (Hexagon) in Kraków. The move went according to the planned schedule. Additional laboratories will allow to continue dynamic growth and realization new projects.

In the first quarter of 2023 the Chemistry Department continued working mainly for the pharmaceutical industry clients on the medicinal chemistry and IDD (Integrated Drug Discovery) projects from European, US and UK clients. Selvita's chemistry customer portfolio remains diversified and was additionally expanded to the new one from biotechnology and animal health sector. Selvita scientists across three research sites in Zagreb, Poznan and Cracow have worked on improving the physicochemical properties and activities of new compounds with promising pharmacological profile. One of the main tasks for our medicinal chemists was to design new scaffolds - molecular skeletons around which small libraries of compounds could be built to validate the biological hypothesis of the project to enable the project to move to the next stage of development. Medicinal chemists were responsible for studying the structure-activity relationship (SAR) and designing new, more biologically active compounds using appropriate synthetic strategy.

The team of organic chemists was focusing on the cost-effective and time-efficient syntheses of a series of compound libraries with potential activity against specific molecular targets. The analytical chemists purified and characterized the synthesized substances which were then subjected to further studies including: ADME testing, in vitro pharmacology studies, and PK profile determination. The test results were then fed back to the team of computational and medicinal chemists to enable further iterative structure optimization according to the adopted strategy.

In the first quarter of 2023 the Computational Chemistry Department continue with growing, to be able support the IDD projects by analysing the data available in the public domain, tracking the SAR for the duration of the projects, by designing next-generation structures using virtual techniques based on the protein structure, such as virtual screening or focused docking, to identify key ligand-protein interactions. Continuously, Selvita is increasing the range of available modelling tools and put significant emphasis on the application of the artificial intelligence approaches to drug discovery by employing experienced specialists. We expect AI to become an area of dynamic growth within the DD business.

In 2022 scientist have been involved in two grant projects supported by the National Centre for Research and Development (NCBiR):

1. Creation of ProBiAI platform to produce focused libraries of bioactive compounds by applying machine learning and by integrating the design, parallel synthesis and automatic purification, all of which optimized using artificial intelligence methods in order to accelerate the drug discovery process. The platform will utilize machine learning and it will integrate library design, parallel synthesis, and automatic purification. These processes will be optimized with the help of AI.
2. Technology platform for new generations of drugs against diseases caused by coronaviruses, in particular SARS-CoV-2" - The project is devoted to the establishment of a service platform enabling the discovery of innovative drugs to fight coronavirus

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infections, particularly COVID-19, based on high throughput screening of the focused library of compounds with potential antiviral properties.

Both platforms were progressing according to the schedule with no major issues to be reported.

In the first quarter of 2023 the **Chemistry Department** continued its synthetic work mainly in the area of drug discovery, but also in the area of agrochemistry and optimization of large-scale processes. Department remains very active in implementation and development new synthetic techniques including cold isotope labelling, photochemistry as well as successful campaigns for peptide synthesis projects.

Similarly, to previous years more than 95% of the projects were based on the FTE model.

Selvita's **Pharmacology and Translational Research** has continued to prosecute IDD projects and integrated pharmacology projects, as well as stand-alone services for its clients during Q1 2023.

Translational team has opened one clinical site for skin sample selection and obtained ethics approvals for collection of head and neck tumor tissue.

***In vitro* pharmacology** group has continued to support hit and lead identification and optimization on various drug discovery projects, either by in vitro compound testing or ex vivo analysis of animal samples from in vivo studies. A testing of drug candidates, translational research, biomarker exploration and analysis has continued and was performed on collected human tissues for several clients. As a part of platform development, a pilot single cell study was performed. Immuno-oncology focused development of T-cell killing assays and spheroid 3D culture is ongoing.

During Q1, most of the work in ***In vivo* Pharmacology and Toxicology** was focused on fibrosis, gastro-intestinal diseases, inflammation, and immuno-inflammation. In addition to compound testing in number of studies across different animal models, a group has completed validation of Nebulized Aerosol Inhalation and Delivery by Nose-only Exposure System which enables local delivery via inhalation tower, state-of-the-art technology for aerosol delivery, reproducible and fully controllable inhalation compound delivery system in respiratory models. As a part of in vivo imaging platform development, first pilot experiments including florescence optical imaging via Lago Optical Imager (Spectral Instruments) were performed on animals with carrageenan induced hind paw edema. In addition, a collection of tissue samples from different animal models, dedicated to a tissue biobank storage, has been progressing in line with the plan.

Most Q1 activities of ***In vivo* Animal Facility in Krakow** have been focused on completion of infrastructure works, ordering, installing and validating functionality of delivered equipment. All preparations have been made for the first xenograft model to be established in Zagreb in collaboration with In vitro Pharmacology and In vivo Pharmacology and Toxicology. Multiple discussions with potential clients resulted in participation in writing of three IDD proposals.

In the first quarter of 2023 the **Department of Cell and Molecular Biology (CMBD)** has continued the execution of Drug Discovery projects based on SAR (Structure-Activity Relationship) studies. Scientists (FTEs), which constituted more than 50% of CMBD employees, have been involved in the execution of above mentioned projects for several foreign biotech and pharma companies from Europe and USA. Their role was to develop and optimize panel of biochemical and cell-based assays that were then used to determine activity and efficacy as well as mechanism of action of novel drug candidates. In Q1 In vitro Pharmacology, HTS as well as Biophysical teams acquired several new

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projects for global pharmaceutical companies. Moreover, the In vitro Pharmacology team successfully accomplished Drug Discovery project for European customer in the area of neuroscience which novelty lied in design and synthesis of peptide ligands and screening cascade for assessment of both efficacy and selectivity at the same time.

In Q1 High-Throughput Screening team (HTS) acquired several new projects executed for customers from both Europe and USA. The aim of those projects was to analyze libraries of NCEs in order to identify active hits (hitID, Hit Identification). The team also initiated an HTS campaign to test a library of over 250k compounds for a large European company. Selvitaś Imaging team (HCS) in turn performed a few programs for European clients that helped them to understand the mode of action of drug candidates as well as validate the targets (Target Validation). It is worth emphasizing that both groups together continued execution of HCS-HTS campaign of 100k compounds for European client.

The In Vitro Pharmacology Team has continued the process of obtaining tumor samples from patients for the analysis of the activity of anticancer compounds. The aim of the project is to build a repository of cell cultures derived from tumors for testing drug candidates (Translational Research in oncology). Moreover, battery of immuno-oncology assays was developed by the same team.

It is worth noting that in the described period of time, scientists from Selvitaś Cell and Molecular Biology Department have been engaged in the execution of three projects co-financed by National Center for Research and Development (NCBiR). Activities performed within the scope of the first project "HiScAI – Development of phenotypic assay platform, based on high-content screening technology (HCS) with the analysis using artificial intelligence algorithms, to facilitate drug discovery process for treatment of neuroinflammatory and fibrotic diseases" have been focused on development of complex assays enabling multiparametric analysis of phenotypic changes in cells with the use of HCS technology and AI computational procedures. In Q1 2023 the HiScAI team worked on automatization of previously developed neuroinflammation-related assays. At the same time set of assays in the area of fibrosis were successfully elaborated and optimized thus project milestone was achieved. In March the team started to work on automatization of those assays. The project was executed in collaboration with scientist from Ardigen.

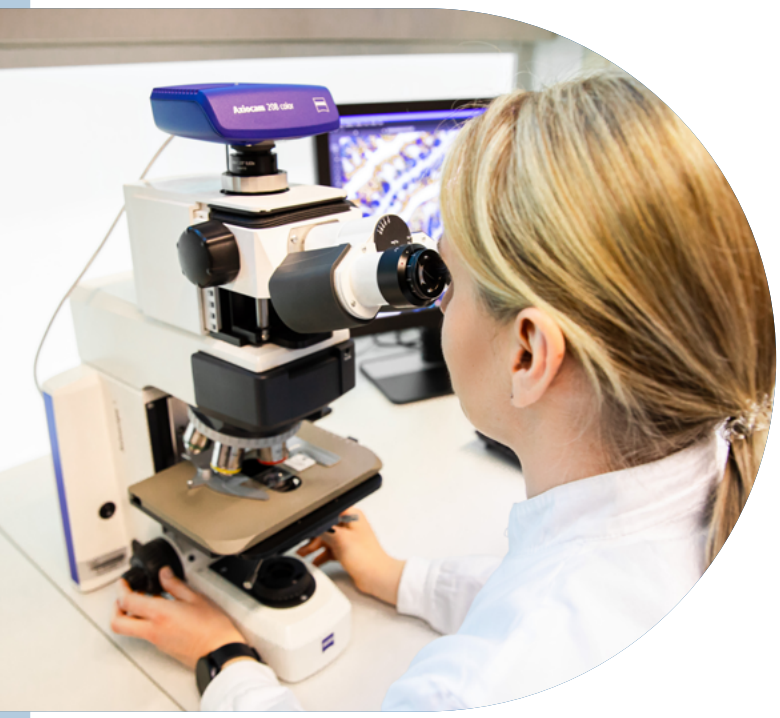
In the second project "Technology platform for new generations of drugs against diseases caused by coronaviruses, in particular SARS-CoV-2" CMBD scientists were supporting the activities of chemists by conducting biochemical and cell-based assays on compounds that are supposed to have anti-viral activity. Positive results produced in earlier phase of the project enabled achieving the milestone. The project was continued in Q1 2023. The biology activities in the third project "Creation of ProBiAI platform for generation of targeted libraries of biologically active molecules utilizing machine learning, integrating design, parallel synthesis and automated purification in order to accelerate drug discovery process" has also been moved ahead. The team started development of biochemical assay that will be used to test libraries of compounds in further phases of the project.

During the Q1 of 2023 in addition to revenues generated by medicinal chemistry and integrated projects, a significant part of the Drug Discovery revenues came from the production and purification of recombinant proteins and the structural analysis of protein-ligand complexes, which **the Department of Biochemistry** in Krakow specializes in. High-quality recombinant proteins have been produced using both bacterial and eukaryotic (insect and mammalian cells) expression systems that enable the production of a wide variety of proteins, including those that are relatively difficult to produce. Similarly, crystal-grade proteins have been purified for respective projects and were used to generate high quality diffracting crystals followed by the structure solution and 3D model building. The mentioned research projects were carried out for both European and US clients representing the global pharmaceutical and biotechnology concerns, as well as smaller biotech companies related to the Drug Discovery activity.

The increased number of projects carried out in the Biochemistry Department in Q1 23 was undoubtedly related to the recognition of the brand of services of the Recombinant Protein Production and Selvita's Structural Biology Platforms.

The previous year successfully completed project, which was co-financed by the Małopolska Center of Entrepreneurshipsignificantly expanded the capabilities of the Selvita's Structural Biology Platform related to the crystallography and structural analysis of protein-ligand complexes. It involved the development and implementation of methods for the production and crystallization of various classes of proteins as molecular targets that may be potentially important in the process of drug discovery.

During Q1 2023, Selvita's DMPK department has continued to support clients frombiotech and large pharma organisations with services which include; a full suite of standard in vitro ADME assays required to progress discovery projects; in vivo rodent PK, PK/PD and toxicology studies; as well as GLP bioanalytical support (clinical). The work undertaken involves both standalone screening services and IDD projects across the Selvita group. Additional focus was related ADME staff secondments and cross- training, as well as preparation for moving into the new laboratory space in Krakow. .



The first quarter continued to support the Integrated Drug Discovery (IDD) business development activities of the division, including the continued preparation of IDD proposals for potential new clients, with several successfully resulting in new contracts to commence in the second/third quarter. In addition to contributing to these new IDD proposals, key extensions to existing IDD projects have also been secured. In the first quarter, instruction commenced as part of an in-house training programme for IDD project leaders. The training is designed to accelerate the development of our current and aspiring project leaders, to keep pace with Selvita's future development plans and to become a globally recognised IDD CRO.

Regulatory studies

In the first quarter of 2023, the Development and Contract Research Department worked within three teams: the Analytical Laboratory, the Quality Control Laboratory, and the Biological Research Laboratory. The work was focused on three main platforms developed in the laboratory - comprehensive testing of low-molecular active substances and end products, testing of biological products, and analytical support for clients from the agrochemical industry. In each of these areas, development projects were carried out related to the development and optimization of methods, as well as GxP studies on validation, transfers, and release studies.

In the area of small molecule drugs, the Analytical Laboratory supported one of the largest pharmaceutical companies in various processes associated with the development, optimization, and validation of analytical methods for both existing and newly registered products. Continuing the collaboration with a key client in the field of innovative drugs, stability studies for one of the new small molecule products were ongoing. Additionally, new analytical tasks were undertaken to develop analytical methods for novel molecules. This project was executed through a Full-Time Equivalent (FTE) partnership. Several new projects focused on the analysis of nitrosamines using LC-MS/MS were undertaken. Additionally, projects involving the identification of impurities were acquired. The team also dedicated efforts to developing a new platform for determining pyrrolizidine alkaloids in herbal matrices. For other clients from the pharmaceutical industry, projects related to developing methods, stability and solubility tests of new formulations, and method validation were continued. Analyzes of the content of active substances, impurity profile using the HPLC and GC techniques, as well as residual solvents and glycols using the GC technique, were mainly performed.

In the first quarter of 2023, the first activities were undertaken to expand its activities with the analysis of substances extractable and leachable.

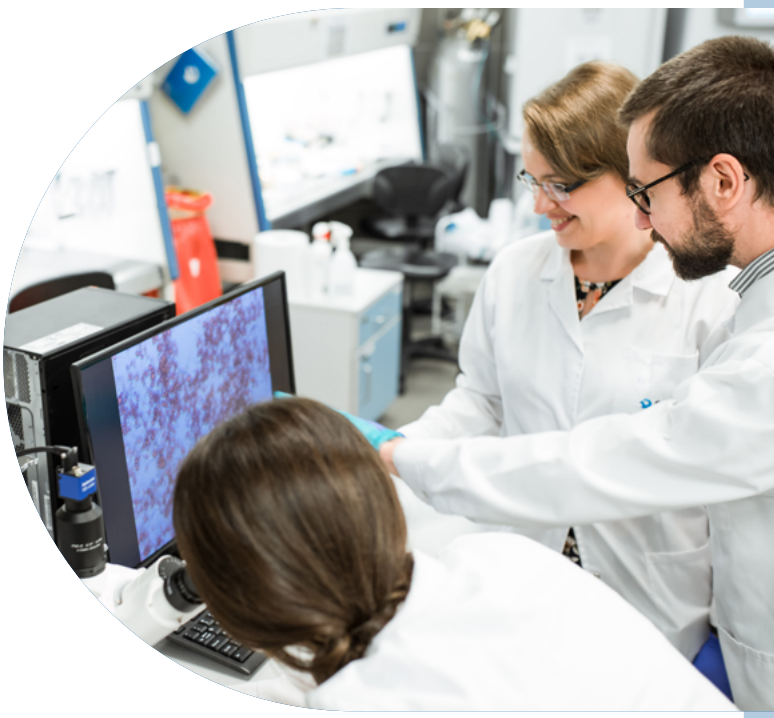
In the area of bioanalytical studies of small molecule products, cooperation with regular customers on short- and long-term development projects was continued, thanks to which the team increased the number of projects carried out in accordance with the GxP guidelines, as well as supporting development research. The number of projects for new clients has also been increased.

During the first quarter of 2023, the Analytical Laboratory primarily focused on conducting services related to biologics. The team's primary area of expertise involved comprehensive protein characterization using a Mass Spectrometry (MS) platform. The study was conducted in accordance with the guidelines set by the International Conference on Harmonisation (ICH). To complement these techniques, the team also utilized other supplementary methods providing an extensive one-stop service. During this time, the proteomics team's service offerings expanded and managed to attract new customers by conducting multidimensional research projects in biological drugs. Additionally, the team took on an increased number of projects in the area of protein analysis, including the development of methods for the quantitative analysis of proteins in complex matrices.

Regarding biological products, stability studies were also continued, and new analytical methods were introduced. The project progressed towards validating the analytical methods in preparation for Good Manufacturing Practice (GMP) batch release. For the second product, stability studies were conducted for the tox batch. The ongoing cooperation with a client operating in the US market was expanded to include new stability studies, validation of novel methodologies, and characterization of impurities.

The laboratory also undertook initiation of transfers for new biological products. The activities of the Biological Assay Laboratory focused on the execution of projects for biological drugs using cell-based, biochemical, and biophysical methods. Many GMP-compliant routine batch release and stability tests have been carried out on biological drugs of various classes for European, US, and Australian customers. In Q1 2023, BAL accomplished the validation of biological assays to assess the activity of two peptide vaccines for treating patients suffering from unresectable/metastatic melanoma. In Q1 2023, new contracts were signed for a GLP study for a biological drug from the group of TNFα inhibitors and the development of a potency assay for a drug candidate from the ADC (Antibody-Drug Conjugate) group. In Q1 2023, BAL was equipped with additional equipment, which increased the capacity of offered services.

In the area of regulatory and release studies, in Quality Control Laboratory, certification of active substances, as well as biological and small molecule finished products, was carried out for several regular pharmaceutical companies, expanding our portfolio with veterinary drugs. In order to provide complex services to pharmaceutical companies, stability tests of products seasoned under controlled conditions in stability chambers were continued. The transfer of one new product was started.



For agrochemical clients, projects in the field of validation and analysis of 5 batches of technical substances and formulations were continued. A number of tests from the new offer of physicochemical analyzes for various types of agrochemical formulations were carried out, including accelerated stability tests.

R&D / Research and Development

An additional stream of revenues in Q1 2023 came from the R&D projects.

The main types of projects in this area are typically synthetic chemistry projects for the biotechnology and pharmaceutical industry, development of new, effective, cost-efficient and environmentally safe synthetic processes / alternative technologies to make chemical substances, scaling up chemical processes for production purposes, as well as optimiza-

tion and parameterization of technologies for registration purposes.

In Q1 2023, Selvita scientists also worked on contract synthesis of pharmaceutical and chemical compounds on a scale from mg to kg – providing the customers with active substances, intermediates, impurities and degradation products.

Based on a wide range of chemical, bioanalytical and proteomic analyzes, Selvita Analytical Laboratory conducted research and development projects for clients with whom cooperation had been established in previous years, as well as new clients acquired thanks to the constantly expanding packages of testing methods.

The R&D area is of interest to both large and medium-size pharmaceutical and biotechnology companies, agrochemical and chemical industries as well as the CRO / CMO organizations. Within this group of projects, the company provides services based on the FFS and FTE models. Selvita works on such projects with clients from Europe, Israel and the US.

Selvita continuously expands the portfolio of available technologies, e.g. in the field of photochemistry, electrochemistry, flow synthesis, high pressure synthesis and the available analytical testing package, in line with the expectations of the clients, which allows for the continuation of the upward trend also in the area of R&D / Research and Development.

Ardigen S.A.

Ardigen is an AI CRO company which transforms AI in drug discovery projects carried out by pharmaceutical and biotechnology companies. The company provides value at the interface between biology and artificial intelligence to increase the likelihood of success and accelerate drug discovery processes. Using its own platforms, it supports scientists in finding valuable knowledge in large sets of biological and chemical data, thus helping them discover innovative drugs and develop concepts of personalized medicine.

Companies dealing with artificial intelligence in drug discovery operate in the environment of pharmaceutical, biotechnology, technology companies and financial investors. The value of the global AI in Drug Discovery market was estimated at approx. USD 1,04 bn in 2021. Forecasts for the coming years indicate very rapid growth (CAGR of 53.3%), at least until 2029. In 2029, the AI in Drug Discovery market may reach the value of USD 24.6 billion (Source: Data Bridge Market Research, August 2022).

In a report by an analytical company called Deep Pharma Intelligence from early 2023, Ardigen has been listed in a narrow group of 40 global leaders out of 700 companies identified as operating on the AI in Drug Discovery market. This good position is the result of 8 years of scientific work, the Company's active presence on the American and European markets, the implementation of over 300 commercial projects with over 50 customers, including with 10 large pharmaceutical companies.

In the first quarter of 2023, Ardigen presented its offer for the first time in the context of a new vision of a contemporary drug discovery company (AI-driven Biotech and Pharma) where data is at the centre and where AI models and modules analysing biological data from laboratory experiments are regarded as the main source of answers to scientific questions. This presentation of Ardigen's potential met with great interest and perfectly fitted into the current trend of AI in Drug Discovery which has especially accelerated on the wave of popularity of the ChatGPT technology. The representatives of the Company could find out about it during personal meetings with potential customers at many events in which the Company took part. The largest of them are: PMWC (Santa Clara, USA), Festival of Genomics (London, UK), RNA Leaders (Boston, USA), German Biotech Days (Wiesbaden, Germany), Lab of the Future (Boston, USA), Festival of Biologics (San Diego, USA).

The first quarter is a period of very intensive sales, in particular aimed at acquiring new customers. These activities resulted in the expansion of the Company's customer portfolio and an increase in sales compared to the previous year. At the same time, there have been cutbacks in the R&D budgets of our customers as a result of a reaction to high instability on the global market and in the medical biotechnology industry itself. Maintaining the growth rate is possible mainly by acquiring new customers or expanding the offer.

The development trend of the Ardigen offer assumes the implementation of increasingly complex projects also with the use of third-party components. In this context, talks with 6 partners were launched in the first quarter.

Research and development activities

Immunology

Business development of the created technologies is the main goal for 2023. In the first quarter of 2023, the team worked intensely to promote three key offers: immunopeptidomics (ARDisplay), toxicity prediction and optimization (ARDitox), sequencing and modelling of T cell receptor structure (TCR) (TCR Suite). The offer was actively promoted and presented in various marketing channels. Numerous meetings with potential customers were held.

As part of increasing the scientific credibility of the Company, two publications on the ARDitox platform and an observational clinical trial were submitted for review. In addition, the team actively participated in industry events to raise awareness of Ardigen's immunological offer. Staff members gave a lecture at the HubXChange meeting in San Francisco and presented a poster at CIMT in Mainz. In addition, the immune team attended the TCR Summit in Boston, Advanced Therapies in London and Neoantigen Summit Europe in Amsterdam.

Microbiome

Following the completion of research projects on the Microbiome in 2022, the developed technology has entered the commercialization phase and has been included in the Company's offer. Further significant investments in the development of the Ardigen Microbiome Platform will depend on the outcome of commercialization and market development.

Biomedical imaging

In the first quarter of 2023, the Company continued development in the area of application of machine learning methods supporting the early stage of the small molecule drug discovery process, in particular based on imaging data from phenotypic drug discovery experiments (Phenotypic Drug Discovery).

In the past period, the team worked in particular on the so-called virtual screening dedicated to the PhenAID technology platform. The developed methods are based on advanced machine learning methods, in particular deep learning, and are used for multimodal and multi-parameter prediction of the properties of small molecule compounds based on the structural data of the molecules and their image representation from High-Content Screening (HCS) experiments. The proposed methods of virtual screening are used to select small molecule compounds that are likely to generate the desired phenotypic changes. The research results were presented at the SLAS conference in San Diego.

Measures in the area of sales resulted in signing a contract for a pilot project with one large pharmaceutical company. The project involves the use of the PhenAID technology platform to predict the mechanism of action of small molecule compounds based on the structural data of the molecules and their image representation from HCS type experiments.

An important event in the first quarter of 2023 was the signing of a contract for the continuation of work with a key partner (a company listed as being among the largest pharmaceutical companies). Work in this project covers the scope of innovative application of computer vision technology in the process of small molecule drug discovery. The project is focused on the development of algorithms to predict the properties of small molecule compounds based on imaging from HCS experiments. ●

09 — The capital group structure

Parent entity

Business name	**Selvita S.A.**
Registered office	ul. Bobrzynskiego 14, 30-348 Krakow
Company (ID)	REGON 383040072
TAX ID (NIP)	6762564595
Legal form	Joint – stock company
KRS Number	0000779822
Website	www.selvita.com

Affiliates

Business name	**Selvita Services spółka z ograniczoną odpowiedzialnością**
Registered office	ul. Bobrzynskiego 14, 30-348 Krakow
Company ID	(REGON) 122456205
TAX ID (NIP)	676-245-16-49
Legal form	Limited liability company
KRS Number	0000403763
Shareholders	100% of shares held by Selvita S.A.

Business name	**Selvita Inc.**
Registered office	Boston, MA, USA
Shareholders	100% of shares held by Selvita S.A.
Share capital	1 USD
Establishing date	March 2015

Business name	**Selvita Ltd.**
Registered office	Cambridge, UK
Shareholders	100% of shares held by Selvita S.A.
Share capital	20.000 GBP
Establishing date	April 2015

Affiliates

Business name	**Selvita d.o.o.**
Registered office	Prilaz baruna Filipovića 29, HR-10000 Zagreb, Croatia
Shareholders	100% of shares held by Selvita S.A.
Share capital	HRK 51.000.000 / EUR 6.768.863,23

10 — Issuer's corporate bodies

Management Board

Bogusław Sieczkowski	President of the Management Board
Miłosz Gruca	Vice President of the Management Board
Mirosława Zydroń	Member of the Management Board
Adrijana Vinter	Member of the Management Board
Dariusz Kurdas	Member of the Management Board
Dawid Radziszewski	Member of the Management Board

Supervisory Board

Piotr Romanowski	Chairman of the Supervisory Board
Tadeusz Wesołowski	Vice Chairman of the Supervisory Board
Paweł Przewięźlikowski	Supervisory Board Member
Rafał Chwast	Supervisory Board Member
Wojciech Chabasiewicz	Supervisory Board Member
Jacek Osowski	Supervisory Board Member

Audit Committee

Rafał Chwast	Chairan of the Audit Committee
Piotr Romanowski	Audit Committee Member
Tadeusz Wesołowski	Audit Committee Member
Wojciech Chabasiewicz	Audit Committee Member

Remuneration Commitee

Paweł Przewięźlikowski	Chairman of Remuneration Committee
Jacek Osowski	Remuneration Committee Member
Piotr Romanowski	Remuneration Committee Member

During the reporting period there were no changes in Management Board and Supervisory Board. ●

11 — Information on the shareholders holding (directly or indirectly) at least 5% of the total number of votes at the general shareholders' meeting of the company and on shares held by members of the issuer's Management Board and Supervisory Board

TABLE 12.

Shares held by members of the issuer's managerial and supervisory bodies as of the date of report publication

Shareholder	Preferred shares*	Other series	No. of shares	% of share capital	No. of votes	% votes at GM
Management Board						
Bogusław Sieczkowski	550 000	392 417	**942 417**	5,13%	**1 492 417**	6,83%
Miłosz Gruca	-	60 760	**60 760**	0,33%	**60 760**	0,28%
Mirosława Zydroń	-	42 909	**42 909**	0,23%	**42 909**	0,20%
Adrijana Vinter	-	12 000	**12 000**	0,07%	**12 000**	0,05%
Dawid Radziszewski	-	4 472	**4 472**	0,02%	**4 472**	0,02%
Dariusz Kurdas	-	4 286	**4 286**	0,02%	**4 286**	0,02%
Supervisory Board						
Paweł Przewięźlikowski	2 932 000	120 663	**3 052 663**	16,63%	**5 984 663**	27,41%
Tadeusz Wesołowski (through Augebit FIZ)	-	847 738	**847 738**	4,62%	**847 738**	3,88%
Tadeusz Wesołowski (directly)	-	84 975	**84 975**	0,46%	**84 975**	0,39%
Rafał Chwast	-	121 115	**121 115**	0,66%	**121 115**	0,55%
Piotr Romanowski	-	100 000	**100 000**	0,54%	**100 000**	0,46%

*One preferred share gives the right to two votes at the General Meeting of Selvita S.A.

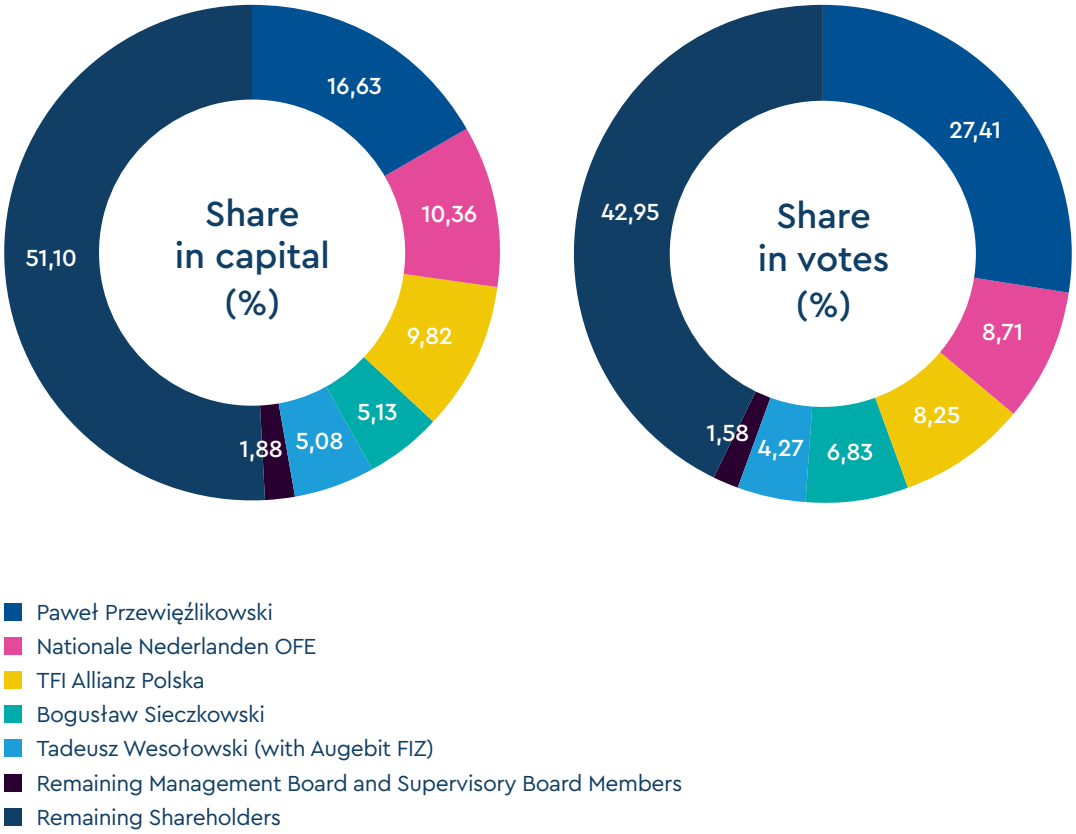
TABLE 13.

Shares held by significant Shareholders of the company as of the date of report publication

Shareholder	Shares	% shares	Votes	% votes
Paweł Przewięźlikowski	3 052 663	16,63%	5 984 663	27,41%
Nationale Nederlanden OFE	1 901 000	10,36%	1 901 000	8,71%
TFI Allianz Polska	1 801 928	9,82%	1 801 928	8,25%
Bogusław Sieczkowski	942 417	5,13%	1 492 417	6,83%
Tadeusz Wesołowski (with Augebit FIZ)	932 713	5,08%	932 713	4,27%

CHART 1.

Shares held by significant Shareholders of the company as of the date of report publication



12 — Statement of the Management Board regarding applicable accounting principles

The Management Board of Selvita S.A. confirms that, to the best of its knowledge, the quarterly financial statements of Selvita Capita Group have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear manner the financial situation of Selvita Capital Group and its financial results.

Report of the Management Board on the activities of Selvita S.A. and Selvita Capital Group contains a true picture of the development and achievements as well as Group's situation, including a description of the basic threats and risks. ●

13 — Additional information

Proceedings pending at court, before an arbitration institution or a public administration authority

Did not occur.

Significant non-arm's length transactions with related entities

Did not occur.

Warranties for loans and borrowings and guarantees granted

Selvita Services sp. z o.o. and Selvita d.o.o. are guarantors of the facility agreement concluded on December 21, 2020 with Bank Polska Kasa Opieki S.A. with its registered office in Warsaw. The facility agreement contains a mechanism of extending the liability for obligations under it to the Issuer's affiliate, in case the Issuer's and Guarantor's share in the consolidated EBITDA of the Selvita Capital Group fell below 75%.

Other information significant for the assessment of the Issuer's position in the area of human resources, assets, cash flows, financial results and changes thereof and information significant for the assessment of the Issuer's ability to settle its liabilities

Not applicable.

Factors which, in the Issuer's opinion, will affect the results over at least the following quarter

The results of the upcoming quarters will depend mainly on the following factors:

- Sales dynamics, new customers and extending the current offer
- Organic growth and subsequent acquisitions
- The level of investment in sales and marketing
- The level of investments in laboratory infrastructure, including in particular equipment
- Changes in currency exchange rates, especially EUR / PLN and USD / PLN - the Company incurs most of the costs in Polish zlotys and generates most of its revenues in foreign currencies

Description of factors and events, in particular of an unusual nature, having a significant effect on the financial performance

In the reported period, the Covid-19 pandemic was ongoing. The Issuer described its effect on its and its capital group operations under Significant events that occurred in the reporting period.

Explanations regarding the seasonal or cyclical nature of the Issuer's operations in the reported period

Not applicable.

Information on inventory write-downs to the net realizable amount and reversal of such write-downs

Not applicable.

Information on impairment write-downs in respect of financial assets, tangible fixed assets, intangible assets or other assets and the reversal of such write-downs

Information on the changes in impairments is provided in the notes to the interim condensed consolidated financial statements.

Information on the set-up, increase, utilization and reversal of provisions

Information on the changes in provisions for holidays and bonuses is provided in note 25 to the interim condensed consolidated financial statements.

Information on deferred income tax provisions and assets

Information on deferred income tax provisions and assets is provided in note 8 to the interim condensed consolidated financial statements.

Information on significant purchases or disposals of tangible fixed assets

Information on tangible fixed assets is provided in note 10 to the interim condensed consolidated financial statements.

Information on significant liabilities in respect of purchases of tangible fixed assets

Information on the liabilities in respect of purchases of tangible fixed assets is provided in note 30 to the interim condensed consolidated financial statements.

Information on significant settlements resulting from court cases

Not applicable.

Error corrections relating to previous periods

Not applicable.

Information on changes in the economic situation and business conditions, which have a significant effect on the fair value of the entity's financial assets and financial liabilities

Not applicable.

Information on the failure to repay a loan or borrowing or a breach of significant terms and conditions of a loan agreement, with respect to which no corrective action had been taken by the end of the reporting period

Not applicable.

Information on changes in the method of valuation of financial instruments measured at the fair value

Not applicable..

Information on changes in the classification of financial assets due to a change in their purpose

Not applicable.

Information on the issue, redemption and repayment of non-equity and equity securities

None.

Information on dividends paid (or declared) in the total amount and per share, divided into ordinary and preference shares

Not applicable.

Events that occurred after the date for which the quarterly financial statements were prepared, not disclosed in these financial statements although they may have a significant effect on the Issuer's future financial results

Not applicable.

Information on changes in contingent liabilities or contingent assets that occurred after the end of the last financial year

Information on changes in contingent liabilities or contingent assets is provided in note 31 to the interim condensed consolidated financial statement.

Other disclosures which may have a material impact on the assessment of the Issuer's financial position and results of operations

Not applicable.

Amounts and types of items affecting the assets, liabilities, equity, net profit/ (loss) or cash flows, which are unusual in terms of type, amount or frequency

Not applicable. ●

Management Board

Krakow, March 30, 2023

Dokument podpisany przez Bogusław Stanisław Sieczkowski
Data: 2023.05.30 14:47:44 CEST

Bogusław Sieczkowski
PRESIDENT OF THE MANAGEMENT BOARD

Dokument podpisany przez Miłosz Kazimierz Gruca
Data: 2023.05.30 15:10:17 CEST

Miłosz Gruca
VICE PRESIDENT OF THE MANAGEMENT BOARD

Dokument podpisany przez Mirosława Monika Zydroń
Data: 2023.05.30 15:29:23 CEST

Mirosława Zydroń
MEMBER OF THE MANAGEMENT BOARD

Digitally signed by Adrijana Vinter
Date: 2023.05.30 17:25:40 CEST

Adrijana Vinter
MEMBER OF THE MANAGEMENT BOARD

Dokument podpisany przez Dariusz Tomasz Kurdas
Data: 2023.05.30 12:47:37 CEST

Dariusz Kurdas
MEMBER OF THE MANAGEMENT BOARD

Signature Not Verified
Dokument podpisany przez Dawid Patryk Radziszewski
Data: 2023.05.30 18:02:29 CEST

Dawid Radziszewski
MEMBER OF THE MANAGEMENT BOARD


Selvita

Selvita S.A.
ul. Bobrzyńskiego 14
30-348 Kraków

Uniw. Poznańskiego 10
61-614 Poznań

Selvita Ltd.
CB1 Business Centre
Nine Hills Road
Cambrige CB2 1GE

Selvita Inc.
East Coast USA
100 Cambridge St., Suite 1400
Boston MA 02114

West Coast USA
611 Gateway Blvd, Suite 120
South San Francisco, CA 94080

Selvita d.o.o.
Prilaz brauna Filipovića 29
10000 Zagrzeb

Ardigen S.A.
Podole 76
30-394 Kraków

Selvita Services Sp. z.o.o.
Bobrzyńskiego 14
30-348 Kraków

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investors: ir@selvita.com
media: media@selvita.com

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