

Dear Selvita Investors, Business Partners, and Friends,



The year 2023 proved to be exceptionally challenging for Selvita, presenting us with numerous significant hurdles. Nonetheless, despite experiencing financial performance that fell short of previous years, we effectively executed and initiated additional projects of strategic importance. We managed to safeguard margins, expand our service offerings, and diversify our customer base. The principle of "adapt or perish" resonates not only in nature but also in the realm of business.

Undoubtedly, people represent Selvita's most valuable asset, not only within the company itself but also within our industry. The rapid evolution of technology further underscores the pivotal role of individuals behind innovative solutions and algorithms. It's the people who harness these technologies and optimize them to unlock their full potential. Therefore, in 2023, we continued to fortify Selvita with seasoned scientists and leaders operating not only within our laboratories in Poland and Croatia but also in strategic locations near our clients, spanning the United States, Great Britain, Germany, Italy, and Spain.

The year 2023 marked a significant milestone in our infrastructure expansion—a cornerstone of development within our industry. In the first quarter of the previous year, we finalized the construction of Hexagon—a state-of-the-art laboratory facility constructed in compliance with the highest international standards, specifically designed for our endeavors in drug discovery. The completion of our new headquarters represents a strategic milestone in Selvita's business trajectory, laying the groundwork for further advancements in integrated drug discovery projects for our clients, all while adhering to the highest industry benchmarks. Moreover, Hexagon adds an additional 4,000 square meters of space, facilitating the consolidation of operations from various locations and benefiting both our core business areas—drug discovery and development.

The combination of top-tier talent and cutting-edge infrastructure forms the backbone of our industry. However, achieving success—especially in a challenging market—requires robust sales strategies. Hence, we made substantial strides last year by expanding our international business development team and further enhancing it with the expertise of esteemed scientists actively engaged in sales activities. We entered 2024 with a doubled sales force in the United States - the largest and most important market for us.

In 2023, the drug discovery sector faced significant challenges, particularly due to prolonged funding constraints within the biotech sector. The Contract Research Organization (CRO) industry felt the impact keenly. With financing for biotechnology companies being weaker, we shifted our focus to activities within the Big Pharma segment, significantly more than in previous years. Our revenues from large pharmaceutical companies, which we consider to be the entities generating at least USD 5 billion in annual revenues, surged by over 23% year-on-year.

Currently, we are participating in multiple processes to be selected as the supplier of choice for Big Pharma while actively engaging in efforts to offer services to biotechnology firms, which consistently contribute to over half of Selvita's revenues. Recent trends such as the sector's recovery in the American market, a notable increase in Ini-



tial Public Offerings (IPOs) in the United States, and venture capital investment statistics all point towards a much more attractive market outlook for 2024 compared to the previous year.

We have many more reasons to feel satisfied with the progress made in the area of contract testing and drug development, where revenues in 2023 reached a record level, and our contracts for 2024 are almost 90% higher than last year. We've secured numerous new and noteworthy clients while nurturing existing partnerships. This achievement owes much to the ongoing enhancement of our analytical platforms, notably within our biologics development portfolio, alongside a comprehensive array of certified quality services.

Ardigen also faced challenges stemming from the limited access to financing for biotechnology firms, particularly within the American market. Nonetheless, Ardigen effectively introduced the PhenID platform, an AI tool for High Content Screening (HCS) data analysis, and secured several notable agreements with pharmaceutical clients, including prominent players in Big Pharma. The fourth quarter of the preceding year vividly illustrates Ardigen's increasing capability to yield substantial margins with its solutions. The company remains steadfast in its efforts to enhance its suite of services built upon AI tools.

The year 2023 demanded extraordinary effort and, often, sacrifices from all of us. Therefore, I extend my heartfelt gratitude to all Selvita employees for their dedication and hard work. As I emphasized during our recent year-end meeting, 'every head and pair of hands matters, especially during challenging times.' The commitment, focus, and receptiveness to feedback demonstrated by our employees are immensely valuable to us."

These adjustments aim to enhance the coherence and flow of the passage while preserving its sincerity and appreciation for the employees' efforts.

I would like to extend my gratitude to all our investors for their unwavering support. I am confident that the initiatives undertaken in 2023, including various optimization efforts, will yield long-term benefits. Presently, we are more prepared than ever for a strategic market expansion. All indicators suggest that the market conditions will be significantly more favorable to us compared to last year.

With kind regards,
Bogusław Siczkowski
Chief Executive Officer &
Co-founder of Selvita