



Selvita S.A. (formerly: Selvita
CRO S.A.) quarterly report
(summary)

Q3
2019

November 6, 2019

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BASIC INFORMATION ON THE COMPANY

Structure of the Issuer as of September 30, 2019

Business name of the Company	Selvita CRO S.A. (currently: Selvita S.A.)
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	383040072
Tax ID (NIP)	676-256-45-95
Legal form	Joint-Stock Company
Website	www.selvitacro.com
Shareholders	100% shares held by Selvita S.A. (currently: Ryvu Therapeutics S.A.)

Structure of the Selvita Capital Group as of November 6, 2019 with regard to the split of Ryvu Therapeutics S.A. (formerly: Selvita S.A.) which was completed on October, 1 2019

Parent Entity

Business name of the Company	Selvita S.A. (formerly: Selvita CRO S.A.)
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	383040072
Tax ID (NIP)	676-256-45-95
Legal form	Joint-Stock Company
Website	www.selvita.com

Related Entities (Subsidiaries)

Business name of the Company	BioCentrum sp. z o.o.
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	356815670
Tax ID (NIP)	676-226-47-81
Legal form	Limited Liability Company
Website	www.biocentrum.com.pl
Shareholders	100% shares held by Selvita S.A. (formerly: Selvita CRO S.A.)

Business name of the Company	Selvita Services spółka z ograniczoną odpowiedzialnością
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	122456205
Tax ID (NIP)	676-245-16-49
Legal form	Limited Liability Company
Shareholders	100% shares held by Selvita S.A. (formerly: Selvita CRO S.A.)

Business name of the Company	Selvita Inc.
Registered office	Boston, USA

Company File No.	5700516
Legal form	Corporation
Shareholders	100% shares held by Selvita S.A. (formerly: Selvita CRO S.A.)
Business name of the Company	Selvita Ltd.
Registered office	Cambridge, Great Britain
Company No.	9553918
Legal form	Limited Liability Company
Shareholders	100% shares held by Selvita S.A. (formerly: Selvita CRO S.A.)
Business name of the Company	Ardigen S.A.
Registered office	ul. Podole 76, 30-394 Kraków
Company ID (REGON)	362983380
Legal form	Joint-Stock Company
Shareholders	49,26% shares held by Selvita S.A. (formerly: Selvita CRO S.A.)

The split of Ryvu Therapeutics S.A. (formerly: Selvita S.A.) into two separate business entities

Ryvu Therapeutics S.A. (formerly: Selvita S.A.) decided to reorganize its business activity, that so far was conducted in two different areas i.e. development of proprietary small molecule therapeutics in oncology and provision of contract research services for third parties and therefore to separate into two independent companies to allow both business units to focus on their distinct strategies.

On March 28th, 2019 Selvita S.A. (currently: Ryvu Therapeutics S.A. “Ryvu”) and Selvita CRO S.A. (currently: Selvita S.A., “Selvita”) have adopted a split plan approved by the company’s shareholder meeting on September, 19 2019 (available in Polish: <https://ryvu.com/pl/inwestorzy-media/informacje-korporacyjne>). As a result of the split an organized part of the enterprise encompassing tangible and intangible assets intended for conducting services of a Contract Research Organization as well as shares in the affiliated companies BioCentrum sp. z o.o., Selvita Services sp. z o.o., Ardigen S.A., Selvita Ltd., Selvita Inc. was transferred to Selvita. Aforesaid changes have become effective as of the date of the split’s registration by Register Court, which took place on October 1, 2019.

As a result of the split, Ryvu will continue to focus on development of small molecule therapeutics in oncology and will control the current company’s pipeline of small molecules and its engine for consistent discovery of differentiated compounds in oncology. Selvita will provide contract research services for third parties. Acquiring company (Selvita) has assumed Selvita name and brand and Ryvu has adopted a new name and brand following October 1, 2019. Each company will build upon capabilities that have been integral to the company since the founding of Selvita in 2007. Both companies are publicly listed on the Warsaw Stock Exchange.

As a result of the split, the data presented in this Report consists of two parts: continued operations and spin-off (discontinued) operations.

The comments below described as “standalone data” concern the standalone financial statements of Selvita for the period starting from March 21, 2019 (incorporation date of Selvita) to September 30, 2019, which were prepared according to Polish GAAP.

The comments below described as “consolidated data” concern the pro forma consolidated financial statements of Selvita Capital Group for the period starting from January 1, 2019 to September 30, 2019, along with the comparative data, prepared based on the International Accounting Standards.

At the same time, the comparative data for the corresponding period of 2018 presents the transformed data as if the split took place on January 1, 2018. It should be noted that the comparative data is the company’s estimate, presented to facilitate the analysis and comparison of the results.

FINANCIAL HIGHLIGHTS

Selected items (more detailed data are presented below) of the consolidated assets and liabilities related to the transferred activities as of September 30, 2019, as well as the revenues and costs incurred by transferred part of the activities in the period of the first 9 months of 2019 are presented below. At the same time, the comparative data for the corresponding period of 2018 are also presented in the table below.

Selvita S.A. Group (formerly Selvita CRO S.A.)	Consolidated data in PLN thousand				Consolidated data in EUR thousand			
	Item	From 01.01.2019 to 30.09.2019	From 01.01.2018 to 30.09.2018	From 01.07.2019 to 30.09.2019	From 01.07.2018 to 30.09.2018	From 01.01.2019 to 30.09.2019	From 01.01.2018 to 30.09.2018	From 01.07.2019 to 30.09.2019
Revenues from sales	67 686	51 043	25 072	17 903	15 710	5 819	12 000	4 181
Revenues from subsidies	4 931	3 981	1 782	1 431	1 144	414	936	334
Other operating revenues	616	333	250	147	143	58	78	34
Revenues on operating activities	73 233	55 357	27 104	19 481	16 997	6 291	13 014	4 550
Operating expenses	-64 908	-47 587	-23 620	-16 405	-15 065	-5 482	-11 188	-3 832
Depreciation	-8 162	-3 517	-2 795	-1 300	-1 894	-649	-827	-304
Depreciation (excl. IFRS 16 impact)	-5 319	-3 517	-1 727	-1 300	-1 258	-401	-827	-304
Profit/loss on operating activities (EBIT)	8 325	7 770	3 485	3 076	1 932	809	1 827	718
Profit/loss before income tax	8 422	8 224	3 640	2 706	1 955	845	1 933	632
Net profit/loss	7 981	8 276	3 422	2 757	1 852	794	1 946	644
EBITDA	16 487	11 287	6 279	4 376	3 827	1 457	2 654	1 022
Number of shares (weighted average)	15 971 229	15 370 491	15 971 229	15 370 491	15 971 229	15 370 491	15 971 229	15 370 491
Profit (loss) per share (in PLN)	0,48	0,51	0,20	0,15	0,11	0,12	0,05	0,03
Diluted profit (loss) per share (in PLN)	0,48	0,51	0,20	0,14	0,11	0,12	0,05	0,03
Book value per share (in PLN)	2,37	3,01	2,37	3,01	0,54	0,70	0,54	0,67
Diluted book value per share (in PLN)	2,37	3,01	2,37	2,90	0,54	0,70	0,54	0,67
Declared or paid dividend per share (in PLN)	-	-	-	-	-	-	-	-

Standalone financial data

The table below presents the standalone financial data of the Selvita S.A. (formerly Selvita CRO S.A.).

Selvita S.A. Group (formerly Selvita CRO S.A.)	Data in PLN thousand	Data in EUR thousand
Item	From 21.03.2019 to 30.09.2019	From 21.03.2019 to 30.09.2019
Revenues on operating activities	0	0
Operating expenses	-265	-62
Depreciation	0	0
Depreciation (excl. IFRS 16 impact)	0	0
Profit/loss on operating activities (EBIT)	-265	-62
Profit/loss before income tax	-255	-59
Net profit/loss	-255	-59
EBITDA	-265	-62
EBITDA (excl. IFRS 16 impact)	-265	-62
Net cash flow from operating activities	-284	-66
Net cash flows from investing activities	0	0
Net cash flows from financing activities	2 989	694
Total net cash flow	2 705	628

Selvita S.A. Group (formerly Selvita CRO S.A.)	Data in PLN thousand	Data in EUR thousand
Item	30.09.2019	30.09.2019
Total assets	2 752	629
Cash and other monetary assets	2 705	618
Total equity	2 734	625

Selected financial data presented in the summary were converted to Euro as follows:

- 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 01/01/2019 to 30/09/2019: PLN 4.3086;
 - for the period from 01/01/2018 to 30/09/2018: PLN 4.2535.
- 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 30 September 2019: PLN 4.3736;
 - as of 31 December 2018: PLN 4.3000.

MANAGEMENT BOARD'S COMMENTS ON FACTORS AND EVENTS AFFECTING THE FINANCIAL RESULTS

Consolidated data

In 9 months ended September 30, 2019, Selvita S.A. Group (formerly Selvita CRO S.A.) recognised total operating revenue of PLN 73,233 thousand, which constitutes the increase of 32% compared to the corresponding period in 2018, when total operating revenue amounted to PLN 53,356 thousand. The net revenue from sales (excluding subsidies) amounted to PLN 67,686 thousand, which means an increase of PLN 16,644 thousand comparing to the corresponding period in 2018 when it amounted to PLN 51,043 thousand.

Since 2019 the Group is reporting in line with IFRS 16 "Leases". The impact, of newly adopted standard, on EBIT for 9 months ended September 30, 2019, was immaterial, however, the depreciation and amortization charged increased significantly (by PLN 2,843 thousand) what also materially affects EBITDA.

In the first 3 quarters of 2019, the Group reported a net profit as well as the profit on the operational level.

Selvita S.A. Group (formerly Selvita CRO S.A.)		Consolidated data in PLN thousand			
Group	From 01.01.2019 to 30.09.2019	From 01.01.2018 to 30.09.2018	From 01.07.2019 to 30.09.2019	From 01.07.2018 to 30.09.2018	
Revenue	73 233	55 356	27 103	19 480	
Services Segment	58 478	42 979	21 665	14 981	
Bioinformatics Segment	7 442	5 654	2 699	2 244	
Internal revenue - between segments (mainly to Ryvu)	1 767	2 410	708	677	
Revenues from subsidiaries	4 931	3 981	1 782	1 431	
Other operating revenue	616	333	250	147	
EBIT	8 325	7 769	3 484	3 076	
%EBIT	11%	14%	13%	16%	
EBITDA (with IFRS16 impact)	16 487		6 280		
%EBITDA (with IFRS16 impact)	23%		23%		
EBITDA (IFRS16 impact excluded)	13 644	11 286	5 211	4 375	
%EBITDA (IFRS16 impact excluded)	19%	20%	19%	22%	
Net profit	7 981	8 276	3 422	2 757	
%Net profit	11%	15%	13%	14%	

Services	From 01.01.2019 to 30.09.2019	From 01.01.2018 to 30.09.2018	From 01.07.2019 to 30.09.2019	From 01.07.2018 to 30.09.2018
Revenue	63 573	48 257	23 511	16 611
Revenues from external customer	58 478	42 979	21 665	14 981
Internal revenue - between segments (mainly to Ryvu)	1 932	2 590	760	738
Revenues from subsidiaries	2 562	2 356	852	746
Other operating revenue	602	333	236	147
EBIT	7 554	6 779	2 981	2 262

%EBIT	12%	14%	13%	14%
EBITDA (with IFRS16 impact)	15 215		5 568	
%EBITDA (with IFRS16 impact)	24%		24%	
EBITDA (IFRS16 impact excluded)	12 646	10 212	4 635	3 526
%EBITDA (IFRS16 impact excluded)	20%	21%	20%	21%
IFRS16 impact on EBITDA	2 570		934	
Bioinformatics				
	From 01.01.2019 to 30.09.2019	From 01.01.2018 to 30.09.2018	From 01.07.2019 to 30.09.2019	From 01.07.2018 to 30.09.2018
Revenue	9 824	7 442	3 644	3 093
Revenues from external customer	7 442	5 654	2 699	2 244
Internal revenue - between segments (mainly to Ryvu)	0	163	0	163
Revenues from subsidiaries	2 368	1 624	931	686
Other operating revenue	14	0	14	0
EBIT	771	990	504	814
%EBIT	8%	13%	14%	26%
EBITDA (with IFRS16 impact)	1 272		711	
%EBITDA (with IFRS16 impact)	13%		20%	
EBITDA (IFRS16 impact excluded)	998	1 075	576	849
%EBITDA (IFRS16 impact excluded)	10%	14%	16%	27%
IFRS16 impact on EBITDA	274		135	

The services segment in the first 3 quarters of 2019 remained, similarly to previous years, at very good profitability levels while keeping a good growth pace at the same time. The revenue from the sales of services to external customers, for the first 9 months of 2019, amounted to PLN 58,478 thousand compared to PLN 42,979 thousand in the corresponding period of 2018, which constitutes the growth of over 36%. The operating profit (EBIT) of this segment in the period ended September 30, 2019, amounted to PLN 7,554 thousand, compared to PLN 6,779 thousand in the same period in 2018, what is the increase of 11%. Profitability at the level of operating profit (calculated as the ratio of the operating profit of the segment to its total sales revenue) amounted to 12%. The decrease in profitability (for the first 9 months of 2018 it was 14%) is related to significant investment spending in the service segment, in particular those related to the purchase of new equipment in the last period of 2018, which resulted in a significant increase in depreciation and amortization in 2019 compared to 2018. Depreciation and amortization (excluding IFRS 16 impact) increased from PLN 3,433 thousand in the first 9 months of 2018 to PLN 5,091 thousand in the same period in 2019. Additionally, lower profitability was caused by the spending related to the split activities of the Ryvu Therapeutics S.A. Group (formerly Selvita S.A.) for two separate entities. This spending lowered the profitability of the services segment by 0.4 p.p.

In the first 9 months of 2019 bioinformatics segment's revenue amounted to PLN 9,824 thousand, which is an increase of 32% compared to the corresponding period in 2018, when revenues amounted to PLN 7,442 thousand. Bioinformatics segment generated the operating profit of PLN 771 thousand in the discussed period, compared to PLN 990 thousand in the first 3 quarters of 2018. The decrease is primarily caused by higher spending incurred on the own research projects, which will be commercialized in the future.

During the reporting period, income from grants in the services and bioinformatics segments increased by 24% compared to the corresponding period (from PLN 3,981 thousand to PLN 4,931 thousand in 2019).

The value of the 2019 contracts portfolio resulting from commercial contracts and grant agreements signed as of October 28, 2019 (backlog) amounts to PLN 97,378 thousand, including:

- Services PLN 81,285 thousand,
- Bioinformatics PLN 9,983 thousand,
- Grants PLN 6,110 thousand

and it has increased compared to the 2018 backlog announced in November 2018 by 38%. It should be highlighted that the services segment's backlog for 2019 has increased by 41%, and the bioinformatics backlog has increased by 19%.

Standalone data

The company Selvita S.A. (formerly Selvita CRO S.A.) was founded on March 21, 2019, in relation to the planned split of Ryvu Therapeutics (formerly Selvita S.A.). The company till the day of the transfer of the organized part of the enterprise dedicated to the provision of service activities in the field of biotechnology of the Contract Research Organization type was not operating. Therefore the standalone result of Selvita S.A. for the period ended September 30, 2019, is a net loss of PLN 265 thousand.

THE GROUP'S ASSETS AND THE STRUCTURE OF ASSETS AND LIABILITIES

Consolidated data

As of September 30, 2019, the value of the Selvita Group's assets was PLN 83,354 thousand. At the end of Q3 2019, the most significant items of current assets are trade receivables which amounted to PLN 25,021 thousand and cash amounting PLN 11,831 thousand. Fixed assets are mainly laboratory equipment and deferred tax assets in the amount of PLN 7,202 thousand. The decrease in cash and other financial assets results from the spending incurred on the purchase of tangible assets (mainly lab equipment), the increase in working capital level and finally due to the split of Ryvu Therapeutics (formerly Selvita S.A.) into innovation and services standalone companies. The value of non-current assets increased in comparison to December 31, 2018, by PLN 21,439 thousand. The increase consists mainly of the above-mentioned CAPEX spending and the recognition (starting from 1 January 2019) of the right to use the assets (mainly lease of premises) under IFRS 16. As of January 1, 2019, the Group recognized assets of PLN 11,272 thousand as the effect of the adoption of IFRS 16. The same amount was recognized in the position of other financial liabilities.

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

	30/09/2019	31/12/2018
Current ratio		
current assets/current liabilities including short-term provisions and accruals (excl. deferred revenues)	3.66	4.03
Quick ratio		
(current assets-inventory)/current liabilities including short-term provisions and accruals (excl. deferred revenues)	3.55	3.94

The main item in the Selvita Group's equity and liabilities is equity, which amounted to PLN 41,161 thousand as of September 30, 2019, what equals the consolidated net assets of the spin-off part of the Ryvu Therapeutics S.A. The second largest source of assets' funding are long-term liabilities which amounted to PLN 25,439 thousand at the end of Q3 2019. The most valuable items in the long-term liabilities are other financial liabilities of PLN 22,345 thousand. The increase in other financial liabilities (both long and short term) results from the impact of IFRS 16, which was described above.

Standalone data

As of September 30, 2019, the value of the standalone Selvita's assets was PLN 2,752 thousand and comprised almost fully of cash items of PLN 2,705 thousand.

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

	30/09/2019
Current ratio	
current assets/current liabilities including short-term provisions and accruals (excl. deferred revenues)	150.36
Quick ratio	
(current assets-inventory)/current liabilities including short-term provisions and accruals (excl. deferred revenues)	150.36

The most significant item in the Equity and Liabilities is equity totaling PLN 2.734 thousand at the end of Q3 2019.

CURRENT AND PROJECTED FINANCIAL CONDITION

Consolidated data

The Group's financial position as of the report date is very good. As of September 30, 2019, the value of the Group's cash amounted to PLN 11,831 thousand, and at the end of October 2019, it was PLN 13.944 thousand.

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

Standalone data

Selvita's financial position as of the report date is very good. As of September 30, 2019, the value of the Company's cash amounted to PLN 2,705 thousand, and at the end of October 2019, it was PLN 3.515 thousand.

MANAGEMENT BOARD'S COMMENTS ON FINANCIAL RESULTS OF THE TRANSFERRED ORGANIZED PART OF ENTERPRISE

On October 1, 2019, the split of Ryvu Therapeutics S.A. (formerly Selvita S.A.) took place, as a result of the transfer of the organized part of the enterprise (operating in the CRO) activities to Selvita S.A. (formerly Selvita CRO S.A.). The details of the consolidated assets and liabilities related to the spin-off activities as of September 30, 2019, as

well as the revenues and costs incurred by the spin-off part of the activities in the period of the first 9 months of 2019 are presented below. At the same time, the comparative data for the corresponding period of 2018 are also presented in the table below, however, it should be noted that the corresponding data is the company's estimate, presented to facilitate the analysis and comparison of the results.

Pro Forma Consolidated Balance Sheet

ASSETS

	30/09/2019	31/12/2018
Fixed assets		
Tangible fixed assets	21 573 536	17 272 203
Right of use assets	14 014 106	-
Investment property	-	-
Goodwill	280 740	280 740
Other intangible assets	97 055	91 509
Unfinished development work	-	-
Equity method valuation of investments	-	-
Deferred tax assets	7 202 467	4 336 109
Other assets	343 335	91 800
Total fixed assets	43 511 239	22 072 361
Current assets		
Inventory	1 251 504	1 110 324
Trade and other receivables	21 702 073	20 561 809
Construction contracts receivables	3 318 988	791 604
Other financial assets	83 410	89 371
Current tax related assets	-	-
Other assets	1 655 802	1 267 983
Cash and other monetary assets	11 830 902	26 690 520
	39 842 679	50 511 611
Non-current assets held for sale	-	-
Total current assets	39 842 679	50 511 611
Total assets	83 353 918	72 583 972

EQUITY AND LIABILITIES

	30/09/2019	31/12/2018
Equity		
Share capital	12 876 983	12 876 983
Surplus from sale of shares above par value	-	-
Own shares	-	-
Supplementary capital	13 078 731	18 730 690
Other reserve capitals	-	-
Foreign subsidiaries results translation differences	(220 995)	211 734
Previous years' profit (loss)	4 586 871	3 926 485
Net profit (loss)	7 588 069	10 496 488
Provisions related to non-current assets held for sale and discontinued operations presented directly in equity	-	-
Equity attributed to majority shareholders	37 909 659	46 242 380
Equity attributed to minority shareholders	3 251 499	2 947 424
Total equity	41 161 158	49 189 804
Long-term liabilities		
Long-term credits and loans	-	-
Other financial liabilities	22 344 891	5 671 699
Retirement provision	84 078	95 144
Deferred income tax provision	2 898 958	187 845

Long-term provisions	-	-
Deferred income	110 999	140 675
Other liabilities	-	-
Total long-term liabilities	25 438 926	6 095 363
Short-term liabilities		
Trade and other liabilities	6 004 778	9 167 338
Construction contracts liabilities	1 938 731	1 156 678
Short-term credits and loans	13 113	13 314
Other financial liabilities	2 542 642	1 895 702
Current tax liabilities	-	198 052
Short-term provisions	5 868 602	4 751 402
Deferred income	385 968	116 319
Other liabilities	-	-
Total short-term liabilities	16 753 834	17 298 805
Total liabilities	42 192 760	23 394 168
Total equity and liabilities	83 353 918	72 583 972

Pro Forma Consolidated Profit and Loss Statement

	01/01/2019- 30/09/2019	01/07/2019- 30/09/2019	01/01/2018- 30/09/2018	01/07/2018- 30/09/2018
Continued operations				
Revenue from sales	67 686 476	25 071 897	51 042 911	17 902 176
Revenue from subsidiaries	4 930 618	1 782 143	3 980 593	1 431 243
Other operating revenues	616 030	249 629	332 518	146 721
Total operating revenue	73 233 124	27 103 669	55 356 022	19 480 140
Change in stock of goods	-	-	-	-
Amortization and depreciation	(8 161 844)	(2 795 302)	(3 517 166)	(1 299 688)
Consumption of materials and energy	(11 900 179)	(4 132 008)	(7 902 193)	(2 816 064)
External services	(8 566 999)	(2 544 487)	(7 744 642)	(2 254 832)
Employee benefit expense	(33 061 039)	(12 919 304)	(25 474 993)	(9 070 747)
Taxes and charges	(635 927)	(298 526)	(564 079)	(264 211)
Other costs by type	(2 511 765)	(909 560)	(2 355 446)	(702 072)
Cost of goods and materials sold	-	-	-	-
Other	(70 102)	(20 166)	(28 452)	3 013
Total operating expenses	(64 907 855)	(23 619 353)	(47 586 971)	(16 404 601)
Profit (loss) on operating activities	8 325 269	3 484 317	7 769 051	3 075 539
Financial income	661 243	314 486	489 165	(367 623)
Financial expenses	(564 642)	(158 556)	(34 458)	(3 116)
Other	-	-	-	-
Profit (loss) on business activities	8 421 870	3 640 247	8 223 758	2 704 800
Equity method valuation of investments in associates	-	-	-	-
Fair value method valuation of investments in associates	-	-	-	-
Profit (loss) before income tax	8 421 870	3 640 247	8 223 758	2 704 800
Income tax expense	(440 828)	(218 222)	52 434	52 434
Net profit (loss) on continued operations	7 981 042	3 422 025	8 276 192	2 757 234
Net profit (loss)	7 981 042	3 422 025	8 276 192	2 757 234
Net profit loss attributed to:				
Majority shareholders	7 588 069	3 171 903	7 810 832	2 460 111
Non-controlling shareholders	392 973	250 122	465 360	297 123

Other comprehensive income:	-	-	-	-
Foreign subsidiaries results translation differences	(432 729)	(363 228)	(51 070)	(28 439)
Total other comprehensive income (loss)	(432 729)	(363 228)	(51 070)	(28 439)
Total comprehensive income (loss)	7 548 313	3 058 797	8 225 122	2 728 795
Total comprehensive income (loss) attributed to:				
Majority shareholders	7 155 240	2 808 675	7 759 762	2 431 672
Non-controlling shareholders	392 973	250 122	465 360	297 123

INFORMATION ON THE COMPANY'S ACTIVITY IN Q3 2019

Following the split completed on October, 1 2019 the core business and activities of the Capital Group cover two main business segments:

- **CRO services segment** – CRO services provided to external clients, in particular to pharmaceutical and biotechnology industry,
- **Bioinformatics segment (Ardigen S.A.)** – bio-data science and complementary advanced software services to support data-driven Life Science and Healthcare organizations.

CRO services segment

BIOLOGY DIVISION

Contract Biology Division provides biological, biochemical and analytical services. It specializes in certified testing conducted in GLP and GMP standards in areas such as pharmacodynamic testing, cytotoxicity testing, developing and validating biophysical, biochemical and cell-based assays as well as analytical methods (including ADME and DMPK analysis). Division's Biochemistry Laboratory also offers a broad range of protein biochemistry testing.

Contract Biology Division consists of three laboratories i.e. Biochemistry Laboratory, Analytical Laboratory and Cell and Molecular Biology Laboratory offering a wide spectrum of services.

The Biochemistry Laboratory specializes in the production and purification of recombinant proteins as well as the structural analysis of protein-ligand complexes. High-quality recombinant proteins are produced using both bacterial and eukaryotic expression systems. This strategy allows the production of a wide range of proteins, including those with high expression difficulty. In the Q3 2019 such projects remained the main source of revenues for the Laboratory. In addition, a number of projects related to crystallographic analysis of proteins (so-called 'from gene-to-structure') for clients from the global pharmaceutical industry were continued in the said period. Projects related to the structural analysis of macromolecules are characterized by a high degree of technological sophistication and usually have a higher value than projects related to the production of proteins. The share of crystallographic projects in the Laboratory's revenues remains at a high level and constitutes an important part of revenues, which enables further development of this part of the business. It should be noted that the Biochemistry Laboratory has the necessary resources to perform technologically and scientifically advanced crystallographic projects, i.e. a team of highly experienced scientists, as well as high-class equipment. In addition, a long-term project co-financed by the Małopolska Center for Enterprise is being carried out in the Biochemistry Laboratory. This project aims to further expand the experience of crystallography and structural analysis of proteins. It involves

the development and implementation of methods for the production and crystallization of various classes of proteins as molecular targets that can be of high importance during the development of new therapeutics.

These projects were carried out mainly for European and US clients representing global pharmaceutical and biotechnology concerns as well as smaller companies involved in the development of new drugs. It should be noted that the level of orders from the USA, i.e. the largest biotechnology market in the world, is steadily increasing. The high and constantly growing level of the number of projects in the Biochemistry Laboratory is undoubtedly associated with the clearly increasing recognition of the service offer and the constantly improved standard (very high quality of products and research data) of the services rendered. For example, the portfolio of returning customers ordering subsequent projects, including the crystallographic ones, is growing, including very demanding customers from a highly competitive market in the United States. The high and growing number of orders allows for dynamic development of the Biochemistry Laboratory, which manifests itself in increasing the employment of high-class scientists and continuous improvement of the infrastructure available in the laboratories.

In the third quarter of 2019, Selvita Analytical Laboratory was implementing an offer addressed to pharmaceutical and agrochemical customers. In addition to the continuation of long-term projects related to the development of methods using various instrumental techniques, new development projects implemented in the FTE approach were acquired. In addition, new projects related to the validation and transfer of analytical methods were carried out in accordance with the requirements of GxP quality systems. Noteworthy is the acquisition of further orders from the large global pharmaceutical companies for the analysis of biological products. After the bioanalytical methods transfer stage, long-term cooperation with these clients is planned in the area of release studies. In this area, the number of issued quality certificates for low-molecular and biological products increases from quarter to quarter. In order to comprehensively implement the specifications of biological products, the laboratory was equipped in the third quarter with a new capillary electrophoresis apparatus, and further investments related to the release tests of these products are planned in the fourth quarter.

For agrochemical companies, the analytical laboratory continued its services in the field of method development and optimization, validation and certification of active compounds and impurities. 5Batch and 1Batch, stability, physico-chemical analyses as well as dioxin and furan testing using the GC-MS technique were also performed for clients of this industry.

In this quarter, a dedicated team of specialists in the area of ADME and bioanalysis was involved in the implementation of integrated drug discovery project . Another IDDcooperation was also initiated, where the analytical laboratory performs testing in the area of ADME analyses. At the end of the quarter, the laboratory was equipped with a dedicated automated platform to increase throughput in the area of physicochemical tests. It will allow for more effective screening of the physicochemical properties of the molecule, which is especially important in the first phase of integrated research. Considering further development plans, the team also started the process of purchasing another high-class LCMS spectrometer.

Over the third quarter of 2019, the Department of Molecular and Cell Biology has continued the execution of Drug Discovery projects based on SAR studies. One of them was prolonged and extended in terms of scientific biological activities. Ten scientists (FTEs, have been involved in the execution of above mentioned projects. They role was to

develop and optimize panel of biochemical and cell-based assays that next have been used to determine activity and efficacy as well as mechanism of action of novel drug candidates.

The second group of projects performed by the CMBD team was related to the analysis of biosimilar drugs. During Q3 2019, the group has carried out projects concerning in vitro comparative studies of biosimilar and their analogues. Researchers were responsible for optimization, validation and comparative analysis of biosimilar drugs with their reference counterparts present on the market. The studies included receptor affinity analyses, characterization of mitogenic activity, regulation of cellular metabolism and were performed in the Good Laboratory Practice standards.

Furthermore, in the same period CMBD group continued batch release testing of another biosimilar drug products. Moreover, transfers of bioassays for two other biosimilar therapeutic monoclonal antibodies were initiated during described period. These analyzes were carried out for customers from the UK. Activities were conducted in the Good Manufacturing Practice standard.

During the first half of this year, CMBD scientists have been also engaged in the execution of the project co-financed by the Małopolskie Centre of Entrepreneurship: "Development of the platform of in vitro tests for biosimilar therapeutic monoclonal antibodies". Within the scope of this project, the research team has developed a panel of biophysical, biochemical and cellular tests that will be used for comparative in vitro studies on follow-on therapeutic monoclonal antibodies that are TNF α and VEGF inhibitors. The above platform will have a similar characteristics to the comparative in vitro platform of biosimilar and its analogues, which was developed by the team in the previous years.

In the near future, the main goal of the Contract Biology Division will be to further increase Western European and U.S. market penetration, with special emphasis on the offer addressed to pharmaceutical/biotech customers who are looking for integrated solutions for projects related to the development of innovative drugs.

CHEMISTRY DIVISION

The Chemistry Department covers more than 140 people working in two units - the Kraków site and in the Poznań site, opened in 2016. Approx. 20% of employees are foreigners, almost half of the employees of the Chemistry Department are scientists with a doctoral degree. The number of PhDs is gradually growing, providing a variety of specialized experience in the field of organic, medical, computational and analytical chemistry, which is necessary to provide the high quality services that are appreciated by our clients.

For years, the Department's strategy has focused primarily on the Drug Discovery area, in which we have been gradually moving from chemical FFS (Fee For Service) projects, to FTE (Full Time Equivalent) projects, covering one of the elements of the therapeutic molecule development process, to integrated projects, covering scientific cooperation joining various fields of chemistry, analytics and biology.

Most of the contracts of Chemistry Department are chemical projects, consisting in synthetic support for research projects aimed at developing new therapies – the main task of chemistry teams is the synthesis of a series of libraries of chemical compounds with biological potential, their purification and qualitative/quantitative analysis to support customer research and development projects. Cooperation in this area is usually based on long-term collaborations and agreements signed in previous years, such as the one signed on July 5, 2019, as part of a framework agreement concluded with one of the global biotechnology companies based in Europe (on 1 February

2018), worth EUR 1,353,800 (PLN 5 747 152 at the exchange rate of EUR 1 = PLN 4,2452), regarding the provision of services consisting in the synthesis of chemical compounds to support the development of client's innovative projects (WSE Report 19/2019).

We treat these type of long-term contracts as an expression of trust in our services, which is crucial for further development of the Company's operations. Our clients are large and medium-sized pharmaceutical companies, large and medium biotechnology companies, agrochemical and chemical industry, as well as the academic community and CRO / CMO companies.

Of course, due to the Company's constant sales activity on the European, American and Asian markets (industry conferences, fairs, visits to the client's premises, etc.), as well as the growing market confidence, FTE contracts with new clients were also signed in Q3, including research and development, leading to the development of new pharmacologically active molecules, new synthetic processes and technologies.

In the third quarter of 2019, the Chemistry Department also continued work on integrated Drug Discovery projects, while building the resources necessary to run this type of projects in the field of medical chemistry, in which, apart from knowledge and experience in the field of typical organic chemistry and computational chemistry the ability to interpret biological data from in vitro pharmacological studies, ADME parameters, and compound stability in animal and human organisms is necessary. Selvita scientists worked to improve the physicochemical properties and activity of new compounds with pharmacological potential. One of the main tasks of our medicinal chemists was to design new structures – molecular cores and small compound libraries around them to validate hypotheses that would allow projects to move to the next stage of development. Medicinal chemists were responsible for understanding structure-activity relationships (SARs) and planning the right synthesis strategy to achieve adequate biological activity for the target compounds.

Support for integrated projects by computational chemists consisted of analyzing data available in the public domain, building structure-activity relationships (SAR) throughout the duration of the project, designing next-generation structures and using virtual techniques based on protein structure, such as virtual screening or focus docking, in order to determine key ligand-protein interactions.

A team of organic chemists focused on the cost-effective and time-effective synthesis of series of compound libraries with potential activity against the target, and a team of chemists analysts purified and characterized the synthesised substances that were then subjected to ADME tests, in vitro pharmacological tests, and compound stability tests in animal and human organisms. Test results returned to the team of computational and medicinal chemists to optimize project strategies.

Very good coordination of the work of medicinal chemists, synthetic chemists, analysts and computational chemists, ADME team and in vitro pharmacology by integrated project managers, visible intellectual input of Selvita scientists, as well as good communication with the client allowed to achieve the assumed project goals by generating high quality data and thus one of the contracts covering integrated projects was extended in August, when the team started the hit-to-lead phase.

In addition to typical synthetic projects and integrated projects for the biotechnology and pharmaceutical industry, the Chemistry Department also worked on projects aimed at developing new, cost-effective and environmentally safe synthesis processes / alternative technologies for obtaining chemical substances. In some

projects, the scale-up of chemical processes for production purposes, optimization and parameterization of technologies for registration purposes were of particular importance.

In Q3, we also worked on contract synthesis of pharmaceutical and chemical compounds (fragrances, agrochemicals, compounds for specialized applications, e.g. in electronics, in the nutrition and care industry) on a scale from mg to kg – providing clients with active substances, building blocks, impurities, degradation products and analytical standards for registration purposes.

In addition, we worked on projects in the Drug Development area, optimizing the crystallization conditions of pharmaceutical substances to obtain substances with optimal properties for drug formulations.

The team of computational chemists, in addition to supporting integrated projects, in the third quarter also worked, for example, on a project where they were to propose structures of compounds involved in protein-protein interactions in place of peptides, using virtual screening and advanced chemoinformation tools.

In order to further strengthen Selvita brand on the market of research and development projects, in the third quarter the Team was working on the preparation of scientific publications, presentations and patent applications based on research conducted in cooperation of Selvita scientists with clients based on commercial projects and confirming credibility in the area of scientific research. For example, MINI-REVIEW: THE CHEMISTRY OF VORAPAXAR - IS THERE ANY ROOM FOR IMPROVEMENT LEFT? HETEROCYCLES, Vol. 101. (Published online, 7th August, 2019), the authors are Selvita scientists and our longtime client – the company SANDOZ, belonging to the Novartis group.

In the next quarters / years, in addition to strengthening the Team by employing highly qualified staff with diversified experience and investments in equipment, technologies and laboratories necessary for further harmonious functioning of the growing organization, the key to the organic growth of the Department will be increasing the effectiveness of functioning by implementing automation of synthesis processes and compound purification. The Chemistry Department also plans to more intensively use artificial intelligence tools in the process of data analysis, model creation and prediction of new generation active compounds in integrated Drug Discovery projects.

Ardigen S.A.

In the third quarter of 2019, intensive work related to the sale of technology platforms was continued. Numerous meetings with potential clients found at the conferences attended in the first half of the year were conducted.

The Ardigen Science Team working on increasing the response of cancer patients to immunotherapy took part in an international scientific conference called Cancer Immunotherapy Conference in Paris organised by the Cancer Research Institute (CRI), the Association for Cancer Immunotherapy (CIMT), the European Academy of Tumour Immunology (EATI) and the American Association for Cancer Research (AACR).

In addition to planned work on the development of technology platforms, material for two posters was prepared in the last quarter and it was subsequently accepted by the SITC (the Society for Immunotherapy of Cancer) scientific committee. The posters will be shown by Ardigen at the annual SITC conference, which will take place near Washington in November.

In the third quarter, work related to the first stage of the TESLA (Tumour neoantigen Selection Alliance) project carried out by The Parker Institute for Cancer Immunotherapy and Cancer Research Institute (US) was completed.

The Ardigen Team provided peptide compositions generated by the Ardigen Neopitope Prediction Platform which are aimed at patients participating in the project and diagnosed with colorectal cancer or lung cancer. In the second stage of the project, laboratory validation of the immunogenicity of Ardigen-designed peptides will be performed.

In connection with the planned increase in revenue growth, the Business Development team expanded from two to five. This team size will allow for intensive operations in California, Boston and the UK, offering both technology platforms and services. Further investments in sales force are planned in the coming quarters.

An important event that took place in the reporting period is the conclusion of a contract with a top ten pharmaceutical company on the development of artificial intelligence technology to analyse histopathological images in oncological diagnostics. Ardigen was selected as a result of a pilot project in which five Data Science teams and a team of pathomorphologists took part. The solution which Ardigen provided gave the best results and it was the only company to obtain a diagnosis accuracy better than the one obtained by the team of people.

Employment details

Further to a dynamic development the Selvita Group significantly increased its staffing. The staffing level grew from 587 in May 2019 to 616 employees in the end of the reported period (September, 30 2019). Due to the split of Ryvu Therapeutics S.A. (formerly: Selvita S.A.) which was completed on October, 1 2019, 452 employees are currently (as of November 6, 2019) employed in Selvita S.A. (formerly: Selvita CRO S.A.) and its affiliated Companies while 175 are employed in Ryvu Therapeutics S.A. (formerly Selvita S.A.) (as of November 6, 2019).

Information on Company's Shareholding Structure

As of the date of publication of the Report, the shareholder structure of Selvita S.A. including shareholders holding at least 5 % of votes at the Meeting of Shareholders, is as follows:

Shareholder	Shares	% of shares	Votes	% of votes
Paweł Przewięźlikowski	4 990 880	31,01%	8 490 880	42,15%
Bogusław Siczkowski	924 384	5,74%	1 474 384	7,32%
Augebit FIZ*	1 039 738	6,46%	1 039 738	5,16%
Nationale Nederlanden OFE**	1 594 749	9,91%	1 594 749	7,92%
Remaining shareholders	7 546 478	46,88%	7 546 478	37,46%
Total	16 096 229	100,00%	20 146 229	100,00%

*The beneficiary of Augebit FIZ is Tadeusz Wesolowski – Vice Chairman of Selvita Supervisory Board

**Number of shares represented at the Annual Shareholders' Meeting held on July, 2 2019

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Kraków, November 6, 2019

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