CONSOLIDATED ANNUAL REPORT (SUMMARY) 2019
SELVITA CAPITAL GROUP

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1 BASIC INFORMATION ON THE CAPITAL GROUP

Structure of the Capital Group as of December 31, 2019

Parent Entity

Business name of the Company	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.selvita.com

Affiliates

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.

Business name of the Company	Selvita Inc.
Registered office	Cambridge, USA
Company File No.	5700516
Legal form	Corporation
Shareholders	100% shares held by Selvita 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.

Business name of the Company	Ardigen Spółka Akcyjna
Registered office	ul. Podole 76, 30-394 Kraków
Company ID (REGON)	362983380
Legal form	Joint-Stock Company
Shareholders	47,69% shares held by Selvita S.A., 54,73% votes

The split of Ryvu Therapeutics S.A. (formerly: Selvita S.A.) into two sperate business entities – October 1, 2019

In 2019 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, Selvita provides contract research services for third parties and Ryvul continues to focus on development of small molecule therapeutics in oncology.

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.

The Merger within Selvita Capital Group: BioCentrum Sp. z o.o. integrated into Selvita Services Sp. z o.o. – November, 29 2019

On November 29, 2019 (the date of the Merger's registration by Register Court) BioCentrum and Selvita Services have merged which was conducted through a transfer of all the assets of BioCentrum (the company being acquired) to Selvita Services (the acquiring company) in exchange for shares which Selvita Services issued to the sole shareholder of BioCentrum, i.e. Selvita S.A. (merger by acquisition, "Merger").

On that date, as a result of the Merger and as a consequence of a statutory universal succession, Selvita Services assumed all tangible and intangible rights and assets of BioCentrum, including all rights arising from the certificates and permits held previously by BioCentrum to manufacture and import medicinal products, which were transferred to Selvita Services, and BioCentrum was dissolved. As a consequence, Selvita Services will continue to provide GLP and GMP compliant laboratory services.

2 THE MANAGEMENT AND SUPERVISORY BOARD

The Management Board of Selvita S.A.:

1) Bogusław Sieczkowski – President of the Management Board
2) Miłosz Gruca – Vicepresident of the Management Board
3) Mirosława Zydroń – Management Board Member
4) Edyta Jaworska – Management Board Member
5) Dariusz Kurdas – Management Board Member
6) Dawid Radziszewski – Management Board Member

The Supervisory Board of Selvita S.A.:

1) Piotr Romanowski – Chairman of the Supervisory Board
2) Tadeusz Wesołowski – Vice Chairman of the Supervisory Board
3) Paweł Przewięźlikowski – Supervisory Board Member
4) Rafał Chwast – Supervisory Board Member
5) Wojciech Chabasiewicz – Supervisory Board Member
6) Jacek Osowski – Supervisory Board Member

3 ECONOMIC AND FINANCIAL HIGHLIGHTS

The consolidated financial statements cover the period from March 22, 2019, to December 31, 2019. It should be noted that in the period from March 22, 2019, to September 30, 2019, the Group did not conduct operating activities.

The Group started its operating activity **on October 1, 2019**, that is after the National Court Register of Poland ("KRS") had registered the increase of the Company's share capital and change to the Company's name to Selvita S.A. (formerly Selvita CRO S.A.) in the Register of Entrepreneurs in connection with the corporate split of Ryvu Therapeutics S.A. (formerly Selvita S.A.). As a result of the split of Ryvu Therapeutics S.A., there was a transfer of the organized part of the enterprise of Ryvu Therapeutics S.A. to Selvita S.A. (formerly Selvita CRO S.A.). The organized part of the enterprise (Separated Activity) consisted of:

- the tangible and intangible assets dedicated to the provision of service activities in the field of biotechnology, of the Contract Research Organization type;
- shares in the subsidiaries i.e.: Selvita Services Sp. z o.o., BioCentrum Sp. z o.o., Ardigen S.A., Selvita Ltd., and Selvita Inc.

In connection with the above, the data presented in the Management's Report consists of two parts:

- consolidated financial statements of Selvita S.A. Group for the period from March 22,2019 to December 31, 2019
- "**pro forma**" consolidated financial statements of Selvita S.A. Group (Separated Activity) for the period January 1, 2019, to December 31, 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

3.1 Consolidated financial data (pro forma)

Selected items (more detailed data are presented in the point 2.6 below) of the consolidated assets and liabilities related to the transferred activities as of December 31, 2019, as well as the revenues and costs incurred by transferred part of the activities in the period from January 1, 2019 to December 31, 2019 are presented below. At the same time, the comparative data for the corresponding period of 2018 are also presented in the table below.

Selected pro forma income statement data are as follows:

Selvita S.A. Group	Consolidated pro forma data in PLN thousand				Consolidated pro forma data in EUR thousand			
Item	From 01.01.2019 to 31.12.2019	From 01.01.2018 to 31.12.2018	From 01.10.2019 to 31.12.2019	From 01.10.2018 to 31.12.2018	From 01.01.2019 to 31.12.2019	From 01.01.2018 to 31.12.2018	From 01.10.2019 to 31.12.2019	From 01.10.2018 to 31.12.2018
Revenues from sales	98 130	70 429	30 443	19 386	22 812	16 506	7 077	4 501
Revenues from subsidies	6 352	5 798	1 421	1 818	1 477	1 359	330	422
Other operating revenues	757	475	140	142	176	111	33	33
Revenues on operating activities	105 239	76 702	32 004	21 346	24 464	17 976	7 440	4 956
Operating expenses	-91 273	-65 688	-26 365	-18 102	-21 218	-15 395	-6 129	-4 203
Depreciation	-10 792	-4 985	-2 630	-1 468	-2 509	-1 168	-611	-341
Depreciation (excl. IFRS 16 impact)	-6 963	-4 985	-1 645	-1 468	-1 619	-1 168	-382	-341
Profit/loss on operating activities (EBIT)	13 966	11 014	5 639	3 244	3 247	2 581	1 311	753
Profit/loss before income tax	13 571	11 598	5 149	3 374	3 155	2 718	1 197	783
Net profit/loss	14 040	11 377	6 059	3 101	3 264	2 666	1 408	720
EBITDA	24 758	15 999	8 269	4 712	5 755	3 750	1 922	1 094
EBITDA (excl. IFRS 16 impact)	20 929	15 999	7 284	4 712	4 865	3 750	1 693	1 094

Number of shares (weighted average)	15 971 229	15 522 744	15 971 229	15 971 229	15 971 229	15 522 744	15 971 229	15 971 229
Profit (loss) per share (in PLN)	0,84	0,67	0,36	0,16	0,19	0,16	0,08	0,04
Diluted profit (loss) per share (in PLN)	0,84	0,67	0,36	0,16	0,19	0,16	0,08	0,04
Book value per share (in PLN)	2,77	2,98	2,77	2,90	0,65	0,69	0,65	0,67
Diluted book value per share (in PLN)	2,77	2,98	2,77	2,90	0,65	0,69	0,65	0,67
Declared or paid dividend per share (in PLN)	-	-	-	-	-	-	-	-

The selected pro forma balance sheet data are as follows:

Selvita S.A. Group	Consolidated pro forma data in PLN thousand		Consolidated pro forma data in EUR thousand	
Item	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Total assets	90 887	72 584	21 342	16 880
Trade and other receivables	25 854	20 562	6 071	4 782
Cash and other monetary assets	13 668	26 691	3 210	6 207
Total liabilities	43 229	23 394	10 151	5 440
Long term liabilities	21 589	6 095	5 070	1 417
Short term liabilities	21 641	17 299	5 082	4 023
Equity	47 658	49 190	11 191	11 440
Share capital	12 877	12 877	3 024	2 995

3.2 Consolidated financial data

The table below presents the consolidated financial data of the Selvita S.A. Group (in accordance with the data presented in the consolidated financial statements).

- concerning the consolidated profit and loss statement:

Selvita S.A. Group	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
Item	From 01.01.2019 to 31.12.2019	From 01.01.2018 to 31.12.2018	From 01.01.2018 to 31.12.2018	From 01.01.2018 to 31.12.2018
Revenues from sales	30 443	30 443	7 077	7 077
Revenues from subsidies	1 421	1 421	330	330
Other operating revenues	140	140	33	33
Revenues on operating activities	32 004	32 004	7 440	7 440
Operating expenses	-26 630	-26 365	-6 190	-6 129
Depreciation	-2 630	-2 630	-611	-611
Depreciation (excl. IFRS 16 impact)	-1 645	-1 645	-382	-382
Profit/loss on operating activities (EBIT)	5 374	5 639	1 249	1 311
Profit/loss before income tax	4 894	5 149	1 138	1 197
Net profit/loss	5 804	6 059	1 349	1 408
EBITDA	8 004	8 269	1 861	1 922

EBITDA (excl. IFRS 16 impact)	7 019	7 284	1 632	1 693
Net cash flow from operating activities	4 339	n/a	1 009	n/a
Net cash flows from investing activities	7 957	n/a	1 850	n/a
Net cash flows from financing activities	1 372	n/a	319	n/a
Net cash flow from operating activities	13 668	n/a	3 177	n/a
Number of shares (weighted average)	5 260 625	n/a	5 260 625	n/a
Profit (loss) per share (in PLN)	1,05	n/a	0,24	n/a
Diluted profit (loss) per share (in PLN)	1,05	n/a	0,24	n/a
Book value per share (in PLN)	8,41	n/a	1,97	n/a
Diluted book value per share (in PLN)	8,41	n/a	1,97	n/a
Declared or paid dividend per share (in PLN)	-	-	-	-

- concerning the consolidated balance sheet:

Selvita S.A. Group	Pro forma data in PLN thousand	Pro forma data in EUR thousand
Item	31.12.2019	31.12.2019
Total assets	90 887	21 342
Trade and other receivables	25 854	6 071
Cash and other monetary assets	13 668	3 210
Total liabilities	43 229	10 151
Long term liabilities	21 589	5 070
Short term liabilities	21 641	5 082
Equity	47 658	11 191
Share capital	12 877	3 024

Selected financial data presented in the annual 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 01/01/2019 to 31/12/2019: PLN 4.3018;
   - for the period from 01/01/2018 to 31/12/2018: PLN 4.2669.

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 December 2019: PLN 4.2585;
- as of 31 December 2018: PLN 4.3000.

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

4.1 Consolidated data (pro forma)

Selvita S.A. Group				
Data in PLN thousand	From 01.01.2019 to 31.12.2019	From 01.01.2018 to 31.12.2018	From 01.10.2019 to 31.12.2019	From 01.10.2018 to 31.12.2018
Revenue	**105 239**	**76 702**	**32 005**	**21 346**
Services Segment	87 834	62 113	27 425	16 545
Bioinformatics Segment	10 513	8 718	3 071	2 901
Revenues from subsidies	6 352	5 798	1 421	1 818
Other operating revenue	757	475	140	142
Exclusions of revenues between segments	-217	-402	-52	-60
EBIT	**13 966**	**11 014**	**5 640**	**3 245**
%EBIT	13%	14%	18%	15%
EBITDA (with IFRS16 impact)	**24 757**	**15 999**	**8 270**	**4 713**
%EBITDA (with IFRS16 impact)	24%	21%	26%	22%
EBITDA (IFRS16 impact excluded)	**20 928**	**15 999**	**7 286**	**4 713**
%EBITDA (IFRS16 impact excluded)	20%	21%	23%	22%
Net profit	**14 040**	**11 377**	**6 059**	**3 101**
%Net profit	13%	15%	19%	15%

In the period ended December 31, 2019, Selvita S.A. Group (formerly Selvita CRO S.A.) recognised total operating revenue of PLN 105,239 thousand, which constitutes the increase of 37% compared to the corresponding period in 2018, when total operating revenue amounted to PLN 76,702 thousand. The net revenue from sales (excluding subsidies) amounted to PLN 98,130 thousand, which means an increase of 39% (PLN 27,701) thousand comparing to the corresponding period in 2018 when it amounted to PLN

70,429 thousand. In the period of 2019, revenues from subsidies increased by 10% compared to the same period of the previous year - an increase from PLN 5,798 thousand to PLN 6,352 thousand.

In the period of 2019, the Group reported a net profit as well as the profit on the operational level. Net profit amounted to PLN 14,040 thousand PLN and increased by 23% compared to 2018. The lower growth rate of the net result than the growth dynamics of revenues is mainly due to the increase in depreciation (without the impact of IFRS 16) from PLN 4,985 thousand in 2018 to PLN 6,963 thousand related to capital expenditure incurred in 2018-2019.

Since 2019 the Group is reporting in line with IFRS 16 "Leases". The impact, of newly adopted standard, on EBIT for period ended December 31, 2019, was immaterial, however, the depreciation and amortization charged increased significantly (by PLN 3,829 thousand) what also materially affects EBITDA.

Services Segment				
Data in PLN thousand	From 01.01.2019 to 31.12.2019	From 01.01.2018 to 31.12.2018	From 01.10.2019 to 31.12.2019	From 01.10.2018 to 31.12.2018
Revenue	**91 449**	**65 761**	**27 876**	**17 504**
Revenues from external customer	84 440	59 083	25 963	16 105
Internal revenue - between segments (mainly to Ryvu)	3 394	3 030	1 462	440
Revenues from subsidies	2 888	3 173	326	817
Other operating revenue	727	475	125	142
EBIT	12 488	8 828	4 934	2 049
%EBIT	14%	13%	18%	12%
EBITDA (with IFRS16 impact)	22 549	13 677	7 334	3 465
%EBITDA (with IFRS16 impact)	25%	21%	26%	20%
EBITDA (IFRS16 impact excluded)	**19 129**	**13 677**	**6 484**	**3 465**
%EBITDA (IFRS16 impact excluded)	21%	21%	23%	20%
IFRS16 impact on EBITDA	3 420	0	850	0

The services segment in the period 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 12 months of 2019, amounted to PLN 84,440 thousand compared to PLN 59,083 thousand in the corresponding period of 2018, which constitutes the growth of over 43%. The operating profit (EBIT) of this segment in the period ended December 31, 2019, amounted to PLN 12,488 thousand, compared to PLN 8,828 thousand in the same period in 2018, what is the increase of 41%. 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 14% in 2019 (in 2018 it was 13%). Depreciation and amortization (excluding IFRS 16 impact) increased by 37% from PLN 4,849 thousand in the 12 months of 2018 to PLN 6,642 thousand in the same period in 2019 which is a result of capital expenditures incurred.

Bioinformatics Segment				
Data in PLN thousand	From 01.01.2019 to 31.12.2019	From 01.01.2018 to 31.12.2018	From 01.10.2019 to 31.12.2019	From 01.10.2018 to 31.12.2018
Revenue	**14 006**	**11 343**	**4 181**	**3 902**
Revenues from external customer	10 513	8 557	3 071	2 903
Internal revenue - between segments (mainly to Ryvu)	0	161	0	-2
Revenues from subsidies	3 463	2 625	1 095	1 001
Other operating revenue	30	0	15	0
EBIT	1 478	2 186	706	1 196
%EBIT	11%	19%	17%	31%
EBITDA (with IFRS16 impact)	2 208	2 322	936	1 248
%EBITDA (with IFRS16 impact)	16%	20%	22%	32%
EBITDA (IFRS16 impact excluded)	**1 799**	**2 322**	**801**	**1 248**
%EBITDA (IFRS16 impact excluded)	13%	20%	19%	32%
IFRS16 impact on EBITDA	409	0	135	0

In the 12 months of 2019 bioinformatics segment's revenue amounted to PLN 14,006 thousand, which is an increase of 23% compared to the corresponding period in 2018, when revenues amounted to PLN 11,343 thousand. Bioinformatics segment generated the operating profit of PLN 1,478 thousand in the discussed period, compared to PLN 2,186 thousand in the comparative period of 2018. The decrease is primarily caused by higher spending incurred on the own research projects, which will be commercialized in the future.

Contracted (Backlog)

The value of the 2020 contracts portfolio resulting from commercial contracts and grant agreements signed as of March 18, 2020 (backlog) amounts to PLN 78,821 thousand, including:

- Services PLN 65,878 thousand,
- Bioinformatics PLN 7,514 thousand,
- Grants PLN 5,429 thousand

and it has increased compared to the 2019 backlog announced in March 2018 by 43%. It should be highlighted that the services segment's backlog for 2019 has increased by 58%. In addition, backlog held in the first quarter of 2020 for the Services segment is 36% higher than the realized backlog of the first quarter in 2019. The bioinformatics backlog has increased by 12%.

4.2 Consolidated data

The Selvita S.A. Group was founded on March 22, 2019, in relation to the planned split of Ryvu Therapeutics (formerly Selvita S.A.). The Group until October 1, 2019, (which is 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) did not generate revenues from operating activities. Therefore, the consolidated results for 2019 (including the Group's net loss for the period of 9 months of 2019 in the amount of PLN 254,000) amounted to PLN 5,804 thousand.

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

5.1 Consolidated data (pro forma)

As of December 31, 2019, the value of the Selvita Group's assets was PLN 90,887 thousand. At the end of the year ended 2019, the most significant items of current assets are trade receivables which amounted to PLN 25,854 thousand and cash amounting PLN 13,668 thousand. Fixed assets are mainly laboratory equipment, recognized assets due to the right to use and deferred tax assets in the amount of PLN 8,521 thousand. The cash and other financial assets balance 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 S.A. (formerly Selvita S.A.) into innovation and services companies. The value of non-current assets increased in comparison to December 31, 2018, by PLN 22,871 thousand. The increase consists mainly of the above-mentioned CAPEX spending and the recognition (starting from January 1, 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:

	31/12/2019	31/12/2018
Current ratio **current assets/current liabilities including short-term provisions and accruals (excl. deferred revenues)**	2,98	2.94
Quick ratio **(current assets-inventory)/current liabilities including short-term provisions and accruals (excl. deferred revenues)**	2.90	2.88

The main item in the Selvita Group's equity and liabilities is equity, which amounted to PLN 47,658 thousand as of December 31, 2019. Another largest source of assets' funding are long-term liabilities which amounted to PLN 21,589 thousand at the end of 2019. The most valuable items in the long-term liabilities are lease liabilities of PLN 18,446 thousand. The increase in lease liabilities (both long and short term) results from the impact of IFRS 16, which was described above.

5.2 Consolidated data

Value of assets of the Selvita S.A. Group at the end of 2019 is the same as described above except that there is no comparative data (i.e. at the end of 2018) because the Parent Entity was established on March 22, 2019.

6 CURRENT AND PROJECTED FINANCIAL CONDITION

6.1 Consolidated data

The Group's financial position as of the report date is very good. As of December 31, 2019, the value of the Group's cash amounted to PLN 13,668 thousand, and at the March 19, 2019, it was PLN 17,969 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.

7 SIGNIFICANT OFF-BALANCE SHEET ITEMS

Significant off-balance sheet items are described in the Note 35 to the consolidated financial statements.

8 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 pro forma details of the consolidated assets and liabilities related to the spin-off activities, as well as the revenues and costs incurred by the spin-off part of the activities in the period of the 12 months of 2019 are presented below. At the same time, the pro forma 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

	31/12/2019	31/12/2018
Fixed assets		
Tangible fixed assets	10 282 357	17 272 203
Right of use assets	24 927 169	-
Goodwill	280 740	280 740
Other intangible assets	588 229	91 509
Deferred tax assets	8 520 949	4 336 109
Other assets	343 335	91 800
Total fixed assets	**44 942 779**	**22 072 361**
Current assets		
Inventory	1 184 882	1 110 324
Trade and other receivables	25 854 362	20 561 809
Contract assets	4 226 665	791 604
Other financial assets	-	89 371
Other assets	1 010 222	1 267 983
Cash and other monetary assets	13 667 930	26 690 520
	45 944 061	**50 511 611**
Non-current assets held for sale	-	-
Total current assets	**45 944 061**	**50 511 611**
Total assets	**90 886 840**	**72 583 972**

EQUITY AND LIABILITIES

	31/12/2019	31/12/2018
Equity		
Share capital	12 876 983	12 876 983
Supplementary capital	17 364 790	18 730 690
Foreign subsidiaries results translation differences	(61 954)	11 734
Previous years' profit (loss)		3 926 485
Net profit (loss)	14 040 376	10 496 488
Equity attributed to majority shareholders	**44 220 195**	**46 242 380**
Equity attributed to minority shareholders	3 437 347	2 947 424
Total equity	**47 657 542**	**49 189 804**
Long-term liabilities		
Lease liabilities	18 446 344	5 671 699
Retirement provision	103 028	95 144
Deferred income tax provision	2 939 627	187 845
Deferred income	99 546	140 675
Total long-term liabilities	**21 588 545**	**6 095 363**
Short-term liabilities		
Trade and other liabilities	8 012 729	9 167 338
Contract liabilities	557 787	1 156 678
Lease liabilities	6 629 069	1 895 702
Short-term credits and loans	6 989	13 314
Current tax liabilities	229 198	198 052
Short-term provisions	-	4 751 402
Deferred income	6 204 981	116 319
Total short-term liabilities	**21 640 753**	**17 298 805**
Total liabilities	**43 229 298**	**23 394 168**
Total equity and liabilities	**90 886 840**	**72 583 972**

Pro Forma Consolidated Profit and Loss Statement

	01/01/2019-31/12/2019	01/10/2019-31/12/2019	01/01/2018-31/12/2018	01/10/2018-31/12/2018
Continued operations				
Revenue from sales	98 129 929	30 443 469	70 429 320	19 386 409
Revenue from subsidies	6 351 701	1 421 083	5 798 220	1 817 627
Other operating revenues	756 585	139 993	474 841	142 323
Total operating revenue	**105 238 215**	**32 004 545**	**76 702 381**	**21 346 359**
Change in stock of goods	-	-	-	-
Amortization and depreciation	(10 791 663)	(2 629 819)	(4 985 242)	(1 468 076)
Consumption of materials and energy	(16 562 466)	(4 662 287)	(10 940 530)	(3 038 337)
External services	(11 841 381)	(3 274 382)	(12 574 391)	(4 829 749)
Employee benefit expense	(47 394 658)	(14 333 619)	(33 600 146)	(8 125 153)
Taxes and charges	(838 454)	(202 527)	(561 683)	2 396
Other costs by type	(3 708 499)	(1 196 734)	(2 959 019)	(603 573)
Other	(135 523)	(65 421)	(67 473)	(39 021)
Total operating expenses	**(91 272 644)**	**(26 364 789)**	**(65 688 484)**	**(18 101 513)**
Profit (loss) on operating activities	**13 965 572**	**5 639 756**	**11 013 897**	**3 244 846**
Financial income	671 444	10 201	683 095	193 930
Financial expenses	(1 065 787)	(501 145)	(99 357)	(64 899)
Profit (loss) on business activities	**13 571 228**	**5 148 812**	**11 597 635**	**3 373 877**
Equity method valuation of investments in associates	-	-	-	-
Fair value method valuation of investments in associates	-	-	-	-
Profit (loss) before income tax	**13 571 228**	**5 148 812**	**11 597 635**	**3 373 877**
Income tax expense	469 148	909 976	(220 202)	(272 636)
Net profit (loss)	**14 040 376**	**6 058 788**	**11 377 433**	**3 101 241**
Net profit loss attributed to:				
Majority shareholders	13 366 205	5 777 590	10 378 629	2 567 797
Non-controlling shareholders	674 171	281 198	998 804	533 444
Other comprehensive income:				
Foreign subsidiaries results translation differences	(494 683)	(61 954)	101 668	152 738

Total other comprehensive income (loss)	**(494 683)**	**(61 954)**	**101 668**	**152 738**
Total comprehensive income (loss)	**13 545 693**	**5 996 834**	**11 479 101**	**3 253 979**
Total comprehensive income (loss) attributed to:				
Majority shareholders	12 871 522	5 715 636	10 480 297	2 720 535
Non-controlling shareholders	674 171	281 198	998 804	533 444

9 INFORMATION ON THE GROUP'S ACTIVITY IN 2019

9.1 The core business of the capital group

The activities of the Capital Group cover two main business segments:

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

9.2 CRO Services

BIOLOGY DIVISION

Contract Biology Division provides services regarding drug discovery, regulatory studies and other related R&D 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 and the structural analysis of protein-ligand complexes. High-quality recombinant proteins are produced using both bacterial and eukaryotic expression systems, which allow the production of a wide range of proteins, including those with high expression difficulty. Purification of recombinant proteins constituted the main part of the revenues of the Biochemistry Laboratory in 2019. In addition, during this period a number of

projects related to crystallographic analysis of protein-ligand complexes (so-called 'from gene-to-structure') were carried out for clients from the global pharmaceutical industry. Projects related to the structural analysis of macromolecules are characterized by a high degree of technological sophistication and constitute an important part of revenues. 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 three-year project co-financed by the Małopolska Center of Entrepreneurship 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 great importance in the development of new drugs.

These research 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 biotech 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 recognition of the service offer and the constantly improved standard (very high quality of products and research data) of the services rendered. The base of returning customers ordering subsequent projects, including crystallographic ones, is still growing, including very demanding customers from the highly competitive US market. 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 2019 the laboratory area of the Biochemistry Laboratory increased to almost 400 m2, which is associated with the expansion of the eukaryotic cell culture laboratory. This is another step in improving the offer of the Biochemistry Laboratory by increasing the capabilities of producing recombinant proteins based on mammalian expression systems, such as monoclonal antibodies and other proteins that require specific modifications not available in other systems.

Over the 2019, Selvita' s Analytical Laboratory was implementing an offer addressed mainly to pharmaceutical and agrochemical customers. Research work carried out was continued in 2019 and orders for regulatory studies, validation, transfer of analytical methods and release studies from both regular and newly acquired customers were recorded. A large CMC project for a global pharmaceutical company including comprehensive analytical support for the process of compound synthesis was completed. At the end of the year this project entered the regulatory research phase, including stability research, and as such will be continued in the first half of 2020. For another large pharmaceutical company with which long-term cooperation is planned, method transfers for biological products were completed and in the fourth quarter routine analyses have started.

In the area of release studies, one of the world's largest pharmaceutical companies conducted routine tests for several small-molecule products; these activities are planned also for the coming years additionally regarding the biological product for which transfer and revalidation of methods had already been carried out. The scope of regulatory testing of biological products was significantly increased in 2019. In the fourth quarter of the year the first several dozen quality certificates were issued, and further batches and products are planned for 2020 and subsequent ones. In 2019, almost twice as many analytical certificates were issued as compared to the previous year, while the number of full certificates for commercial products increased almost five times. This indicates the high demand of the pharmaceutical

market in terms of the regulatory part of the analytical laboratory offer and in this direction it will also be developed in the coming years.

For agrochemical companies in 2019, the analytical laboratory continued its services mainly in the field of method validation, certification of active compounds and impurities and 5Batch type tests in the GLP system. In terms of the amount of research commissioned cooperation with regular customers was expanded and new ones were acquired in this industry. In the fourth quarter, a large project for a leading agrochemical company related to quantification and identification of metabolites using a high resolution mass spectrometer was also completed.

Over the 2019 specialists in the area of ADME and bioanalysis were involved in the implementation of integrated projects (IDD) related to drug development. Some of the projects were a continuation from previous years and new cooperation in this area was also started. In the field of bioanalytical research, development works for a large chemical client were completed and the next phase of the project regarding validation of analytical methods and routine tests using LCMS equipment was started. This cooperation has also been expanded to include new products and methods. At the end of the year actions were also taken to expand the bioanalytical offer to include advanced proteomic research.

The development of particular analytical departments would not have been possible without equipment investments. New HPLC, LCMS and GCMS apparatuses have been acquired in order to efficiently implement development projects, release studies and to meet the needs of the pharmaceutical market. For the comprehensive implementation of the specifications of biological products, the laboratory has been equipped with two different types of capillary electrophoresis devices and further investments related to the release tests of these products are planned in 2020. The automated platform acquired for the ADME team will allow increasing the throughput in the area of physicochemical tests performed in integrated projects. In the fourth quarter a high resolution mass spectrometer dedicated to biological products testing and the development of the proteomic offer was also acquired.

As in previous years, during the 2019, 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 30% of CMBD employees, have been involved in the execution of above mentioned projects for several European companies. 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. In 2019, the group has carried out separate enterprises concerning in vitro comparative studies of biosimilars and their analogs. The 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 (GLP) standards.

Furthermore, in the same period CMBD group have performed transfers of bioanalytical methods and launched batch release testing of several biosimilar drugs from various classes for European clients. These analyzes were carried out in the Good Manufacturing Practice (GMP) standard.

During the 2019, 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 TNFα and VEGF inhibitors. The above platform will have a similar characteristics to the comparative in vitro platform of biosimilar insulins and insulin analogues, which was developed by the team in the previous years.

In 2019, one of the main goals of the Department of Cell and Molecular Biology was to increase the penetration of non-European markets. These efforts have resulted in the first major order from Australian customer located in Melbourne. CMBD group is responsible for the development and optimization of a complex potency bioassay for routine analysis of subsequent tranches of the peptide drug.

It should be noted that in 2019 the laboratory and equipment infrastructure of the department was significantly increased. This allowed for explicit increase in revenues from both, drug discovery and regulatory studies, demonstrating the growing trust of customers in quality

and timeliness of services, offered by the Molecular and Cell Biology Department. Finally, it is worth emphasizing that in 2019 the Department of Molecular and Cell Biology, together with the Analytical Department, positively completed inspections of state entities for GLP and GMP certification. This will allow to perform regulatory studies over the next years.

CHEMISTRY DIVISION

In 2019, the Chemistry Department employed approx. 150 people working in two units – in the Kraków Site and in the Poznań Site, opened in 2016. Approx. 20% of the employees of the Chemistry Department are foreigners, almost half of the employees are scientists with a doctoral degree. The number of PhDs is gradually growing, providing a variety of specialized experience in the field of organic, medicinal, computational and analytical chemistry, which is necessary to provide the high quality services appreciated by our clients.

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

Most of the contracts of the Chemistry Department are projects covering synthetic support for research projects aimed at developing new therapies – the main task of chemical 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 agreements signed in previous years, such as the order signed on July 5th, 2019 under 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; RVU WSE Report 19/2019) or the other four orders signed on December 20th, 2019, worth EUR 796,355.25 (PLN 3,392,706.70 at the exchange rate of EUR 1 = PLN 4.2604; SLV WSE Report 19/2019), regarding the provision of services consisting in the synthesis of chemical compounds to support the development of client's innovative projects.

We treat these types of long-term contracts as an expression of trust in the services we provide, which is crucial for the further development of the Company's operations. Our clients are large and medium-sized pharmaceutical companies, large and medium biotechnology companies, agrochemical and chemical industries, as well as the academic community. In each of these customer groups, we cooperate based on long-term contracts of a significant value and development potential.

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 2019, including research and development collaborations, leading to the development of new pharmacologically active molecules, new synthetic processes and technologies.

In 2019, the Chemistry Department also continued to work on integrated Drug Discovery projects, while building the resources necessary to run this type of projects in the field of medicinal chemistry, in which, apart from knowledge and experience in the field of typical organic chemistry and computational chemistry, ability to interpret biological data derived from in vitro pharmacological studies, ADME parameters and stability of compounds in animal and human organisms in necessary. Selvity 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 of compounds 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 2019, 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, impurities, degradation products and standards analytical for registration purposes.

In addition, we worked on projects in the Drug Development area, refining 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, 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 the Selvita brand on the market of research and development projects, in 2019 work 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 (P. Graczyk) and the company SANDOZ, belonging to the Novartis group.

We also worked on implementing new technologies to the Department's offer, e.g. based on the development of flow synthesis technology in Selvita, in cooperation with the Silesian University of Technology, a publication was published: Continuous Flow Chemo-Enzymatic Baeyer – Villiger Oxidation with Superactive and Extra- Stable Enzyme / Carbon Nanotube Catalyst: An Efficient Upgrade from Batch to Flow. Org. Process Res. Dev. 2019, 23, 7, 1386-1395, whose co-authors are employees of Selvita (P. Zawadzki, W. Czardybon).

Besides, in 2019, the work witin the grant: "Implementation of an innovative method of obtaining substances with pharmacological activity through mild trifluoromethylation" (accomplished under Contract No. RPMP.01.02.01-12-0681 / 16-00) was continued and completed, which will result in patent application among other outcomes.

In the following years, in addition to strengthening the Team by employing highly qualified staff with diversified experience and investments in equipment, technologies and laboratories necessary for the further stable 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 use artificial intelligence tools more intensively in the process of data analysis, model creation and prediction of new generation active compounds in integrated Drug Discovery projects.

Considering the current contracting and ongoing business talks, a further upward trend should be assumed in the Selvita Chemistry Department in the following years, strengthening the market position and increasing the scale of the Company's operations.

ARDIGEN S.A.

2019 was another year of dynamic development for Ardigen on the emerging global market of new generation platforms dedicated to the development of new diagnostic methods and personalized therapies. The application of artificial intelligence technology and bioinformatics tools in the pharmaceutical and biotechnology industry provides new previously unattainable possibilities for biologists and chemists. In the past year, the executives of pharmaceutical and biotechnology companies began to include AI technologies in their strategies and to reconstruct organizational structures in this context. Stakeholders hope for lower costs of discovering new therapies, in particular targeted and personalized therapies, and consequently greater availability of innovative therapies for patients.

Approximately four years of the Company's operations under the slogan "Artificial Intelligence and Bioinformatics for Precision Medicine", resulted in the emergence of the globally recognized Ardigen brand as an expert in this field. 2019 brought the expected outcomes of previous efforts as it was then

that for the first time, without active sales campaigns, we began to receive inquiries from the market on our range of products and services. Ardigen was also included in a detailed report developed by Deep Knowledge Analytics analysts entitled "AI for Drug Discovery, Biomarker Development and advanced R&D landscape". In this study, we were identified as one of the 30 leading companies in the world in this segment. Ardigen was listed among others companies such as BenevolentAI, Atomwise, Recursion Pharmaceuticals, Exscientia, iCarbonX, DeepMind Health, WuXi NextCode.

Every year we significantly increase the promotional efforts of the Ardigen offer. We focus our operations on the US market on both the East (Boston) and West (California) coasts. Last year, we started working more intensively on the development of the European market. Potential customers had the opportunity to discover the Ardigen offer at nearly 20 conferences organized during 2019, mostly in the United States and Europe.

In 2019 Ardigen has continued R&D activities in two strategic fields.

THE IMMUNOLOGY

The aim of the immunological filed of R&D activities is the development of up-to-date cancer immunotherapies in the form of neoantigenic vaccines and cellular therapies in the partnering model. The role of Ardigen in such a programme is to provide a technology platform that can predict peptides which are one of the key elements of the success of the above therapy. Cancer vaccines are a promising method of increasing patient response to checkpoint inhibitor type immunotherapy, and cellular therapies based on TCR receptor selection provide great hope in the treatment of solid tumours.

The Ardigen ArdImmune Vax platform is an advanced tool based on Artificial Intelligence algorithms. It can predict the composition of peptides present on the surface of cancer cells that may be recognized as foreign antigens and thus trigger an immune response. As a result, cancer cells will naturally be killed by the patient's immune system. In 2019, the platform was expanded to include the clonality of the analysed mutations in tumours and the prediction of epitopes stimulating CD4 lymphocytes thus increasing the efficiency of the designed vaccines.

The results achieved by the Ardigen ArdImunneVAX platform were presented in the form of posters at the three most important oncological conferences of the year. The mere fact of accepting the abovementioned posters in the conference programme indicates global novelty of the presented issue.

During the AACR 2019 conference in Atlanta, the Ardigen team presented the poster "Predicting immunogenic neoepitopes with biology-aware machine learning". The presented research results proved very popular. They confirm the global level of the platform developed by Ardigen.

At the ASCO 2019 conference in Chicago, Ardigen scientists presented a poster developed in collaboration with the EMD Serono team "Understanding contribution and independence of multiple biomarkers for predicting response to atezolizumab". We demonstrated the use of artificial intelligence and bioinformatics to analyse the response to immunotherapy currently considered a very promising path leading to the development of new, more effective combinations of therapies activating the immune system to fight cancer.

A poster entitled "AI-augmented design of effective therapeutic cancer vaccines and adoptive cell therapies" was presented at the SITC 2019 (Society for Immunotherapy of Cancer) conference in Washington.

The Company's scientific achievements were also recognized as demonstrated by Ardigen's invitation to participate in the prestigious TESLA (Tumor neoantigEn SeLection Alliance) project by The Parker Institute

for Cancer Immunotherapy and Cancer Research Institute (US). The aim of the project is to conduct a study verifying the accuracy of the predicted composition of personalized oncological vaccines developed based on computational technologies. The Ardigen team provided peptide compositions generated by the ArdImmune Vax Ardigen platform. They were designed individually for each patient participating in the project. The conducted research is on colorectal cancer and lung cancer. In the second stage of the project, laboratory validation of the immunogenicity of Ardigen-designed peptides is performed. The results of the study are expected in 2020.

In 2019, numerous business meetings were held clearly indicating the need to solve the problem addressed by the Ardigen ArdImmune Vax platform. It is clear that the computational approach to solving biological problems is gaining more and more interest.

THE MICROBIOME

The aim of the microbiome is to support the development of state-of-the-art immunotherapies, combination therapies and to increase the positive response of patients to already existing cancer immunotherapies by identifying active bacteria or compounds produced by bacteria in this context. The use of Artificial Intelligence methods in combination with bioinformatics allows to conduct such research in a very complex world of microorganisms and their interaction with humans. This approach is the basis for the developed technology platform.

The Ardigen Microbiome Translational Platform is an innovative approach to functional analysis of the microbiome based on the complete available metagenomic information. These analyses introduce a new quality into the process of making LBP (Live Biotherapeutic Product) drugs. In the light of the latest scientific discoveries indicating the impact of the microbiome on patients' response to immunotherapy, the platform will be used for research in this field. As a result of such works, new LBP drugs or biomarkers based on bacterial composition analysis may be developed.

On March 20, 2019, the first scientific paper of the Ardigen team "Identification of Differentiating Metabolic Pathways between Infant Gut Microbiome Populations Reveals Depletion of Function-Level Adaptation to Human Milk in the Finnish Population" was published in mSphere (ASM Journal) [Majta et al., 2019]. The results presented in the publication were obtained using the microbiome analysis platform offered by Ardigen. In addition, the results obtained by the developed platform were described in an oral presentation ("Genomic Features: An Actionable Key for Gut Microbiota Modulation in Cancer Treatment") at The 5th Annual Arrowhead Translational Microbiome Conference in Boston and in the form of a poster ("Predicting response to anti- PD-1 therapy from metagenomic sequencing data with machine learning ") at the SITC (Society for Immunotherapy of Cancer) conference, which took place near Washington. Promotion to scientists is a crucial element in building Ardigen credibility in the biotechnology and pharmaceutical circles which perceive the microbiome as a source of new discoveries in the field of cancer therapy.

In 2019, Ardigen joined the Pharmabiotic Research Institute, an organization of the world's leading companies developing therapies based on Microbiotic Medicinal Products.

An important milestone in the development of Ardigen is the commencement of observational clinical trials by the Company. These studies are focused on obtaining high-quality samples of cancer patients along with clinical data, and then obtaining genomic and metagenomic data necessary to carry out research and development work. To this end, a new Clinical Operations department was set up at Ardigen. In 2019, three observational studies were conducted at clinicaltrial.gov, and received positive opinions from bioethics committees. Agreements were signed with the four best clinical centres in Poland and

negotiations of cooperation terms with subsequent ones began. Research is supported by some of the best oncologists-clinicians in Poland. These activities contribute to Ardigen's development of a network of contacts with Polish clinical centres, which is aimed at creating an own multiometic base, unique on a global scale, which is the foundation for created models based on Artificial Intelligence methods.

In its operations Ardigen in Poland emphasizes the importance of anonymised medical data and popularizes their potential in personalized medicine, including through membership in the AI Coalition in Health and the involvement of its experts in the work on the report on the use of biological data for the development of biotechnology in Poland.

ARDIGEN CONTRACT SERVICES

In 2019 the contract services continued stable, organic development. It is already a mature, profitable part of Ardigen's operations. Revenues increased from quarter to quarter. 2019 ended with record sales and record-breaking contracting for the following year.

The 2019 service offer expanded by new, dynamically developing areas, namely bioinformatics support in projects using CRISPR / Cas9 gene editing technology and scRNA-seq (single cell) technology. New promotional materials present Ardigen as an experienced partner for companies developing therapies in the era of artificial intelligence.

Ardigen services involving the use of Artificial Intelligence in finding and optimizing compounds in the process of discovering small molecule drugs are becoming more and more popular among pharmaceutical and biotechnology companies.

In 2019, Ardigen began a pilot project with an international top ten pharmaceutical company. As part of this project, the team developed a technology to predict the properties of chemical molecules ("Molecule Attention Transformer"). The technology was presented at a conference focused on medical chemistry at the University of Cambridge (2nd RSC-BMCS / RSC-CICAG Artificial Intelligence in Chemistry) and at the most prestigious NeurIPS machine learning conference in Vancouver. Based on the outcomes of this work, further pilot projects have been launched with other partners, including another leading pharmaceutical company.

Another cooperation, this time with a biotechnology company from the USA working on a breakthrough therapy based on a biological drug, allowed Ardigen to develop AI technology supporting more effective engineering of peptides with given properties. Qualitative analysis of the system's operation showed a number of advantages over the standard approach. The outcomes of an experimental analysis of the resulting peptides will be known in 2020, which will determine further development directions.

An important event that took place in 2019 was the conclusion of a contract with a pharmaceutical company ranked among the top ten largest internationals in the development of Artificial Intelligence technology for the analysis of histopathological images. Ardigen was selected as a result of a pilot project in which five teams took part independently. The Ardigen solution produced the best results and as the only company from the pilot stage Ardigen is continuing cooperation to further improve the model. Work on the technology allowed to obtain accuracy of diagnosis comparable to the level of expert histopathologists. The development of high competences in Computer Vision technology, crucial for the abovementioned project opens the way for Ardigen to a new class of ground-breaking solutions supporting the drug development process, including small molecule drugs.

Due to the planned increase in revenue growth in 2020, the Business Development team expanded from two to five staff. Such a team size will allow more intensive operations on the American and European markets. In addition to acquiring new customers, which is undoubtedly a sales priority, the Company is

focusing on expanding cooperation with existing customers mainly from the segment of large pharmaceutical companies.

10 EMPLOYMENT DETAILS

Further to a continues, dynamic development the staffing has significantly increased. As of December, 31 2018 553 employees was employed by Selvita Capital Group. As a result of the split, which was completed on October 1, 2019, 441 employees were transferred to Selvita S.A. (and its Affiliates) and 180 employees were employed by Ryvu Therapeutics. As of December, 31 2019 the staffing level in Selvita Capital Group was 461 and in Ryvu Therapeutics: 173.

	As of 31.12.2019	As of 31.12.2018
Selvita S.A.	192	155*
Selvita's Affiliated Companies	269	217
[TOTAL]	**461**	**372**

**As part of the organized part of the enterprise of Ryvu Therapeutics S.A. (formerly: Selvita S.A.) transferred to Selvita S.A. (formerly: Selvita CRO S.A.) on October 1, 2019 as a result of the split of Ryvu Therapeutics S.A. and the transition of part of the workplace to Selvita S.A. as a consequence of the split.*

11 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	31,25%	8 490 880	42,41%
Bogusław Sieczkowski	924 384	5,79%	1 474 384	7,36%
Augebit FIZ*	1 039 738	6,51%	1 039 738	5,19%
Nationale Nederlanden OFE	1 594 749	9,99%	1 594 749	7,97%
Remaining shareholders	7 421 478	46,47%	7 421 478	37,07%
Total	**15 971 229**	**100,00%**	**20 021 229**	**100,00%**

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

CONTACT

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