



**CONSOLIDATED Q1 2020 REPORT
(SUMMARY)
SELVITA CAPITAL GROUP**

1	BASIC INFORMATION ON THE CAPITAL GROUP	3
2	THE MANAGEMENT AND SUPERVISORY BOARD	4
3	ECONOMIC AND FINANCIAL HIGHLIGHTS	5
	3.1 Consolidated financial data (pro forma)	5
	3.2 Consolidated financial data	8
4	MANAGEMENT BOARD'S COMMENTS ON FINANCIAL RESULTS.....	10
	4.1 Profit and loss.....	10
	4.1.1 Consolidated data (pro forma)	10
	4.1.2 Contracted (Backlog)	12
	4.1.3 Consolidated data	13
	4.2 Balance sheet	13
	4.2.1 Consolidated data (pro forma)	13
	4.2.2 Consolidated data	14
5	CURRENT AND PROJECTED FINANCIAL CONDITIONS.....	14
6	MANAGEMENT BOARD'S COMMENTS ON FINANCIAL RESULTS OF THE TRANSFERRED ORGANIZED PART OF ENTERPRISE	14
7	INFORMATION ON THE CAPITAL GROUP'S ACTIVITY IN Q1 2020	18
8	INFORMATION ON SHAREHOLDING STRUCTURE	23

1 BASIC INFORMATION ON THE CAPITAL GROUP

Structure of the Capital Group as of March 31, 2020

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 (giving the rights to 54,73% votes) held by Selvita S.A.

Redemption of the Selvita's own shares in accordance with the Division Plan and as a result of the corporate split of Ryvu Therapeutics S.A.

On February 18, 2020, the National Court Register registered a reduction in the Selvita's S.A. share capital from PLN 12,876,983.20 to PLN 12,776,983.20, i.e. by PLN 100,000, by redeeming 125,000 own shares of the Company. After registration of the decrease in capital, the Company's share capital is therefore PLN 12,776,983.20 and is divided into 15,971,229 shares, entitling to exercise 20,021.229 votes at the General Meeting of the Company. Redemption of own shares and reduction of the Company's share capital was proceed in connection with the corporate split of Ryvu Therapeutics S.A. and as a result of the obligation arising from the Division Plan adopted by both companies on March 28, 2019. After reduction of the Company's share capital, the share capital as well as the number of shares and votes in the Company is the same as the amount of share capital and the number of shares and votes in the divided company - Ryvu Therapeutics S.A., in accordance with the Division Plan.

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 January 1, 2020 to March 31, 2020 with comparative date from March 22, 2019 to March 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 recognized 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 January 1, 2020 to March 31, 2020 and comparative date from March 22, 2019 to March 31, 2019
- "**pro forma**" consolidated financial statements of Selvita S.A. Group (Separated Activity) for the period January 1, 2020, to March 31, 2020, along with the comparative data, prepared based on the International Accounting Standards. At the same time, the comparative data for the corresponding period of 2019 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 6 below) of the consolidated assets and liabilities related to the transferred activities as of March 31, 2020, as well as the revenues and costs incurred by transferred part of the activities in the period from January 1, 2020 to March 31, 2020 are presented below. At the same time, the comparative data for the corresponding period of 2019 are also presented in the table below.

Selected pro forma income statement data are as follows:

Selvita S.A. Group Item	Consolidated pro forma data in PLN thousand		Consolidated pro forma data in EUR thousand	
	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
Revenues from sales	29 726	20 148	6 762	4 688
Revenues from subsidiaries	1 126	1 589	256	370
Other operating revenues	145	245	33	57
Revenues on operating activities	30 997	21 982	7 051	5 115
Operating expenses	-26 515	-19 814	-6 031	-4 610
Depreciation	-2 825	-2 628	-643	-611
Depreciation (excl. IFRS 16 impact)	-1 826	-1 768	-415	-411
Profit/loss on operating activities (EBIT)	4 482	2 168	1 020	504
Profit/loss before income tax	4 361	2 338	992	544
Net profit/loss	3 668	1 906	834	443
EBITDA	7 307	4 796	1 662	1 116
EBITDA (excl. IFRS 16 impact)	6 308	3 936	1 435	916
Net cash flows from operating activities	7 677	1 392	1 746	324
Net cash flows from investing activities	-1 736	-3 089	-395	-719
Net cash flows from financing activities	-2 369	448	-539	104
Net cash flows from operating activities	3 572	-1 249	813	-291
Number of shares (weighted average)	15 971 229	15 971 229	15 971 229	15 971 229
Profit (loss) per share (in PLN)	0,21	0,11	0,05	0,02
Diluted profit (loss) per share (in PLN)	0,21	0,11	0,05	0,02
Book value per share (in PLN)	2,81	3,04	0,62	0,71
Diluted book value per share (in PLN)	2,81	3,04	0,62	0,71
Declared or paid dividend per share (in PLN)	-	-	-	-

The selected pro forma balance sheet data are as follows:

Selvita S.A. Group Item	Consolidated pro forma data in PLN thousand		Consolidated pro forma data in EUR thousand	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Total assets	102 602	90 887	22 538	21 342
Trade and other receivables	33 320	25 854	7 319	6 071
Cash and other monetary assets	17 240	13 668	3 787	3 210
Total liabilities	54 073	43 229	11 878	10 151
Long term liabilities	23 520	21 589	5 167	5 070
Short term liabilities	30 553	21 641	6 712	5 082
Equity	48 529	47 658	10 660	11 191
Share capital	12 777	12 877	2 807	3 024

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 Item	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
Revenues from sales	29 726	-	6 762	-
Revenues from subsidies	1 126	-	256	-
Other operating revenues	145	-	33	-
Revenues on operating activities	30 997	-	7 051	-
Operating expenses	-26 515	-	-6 031	-
Depreciation	-2 825	-	-643	-
Depreciation (excl. IFRS 16 impact)	-1 826	-	-415	-
Profit/loss on operating activities (EBIT)	4 482	-	1 020	-
Profit/loss before income tax	4 361	-	992	-
Net profit/loss	3 668	-	834	-
EBITDA	7 307	-	1 662	-
EBITDA (excl. IFRS 16 impact)	6 308	-	1 435	-
Net cash flows from operating activities	7 677	-	1 746	-
Net cash flows from investing activities	-1 736	-	-395	-
Net cash flows from financing activities	-2 369	2 989	-539	695
Net cash flows from operating activities	3 572	2 989	813	695
Number of shares (weighted average)	16 038 537	125 000	16 038 537	125 000
Profit (loss) per share (in PLN)	0,21	n/a	0,05	n/a
Diluted profit (loss) per share (in PLN)	0,21	n/a	0,05	n/a
Book value per share (in PLN)	2,80	n/a	0,61	n/a
Diluted book value per share (in PLN)	2,80	n/a	0,61	n/a
Declared or paid dividend per share (in PLN)	-	-	-	-

- concerning the consolidated balance sheet:

Selvita S.A. Group Item	Consolidated pro forma data in PLN thousand		Consolidated pro forma data in EUR thousand	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Total assets	102 602	90 887	22 538	21 342
Trade and other receivables	33 320	25 854	7 319	6 071
Cash and other monetary assets	17 240	13 668	3 787	3 210
Total liabilities	54 073	43 229	11 878	10 151
Long term liabilities	23 520	21 589	5 167	5 070
Short term liabilities	30 553	21 641	6 712	5 082
Equity	48 529	47 658	10 660	11 191
Share capital	12 777	12 877	2 807	3 024

Selected financial data presented in the quarterly report 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 01/01/2020 to 31/03/2020: PLN 4.3963;
 - for the period from 22/03/2019 to 31/03/2019: PLN 4.2978.
- Balance sheet items were converted using the average exchange rate announced by the NBP applicable as at the balance sheet date; which were:
 - as of 31 March 2020: PLN 4.5523;
 - as of 31 December 2019: PLN 4.2585.

4 MANAGEMENT BOARD'S COMMENTS ON FINANCIAL RESULTS

4.1 Profit and loss

4.1.1 Consolidated data (pro forma)

Selvita S.A. Group		
Data in PLN thousand	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
Revenue	30 997	21 982
Services Segment	26 784	17 902
Bioinformatics Segment	2 994	2 230
Revenues from subsidiaries	1 126	1 589
Other operating revenue	145	245
Exclusions of revenues between segments	-52	16
EBIT	4 482	2 169
%EBIT	14%	10%
EBITDA (with IFRS16 impact)	7 307	4 797
%EBITDA (with IFRS16 impact)	24%	22%
EBITDA (IFRS16 impact excluded)	6 308	3 937
%EBITDA (IFRS16 impact excluded)	20%	18%
Net profit	3 668	1 906
%Net profit	12%	9%

In the first quarter of 2020, Selvita S.A. Group recognised total operating revenue of PLN 30,997 thousand, which constitutes the increase of 41% compared to the corresponding period in 2019, when total operating revenue amounted to PLN 21,982 thousand. The net revenue from sales (excluding subsidiaries) amounted to PLN 29,726 thousand, which means an increase of 48% (by PLN 9,578 thousand) comparing to the corresponding period in 2019 when it amounted to PLN 20,148 thousand. In the first quarter of 2020, revenues from subsidiaries decreased slightly by PLN 463 thousand compared to the same period of the previous year - a decrease from PLN 1,589 thousand to PLN 1,126 thousand.

In the first quarter of 2020, the Group reported a net profit as well as the profit on the operational level. Net profit amounted to PLN 3,668 thousand and increased by 92% compared to the corresponding period

of 2019. Noteworthy is the significantly higher dynamics of net result growth than the dynamics of revenue growth.

Services Segment		
Data in PLN thousand	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
Revenue	27 285	19 023
Revenues from external customers	25 321	17 355
Internal revenue - between segments (mainly to Ryvu)	1 462	548
Revenues from subsidies	374	875
Other operating revenue	128	245
EBIT	4 130	1 925
%EBIT	15%	10%
EBITDA (with IFRS16 impact)	6 727	4 432
%EBITDA (with IFRS16 impact)	25%	23%
EBITDA (IFRS16 impact excluded)	5 863	3 576
%EBITDA (IFRS16 impact excluded)	21%	19%
IFRS16 impact on EBITDA	864	856

The services segment in the first 3 months of 2020 remained, similarly to previous years, at very good profitability levels while keeping a record growth dynamics at the same time. The revenue from the sales of services to external customers increased by 46% and amounted to PLN 25,321 thousand compared to PLN 17,355 thousand in the corresponding period of 2019. The operating profit (EBIT) of this segment in the period ended March 31, 2020, amounted to PLN 4,130 thousand, compared to PLN 1,925 thousand in the same period in 2019, what is the increase of 115%. 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 15% in the first quarter of 2020 (in corresponding period of 2019 it was 10%). Depreciation and amortization increased slightly by 4% from PLN 2,507 thousand in the first 3 months of 2019 to PLN 2,597 thousand in first quarter of 2020.

Bioinformatics Segment		
Data in PLN thousand	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
Revenue	3 763	2 944
Revenues from external customers	2 994	2 246
Internal revenue - between segments (mainly to Ryvu)	-	-16
Revenues from subsidies	752	714
Other operating revenue	17	-
EBIT	351	244
%EBIT	9%	8%
EBITDA (with IFRS16 impact)	579	364
%EBITDA (with IFRS16 impact)	15%	12%
EBITDA (IFRS16 impact excluded)	444	360
%EBITDA (IFRS16 impact excluded)	12%	12%
IFRS16 impact on EBITDA	135	4

In the first 3 months of 2020 bioinformatics segment's revenue amounted to PLN 3,763 thousand, which is an increase of 28% compared to the corresponding period in 2019, when revenues amounted to PLN 2,944 thousand. Bioinformatics segment generated the operating profit of PLN 351 thousand in the discussed period, compared to PLN 244 thousand in the comparative period of 2019 which is an increase of 44%.

4.1.2 Contracted (Backlog)

The value of the 2020 contracts portfolio resulting from commercial contracts and grant agreements signed as of May 21, 2020 (backlog) amounts to PLN 95,659 thousand, including:

- Services PLN 79,311 thousand,
- Bioinformatics PLN 10,857 thousand,
- Grants PLN 5,491 thousand

and it has increased by 41% compared to the 2019 backlog announced in May 2019. It should be highlighted that the services segment's backlog for 2020 has increased by 48%. The bioinformatics backlog has increased by 49%.

4.1.3 Consolidated data

The consolidated results of the Group for the first quarter of 2020 are the same as described above in the section regarding consolidated pro forma results. When analyzing data for the comparable period of 2019, it should be noted that 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.

4.2 Balance sheet

4.2.1 Consolidated data (pro forma)

As of March 31, 2020, the value of the Selvita Group's assets was PLN 102,602 thousand. At the end of March 2020, the most significant items of current assets are short-term receivables which amounted to PLN 33,320 thousand and cash amounting PLN 17,240 thousand. The increase in short-term receivables is the result of an increase in the scale of the Group's operations, and its increase is lower than the increase in trade liabilities and other liabilities. Fixed assets are mainly laboratory equipment, recognized assets due to the right to use and deferred tax assets in the amount of PLN 8,336 thousand. The value of non-current assets increased in comparison to December 31, 2019, by PLN 1,168 thousand.

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

	31/03/2020	31/12/2019
Current ratio		
current assets/current liabilities including short-term provisions and accruals (excl. deferred revenues)	2.34	2.98
Quick ratio		
(current assets-inventory)/current liabilities including short-term provisions and accruals (excl. deferred revenues)	2.29	2.90

The main item in the Selvita Group's equity and liabilities is equity, which amounted to PLN 48,529 thousand as of March 31, 2020. Its comparable amount to the end of 2019 is due to the net result achieved in the first quarter of 2020, offset mainly by the registration by the National Court Register of the Company's own shares redemption and the emergence of the Issuer's obligation to pay to Ryvu Therapeutics S.A. the amount of PLN 2,989 thousand for the acquisition of series 0 own shares that were issued by the Issuer for the purposes of the division of Ryvu Therapeutics S.A. Another largest source of assets' funding are long-term liabilities which amounted to PLN 23,520 thousand at the end of March 2020. The most valuable items in the long-term liabilities are lease liabilities of PLN 20,263 thousand. The increase of PLN 1,816 thousand in lease liabilities compared to end of 2019 results from newly concluded financing agreements for the purchase of laboratory equipment. Increase in short-term liabilities from PLN 21,641 thousand at the end of 2019 to PLN 30,553 thousand at the end of March 2020 results from

the increase in the scale of the Group's operations and the aforementioned recognition of the liability due to redemption of own shares.

4.2.2 Consolidated data

Value of assets of the Selvita S.A. Group at the end of March 2020 is the same as described above except that the comparative data relate to only Selvita S.A because Selvita S.A. Group was established on October 1, 2019, in connection with the division of Ryvu Therapeutics S.A.

5 CURRENT AND PROJECTED FINANCIAL CONDITIONS

Consolidated data

The Group's financial position as of the report date is very good. As of March 31, 2020, the value of the Group's cash amounted to PLN 17,240 thousand, and at the May 21, 2020, it was PLN 17,283 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.

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

As described above 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 beginning from 01.01.2020 to 31.03.2020 and in the corresponding period beginning from 01.01.2019 to 31.03.2019, are presented below. 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 (in PLN)

Assets		
	31/03/2020	31/12/2019
Fixed assets		
Tangible fixed assets	9 635 431	10 282 357
Right of use assets	26 847 564	24 927 169
Goodwill	280 740	280 740
Other intangible assets	667 805	588 229
Deferred tax assets	8 335 733	8 520 949
Other assets	343 335	343 335
Total fixed assets	46 110 608	44 942 779
Current assets		
Inventory	1 184 882	1 184 882
Trade and other receivables	33 319 964	25 854 362
Contract assets	3 678 307	4 226 665
Other assets	1 068 564	1 010 222
Cash and other monetary assets	17 239 564	13 667 930
Total current assets	56 491 281	45 944 061
Total assets	102 601 889	90 886 840
EQUITY AND LIABILITIES		
	31/03/2020	31/12/2019
Equity		
Share capital	12 776 983	12 876 983
Surplus from the sale of shares above nominal value	-	2 888 750
Supplementary capital	22 993 414	22 993 414
Foreign subsidiaries results translation differences	130 374	(61 954)
Previous years' profit (loss)	5 523 002	-
Net profit (loss)	3 411 844	5 523 002

Equity attributed to majority shareholders	44 835 617	44 220 195
Equity attributed to minority shareholders	3 693 267	3 437 347
Total equity	48 528 884	47 657 542
Long-term liabilities		
Lease liabilities	20 262 787	18 446 344
Retirement provision	103 028	103 028
Deferred income tax provision	3 064 958	2 939 627
Deferred income	89 615	99 546
Total long-term liabilities	23 520 388	21 588 545
Short-term liabilities		
Trade and other liabilities	12 597 623	5 726 412
Other non-financial liabilities	2 841 427	2 286 317
Contract liabilities	555 395	557 787
Lease liabilities	7 723 144	6 629 069
Short-term credits and loans	22 607	6 989
Current tax liabilities	380 111	229 198
Deferred income	6 632 310	6 204 981
Total short-term liabilities	30 552 617	21 640 753
Total liabilities	54 073 005	43 229 298
Total equity and liabilities	102 601 889	90 886 840

Pro Forma Consolidated Profit and Loss Statement (in PLN)

	01/01/2020- 31/03/2020	01/01/2019- 31/03/2019
Continued operations		
Revenue from sales	29 725 635	20 148 431
Revenue from subsidies	1 125 680	1 589 145
Other operating revenues	145 350	245 199
Total operating revenue	30 996 665	21 982 775
Change in stock of goods	-	-
Amortization and depreciation	(2 825 132)	(2 627 773)
Consumption of materials and energy	(4 576 228)	(3 774 320)
External services	(3 667 367)	(2 396 174)
Employee benefit expense	(14 579 588)	(10 022 634)
Taxes and charges	(243 728)	(192 332)
Other costs by type	(621 767)	(763 170)
Other operating costs	(1 331)	(37 428)
Total operating expenses	(26 515 141)	(19 813 831)
Profit (loss) on operating activities	4 481 524	2 168 944
Financial income	36 688	204 486
Financial expenses	(157 608)	(35 582)
Profit (loss) on business activities	4 360 604	2 337 848
Profit (loss) before income tax	4 360 604	2 337 848
Income tax expense	(692 840)	(431 977)
Net profit (loss)	3 667 764	1 905 871
Net profit loss attributed to:		
Majority shareholders	13 411 844	1 711 353
Non-controlling shareholders	255 920	194 518
Other comprehensive income:		
Foreign subsidiaries results translation differences	192 328	(90 396)
Total other comprehensive income (loss)	192 328	(90 396)

Total comprehensive income (loss)	3 860 092	1 815 475
<hr/>		
Total comprehensive income (loss) attributed to:		
Majority shareholders	3 604 172	1 620 957
Non-controlling shareholders	255 920	194 518

7 INFORMATION ON THE CAPITAL GROUP'S ACTIVITY IN Q1 2020

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.

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 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 Q1 2020, also, during this period several projects related to the crystallographic analysis of protein-ligand complexes (so-called 'from gene-to-structure') were carried out for clients from the companies based in Western Europe and the USA. 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. 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 high and growing number of orders allows for a 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.

Over the first quarter of 2020, Selvita Analytical Laboratory continued the implementation of the offer addressed primarily to pharmaceutical and agrochemical customers. Research work in accordance with the planned strategy was performed in the FTE approach, while requests for validation and transfer of analytical methods in the fee for service approach. Research work was carried out mainly for regular customers, while a number of offers in this field were proposed to the new companies. A large CMC project for a global pharmaceutical company including comprehensive analytical support for the process of synthesis of compounds at the end of the year entered the phase of regulatory studies, including stability studies, and as such was implemented in this quarter. This cooperation will also be continued in Q2 and Q3. In Q1, a package of orders was obtained from the same customer in the field of analyzing pharmaceutical products for nitrosamines, genotoxic impurities. For another large pharmaceutical company with whom long-term cooperation is planned in the area of release testing, the transfer of methods for the biological product was completed, and method's transfer for subsequent products was started. Capillary electrophoresis devices in which the laboratory invested at the end of 2019, were used to comprehensively implement the specifications of these products.

In the area of release studies, one of the world's largest pharmaceutical companies continued routine tests for several small-molecule products and release testing were planned for a biological product for which the transfer and validation of methods were carried out in the previous year. The release of biological products for another global pharmaceutical company also continued.

For a large agrochemical company, the analytical laboratory continued work on the FTE approach in the field of method validation, certification of active compounds and impurities, and 5Batch type tests in the GLP system. New orders were also received from clients from this industry acquired at the end of the year.

Over the first quarter of 2020, specialists in the area of ADME and bioanalysis continued integrated projects (IDD) related to drug development. These collaborations were extended for the next quarters of this year. In the field of bioanalytical research for a large chemical client, the next phase of the project began regarding the validation of analytical methods and routine tests using LCMS equipment. New orders from the area of method development were also obtained from this client; their implementation is planned for the turn of Q2 / Q3. Projects for new clients in the field of proteomics research - the bioanalytical offer extended at the end of the year - have also been started.

In the first quarter of this year, the laboratory was equipped with further HPLC systems and LC-MS/MS mass spectrometers, including a high-resolution spectrometer. Activities were also started to equip the laboratory with a GC-MS/MS chromatograph, which in the coming months will be dedicated to analyses of impurities at low detection levels.

In the first quarter of 2020, 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 the above mentioned projects for several foreign biotech and pharma companies. Their role was to develop and optimize a panel of biochemical and cell-based assays that next have been used to determine activity and efficacy as well as the mechanism of action of novel drug candidates.

An undoubted success of the department, in the first quarter of 2020, was the acquisition of another project in the field of drug discovery for a client from the United States. As part of the project, a group of cell biologists will be responsible for testing molecules with the use of a set of complex biochemical and cellular target engagement assays. In the initial stage, assays will be optimized and verified.

A second key pillar of CMBD activities constituted transfers of bioanalytical methods and 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. It should be emphasized that in Q1 2020 the number of routine analyzes, conducted by CMBD, increased significantly in comparison to the previous quarters.

Finally, during Q1 2020, 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 similar characteristics to the comparative in vitro platform of biosimilar insulins and insulin analogues, which was developed by the team in the previous years.

CHEMISTRY DIVISION

In the first quarter of 2020, the Chemistry Department increased to over 160 people working in two sites – in Kraków and Poznań. Approx. 20% of the employees of the Department are foreigners, almost half of them are scientists with a doctoral degree, bringing to the project portfolio a variety of specialized experience in the field of organic, medicinal, computational and analytical chemistry, which is necessary to provide high quality services appreciated by our clients.

For many years, the Department's strategy has focused primarily on the Drug Discovery area, in which we have gradually moved 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 projects, covering scientific cooperation joining various fields of chemistry, analytics and biology.

Most contracts of the Chemistry Department are projects involving 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 analysis aimed at supporting client's research and development projects. Cooperation in this area is usually based on long-term relationships with clients and contracts signed in previous years, which we treat as an expression of trust in the services we provide. The group of such contracts includes, for example, contracts reported in Q1 2020:

- (WSE Report 6/2020 dated 31.03.2020) – an annex extending the existing cooperation with a pharmaceutical company based in Germany, under an agreement signed in 2011, the value of which is EUR 624,984 (PLN 2,837,115 at the exchange rate of EUR 1 = PLN 4.5395. As a result of the extension of cooperation under the amended order, the value of the contract in 2020 amounts to a total of EUR 1,142,300 (PLN 5,185,471 at the above-mentioned exchange rate). The contract

covers chemical support of the client's research and development projects leading to the discovery of new drugs.

- (WSE Report 4/2020 dated 19.02.2020) – two further orders from a biotechnology company based in the United States, under a framework agreement signed on August 22nd, 2016 for a total value of USD 971 350 (PLN 3,842,272 exchange rate USD 1 = PLN 3.9556). The total value of orders in 2020 under the framework agreement will amount to USD 2,025,527 (PLN 8,012,175 at the above-mentioned exchange rate), and the total value of the contract since its signing is approximately PLN 13,198,953.
- (WSE Report 2/2020 dated 13.02.2020) – another two orders from a biotechnology company based in the UK, under a framework agreement signed on March 9th, 2017, for a total value of GBP 676,800 (PLN 3,426,977 at the exchange rate of GBP 1 = PLN 5.0635). The value of the Agreement in 2020, will amount to a total of GBP 997,227 (PLN 5,049,459 at the above-mentioned exchange rate). The cooperation based on the Agreement covers integrated research and development services in the area of Drug Discovery.

The last of the reports cited above covers integrated Drug Discovery projects. In Q1 2020, the Chemistry Department also continued work on this type of projects (mainly for European clients), while building the necessary resources in the area of medicinal chemistry, in which, apart from knowledge and experience in the field of typical organic and computational chemistry, it is necessary to be able to interpret biological data from in vitro pharmacological studies, ADME parameters and stability of compounds in animal and human organisms. 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 skeletons 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 new generation structures and using virtual techniques based on protein structure, such as virtual screening or focus docking, to determine key ligand-protein interactions.

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

Very good coordination of the work of medicinal chemists, synthetic chemists and analysts, computational chemists, ADME team and in vitro pharmacology by managers of integrated projects, visible intellectual contribution of Selvita scientists, as well as good communication with the clients allowed to achieve the assumed projects' goals by generating high quality data.

In addition to integrated projects and typical synthetic projects for the biotechnology and pharmaceutical industry, the Chemistry Department has also worked on projects aimed at developing new, cost-effective and environmentally friendly synthesis processes / alternative technologies for obtaining chemical substances. In some projects scaling-up of chemical processes for production purposes, optimization and parameterization of technologies for registration purposes were of particular importance.

In Q1 2020, we also worked on contract synthesis of pharmaceutical and chemical compounds on a mg to kg scale, providing clients with active substances, impurities and degradation products.

Our clients are large and medium-sized pharmaceutical companies, large and medium biotechnology companies, agrochemical and chemical industries, as well as the academic units and CRO / CMO business. In each of these customer groups, we cooperate based on long-term contracts of significant value and development potential. FTE contracts with new clients, including research and development, leading to the development of new pharmacologically active molecules, new synthetic processes and technologies.

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 the 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 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 discussions, a further upward trend should be assumed in the Selvita Chemistry Department, strengthening the market position and increasing the scale of the Company's operations in the following quarters / years.

ARDIGEN S.A.

As every year, in the first quarter 2020, intensive marketing and sales activities were reported. New promotional materials for the entire Ardigen offer have been prepared for 2020. The updated message emphasizes Ardigen DNA common to all projects, i.e. Artificial Intelligence technology used in conjunction with Bioinformatics to overcome barriers in projects for the discovery and further development of new therapies.

An extensive plan for attending conferences in the United States and Europe has been scheduled for 2020. In January and February, the Company attended: Precision Medicine World Conference (US, California), Festival of Genomics (UK), AI Powered Drug Discovery and Manufacturing (US, Boston, MIT). Due to the WHO's announcement of the pandemic, the subsequent scheduled conferences have been cancelled. In view of the new, unexpected sales conditions, the marketing plan has been completely restructured, focusing on Internet activities, which will be implemented in the following quarters. After the first quarter, no negative impact of the pandemic on sales has been observed.

Due to the epidemic, in early March a decision was made for the whole company to work from home. Ardigen's technical infrastructure and tools enabled the transition to the mode of working away from the office overnight. After the first quarter, no negative impact of the decisions taken on the implemented projects has been observed, in particular on the company's revenues. The risks that have been identified lie in the area of observational research in oncology hospitals. Their impact on R&D work will be known in the coming months.

In the first quarter, advanced talks were conducted with a pharmaceutical company ranked as one of the top ten on the innovative use of Computer Vision technology in the process of discovering small molecule drugs. The project in question perfectly fits into the Ardigen strategy, opening a very prospective area of applications of Artificial Intelligence technology in therapy development.

In the field of Immunology, laboratory work with one of the potential clients is continuing to experimentally verify Ardimunne Vax technology. The aim of the potential project is joint development of an oncological vaccine.

In the last quarter, two grant applications were submitted to the NCBI R (The National R&D Centre), one in the immune and the other in the microbiome field. The technologies owned by Ardigen (Ardimunne Vax and Ardigen Microbiome Translational Platform, respectively) have significantly increased technological readiness, enabling the implementation of breakthrough solutions aimed at revolutionizing therapy development processes in the form of vaccines, cell therapies or therapies based on bacteria or chemical compounds produced by them.

8 INFORMATION ON 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*

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