

## Selvita Group Strategy for 2020-2023

### Summary

The Management Board of Selvita S.A. hereby presents to the shareholders and other stakeholders, Selvita Group's development strategy for years 2020-2023. According to the development plans disclosed by the Company during its debut on the Warsaw Stock Exchange in October 2019, which took place after the completion of the corporate split process into Selvita and Ryvu Therapeutics, the strategy for the upcoming years assumes continuation of the dynamic development of the Company through organic growth supported with acquisitions, and so in 2023 the Company plans to achieve:

- Revenues above EUR 70 million with a stable EBITDA margin;
- Company's market cap of over EUR 230 million;
- A solid foundation for further growth to reach, in the medium term, a position in the TOP 10 of preclinical CROs (contract research organization) in the world.

**Organic growth.** In order to execute the strategy, the Company plans to continue its dynamic organic growth, assuming 30% increase in revenues in 2020 and over 20% of organic CAGR in sales for the period 2019-23. Selvita plans an organic increase in the employment from almost 500 people employed at the end of March 2020 to over 700 at the end of 2023, and further gradual increase in revenues per employee. Moreover, the Company plans to increase the research space from 4,500 m<sup>2</sup> (~48,500 ft<sup>2</sup>) at the end of March 2020 to 10,000 m<sup>2</sup> (~108,000 ft<sup>2</sup>) in 2023, out of which about 4,000 m<sup>2</sup> (~43,000 ft<sup>2</sup>) will be created as a result of the establishment of the new Selvita Research Center, which the Company plans to locate in Krakow. The Selvita Research Center will constitute one of the market advantages and growth drivers of further Company development, especially considering that the Company has reached the limit of laboratory space currently available to rent in Kraków and Poznań. The ownership of the research space is something what will significantly strengthen Selvita's competitive position, as lack of the of available appropriate laboratory space in Poland and in the region, constitutes a major entry barrier for the competition, as well as it will allow the Company to expand its services offer.

**Growth through acquisitions.** In the area of M&As, in 2020-2023 Selvita assumes acquisition of three preclinical CROs located in Europe, with either a complementary offer or allowing for an expansion of Selvita scale of operations. When identifying companies considered as targets, Selvita will focus on entities characterized with revenues in the range of EUR 2-20 million, and headcount in the range of 30 - 150 people. Among the qualitative criteria for selection of an acquisition target, Selvita will prefer entities supplementing its portfolio of services in the field of Drug Discovery, especially *in vivo* ADME / DMPK research and regulatory services.

**Investments and their financing.** In order to implement the strategy, in the 2020-2023 period, the Company plans to spend approx. EUR 75-90 million on investments, out of which EUR 35-50 million will be dedicated to the acquisition activities, approx. EUR 30 million to the construction

and equipment of the Selvita Research Center and approx. EUR 10 million for the replacement capex and purchase of essential equipment in order to facilitate further organic development of the business. The Management Board of Selvita assumes that the above investment expenditures will be financed from own resources, with the use of bank loans and debt financing, as well as lease agreements and already received and future non-dilutive grants. Additionally, investment expenditure will also be partially financed from funds obtained from the Follow-On offering addressed to qualified investors (up to 20% of shares admitted to public trading, i.e. up to 2 384 245 shares, constituting 14,93% of the total share number). The company's Management Board expects to raise approx. EUR 21 million from such shares' issue, out of which approx. EUR 16 million will be allocated to finance the acquisition program, while the remaining part, i.e. approximately EUR 5 million will be allocated to the initial expenditures associated with the creation of the Selvita Research Center.

## 1. Selvita - One of the leading preclinical CROs in Europe

Selvita is one of the leading CRO companies in the preclinical area in Europe. The company was established as a result of the corporate split of the company founded in 2007 by Paweł Przewięźlikowski (currently CEO of Ryvu Therapeutics) and Bogusław Sieczkowski (currently CEO of Selvita). Until September 2019, Selvita had two independent segments - the Innovative one where Company conducted its proprietary drug discovery and development projects and the Services segment - offering R&D services to external clients. Following the strategy published in 2014 and later on in 2017, this document is next one, to present goals and development plans of Selvita.

In the development strategy announced in 2014, the total revenues of the Services segment in the years 2014-2017, were supposed to increase two-fold. This goal was accomplished in an excess, with the revenues raising more than three times. The strategy for 2017-2021 assumed further dynamic growth of revenues and increase in profitability of the Services segment. In the period of 2017-2019, the Company achieved CAGR in revenues of 37%, while the operating margin (measured at the EBIT level) improved from 12.1% in 2017 to 13.3% in 2019.

In 2019, the Management Board and Shareholders decided to split the Innovation and Services segments, which resulted in the creation of two independent entities, Selvita S.A. and Ryvu Therapeutics S.A. One of the expected outcomes of the corporate split was to enable further Selvita growth also through easier access to external financing. In previous years, Selvita did not use external debt financing, obtaining only EUR 1.6 million from the stock market for the development of the services business. The proceeds from the share issue in 2018 were fully dedicated to the investments associated with the Innovation segment.

Currently, Selvita business model is based on two segments: (i) Services - provided to domestic and international biotechnology and pharmaceutical companies, and (ii) Bioinformatics - bioinformatics services provided by Ardigen S.A., where Selvita has 49% share in the capital and 56% in the votes.

The Services Segment consists of three main business areas:

- *Drug Discovery* - supporting clients in discovering innovative small molecule drugs, starting from molecular target validation to the selection of a clinical candidate.
- *Regulatory* - pharmaceutical services in the field of drug testing and bioanalytical analysis. Services at every stage of the drug development process, from method development and validation, stability testing to routine quality control testing.
- *Research and Development* - research and development activities, in particular in the area of pharmacy, chemistry and agrochemistry.

Thanks to a 12-year presence on the international market, Selvita has gained a competitive position which in the opinion of the Management Board, allows it for a further dynamic growth on a global market. Selvita has clients in 40 countries on 5 continents. The company has cooperated with approximately 600 entities and has completed over 3,000 projects. Seven of the top ten global pharmaceutical and biotechnology companies are among the Company's clients. The Company's headquarters and laboratories are located in Kraków, with the second laboratory site in Poznań. In addition, the Company has sales offices in Cambridge, Great Britain, South San Francisco, CA and in Boston, MA in the United States.

During the period of 2014 - 2019, Selvita's revenues increased almost five times. In 2019, Selvita generated revenues of EUR 24.5 million, which indicated an increase of 37% compared to 2018, and that includes EUR 21.3 million in the Services Segment (39% y-o-y increase) and EUR 3.3 million in the Bioinformatics Segment (23% y-o-y increase). In Q1 2020, the Company has continued its dynamic growth, increasing revenues by 41% y-o-y, up to EUR 7.2 million and increasing EBITDA by 52% up to EUR 1.7 million. As of the end of March 2020, Selvita's cash position was at the level of EUR 3.8 million, and net debt, which is solely due to lease agreements, amounted to EUR 6.2 million. As on April 28, 2020, the backlog for 2020 amounted to EUR 19.6 million, which indicates an increase of 44% as compared to April 15, 2019.

## 2. Key growth factors for Selvita in 2020-2023:

The main external growth drivers and factors affecting development of Selvita include:

- A. Growth of the CRO market.** The pursuit of pharmaceutical companies to outsource R&D activities and preclinical research to specialized companies, will continue to drive the dynamic growth of the CRO market. One of the fastest growing segments of the outsourcing services business in the pharmaceutical sector is the drug discovery market, which is estimated to grow at nearly 12% annually in the forthcoming years<sup>1</sup>. This increase is, among others, due to the patent cliff experienced by the pharmaceutical companies. Due to the expiry of a substantial number of significant patents in the last few years, the pharmaceutical sector will have no choice

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<sup>1</sup> According to the Visiongain report, the global outsourcing market for drug discovery services, will grow in 2017 - 2028 at an annual rate of 11.7%

but to strive to supplement the portfolio of projects with ones with a high potential to achieve success on the market. In the area of regulatory research outsourcing, the expected growth of the CRO market is forecasted to be over 8% annually<sup>2</sup>. Innovations in the pharmaceutical industry, an increasing emphasis on safety and quality, as well as the cost advantage of outsourcing services, will continue to be key growth factors for the CRO market in the area of regulatory research.

- B. **Geopolitical conditions and trends intensified by the COVID-19 pandemic.** Recently, a global trend of diversification of the CRO service providers has been visible, presumably, among others, due to geopolitical tensions between the US and China and potential changes in the legal environment related to Brexit. These trends were accelerated by the outbreak of the COVID-19 pandemic. Selvita assumes that in the medium term, CRO clients will seek to mitigate the risk of being dependent on one supplier, or a group of suppliers within one geographical region, and will more often choose cooperation with European entities, at the expense of China, India and also Great Britain. As a consequence of the pandemic, an increase in drug research expenditures by both companies and individual governments may also be visible, what should result in an increased demand for CRO services.
- C. **Changes in the law in the area of drug control.** Gradual increase in quality restrictions in the area of drug and supplement control, leads to an increased demand for quality control services executed in EU.
- D. **Consolidation of the CRO market.** An increase in the importance of the ability to execute large contracts for Big Pharma (requiring 50 and more FTEs within one deal), and offering a wide range of services encompassing the entire drug development process. The economics of scale effect associated with it, influence rapid consolidation of the CRO market. Big Pharma companies usually work only with the largest CROs, carrying out nearly 90% of their projects with the 15 largest companies of this type<sup>3</sup>.

#### **The main internal factors influencing the development of Selvita include:**

A. **Know how.** Selvita employs high-class specialists who have a significant impact on the strategic and substantive development of customers' projects. Over 40% of the scientists working in Selvita laboratories hold a PhD degree, 10% of all employees are foreigners. Selvita researchers are increasingly more often co-authors of publications and patents along with the customers' scientists, which highlights their significant contribution to the discovery process and the innovative approach to work that is carried out for the customer, and translates in long term into the possibility of increasing the price of the services offered by the Company.

B. **Reputation and relationships with global pharma and biotech companies.** In the area of R&D outsourcing, reputation and trust built through a good track record of cooperation are one of the key factors when choosing a business partner. Seven of the top ten global pharmaceutical and biotechnology companies are among the Company's clients. Selvita's growing reputation

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<sup>2</sup> According to report from Grand View Research, CAGR for analytical research outsourcing in the upcoming years will amount to 8.1%.

<sup>3</sup> Clearwater International Healthcare Team Report: Outsourced Pharma Services, Autumn 2019.

translates into receiving of increasingly larger contracts from reputable customers for whom the Company is no longer an anonymous partner, who only builds its reputation executing low margin contracts, but a repeatedly verified supplier whose quality of service is worth paying higher margins and building long-term procurement strategy around it. In 2019, about 80% of the Company's revenues in the Services segment came from existing customers.

C. **International market presence.** Selvita has been investing intensively in its presence on the international market since the very beginning. Within the last six years, the company has opened its first foreign offices in Cambridge, Great Britain, Boston, MA, and South San Francisco, CA in the United States. During the 12 years of presence on the market, Selvita has built a client base in 40 countries on 5 continents. Presence of the Company's representatives on the key markets for the development of its business, has a positive impact on both relations with local clients and the dynamics of business development in a given area.

D. **Availability of qualified staff.** The company intends to execute its further organic development through access to highly qualified scientific staff. Selvita's recognition and reputation translates into high numbers of job applications, i.e. approximately 2500 job applications for scientific positions per year, out of which foreigners' applications constitute 71% in case of PhD positions and 20% for MSc positions. The high level of education in Poland along with the opening of new, prospective degree specializations (e.g. medical chemistry) also constitutes potential for Selvita's growth, which can translate into possible staff resources as soon as in 2020, e.g. the first graduates of the medicinal chemistry degree. C.a. 30% of Polish life science graduates from leading Polish Research Universities<sup>4</sup> apply every year to Selvita. Additionally, the increasing attractiveness of the labor market in Poland, means that new staff can be selected also from a group of experienced employees returning to the country from abroad. In the forthcoming years, we are expecting an increased number of highly qualified scientists returning to Poland due to Brexit and COVID-19 pandemic. In order to execute the strategy for 2020-2023, Selvita plans an organic growth of employment from nearly 500 people employed at the end of March 2020, to about 700 at the end of 2023.

E. **Availability of the research space.** One of the key competitive advantages of CRO companies is the laboratory space equipped adequately to the requirements of customers and international certification. Expansion of the laboratory infrastructure is one of the key factors for further growth of the Company, and any limitations or shortcomings in this area are one of the main risk factors for further Company development. Selvita currently rents office and laboratory space of 4,500 m<sup>2</sup> (~48,500 ft<sup>2</sup>) in Jagiellonian Centre of Innovation and Krakow Technology Park in Kraków, and Wielkopolskie Centre for Advanced Technologies in Poznań. As of today, the Company is able to increase its operations capacity only through renting additional 1,500 m<sup>2</sup> (~16,000ft<sup>2</sup>) in current locations. The Company's Management Board estimates that the company will fully cover the current and additional space within the next two years. In order to secure the possibility of further increase in the scale of operations, the Company plans to create a new Selvita Research

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<sup>4</sup> University of Warsaw, Gdansk University of Technology, Adam Mickiewicz University in Poznan, Jagiellonian University, Warsaw University of Technology, Silesian University of Technology as well as University of Wrocław.

Center with a research space of approximately 4,000 m<sup>2</sup> (~43,000 ft<sup>2</sup>). For this purpose, the Company purchased a 1 ha plot of land at Podole Street in Krakow, less than 700 m away from the current location of HQ and laboratories. The total capex is estimated at EUR 30 million, and consists of EUR 2 million required to buy the plot, EUR 16 million for construction works and general furnishing as well as EUR 12 million for the purchase of laboratory equipment. The Management Board predicts that the investment will be financed with a bank loan of EUR 11 million, leasing of EUR 5 million and a grant of EUR 9 million, as well as EUR 5 million from the planned issue of shares. The investment is planned to be completed in 2022/2023.

**F. Availability of acquisitions and financing opportunities for the M&A transactions.**

The company sees a significant potential of growth in the scale of operations through acquisition of preclinical CRO entities in Europe. The company has identified and conducted a preliminary assessment of over 170 potential acquisition targets in Europe, with particular emphasis on the CEE region. In the process of the target attractiveness analysis, Selvita focuses on small and medium-sized entities that complement the service portfolio or which can expand the scale of the Group's operations. These are often entities that have encountered various types of growth barriers and where the integration with Selvita Group could generate revenue synergies. Analyzing targets from Western Europe, the Company focuses on smaller companies with unique competences or recognizable brands, offering possibility of increase in margins by selling services provided in Poland at higher rates.

As of the date of this document, the long list of potential acquisition targets includes more than 20 entities, which were subject to a detailed analysis by the Management Board of the Company.

With five of these companies, certain discussions were initiated, ranging from introductory communications, through analysis of information memorandums prepared by external transaction advisors, to deep analysis of financial and legal documentation.

As part of the 2020-2023 strategy, Selvita assumes acquisition of three entities, with revenues in the range of EUR 2-20 million and headcount in the range of 30-150 people, each. Among the qualitative criteria for selection of an acquisition target, Selvita will prefer entities supplementing its portfolio of services in the field of drug discovery, especially in vivo ADME / DMPK and regulatory services.

In the years 2020-2023, the Company plans to allocate EUR 35-50 million to the acquisition activities. Financing sources for the acquisitions could include:

- Debt financing (bank loan or other debt financing);
- Leveraged buyout (LBO) with the involvement of own funds at the level of 15-20% of the transaction value;
- Expenses related to the acquisitions will also be substantially financed from funds obtained from the issue of shares in 2020.

**G. Availability of grants.** Selvita's growth and development was partly financed by grants from the Smart Growth Operational Program 2014-2020. Within this program, Selvita Group has received non-dilutive grant funding for a total amount of EUR 5.3 million. The Company assumes that as part of the investment expenditures related to the execution of the Strategy for 2020-2023,

35% of the eligible expenses for the construction and furnishing of the Selvita Research Center, i.e. EUR 9 million, will be financed from a grant from the Ministry of Development Funds and Regional Policy. The company plans to submit an application for such grant financing in May/June 2020.

### 3. Key areas of the Company's activity and corporate development in 2020-2023

#### **Drug Discovery**

Selvita provides comprehensive drug discovery services dedicated to clients in the biotechnology and pharmaceutical industries. The company offers support in the small molecule drug discovery, starting from target validation up to the selection of a clinical candidate. Selvita is built on robust capabilities and experience in assay development and screening, medicinal and synthetic chemistry, computer-aided drug design, structural biology, in vitro pharmacology, ADME/DMPK and analytical testing. Within the Drug Discovery area, projects are executed both in the FTE (Full-Time Equivalent) as well as fixed-price model.

In 2019, revenues from the Drug Discovery services increased to EUR 12.3 million, presenting a 36% y-o-y increase, and accounted for 50% of the total revenues of the Company. Within the Drug Discovery segment, revenues from the high-margin integrated projects increased by 52% y-o-y, achieving level of EUR 3.4 million. This kind of projects are based on the FTE model and require involvement of both Chemistry and Biology Departments.

Selvita's strengths in the area of Drug Discovery include an experienced team of scientists, expertise in various therapeutic areas (oncology, CNS, respiratory and inflammatory diseases) and an evolving perception of the Company among key clients, who see Selvita as a fully integrated partner in drug discovery.

As part of the Company's Strategy for years 2020-2023, in the area of Drug Discovery, the Company expects to maintain a double-digit growth rate and further increase in margins, achieved through an increasing share of integrated drug discovery contracts. The company plans to gradually expand the research offering in order to reduce subcontracted tasks, which will be achieved also through acquisition of selected entities providing complementary services. Ultimately, some of the integrated research contracts should give an opportunity for the Company to also receive milestone payments achieved with the successfully progressing development of the drug.

#### **Regulatory services**

Being a comprehensive contract research organization, for over a decade Selvita has been providing also world-class pharma services in the field of drug testing and bioanalytical analyses. We offer services at every stage of the drug discovery process, from development and validation of methods, stability studies, to routine quality control testing and release of products onto the European market. Due to the specifics of pharmaceutical production and related legal requirements, drug testing in the area of quality control must be carried out routinely and as a result these are cyclical procedures. In addition, after the method transfer stage, the change in the

CRO releasing individual batches of drugs is a time-consuming process and involves high costs, so the contracts acquired by the Company in this area are considered repeatable.

The quality of Selvita services has been repeatedly confirmed during the GMP and GLP inspections. Obtained GMP and GLP certifications additionally prove that services provided by the Company are performed in accordance with the highest standards of the pharmaceutical industry.

In 2019, revenues from the Regulatory services increased by 71% y-o-y, up to EUR 5.9 million and constituted 24% of the total revenues of the Company.

Selvita's strengths in the area of Regulatory research include highest quality of services, qualified specialist staff, all laboratory activities conducted under Good Manufacturing Practice (GMP) and Good Laboratory Practice (GLP) and according to valid ICH guidelines, allowing the Company to release medicinal products onto the European market. On top of that the Company has an experience in working on biological medicines and offers excellent logistics having the laboratories located in the heart of Europe, in an EU-member country, along with competitive pricing.

As part of the Company's Strategy for the years 2020-2023, in the Regulatory area, the Company expects further dynamic growth of revenues from analytical and bioanalytical services and a growing share of stable and repeatable projects in the area of release studies for the pharmaceutical clients.

### **Research and Development**

As part of the Research and Development area, Selvita provides services to a variety of clients ranging from Big Pharma and biotech companies, to manufacturers of generic drugs as well as chemical and agrochemical companies. The Company also executes synthesis projects dedicated for use in electronics and cosmetics industry. Selvita offers a broad range of chemistry services including process research, industrial chemistry and a laboratory-scale custom synthesis. Projects are executed both in the FTE as well as fixed-price model.

In 2019, this business area generated revenues of EUR 1.4 million, which accounted for 6% of the Company's total revenues.

Selvita's strengths in this area include a team of scientists with a broad and diversified technological experience, creativity confirmed by numerous publications and patents, as well as access to modern technologies.

As part of the Company's Strategy for the years 2020-2023, in the area of Research and Development, the Company plans to increase the dynamics of revenue growth by expanding the portfolio of service offering and technologies as well as strengthening sales activities. The gradual expansion of the research services will include, e.g., expanding the package of available technologies in the field of flow synthesis, deuteration, enzymatic methods, polymer synthesis, peptide, nucleoside and nucleotide synthesis, biocatalysis, fluorine chemistry, and radiolabelling. In addition, the Company plans to start developing a unique flow synthesis system operating under ultra-high pressure conditions and using combined technologies: photochemistry, electrochemistry and lasers.

The company also plans to expand the package of available technologies through acquisition of selected entities providing complementary services.

### **Bioinformatics Segment - Ardigen**

Over the last five years of Company's operations, a recognizable brand of Ardigen has been built, who is now considered to be an expert in the field of supporting the processes of developing new therapies using advanced artificial intelligence technology combined with bioinformatics.

Besides the services segment, Ardigen currently focuses its activity on two areas: Immunology and Microbiome. The aim of the immunological field of R&D activities is the development of up-to-date cancer immunotherapies in the form of neoantigenic vaccines and cellular therapies. The main projects in this area is the ArdImmune Vax platform, an advanced tool based on Artificial Intelligence algorithms.

In the Microbiome area, Ardigen is developing an innovative microbiome analysis platform. In this case, artificial intelligence methods allow to identify active compositions of bacterial strains or the compounds they produce, in order to develop drugs that increase the effectiveness of existing immunotherapies.

In 2019, 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*", identified as one of the 30 leading companies in the world in this segment and listed among others companies such as BenevolentAI, Atomwise, Recursion Pharmaceutical, Exscientia or iCarbonX. 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 ArdImmune Vax platform was used in this project.

In 2019, Ardigen generated EUR 3.3 million in revenues, which indicated an increase of 23% compared to 2018 and represented 13% of the consolidated revenues of the Selvita Group. In 2020 Ardigen priorities are focused around intensification of the sales activities on the U.S. and European markets, expansion of current cooperation with Big Pharma, what should result in a higher revenues dynamics. In 2020-2023, Selvita expects a further double-digit increase in Ardigen's revenues.

## **4. Investment expenditures and their financing**

In order to execute the Strategy, in the period of 2020-2023, the Company plans to allocate EUR 75-90 million to investment expenditures, out of which EUR 35-50 million to the acquisition of CRO entities, approx. EUR 30 million to the creation of the Selvita Research Centre, including ca. EUR 12 million to be spent on specialized equipment and finally ca. EUR 10 million on further organic development of the business.

**Table:** Summary of planned investment expenditure in 2020-2023 (EUR million)

	Expenditures
Organic growth	10
Selvita Research Centre	30
Acquisitions	35-50
<b>SUM</b>	<b>75-90</b>

Source: Selvita

The Management Board of Selvita Group expects that investment expenditures will be financed from own funds, received and future grants, as well as using bank loans and debt instruments (assumed target level of net debt/EBITDA below 3x). Expenses related to the acquisitions of CRO entities will be partly financed from funds obtained from the issue of shares to be carried out in 2020. The company expects to raise approximately EUR 21 million, out of which approximately EUR 16 million will be used to finance acquisitions, and remaining EUR 5 million to finance the Selvita Research Centre.

**Table:** Summary of planned financing of investment expenditures in 2020-2023 (EUR million)

	Source of financing
Own funds	16-24
Share issue	21
Grants	10
Loans, incl. lease	28-35
<b>SUM</b>	<b>75-90</b>

Source: Selvita

## 5. Planned business outcomes of the Strategy for 2020-2023

### Operational goals 2020:

- Maintaining organic revenue growth in 2020 at a level above 30% y-o-y
- Double digit operating margin
- Execution of the first acquisition

### Creation of a global CRO in the period 2020-2023:

- Maintaining the organic growth of revenues at the level above 20% y-o-y, on average
- Increasing the scale of operations through acquisitions
- Expanding the services portfolio
- Readiness to execute complex, high-margin projects
- An attractive workplace for scientists from around the world

**As a result of the execution of the Strategy for 2020-2023, the Company intends to achieve the following business goals at the end of 2023:**

- Consolidated revenues above EUR 70 million, along with a stable EBITDA margin
- Company's capitalization of over EUR 230 million
- Building solid foundations for further growth, enabling to become in a mid-term horizon one of the TOP10 preclinical CROs in the world.

**Impact of COVID-19 on the Company's operations in the short and long term**

When analyzing the impact of COVID-19 on operations, the Company would like to highlight that its priority remains to ensure the safety and health of employees by introducing additional security procedures and measures, as well as implementing procedures securing the continuity of project execution in the setting of the epidemic status. The company indicates great uncertainty regarding the development of the situation in the short-term horizon, at the same time it emphasizes that a very high level of contracting for the entire year 2020, and in particular H1 2020, is a solid basis to expect that the company will manage to achieve its planned business goals despite the uncertainty related to the pandemic.

In the Company's opinion, in the medium and long term, CRO companies will be faced with an increased demand for their services. Investments directed at the development of pharmaceutical industries in individual countries will most probably increase due to the need to increase independence, as well as greater geographical diversification of service providers. In addition, in the Company's opinion, one of the indirect effects of COVID-19 may be the acceleration of consolidation processes in the CRO industry.

Kraków, April 29, 2020

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