# CONSOLIDATED H1 2020 REPORT (SUMMARY)

## SELVITA CAPITAL GROUP

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# 1. BASIC INFORMATION ON THE CAPITAL GROUP

## Structure of the Capital Group

### 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 | Boston, 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 | 46,67% % shares (giving the rights to 53,98% votes) held by Selvita S.A.* |

**On September 1, 2020 the share capital of Ardigen S.A. was increased from PLN 277,066 to PLN 283,132 by issuing 6,066 new ordinary registered series I shares with a nominal value of PLN 1.00 each, which were acquired by key employees of the company and a member of its Management Board.*

## 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 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 are as follows:

- comparative data of consolidated profit and loss accounts from March 22, 2019 to June 30, 2019 of Selvita S.A. Group
- comparative data of "**pro forma**" consolidated profit and loss accounts of Selvita S.A. Group (Separated Activity) for the period January 1, 2019, to June 30, 2019. The comparative data for 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.

The consolidated financial statements cover the period from January 1, 2020 to June 30, 2020 with comparative date from March 22, 2019 to June 30, 2019. It should be noted that in the period from March 22, 2019, to September 30, 2019, the Group did not conduct operating activities.

**Main results achieved in the reporting period**

On June 24, 2020, the Series C Shares were issued based on Resolution No. 4 of the Extraordinary General Meeting of the Company of May 26, 2020 and were admitted to trading. June 26, 2020 was the first listing date for the Series C Shares. The successful issue of the Series C Shares, in which all offered shares were placed, made it possible to secure funds in the net amount of PLN 88,355 thousand. These funds will make it possible to achieve the goals adopted in the Strategy of the Selvita S.A. Group for the years 2020-23. It is worth emphasizing that the big interest in the issue, together with very good reported results, made it possible to set the issue price at PLN 38 per share.

## 3.1 Consolidated financial data (pro forma)

Selected items (more detailed data are presented in the point 6 below) of the revenues and costs incurred by transferred part of the activities in the period from January 1, 2020 to June 30, 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 | Consolidated pro forma data in PLN thousand | | | | Consolidated pro forma data in EUR thousand | | | |
|---|---|---|---|---|---|---|---|---|
| Item | From 01.01.2020 to 30.06.2020 | From 01.01.2019 to 30.06.2019 | From 01.04.2020 to 30.06.2020 | From 01.04.2019 to 30.06.2019 | From 01.01.2020 to 30.06.2020 | From 01.01.2019 to 30.06.2019 | From 01.04.2020 to 30.06.2020 | From 01.04.2019 to 30.06.2019 |
| Revenues from sales | 65 149 | 42 615 | 35 424 | 22 466 | 14 669 | 9 938 | 7 896 | 5 251 |
| Revenues from subsidies | 2 284 | 3 148 | 1 159 | 1 559 | 514 | 734 | 258 | 364 |
| Other operating revenues | 240 | 367 | 94 | 122 | 54 | 86 | 21 | 29 |
| Revenues on operating activities | 67 673 | 46 130 | 36 677 | 24 147 | 15 237 | 10 758 | 8 175 | 5 644 |
| Operating expenses | -57 706 | -41 288 | -31 191 | -21 475 | -12 993 | -9 629 | -6 953 | -5 020 |
| Depreciation | -5 860 | -5 367 | -3 035 | -2 739 | -1 319 | -1 252 | -677 | -640 |
| Depreciation (excl. IFRS 16 impact) | -3 845 | -3 591 | -2 019 | -1 824 | -866 | -837 | -450 | -426 |
| Profit/loss on operating activities (EBIT) | 9 967 | 4 842 | 5 486 | 2 673 | 2 244 | 1 129 | 1 223 | 625 |
| Profit/loss before income tax | 9 472 | 4 782 | 5 111 | 2 444 | 2 133 | 1 115 | 1 139 | 571 |
| Net profit/loss | 9 413 | 4 560 | 5 746 | 2 654 | 2 119 | 1 063 | 1 281 | 620 |
| EBITDA | 15 827 | 10 209 | 8 521 | 5 411 | 3 564 | 2 381 | 1 899 | 1 265 |
| EBITDA (excl. IFRS 16 impact) | 13 812 | 8 433 | 7 505 | 4 496 | 3 110 | 1 967 | 1 673 | 1 051 |
| Number of shares (weighted average) | 16 023 630 | 15 971 229 | 16 076 031 | 15 971 229 | 16 023 630 | 15 971 229 | 16 076 031 | 15 971 229 |
| Profit (loss) per share (in PLN) | 0,55 | 0,28 | 0,33 | 0,17 | 0,12 | 0,06 | 0,07 | 0,04 |
| Diluted profit (loss) per share (in PLN) | 0,55 | 0,28 | 0,33 | 0,17 | 0,12 | 0,06 | 0,07 | 0,04 |
| Book value per share (in PLN) | 8,64 | 3,21 | 8,62 | 3,21 | 1,94 | 0,75 | 1,93 | 0,75 |
| Diluted book value per share (in PLN) | 8,64 | 3,21 | 8,62 | 3,21 | 1,94 | 0,75 | 1,93 | 0,75 |
| Declared or paid dividend per share (in PLN) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## 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 pro forma data in PLN thousand | | | | Consolidated pro forma data in EUR thousand | | | |
|---|---|---|---|---|---|---|---|---|
| Item | From 01.01.2020 to 30.06.2020 | From 01.01.2019 to 30.06.2019 | From 01.04.2020 to 30.06.2020 | From 01.04.2019 to 30.06.2019 | From 01.01.2020 to 30.06.2020 | From 01.01.2019 to 30.06.2019 | From 01.04.2020 to 30.06.2020 | From 01.04.2019 to 30.06.2019 |
| Revenues from sales | 65 149 | 0 | 35 424 | 0 | 14 669 | 0 | 7 896 | 0 |
| Revenues from subsidies | 2 284 | 0 | 1 159 | 0 | 514 | 0 | 258 | 0 |
| Other operating revenues | 240 | 0 | 94 | 0 | 54 | 0 | 21 | 0 |
| Revenues on operating activities | 67 673 | 0 | 36 677 | 0 | 15 237 | 0 | 8 175 | 0 |
| Operating expenses | -57 706 | -188 | -31 191 | -188 | -12 993 | -44 | -6 953 | -44 |
| Depreciation | -5 860 | 0 | -3 035 | 0 | -1 319 | 0 | -677 | 0 |
| Depreciation (excl. IFRS 16 impact) | -3 845 | 0 | -2 019 | 0 | -866 | 0 | -450 | 0 |
| Profit/loss on operating activities (EBIT) | 9 967 | -188 | 5 486 | -188 | 2 244 | -44 | 1 223 | -44 |
| Profit/loss before income tax | 9 472 | -183 | 5 111 | -183 | 2 133 | -43 | 1 139 | -43 |
| Net profit/loss | 9 413 | -183 | 5 746 | -183 | 2 119 | -43 | 1 281 | -43 |
| EBITDA | 15 827 | -188 | 8 521 | -188 | 3 564 | -44 | 1 899 | -44 |
| EBITDA (excl. IFRS 16 impact) | 13 812 | -188 | 7 505 | -188 | 3 110 | -44 | 1 673 | -44 |
| Net cash flows from operating activities | 8 697 | -11 | 1 021 | -11 | 1 958 | -3 | 228 | -3 |
| Net cash flows from investing activities | -3 194 | 0 | -1 459 | 0 | -719 | 0 | -325 | 0 |
| Net cash flows from financing activities | 85 025 | 2 989 | 87 394 | 0 | 19 144 | 697 | 19 480 | 0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net cash flows from operating activities | 90 528 | 2 978 | 86 956 | -11 | 20 383 | 694 | 19 383 | -3 |
| Number of shares (weighted average) | 16 057 284 | 125 000 | 16 076 031 | 125 000 | 16 057 284 | 125 000 | 16 076 031 | 125 000 |
| Profit (loss) per share (in PLN) | 0,55 | -1,46 | 0,33 | -1,46 | 0,12 | -0,34 | 0,07 | -0,34 |
| Diluted profit (loss) per share (in PLN) | 0,55 | -1,46 | 0,33 | -1,46 | 0,12 | -0,34 | 0,07 | -0,34 |
| Book value per share (in PLN) | 8,63 | 22,44 | 8,62 | 22,44 | 1,93 | 5,27 | 1,93 | 5,27 |
| Diluted book value per share (in PLN) | 8,63 | 22,44 | 8,62 | 22,44 | 1,93 | 5,27 | 1,93 | 5,27 |
| Declared or paid dividend per share (in PLN) | - | - | - | - | - | - | - | - |

**- concerning the consolidated balance sheet:**

| Selvita S.A. Group | Consolidated pro forma data in PLN thousand | | Consolidated pro forma data in EUR thousand | |
|---|---|---|---|---|
| Item | 30.06.2020 | 31.12.2019 | 30.06.2020 | 31.12.2019 |
| Total assets | 203 482 | 90 887 | 45 562 | 21 342 |
| Trade and other receivables | 36 519 | 25 854 | 8 177 | 6 071 |
| Cash and other monetary assets | 104 196 | 13 668 | 23 331 | 3 210 |
| Total liabilities | 60 924 | 46 218 | 13 642 | 10 853 |
| Long term liabilities | 26 633 | 21 589 | 5 964 | 5 070 |
| Short term liabilities | 34 291 | 24 630 | 7 678 | 5 784 |
| Equity | 142 558 | 44 669 | 31 921 | 10 489 |
| Share capital | 14 684 | 12 877 | 3 288 | 3 024 |

**Selected financial data presented in the quarterly 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 01/01/2020 to 30/06/2020: PLN 4.4413;
   - for the period from 22/03/2019 to 30/06/2019: PLN 4.2880.

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 30 June 2020: PLN 4.4660;
   - 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 30.06.2020 | From 01.01.2019 to 30.06.2019 | From 01.04.2020 to 30.06.2020 | From 01.04.2019 to 30.06.2019 |
| **Revenue** | **67 673** | **46 130** | **36 677** | **24 148** |
| Services Segment | 58 149 | 37 985 | 31 365 | 20 083 |
| Bioinformatics Segment | 7 146 | 4 743 | 4 152 | 2 513 |
| Revenues from subsidies | 2 284 | 3 148 | 1 159 | 1 559 |
| Other operating revenue | 240 | 367 | 94 | 122 |
| Exclusions of revenues between segments | -146 | -113 | -93 | -129 |
| **EBIT** | **9 967** | **4 842** | **5 485** | **2 673** |
| *%EBIT* | 15% | 10% | 15% | 11% |
| **EBITDA (with IFRS16 impact)** | **15 827** | **10 209** | **8 521** | **5 411** |
| *%EBITDA (with IFRS16 impact)* | 23% | 22% | 23% | 22% |
| ***EBITDA (IFRS16 impact excluded)*** | **13 812** | **8 433** | **7 505** | **4 496** |
| *%EBITDA (IFRS16 impact excluded)* | 20% | 18% | 20% | 19% |
| **Net profit** | **9 413** | **4 560** | **5 746** | **2 654** |
| *%Net profit* | 14% | 10% | 16% | 11% |

In the first half of 2020, Selvita S.A. Group recognised total operating revenue of PLN 67,673 thousand, which constitutes the increase of 47% compared to the corresponding period in 2019, when total operating revenue amounted to PLN 46,130 thousand. The net revenue from sales (excluding subsidies) amounted to PLN 65,149 thousand, which means an increase of 53% (by PLN 22,534 thousand) comparing to the corresponding period in 2019 when it amounted to PLN 42,615 thousand. In the first half of 2020, revenues from subsidies decreased slightly by PLN 864 thousand compared to the same period of the previous year - a decrease from PLN 3,148 thousand to PLN 2,284 thousand.

In the first half of 2020, the Group reported a net profit as well as the profit on the operational level. Net profit amounted to PLN 9,413 thousand and more than doubled compared to the corresponding period of 2019. Noteworthy is the significantly higher dynamics of net result growth than the dynamics of revenue growth. The EBITDA ratio in the first half of 2020 was 23.4% and increased by 1.3 pp compared to the corresponding period of the previous year.

| Services Segment | | | | |
|---|---|---|---|---|
| Data in PLN thousand | From 01.01.2020 to 30.06.2020 | From 01.01.2019 to 30.06.2019 | From 01.04.2020 to 30.06.2020 | From 01.04.2019 to 30.06.2019 |
| **Revenue** | **58 987** | **40 063** | **31 701** | **21 039** |
| Revenues from external customers | 55 434 | 36 813 | 30 112 | 19 458 |
| Internal revenue - between segments (mainly to Ryvu) | 2 715 | 1 172 | 1 253 | 624 |
| Revenues from subsidies | 623 | 1 711 | 249 | 835 |
| Other operating revenue | 215 | 367 | 87 | 122 |
| **EBIT** | 8 676 | 4 574 | 4 546 | 2 649 |
| *%EBIT* | 15% | 11% | 14% | 13% |
| **EBITDA (with IFRS16 impact)** | 14 048 | 9 648 | 7 320 | 5 215 |
| *%EBITDA (with IFRS16 impact)* | 24% | 24% | 23% | 25% |
| ***EBITDA (IFRS16 impact excluded)*** | **12 305** | **8 012** | **6 441** | **4 435** |
| *%EBITDA (IFRS16 impact excluded)* | 21% | 20% | 20% | 21% |
| IFRS16 impact on EBITDA | 1 743 | 1 636 | 879 | 780 |

The services segment in the first 6 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 51% and amounted to PLN 55,434 thousand compared to PLN 36,813 thousand in the corresponding period of 2019. The operating profit (EBIT) of this segment in the period ended June 30, 2020, amounted to PLN 8,676 thousand, compared to PLN 4,574 thousand in the same period in 2019, what is the increase of 90%. 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 11%). Depreciation and amortization increased slightly by 6% from PLN 5,073 thousand in the first 6 months of 2019 to PLN 5,372 thousand in first quarter of 2020. The EBITDA ratio amounted to 24%, which is a similar value to the previous year's one, and increased in value from PLN 9,648 thousand in H1 2019 up to PLN 14,048 thousand in H1 2020.

| Bioinformatics Segment | | | | |
|---|---|---|---|---|
| Data in PLN thousand | From 01.01.2020 to 30.06.2020 | From 01.01.2019 to 30.06.2019 | From 01.04.2020 to 30.06.2020 | From 01.04.2019 to 30.06.2019 |
| **Revenue** | **8 833** | **6 181** | **5 070** | **3 237** |
| Revenues from external customers | 7 146 | 4 743 | 4 152 | 2 497 |
| Internal revenue - between segments (mainly to Ryvu) | 0 | 0 | 0 | 16 |
| Revenues from subsidies | 1 662 | 1 438 | 910 | 724 |
| Other operating revenue | 25 | 0 | 8 | 0 |
| **EBIT** | 1 291 | 267 | 940 | 24 |
| *%EBIT* | 15% | 4% | 19% | 1% |
| **EBITDA (with IFRS16 impact)** | 1 779 | 561 | 1 200 | 196 |
| *%EBITDA (with IFRS16 impact)* | 20% | 9% | 24% | 6% |
| ***EBITDA (IFRS16 impact excluded)*** | **1 508** | **422** | **1 064** | **61** |
| *%EBITDA (IFRS16 impact excluded)* | 17% | 7% | 21% | 2% |
| IFRS16 impact on EBITDA | 271 | 139 | 136 | 135 |

In the first 6 months of 2020 bioinformatics segment's revenue amounted to PLN 8,833 thousand, which is an increase of 43% compared to the corresponding period in 2019, when revenues amounted to PLN 6,181 thousand. The Bioinformatics segment generated the operating profit of PLN 1,291 thousand in the discussed period, compared to PLN 267 thousand in the comparative period of 2019 which is an increase of more than 4 times. The EBITDA ratio was 20.1% and increased significantly by 11 pp. compared to the same period last year.

### 4.1.2 Contracted (Backlog)

| Backlog | | | | |
|---|---|---|---|---|
| Item | For 2020, from September 7, 2020 | For 2019, from September 3, 2019 | Change | Change % |
| Services | 101 325 | 72 532 | 28 793 | 40% |
| Bioinformatics | 15 229 | 8 686 | 6 543 | 75% |
| Grants | 6 215 | 6 848 | -633 | -9% |
| **Total** | **122 769** | **88 066** | **34 703** | **39%** |

The value of the 2020 contracts portfolio resulting from commercial contracts and grant agreements signed as of September 4, 2020 (backlog) amounts to PLN 122,769 thousand and it has increased by 39% compared to the 2019 backlog announced in September 2019. It should be highlighted that the services segment's backlog for 2020 has increased by 40%. The bioinformatics backlog has increased by 75%.

### 4.1.3 Consolidated data

The consolidated results of the Group for the first half 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 June 30, 2020, the value of the Selvita Group's assets was PLN 203,482 thousand. At the end of June 2020, the most significant items of current assets are short-term receivables which amounted to PLN 36,519 thousand and cash amounting PLN 104,196 thousand. The increase in short-term receivables is the result of an increase in the scale of the Group's operations. The significant increase in cash is mainly due to the proceeds from the issue of Series C Shares in the net amount of PLN 88,356 thousand. Fixed assets are mainly laboratory equipment, recognized assets due to the right to use and deferred tax assets in the amount of PLN 9,880 thousand. The value of non-current assets increased in comparison to December 31, 2019, by PLN 8,585 thousand mainly as a result of new purchases of fixed assets.

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

| | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Current ratio<br>current assets/current liabilities including short-term provisions and deferred revenues (excl. accruals)** | 5.83 | 2.94 |
| **Quick ratio<br>(current assets-inventory)/current liabilities including short-term provisions and deferred revenues<br>(excl. accruals)** | 5.78 | 2.88 |

The main item in the Selvita Group's equity and liabilities is equity, which amounted to PLN 142,558 thousand as of June 30, 2020. Its significant increase to the end of 2019 is mainly due to the issue of Series C Shares but also to the net result achieved in the first half of 2020. Another largest source of assets' funding are long-term liabilities which amounted to PLN 26,633 thousand at the end of June 2020. The most valuable items in the long-term liabilities are lease liabilities of PLN 22,883 thousand. The increase of PLN 4,436 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 24,630

thousand at the end of 2019 to PLN 34,291 thousand at the end of June 2020 results from the increase in the scale of the Group's operations.

### 4.2.2 Consolidated data

Value of assets of the Selvita S.A. Group at the end of June 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

The Group's financial position as of the report date is very good. As of June 30, 2020, the value of the Group's cash amounted to PLN 104,196 thousand, and at the September 7, 2020, it was PLN 95,748 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.

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

## 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 revenues and costs incurred by the spin-off part of the activities in the period beginning from 01.01.2020 to 30.06.2020 and in the corresponding period beginning from 01.01.2019 to 30.06.2019, 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 Profit and Loss Statement (in PLN)

| | 01/01/2020-30/06/2020 | 01/01/2019- 30/06/2019 |
|---|---|---|
| **Continued operations** | | |
| Revenue from sales | 65 149 220 | 42 614 563 |
| Revenue from subsidies | 2 284 294 | 3 148 475 |
| Other operating revenues | 239 813 | 366 963 |
| **Total operating revenue** | **67 673 327** | **46 130 001** |
| Change in stock of goods | - | - |
| Amortization and depreciation | (5 859 676) | (5 366 542) |
| Consumption of materials and energy | (9 847 257) | (7 768 171) |
| External services | (8 500 809) | (6 022 512) |
| Employee benefit expense | (31 796 954) | (20 141 735) |
| Taxes and charges | (531 342) | (337 367) |
| Other costs by type | (1 137 593) | (1 602 205) |
| Other operating costs | (32 712) | (49 936) |
| **Total operating expenses** | **(57 706 343)** | **(41 288 468)** |
| **Profit (loss) on operating activities** | **9 966 984** | **4 841 533** |
| Financial income | 260 429 | 346 757 |
| Financial expenses | (755 316) | (406 086) |
| **Profit (loss) before income tax** | **9 472 097** | **4 782 204** |
| Income tax expense | (58 687) | (222 606) |
| **Net profit (loss)** | **9 413 410** | **4 559 598** |
| Net profit loss attributed to: | | |
| Majority shareholders | 8 793 636 | 4 416 166 |
| Non-controlling shareholders | 619 774 | 142 851 |
| **Other comprehensive income:** | | |
| Foreign subsidiaries results translation differences | 119 978 | (69 501) |
| **Total other comprehensive income (loss)** | **119 978** | **119 978** |
| **Total comprehensive income (loss)** | **9 533 388** | **4 490 097** |
| Total comprehensive income (loss) attributed to: | | |
| Majority shareholders | 8 913 614 | 4 346 565 |
| Non-controlling shareholders | 619 774 | 142 851 |

# 7. INFORMATION ON THE CAPITAL GROUP'S ACTIVITY IN H1 2020

### The core business of the capital group

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

- **CRO services** – 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.

## DRUG DISCOVERY

Drug development is the largest area in which the Company provides services. Almost 67% of the revenues of the Services Segment of Selvita are allocated to Drug Discovery. 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, biochemistry, analytics and biology.

Selvita is constantly increasing the team of scientists working in this area, taking care of the experience and education background, as well as the continuous improvement of qualifications. A significant number of employees are foreigners and employees with a doctoral degree, bringing to the project portfolio specialist experience in various areas of therapeutic, organic, medical, computational and analytical chemistry, biochemistry, molecular and cell biology, and ADME / DMPK, which is necessary to ensure high quality services appreciated by our clients.

Most contracts of the Drug Discovery are chemistry 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 H1 2020:

• (WSE Report 6/2020 from 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 from 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 from 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 H1 2020, Selvita 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.

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.

The role of scientists from the Department of Molecular and Cell Biology in integrated projects was to develop biochemical and cellular tests characterizing the activity and mechanism of action of new molecules of potential therapeutic importance, and then independent groups of cellular and molecular biologists carried out routine analyzes of the activity of subsequent iterations of drug candidates using, a previously developed panel of complex biochemical and cellular tests.

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.

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 chemical and integrated projects, in H1 2020, a large part of the Drug Discovery area's revenues came from the production and purification of recombinant proteins and the structural analysis of protein-ligand complexes, in which the Biochemistry Department specializes. . 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, 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 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 Malopolska 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.

In H1 2020, scientists from Selvita`s Cell and Molecular Biology Department together with specialists from Ardigen received a grant for the project "HiScAI – Development of phenotypic assay platform, based on high-content screening technology (HCS) with the analysis using artificial intelligence algorithms, to facilitate drug discovery process for treatment of neuroinflammatory and fibrotic diseases". During the project the group will develop complex assays enabling multiparametric analysis of phenotypic changes in cells with the use HCS technology and AI computational procedures. This will expand the portfolio of services offered by the CMBD and allow for the acceleration of the drug discovery process in the future. The project is co-financed by the National Center for Research and Development.

Thanks to extended and new collaborations with clients, ADME and bioanalysis specialists worked on integrated projects (IDD) related to drug discovery. In the field of bioanalytical research, for a large chemical company, the next phase of the project concerning the validation of analytical methods using LCMS equipment was completed. The project has reached the stage of routine testing and will continue in the next quarter.

In the following quarters / years, in addition to strengthening the team by employing highly qualified staff with diversified therapeutic and technological experience, as well as investments in equipment, technologies and laboratories necessary for the further harmonious functioning of the growing organization, increasing the efficiency of operation, e.g. by implementation of automation of the processes of synthesis, purification and testing of chemical compounds or the wider use of artificial intelligence tools in the processes of data analysis, model development, prediction of new generation active compounds in integrated Drug Discovery projects and analysis of the obtained results, e.g. using the aforementioned HCS technology.

Bearing in mind the current contracts performed and back-log, a further upward trend, strengthening the market position and increasing the scale of operations in the Drug Discovery is highly expected in the upcoming quarters / years.

## REGULATORY STUDIES

As in previous years, in the first half of 2020, Selvita's Analytical Department carried out projects from the offer addressed to pharmaceutical and agrochemical customers. In line with the adopted strategy, the vast majority of research projects were carried out on the basis of the FTE model, while validation works, transfers of analytical methods, stability tests and certification of active substances and finished products

- in the fee for service approach. Projects were implemented mainly for regular partners, while new clients were brought in due to the offer of bioanalytical and proteomic analyzes, extended at the end of last year.

In the area of research work a large CMC project was continued for a global pharmaceutical company. This year it included the optimization of additional analytical methods to support the compound synthesis process and stability studies. Cooperation in this project will also continue in the next quarter of the year. Additionally, a project for the analysis of pharmaceutical products for the presence of genotoxic nitrosamines was started for this client. For another large pharmaceutical company with which long-term cooperation in the field of release studies is planned, the method transfer for the biological product was completed and the transfer work for further products was started.

In the area of regulatory studies certification of active substances and finished products was carried out for several companies, including one of the world's pharmaceutical companies with release studies for several small-molecule products. The first series of biological products were also certified for the same company. The release of biological products for another global pharmaceutical company was also continued. Due to the growing scale of regulatory research an additional analytical module was adapted at the beginning of the year. The increased area of the laboratory allowed for the implementation of new analytical equipment, including several liquid chromatographs.

In the first half of the year 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 analyses in the GLP system. A similar scope of work also included orders from other agrochemical clients, including orders for dioxin and furan analyses using gas chromatography with mass detection. Due to the specific requirements of such projects at the end of the second quarter an additional part of the analytical laboratory was adapted and equipped.

Due to the growing scale of bioanalytical and GLP research in the first half of the year the laboratory was equipped with additional LC-MS/MS mass spectrometers, including a high-resolution spectrometer. The action has also been taken to equip the laboratory with a GC-MS/MS chromatograph, which will be dedicated to the analysis of impurities at a low detection level.

Another key group of projects implemented by the Department of Molecular and Cell Biology were projects related to regulatory analyzes of biosimilars. As part of this group of studies, a number of transfers of bioanalytical methods and routine release tests of several biosimilar drugs, of various classes, for European and US customers were carried out. These analyzes were carried out in accordance with the Good Manufacturing Practice standard. It should be emphasized that especially in Q1 2020 the number of routine analyzes increased significantly compared to the previous quarters.

During described period, 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.

## RESEARCH & DEVELOPMENT

In addition to the Drug Discovery and Regulatory areas, some revenues from the Services are allocated within R&D projects.

The main types of projects in this area are typically synthetic projects for the biotechnology and pharmaceutical industry, development of new, effective and cost-effective and environmentally safe synthesis processes / alternative technologies for obtaining chemical substances, scaling chemical processes for production purposes, optimization and parameterization of technologies for registration purposes.

In H1 2020, Selvita scientists also worked on contract synthesis of pharmaceutical and chemical compounds on the mg to kg scale - providing customers with active substances, impurities or degradation products.

The R&D area is of interest to both large and medium-sized pharmaceutical and biotechnology companies, as well as the agrochemical and chemical industries as well as CRO / CMO companies. In this group of projects, the Company cooperates based on the FFS and FTE models.

Selvita systematically expands the portfolio of available technologies, e.g. in the field of photochemistry, electrochemistry, flow synthesis, high pressure synthesis and the available analytical testing package, in line with the expectations of our clients, which allows to assume growth trends also in the area of R&D / Research and Development.

## ARDIGEN S.A.

In the first half of 2020, a number of measures were taken to minimize the impact of the pandemic on the Company's operations. Marketing and sales teams' operations have been completely restructured. The entire Life Sciences industry, mainly based on conferences and establishing relationships during face-to-face meetings, has moved to the digital world. The company has adapted to this situation by implementing a new marketing plan aimed at acquiring customers through digital channels. The impact of the new situation on sales in the coming years may be assessed at the end of the year.

In the context of contract implementation and business development based on existing clients, the Company did not observe any negative impact of the pandemic in the first half of the year. Remote work in the entire company continued in the second quarter. This form of operation did not have a negative impact on the implemented projects.

Due to significant limitations in the operation of hospitals, in the second quarter the implementation of the observational studies conducted by the Company was completely halted. This situation will extend the deadlines for the implementation of grant projects. New schedules will be defined after hospitals resume contracts.

### The Immunological Area

The aim of operations in the field of immunology is the development of modern cancer immunotherapy. The ongoing projects are to lead to cooperation in the partnering model. Ardigen focuses in this area on neoantigen-targeting therapies, including vaccines and cellular therapies.

The Ardigen Ardimmune Vax Platform is an advanced tool based on Artificial Intelligence algorithms. It is able to predict the composition of peptides presented on the surface of cancer cells, which can be recognized as foreign antigens and trigger an immune system response as a result of which the cancer cells will be naturally killed by the patient's immune system. Such immune cells can also be produced outside the patient's body and administered as a drug. For this purpose, the TCR receptor recognizing the appropriate peptide presented on the cancer cell must be identified.

Ardigen is increasing its potential in the field of cancer immunotherapy design with a platform dedicated to the development of therapies based on TCR receptor engineering. In May, the new platform development project won the second place on the National Centre for Research and Development ranking list in the competition for "Fast Track" funding. Ardigen obtained nearly PLN 12 million in funding for a three-year project worth a total of PLN 20 million. Thanks to this support, Ardigen will produce a technology that combines the advantages of artificial intelligence and biotechnology, enabling the production of unique TCR receptors, unavailable by standard laboratory methods, opening the way to new cell therapies. As part of the new project, ARDIGEN will conduct an observational study in which it will collect samples and clinical data from 100 cancer patients. A series of advanced laboratory experiments will also be performed.

In the first half of 2020, Ardigen established cooperation aimed at the production of a vaccine against the SARS-CoV-2 coronavirus, concluding a partnering agreement with the COVID-19 Vaccine Corporation (CVC) from New Zealand. Within weeks of signing the contract, CVC received a draft of the vaccine content from Ardigen designed using the Ardimmune Vax platform. This composition can contribute to the induction of full protection based not only on antibodies, but also on the presence of specific T lymphocytes ready to fight the virus. The results of the first laboratory experiments are expected in the first quarter of 2021.

During the discussed period, the Ardigen platform was also used to search for neoantigens shared by patients in selected types of cancer, including their therapeutic potential. The results of the analysis were presented at one of the most important oncology conferences of the year - AACR 2020. There, the Ardigen team presented a poster entitled “Accounting for immune escape mechanisms in personalized and shared neoantigen cancer vaccine design”. The very fact of accepting the poster for the conference program proves the world novelty of the presented issue.

**The Microbiome Area**

The aim of the microbiome area is to support the development of modern immunotherapies, combination therapies and to increase the positive response of patients to the already existing cancer immunotherapies by identifying bacteria or compounds produced by bacteria (postbiotics) active in this context. The use of Artificial Intelligence methods in conjunction with bioinformatics and knowledge of biology enables such research to be conducted in the very complex world of the microbiome and its interactions with humans. This approach is the cornerstone of the technology platform developed in Ardigen.

The Ardigen Microbiome Translational Platform is a novel approach to functional microbiome analysis based on the complete metagenomic information available. These analyses introduce a new quality in the process of developing drugs of bacterial origin. In the light of the latest scientific discoveries indicating the impact of the microbiome on patients' response to immunotherapy, the platform is being used for research in this direction. As a result of such work, new drugs or biomarkers based on the analysis of the bacterial composition may be developed. In the past period, a plan was developed to expand the platform towards the incorporation of metabolomic data, which will enable the identification of the compounds produced by human intestinal bacteria as candidates for a compound supporting the effectiveness of cancer immunotherapy. So found postbiotics may be further developed as an element of the so-called combination therapy.

In the second quarter, the Company carried out two pilot projects with companies from Western Europe in the field of microbiome analyses using the Ardigen Microbiome Translational Platform.

The company also started work on the grant project "Using the potential of the environmental microbiome in forensics" as part of the project commissioned by the National Centre for Research and Development in a consortium with the Central Forensic Laboratory of the Police and the Jagiellonian University. The research conducted as part of the project should allow for the development of a microbiome map in our geographical area. The end product of the project will be a complete system consisting of a database containing geographically-specific microbiome taxa composition, a genetic panel containing selected highly informative genome sequences and a mathematical algorithm for extracting microbiome patterns specific to different locations.

Promotion in scientific circles is a very important element in building Ardigen's credibility in the biotechnological and pharmaceutical environment that perceives the microbiome as a source of new discoveries in the field of cancer therapy. During the pandemic, the presentation of the team's scientific achievements moved to the virtual world. The results achieved by the developed platform were shown in the form of a poster ("Microbial signatures of response to anti-PD1 therapy in metastatic melanoma patients - towards novel biomarker development with artificial intelligence algorithms") at the AACR 2020 Virtual Meeting. The team also presented at the Microbiome Connect: Human virtual conference as a round table facilitator ("How we can use NGS to identify drug targets in microbiome-based therapeutics"). Additionally, two webinars were conducted ("The gains of microbiome studies-decoding metagenomic data" and "Decoding the microbiome: Function discovery of microbial proteins"), which proved very popular.

An important element of the Company's operations in the context of R&D is the development of a network of hospitals conducting observational research for projects implemented by the Company. These studies are aimed at obtaining high-quality samples from oncological patients along with clinical data and, consequently, obtaining genomic and metagenomic data necessary for the implementation of research and development. In the past period, further contracts were concluded with new clinical centres, including the Maria Skłodowskiej-Curie National Institute of Oncology in Warsaw, which is the largest oncology centre in Poland.

**Services**

In the service area, despite the difficulties associated with the pandemic, intense sales operations led to the acquiring new customers. The first half of the year was also a period of strengthening the position with two key clients from the segment of the largest pharmaceutical companies.

In the past period, the Company observed a further increase in interest in technologies in the field of advanced artificial intelligence algorithms used in the process of discovery of small molecule drugs. In this context, Ardigen is actively developing a computer vision-based technology platform (Ardigen Computer Vision). The result of these operations are contracts signed in new areas as well as the continuation of projects started before 2020.

The company has signed a contract with a pharmaceutical company ranked among the top ten largest in the world for the innovative use of Ardigen Computer Vision technology in the process of discovery of small molecule drugs. The aim of the project is to build a platform enabling virtual screening of small particles based on images from High-Content phenotypic screening. In the past period, the contract with a company ranked among the largest pharmaceutical companies was also extended to continue the work of supporting clinical trials using the Ardigen Computer Vision technology platform developed by Ardigen.

The company concluded an agreement with the National Centre for Research and Development (NCBiR) for co-financing a project implemented jointly with Selvita S.A. to develop a phenotypic research platform based on high-content screening (HCS) technology aimed at discovering new drugs in neurinflammatory and fibrotic diseases. As part of this project, Ardigen will develop an advanced Computer Vision-based platform that will enable fast and precise analysis of images obtained from the HCS platform. The development of the platform will expand the Ardigen offer addressed to pharmaceutical companies looking for opportunities to accelerate their research thanks to solutions based on artificial intelligence. This project also shows how Ardigen takes advantage of the opportunities from business and technological synergy between the companies in the Capital Group.

## 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 | 27,19% | 8 490 880 | 37,9% |
| Bogusław Sieczkowski | 924 384 | 5,04% | 1 474 384 | 6,58% |
| Tadeusz Wesołowski (with Augebit FIZ)* | 1 132 713 | 6,17% | 1 132 713 | 5,06% |
| Nationale Nederlanden OFE | 1 900 000 | 10,35% | 1 900 000 | 8,48% |

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

**Total shares: 18 355 474**

**Total votes: 22 405 474**

# CONTACT

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## MEDIA RELATIONS

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