

Dear Selvita Shareholders, Business Partners and Friends,

For all of us, and that also includes Selvita, year 2020 was exceptional. On one hand, like no year before, it has shown us all how much can change in every aspect of our life in just a few months, and how difficult running a business can become. On the other hand, it serves as proof of how much can be done even in such a difficult time, if we only use the available potential.

For Selvita 2020 was another year of dynamic increase, nearly 40%, in the revenues from clients and very good profitability with EBITDA on 23% level and net profit achieving 14%. Thanks to the acquisition of Fidelta, we started the new 2021 twice as large as at the beginning of 2020. This transaction has moved Selvita at least two-years forward in its organic growth.



The past year was also the first year where Selvita operated as an independent, purely Contract Research Organization, following the corporate split in October 2019. The beginning of 2020, we will all remember as the time when the COVID-19 pandemic broke out. Thanks to the outstanding commitment and responsible attitude of the whole team at Selvita, we managed to get through the most challenging time of the first weeks of the pandemic without significant harm. After the spring wave of the pandemic, we quickly returned to the implementation of our further development plans. In April, the Strategy for 2020-23 was announced, and we started the hard work. Before the end of the first half of 2020, we applied for a grant to construct our own research center, which will enable us to operate at least partially in our own space and not to be fully dependent on rented space. We signed a preliminary contract for the purchase of a plot of land for that purpose and successfully completed the PLN90m follow-on share issue, which has allowed us to start implementing the Strategy for 2020-23. We sealed everything in August with the publication of record financial results for the first half of the year.

The third quarter was a continuation of our dynamic organic growth and preparation to finalize the acquisition process. The acquisition of Fidelta, completed on the 4th of January 2021, is not only the first one Selvita has done, but a quantum leap on the path of our development through acquisitions. If we take into account not only the complementary portfolio of Fidelta's services but also the scale of their operations, we can easily say that it was one of the most significant events in our almost fourteen-year history.

The last quarter of 2020 was an extremely busy period. We were working not only on closing the Fidelta acquisition, but we had also secured over PLN99m in financing for this transaction by signing the loan agreement with the Pekao bank. On top of that, bank Pekao will also support us with up to PLN65m in financing for the construction of our new research centre, that is in addition to PLN41m of non-dilutive grant funding secured for that purpose in October 2020.

All departments at Selvita have performed well, but Ardigen, considered our bioinformatics department, was by far the most dynamically developing part of Selvita Group in the last year. The excellent year was sealed in December with the signing of the largest service agreement in Ardigen's history. That confirms that the Company is one of the leaders among AI drug discovery services providers on the international scene, as it was noticed in The Deep Knowledge Analytics report.

The past year has shown that the research outsourcing market in the area of drug discovery, despite many pandemic perturbations, is growing in line with previous long-term forecasts, and in certain fields, we can even expect it to accelerate further. The high investor activity in the biotech sector, which we can observe especially in the U.S., has resulted in the foundation of numerous new companies, often fully-virtual ones, which comprehensively outsource scientific research to companies such as Selvita. After the acquisition of Fidelta, Selvita's offer in the area of integrated drug discovery is an excellent proposition for this type of entities. On the other hand, a significant increase in the scale of operations and a broad range of scientific experience gathered in Selvita, has strengthened the Company's position on the market and has made it more and more recognizable among the largest global biotechnology and pharmaceutical companies. At the end of 2020, we noticed a significant recovery in the regulatory studies market, which slowed down in the Q2 and Q3 of 2020, due to the pandemic situation. The increase in customer interest should support us to return to dynamic growth in this area in 2021.

The best summary of how much we have already achieved, is the nomination of Selvita as the best among all companies listed on the Warsaw Stock Exchange in 2020. The Stock Exchange Company of the Year ranking is one of the oldest and the most prestigious rankings on the capital market. Every year one hundred stock market analysts, investment and management advisors choose the best companies on the stock market. Furthermore, we are delighted that Selvita has won in two other categories: "The Board Competencies" and "Development Perspectives," confirming that we have good foundations and potential for further development. On behalf of Selvita, I would like to thank all of our shareholders and the entire capital market for appreciating our achievements and having faith in our professionalism and potential.

We truly appreciate all of our investors for their trust in us and that we can together build Selvita – a company that is motivated and driven by contributing to the improvement and extension of people's lives. I believe that the substantial growth of Selvita shares – as we started the year at PLN23.5 and finished at PLN49.3 – made 2020 exceptional for our investors. The result of strengthening our position on the capital market is the current capitalization of the company has exceeded PLN 1 billion and Selvita's promotion to the mWIG40 index – a group of 60 leading companies listed on the Stock Exchange. I cannot promise that every year will be as good as this one, but I can assure you that we still have a lot of energy to give and what we have achieved so far is just the beginning.

Everything we achieved in 2020 – the continuation of dynamic organic development and a strong entry into the acquisition path – was realized thanks to effective teamwork. I would like to thank all of my colleagues at Selvita. I'm really proud to lead such a fantastic, vibrant group of scientists and experts who make up this Company.

With kind regards,  
Boguslaw Sieczkowski