

**CONDENSED INTERIM
FINANCIAL STATEMENTS
RYVU THERAPEUTICS S.A.**

**prepared for the period
from 1 January 2022
to 30 September 2022**

in accordance with International Financial Reporting Standards
as approved by the European Union

It is the translation of Polish original document



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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 SEPTEMBER 2022**

	Note	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
		PLN	PLN	PLN	PLN
Continuing operations					
Sales revenue	5.1	14,326,521	14,263,863	555,080	130,898
Grant income	5.2	19,494,455	5,467,810	18,193,199	6,872,349
Total operating revenue		33,820,976	19,731,673	18,748,279	7,003,247
Amortization and depreciation	5.4	(9,973,730)	(3,273,374)	(9,116,426)	(3,191,119)
Consumption of materials and supplies		(12,254,262)	(3,726,580)	(9,224,964)	(3,138,430)
External services	5.4	(30,832,592)	(12,015,504)	(22,447,342)	(7,139,367)
Employee benefit expense	5.4	(30,153,003)	(10,239,010)	(23,952,115)	(8,467,815)
Employee Capital Plans		(402,771)	(125,883)	(243,470)	(72,723)
Valuation of the incentive program	36	(19,939,648)	(3,670,101)	(14,995,292)	(8,129,000)
Other expenses		(1,094,970)	(461,248)	(431,075)	(244,329)
Taxes and charges		(679,364)	(163,143)	(409,393)	(257,388)
Total operating expenses		(105,330,340)	(33,674,843)	(80,820,077)	(30,640,171)
Valuation of shares in Nodthera	17	(7,801,822)	(143,086)	1,319,559	588,299
Other operating revenue	9	1,648,498	1,217,140	534,015	214,934
Other operating expenses	9	(74,935)	(11,415)	(73,892)	(67,138)
Operating (loss)		(77,737,623)	(12,880,531)	(60,292,116)	(22,900,829)
Financial revenue	7	2,023,096	1,083,316	508,373	359,931
Financial expenses	8	(1,055,614)	(52,053)	(473,070)	(94,044)
(Loss) before income tax		(76,770,141)	(11,849,268)	(60,256,813)	(22,634,942)
Income tax expense	10	1,513,279	48,093	(368,199)	(182,472)
Net (loss) on continuing operations		(75,256,862)	(11,801,175)	(60,625,012)	(22,817,414)
NET (LOSS)		(75,256,862)	(11,801,175)	(60,625,012)	(22,817,414)
TOTAL INCOME FOR THE PERIOD		(75,256,862)	(11,801,175)	(60,625,012)	(22,817,414)
Earnings per share					
(expressed in PLN cents per share)					
From continued and discontinued operations:					
Basic		(410.0)	(64.3)	(330.3)	(124.3)
Diluted		(410.0)	(64.3)	(330.3)	(124.3)
From continued operations:					
Basic		(410.0)	(64.3)	(330.3)	(124.3)
Diluted		(410.0)	(64.3)	(330.3)	(124.3)

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
PREPARED AS AT 30 SEPTEMBER 2022**

	Note	Balance as at 30/09/2022	Balance as at 31/12/2021
		PLN	PLN
ASSETS			
Non-current assets			
Tangible fixed assets	13	82,829,927	87,875,851
Lease assets	23,13	2,129,134	3,306,541
Intangible fixed assets	14	4,090,058	3,044,318
Deferred tax asset	10	1,406,576	331,228
Financial assets-Shares in Nodthera	17	21,602,100	29,403,922
Other financial assets	20	603,517	603,517
Total non-current assets		112,661,312	124,565,377
Current assets			
Inventory	21	1,763,479	1,956,823
Short-term receivables	22	7,822,697	11,741,044
Other financial assets	20	-	4,993,820
Other non-financial assets	19	3,910,459	2,320,767
Cash and other monetary assets	34	43,679,594	83,235,529
Total current assets		57,176,229	104,247,983
Total assets		169,837,541	228,813,360
EQUITY AND LIABILITIES			
Equity			
Share capital	24	7,342,190	7,342,190
Share premium	24	279,063,058	279,063,058
Capital resulting from the split	16	(14,418,357)	(14,418,357)
Capital resulting from the spin-off	16	(320,977,452)	(320,977,452)
Other reserve capitals	24	54,347,216	34,407,568
Retained earnings / Accumulated losses		184,004,614	261,539,320
Net (Loss) for the period		(75,256,862)	(77,534,706)
Total equity		114,104,407	169,421,621
Long-term liabilities			
Bank loans and credits	25	135,053	742,417
Lease liabilities	23	1,141,868	1,576,116
Retirement provision	28	119,177	118,005
Deferred tax liability	10	-	437,930
Deferred income	31	23,039,563	20,257,400
Other liabilities	27	60,134	60,134
Total long-term liabilities		24,495,795	23,192,002
Short-term liabilities			
Trade and other liabilities	27	17,762,822	20,915,423
Bank loans and credits	25	903,465	833,115
Lease liabilities	23	1,082,979	1,918,018
Accrued expenses	30	6,899,658	3,586,736
Deferred income	31	4,588,415	8,946,445
Total short-term liabilities		31,237,339	36,199,737
Total liabilities		55,733,134	59,391,739
Total equity and liabilities		169,837,541	228,813,360

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE REPORTING PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Share capital	Share premium	Capital resulting from the split	Capital resulting from the spin-off	Other reserve capitals	Retained earnings / Accumulated losses	Net (Loss) for the period	Total
		PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Balance as at 1 January 2021		7,342,190	279,063,058	(14,418,357)	(320,977,452)	11,172,000	293,226,908	(31,687,588)	223,720,759
Net loss for the period		-	-	-	-	-	-	(60,625,012)	(60,625,012)
Payments for the transfer of shares to employees		-	-	-	-	237,068	-	-	237,068
Creation of reserve capital as part of the incentive program		-	-	-	-	14,995,292	-	-	14,995,292
Allocation of the result from previous year		-	-	-	-	-	(31,687,588)	31,687,588	-
Balance as at 30 September 2021		7,342,190	279,063,058	(14,418,357)	(320,977,452)	26,404,360	261,539,320	(60,625,012)	178,328,107
Balance as at 1 January 2021		7,342,190	279,063,058	(14,418,357)	(320,977,452)	11,172,000	293,226,908	(31,687,588)	223,720,759
Net loss for the period		-	-	-	-	-	-	(77,534,706)	(77,534,706)
Payments for the transfer of shares to employees		-	-	-	-	237,068	-	-	237,068
Creation of reserve capital as part of the incentive program		-	-	-	-	22,998,500	-	-	22,998,500
Allocation of the result from previous year		-	-	-	-	-	(31,687,588)	31,687,588	-
Balance as at 31 December 2021		7,342,190	279,063,058	(14,418,357)	(320,977,452)	34,407,568	261,539,320	(77,534,706)	169,421,621
Net loss for the period		-	-	-	-	-	-	(75,256,862)	(75,256,862)
Creation of reserve capital as part of the incentive program	36	-	-	-	-	19,939,648	-	-	19,939,648
Allocation of the result from previous year		-	-	-	-	-	(77,534,706)	77,534,706	-
Balance as at 30 September 2022		7,342,190	279,063,058	(14,418,357)	(320,977,452)	54,347,216	184,004,614	(75,256,862)	114,104,407

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 SEPTEMBER 2022**

	Note	Period ended 30/09/2022	Period ended 30/09/2021
		PLN	PLN
Cash flows from operating activities			
(Loss) for the period		(75,256,862)	(60,625,012)
Adjustments:			
Valuation of shares in Nodthera		7,658,736	(1,319,559)
Amortization and depreciation and impairment losses on fixed assets		9,973,730	9,116,426
Interest and profit-sharing (dividends), net		(280,684)	(202,099)
Change in receivables	41	3,918,347	(1,569,713)
Change in inventories	41	193,344	(1,504,586)
Change in short-term liabilities and provision excluding credits and loans	41	2,073,775	(1,638,975)
Change in deferred income	41	1,737,055	(13,967,082)
Change in deferred tax	41	(437,930)	367,996
Change in other assets	41	(2,665,040)	(1,816,153)
Valuation of the incentive program	36	19,939,648	14,995,292
Income tax paid		(5,457,761)	-
Net cash flows from operating activities		(38,603,642)	(58,163,464)
Cash flows from investing activities			
Purchase of tangible fixed assets and intangible assets	13	(5,067,529)	(9,922,835)
Purchase / (disposal) of other financial assets	20	-	(9,990,035)
Sale of other financial assets	20	4,993,820	24,969,465
Interest received		626,424	57,651
Net cash flows from investing activities		552,715	5,114,246
Cash flows from financing activities			
Proceeds from shares issue		-	237,068
Repayment of finance lease liabilities	23.1	(1,278,189)	(1,661,946)
Repayment of credits and loans	41	(537,014)	(580,904)
Interest paid		130,441	(144,448)
Net cash flows from financing activities		(1,684,762)	(2,150,230)
Net increase / (decrease) in cash and cash equivalents		(39,735,689)	(55,199,448)
Cash and cash equivalents at the beginning of the period		83,235,529	136,218,238
The impact of changes in exchange rates on the balance of cash in foreign currencies		(81,376)	-
Cash and cash equivalents at the end of the period	34	43,418,464	81,018,790

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS PREPARED AS AT 30 SEPTEMBER 2022

1. General information

1.1. The company

Ryvu Therapeutics S.A. was established as a result of the transformation of Selvita Spółka z o.o. in a joint-stock company based on the Notarial Deed of August 20, 2010 prepared at the notary's office A. Deflorian, D. Jastrzębska-Kwiecień Spółka Cywilna (Rep. No. 3222/2010). The registered office of the company is in Poland, Cracow, Bobrzyńskiego Street 4. Currently, the Company is registered in the Register of Entrepreneurs of the National Court Register at the District Court for the city of Kraków - Śródmieście - XI Economic Department under the KRS number 0000367359.

Composition of the management and supervisory bodies as at the date of these financial statements:

Management Board:

Paweł Przewięźlikowski	-	President of the Management Board
Krzysztof Brzózka	-	Vice-President of the Management Board
Kamil Sitarz	-	Member of the Management Board
Hendrik Nogai	-	Member of the Management Board
Vatnak Vat-Ho	-	Member of the Management Board

Supervisory Board:

Piotr Romanowski	-	Chairman
Tadeusz Wesołowski	-	Vice-Chairman
Rafał Chwast	-	Member
Axel Glasmacher	-	Member
Colin Goddard	-	Member
Jarl Jungnelius	-	Member
Thomas Turalski	-	Member

As at September 30, 2022 the shareholder structure of the company is as follows:

	Registered office	Number of shares	Percentage interest in capital	Percentage share in voting rights
Paweł Przewięźlikowski	Poland	3,900,544	21.25%	33.03%
Bogusław Sieczkowski	Poland	825,348	4.50%	6.14%
Nationale -Nederlanden PTE S.A.	Poland	1,530,980	8.34%	6.83%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	1,132,713	6.17%	5.06%
Aviva OFE Santander	Poland	1,532,000	8.35%	6.84%
Other shareholders (less than 5% of votes at the GM)		9,433,889	51.39%	42.10%
Total		18,355,474	100.00%	100.00%

As of December 31, 2021, the shareholding structure of the Company was as follows:

	Registered office	Number of shares	Percentage interest in capital	Percentage share in voting rights
Paweł Przewięźlikowski	Poland	3,949,517	21.52%	33.25%
Bogusław Sieczkowski	Poland	924,384	5.04%	6.58%
Nationale -Nederlanden PTE S.A.	Poland	1,771,000	9.65%	7.90%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	1,132,713	6.17%	5.06%
Aviva OFE Santander	Poland	1,122,859	6.12%	5.01%
Other shareholders (less than 5% of votes at the GM)		9,455,001	51.50%	42.20%
Total		18,355,474	100.00%	100.00%

The duration of the Company is not fixed.

The calendar year is the financial year of the Company.

The core business of the Capital Company comprises research and development in biotechnology.

1.2. Going concern assumption

The Company's financial statements have been prepared on the assumption that the Company will continue as a going concern for at least 12 months after the date of signing of this financial statements.

Due to the outbreak of the armed conflict in Ukraine, the Company's Management Board analyzed the impact of the ongoing war on the Company's operations. In particular, it should be noted that the Company has no assets in Ukraine, and does not operate in Ukraine and Russia. The participation of entities from Ukraine or Russia as suppliers in the structure of the Company is insignificant and is limited mainly to providing libraries of compounds for discovery projects at their early stage. The company also identifies currency risk. 90% of the Company's cash is denominated in PLN. The grants obtained are also denominated in PLN, while the costs of clinical trials and external research and development services are mostly denominated in foreign currencies. For more information, see Note 39 to the financial statements.

Due to the conclusion of the financing agreement with the European Investment Bank in the amount of EUR 22 million and the resolution of the General Meeting of Shareholders regarding the increase of capital, the Management Board of the Company does not see any threats related to the continuation of its activities and financing the development of its projects.

The Company's financial position as of the report date is good taking into account the current cash position, European Investment Bank's financing and expected share capital issuance. As of September 30, 2022, the value of the Company's cash amounted to PLN 43,680 thousand, and as of November 17, 2022, it was PLN 31,498 thousand. The decrease in cash is mainly result of the expenditure on R&D projects.

1.3. Functional and reporting currency

These financial statements have been prepared in the Polish zloty (PLN). The Polish zloty is the functional and reporting currency of the Company. Figures in the financial statements are expressed in full Polish zlotys unless it is otherwise stated.

2. International Financial Reporting Standards

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting" endorsed by the EU ("IAS 34").

These condensed interim consolidated financial statements for the period from January 1, 2021 to September 30, 2022 are condensed financial statements containing disclosures in accordance with the requirements of the International Accounting Standard No. 34 approved by the EU.

2.1.1. Reporting period and scope

The Company's financial statements cover the financial period from 1 January 2022 to 30 September 2022 and contain comparative data that constitute data for the financial period from 1 January 2021 to 30 September 2021. The statement of financial position and explanatory notes to this report also contain comparative data as at December 31, 2021.

Status of IFRS endorsement by the EU

2.2. The following standards and interpretations have been published by the International Accounting Standards Board, but they do not apply to these financial statements (i.e. for 6-months financial statements ended September 30, 2022)

a) IFRS 17 "Insurance Contracts" and amendments to IFRS 17

IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on May 18, 2017, and the amendments to IFRS 17 were published on June 25, 2020. The new revised standard is effective for annual periods beginning on or after January 1, 2023.

IFRS 17 Insurance Contracts will replace the current IFRS 4, which allows for a variety of practice in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting of all entities that deal with insurance contracts and investment contracts.

b) Amendments to IAS 1 "Presentation of Financial Statements" and guidelines of the IFRS Board on disclosures about accounting policies in practice
The amendment to IAS 1 introduces the requirement to disclose significant information about the accounting principles defined in the standard. The amendment explains that information on accounting policies is material if, in the absence of such information, users of the financial statements would not be able to understand other material information included in the financial statements. In addition, the Board's guidance on applying the concept of materiality in practice has also been revised to provide guidance on how to apply the concept of materiality to accounting disclosures. The change is effective from January 1, 2023.

c) Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In February 2021, the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of accounting estimates. The amendment to IAS 8 explains how entities should distinguish changes in accounting policies from changes in accounting estimates. The change is effective from January 1, 2023.

d) Amendments to IAS 12 "Income Taxes"

Amendments to IAS 12 clarify how to account for deferred tax on transactions such as leasing and decommissioning liabilities. Before the amendment to the standard, there were uncertainties as to whether the exemption from the recognition of deferred tax recognized for the first time applied to this type of transaction, i.e. where both deferred tax assets and liabilities are A33recognized. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognize deferred tax on such transactions. The amendments oblige companies to recognize deferred tax on transactions which, upon initial recognition, give rise to the same taxable and deductible temporary differences.

The amendment is effective for financial statements for periods beginning on or after January 1, 2023. As at the date of preparing these consolidated financial statements, these changes have not yet been approved by the European Union.

e) Amendments to IAS 1 "Presentation of Financial Statements"

The Board published amendments to IAS 1, which clarify the issue of presenting liabilities as long- and short-term. The published changes are effective for financial statements for periods beginning on or after January 1, 2023.

As at the date of preparing these consolidated financial statements, the change has not yet been approved by the European Union.

f) Amendment to IFRS 17 "Insurance Contracts"

The amendment concerns the transitional requirements in connection with the first-time application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments". The purpose of the amendment is to ensure the usefulness of financial information for investors in the period of the first application of the new standard by introducing certain simplifications with regard to the presentation of comparative data.

The amendment only applies to the application of the new standard by insurers and does not affect any other requirements of IFRS 17.

As at the date of preparing these consolidated financial statements, the change has not yet been approved by the European Union.

g) IFRS 14 "Regulatory Deferral Accounts"

This standard allows entities that prepare financial statements in accordance with IFRS for the first time (on or after 1 January 2016) to recognize amounts resulting from activities with regulated prices in accordance with the accounting principles applied so far. To improve comparability, with entities that already apply IFRS and do not report such amounts, in accordance with the published IFRS 14, amounts resulting from activities with regulated prices should be presented in a separate item both in the statement of financial position and in the profit and loss account and in the statement of financial position. other comprehensive income.

By the decision of the European Union, IFRS 14 will not be approved.

h) Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures

The amendments solve the current inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business".

Where non-monetary assets constitute a "business", the investor shows a full profit or loss on the transaction. If the assets do not meet the definition of a business, the investor recognizes a gain or loss only to the extent of the part constituting the shares of other investors.

The changes were published on September 11, 2014. As at the date of preparation of these consolidated financial statements, the approval of this change is deferred by the European Union.

In the Company's opinion, the above-mentioned new standards and amendments to existing standards would not have an impact on the financial statements if they had been applied by the Company as at the balance sheet date.

3. Summary of significant accounting policies

3.1. Going concern

The financial statements have been prepared on the assumption that the company will continue as a going concern in the 12 months following the date of signing of this financial statements.. The issue of going concern was presented in Note 1.2.

3.2. Basis of preparation

The financial statements have been prepared in accordance with the historical cost concept, except for shares in Nodthera, which are measured at fair value.

The key accounting principles used by the Company have been presented below.

3.3. Revenue recognition

3.3.1. Grants

Subsidies are recognized in accordance with IAS 20. Subsidies are not recognized until there is reasonable certainty that the Company will meet the necessary conditions and will receive such subsidies, government subsidies are recognized at their fair value as deferred income.

Government subsidies for a given cost item are recognized as revenue from subsidies systematically, for each period in which the Company recognizes expenses as costs, the compensation of which is to be a subsidy.

If the subsidy relates to an asset, then its fair value is recognized as deferred income, and then gradually, through equal annual write-offs, recognized in the income from the subsidy over the estimated useful life of the related asset.

Two types of subsidy are awarded: research subsidies and infrastructure subsidies.

In research grants, eligible costs may be the remuneration of employees related to co-financed projects, external services, depreciation of equipment, etc. Revenue from subsidies is calculated in proportion to the eligible costs incurred, the co-financing ratio in accordance with the signed grant agreement. If, under the subsidy, the Company is entitled to a bonus, e.g. due to publication of the results of work, the Management Board of the Company each time assesses whether there is reasonable certainty that the conditions for obtaining the bonus are met, and if there is such justified certainty, it recognizes the revenue from the subsidy, taking into account the Company's right.

The purchase of fixed assets is co-financed in infrastructural subsidies. Revenue from subsidies is calculated in proportion to the depreciation costs, co-financing rate in accordance with the signed subsidy agreement. Accrued income from subsidies is referred to other receivables (receivables from subsidies). Cash that flows into the bank account is referred to deferred income.

3.3.2. Sales of goods and services

Revenues, except for subsidies, are recognized in accordance with IFRS 15, the Company recognizes revenue in a manner that presents the transaction of transferring to the customer promised goods or services, in the amount reflecting the value of remuneration that the Company expects in exchange for these goods or services. In view of the above, it is crucial to correctly determine the moment and amount of revenue recognized by the Company.

The standard introduced the following unified 5-stage revenue recognition model:

- Stage 1: Identification of the contract with the client,
- Stage 2: Identification of the performance obligations contained in the contract,
- Stage 3: Determining the transaction price,
- Stage 4: Allocation of the transaction price to the performance obligations contained in the contract,
- Stage 5: Income recognition when the performance obligation is met (or being met).

Pursuant to IFRS 15, the Company recognizes revenue when the performance obligation is met (or being met), i.e. when the control over the goods or services that are the subject of the obligation is transferred to the customer. Revenues are recognized as amounts equal to the transaction price that has been assigned to the given performance obligation.

The Company transfers control over a good or service over time and thus meets the obligation to provide a service and recognizes revenue over time if one of the following conditions is met:

- the customer simultaneously receives and receives benefits from the service as it is performed,
- an asset is created or improved as a result of the performance of the service, and the control over that asset - as the customer creates or improves it,
- as a result of the performance of the service, no alternative component is created for the Company, and the Company has an enforceable right to pay for the service performed so far.

To measure the degree of total fulfillment of the obligation to perform the performance met over time the Company uses a results-based method, i.e. it recognizes revenues on the basis of a direct measurement of the value for the client of goods and services that have so far been transferred to the client, in relation to the other goods or services promised in the contract, by assessing the results achieved and the stages.

When it is probable that total contract costs exceed total contract revenue, the expected loss is recognized immediately in costs and accounted for in accordance with IAS 37.

The amounts received before carrying out the works to which they relate are recognized in the statement of financial position in liabilities as liabilities under contracts. The amounts invoiced for completed works, but not yet paid by customers, are recognized in the statement of financial position in trade receivables and in net profit.

The Company receives part of the remuneration in advance when signing the contract due to the signed contracts for the sale of R&D projects, and is also authorized to receive further payments in the event of successful development and commercialization of a potential drug that will be created based on the results of cooperation. In addition, the Company is guaranteed royalties on the sale of products developed as a result of cooperation.

3.4. Interest and dividend income

Dividend income is recognized at the record date (provided that it is probable that the Company will derive economic benefits and the income may be measured reliably).

Interest income is prorated with respect to the outstanding principal using the effective interest method, which is the rate used for discounting future cash flows over the useful life of a financial asset to its carrying amount on initial recognition.

3.5. Leases

The Company as a lessee

Assets due to the right of use

The Company recognizes assets due to the right to use on the lease commencement date (ie the date when the underlying asset is available for use). Assets under the right to use are valued at cost, less total depreciation and impairment losses, adjusted for any revaluation of lease liabilities. The cost of assets due to the right to use includes the amount of lease liabilities recognized, initial direct costs incurred and any lease payments paid on or before the start date, less any leasing incentives received. Unless the Company has sufficient assurance that it will obtain ownership of the subject of the lease at the end of the lease period, the recognized rights under usufruct rights are amortized using the straight-line method over the shorter of the two periods: estimated useful life or lease period. Assets under the right to use are subject to impairment.

Lease liabilities

At the start of the lease, the Company measures the lease liabilities in the amount of the current value of the lease payments remaining on that date. Leasing fees include fixed fees (including essentially fixed leasing fees) less any leasing incentives due, variable fees that depend on the index or rate, and amounts expected to be paid under the guaranteed final value. Lease payments also include the price of the call option if it can be assumed with sufficient certainty that the Company will exercise it and payment of fines for termination of the lease, if the lease conditions provide for the possibility of the lease being terminated by the Company. Variable lease payments that do not depend on an index or rate are recognized as costs in the period in which the event or condition giving rise to the payment occurs.

When calculating the current value of lease payments, the Company uses the lessee's marginal interest rate on the day the lease starts, if the leasing interest rate cannot be easily determined. After the start date, the amount of the lease liability is increased to reflect interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if the lease period changes, the lease payments change substantially or the judgment regarding the purchase of underlying assets changes.

Short-term leasing and leasing of low-value assets

The Company applies the exemption from recognizing short-term leases to its short-term lease contracts (i.e. contracts whose lease period is 12 months or less from the commencement date and does not include a call option). The Company also applies an exemption regarding the recognition of leases of low-value assets in relation to low-value leases i.e. up to USD 5 thousand. Leasing fees for short-term leasing and leasing of low-value assets are recognized as costs using the straight-line method over the duration of the lease.

Significant judgments and estimates were described in the Note 4.1.

3.6. Foreign currencies

Transactions in currencies other than the functional currency (foreign currency transactions) are presented at the exchange rate ruling at the transaction date. As at the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling as at that date. Non-monetary items measured at fair value and denominated in foreign currencies are measured at the exchange rate effective as at the date of fair value measurement. Non-monetary items are measured at historical cost.

Exchange differences on monetary items are recognized in profit or loss for the period when they occur, except exchange differences on assets under construction intended to be used for manufacturing purposes in the future, which increase the cost of such assets and are treated as adjustment to interest expense related to foreign currency loans.

	Balance as at 30/09/2022	Balance as at 31/12/2021	Balance as at 30/09/2021
EUR / PLN	4.8698	4.5994	4.6329
USD / PLN	4.9533	4.0600	3.9925
GBP / PLN	5.5560	5.4846	5.3653
CHF / PLN	5.0714	4.4484	4.2725
JPY / PLN	0.0343	0.0353	0.0357
SEK / PLN	0.4465	0.4486	0.4543

3.7. Borrowing costs

Borrowing costs directly related to the acquisition or production of assets that require a longer time to bring them to use are included in the costs of producing such assets until they are generally ready for their intended use or sale. In the reporting period, the issue did not occur.

Revenue from investments obtained as a result of short-term investment of acquired external funds allocated directly to finance the purchase or production of assets reduce the value of borrowing costs subject to capitalization. In the reporting period, the issue did not occur.

All other borrowing costs are charged directly to the result in the period in which they were incurred.

3.8. Costs of employee benefits and contract termination

Provisions for employee benefits, i.e. retirement benefits, are estimated at the end of each reporting period using simplified methods similar to actuarial ones.

3.9. Taxes

The entity's income taxes comprise current and deferred tax.

3.9.1. Current tax

The current tax liability is measured on the basis of the taxable profit or loss (tax base) for the reporting period. The taxable profit (loss) differs from the accounting profit (loss) due to elimination of revenue that is temporarily not taxable and temporarily non-deductible expenses as well as expenses and revenue which will never be subject to tax. The tax charge is determined using the tax rates effective in the financial year.

3.9.2. Deferred tax

Deferred tax is recognized with respect to temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for purposes of calculation of taxable profit, as well as unused tax losses and unused tax credits. As a rule, the deferred tax liability is recognized for all temporary taxable differences. A deferred tax asset is recognized with respect to all temporary deductible differences insofar as it is probable that the entity will generate taxable profit against which such differences may be offset. Such deferred tax asset and liability is not recognized if the temporary differences arise from goodwill or from initial recognition (except business combinations) of other assets and liabilities in a transaction which does not affect the tax or accounting profit.

The value of the deferred tax asset is reviewed at the end of each reporting period and if the expected future taxable profit is insufficient to realize the asset or its part, an impairment loss is recognized as appropriate.

Deferred tax is calculated using tax rates that will apply when the asset is realized or the liability becomes due. The valuation of deferred tax reserves and deferred tax assets reflects the tax consequences that will occur in line with the manner of implementation or settlement of balance sheet assets and liabilities as forecast by the Company. A significant part of the recognized deferred tax asset is expected to be realized over the next 12 months (as it relates to short-term provisions).

In the area of income tax, the Company is subject to general provisions in this area, these are basically the Polish provisions of the CIT Act and associated provisions. The company is not a tax capital Company. The tax and balance sheet years coincide with the calendar year.

The company recognizes a deferred tax asset that is used to carry over unused tax losses to the extent that it is probable that future taxable income will be available against which unused tax losses can be deducted. In assessing whether it is likely that the future taxable income available will be sufficient, the Company takes into account the nature, origin and timing of such income and ensures that convincing evidence is collected. The company assesses the realizability of the deferred tax asset as at each balance sheet date. This assessment requires the involvement of professional judgment and estimates, including regarding future tax results. An unrecognized deferred tax asset is subject to reassessment at each balance sheet date and is recognized up to the amount that reflects the probability of achieving taxable income in the future that will allow recovery of that asset.

Uncertainty associated with the recognition of income tax

Pursuant to IFRIC 23, if in the Company's opinion it is likely that the Company's approach to a tax issue or Company of tax issues will be accepted by the tax authority, the Company determines taxable income (tax loss), tax base, unused tax losses, unused tax credits and rates tax including the approach to taxation planned or used in your tax return. Assessing this probability, the Company assumes that the tax authorities authorized to inspect and challenge the tax treatment will carry out such an inspection and will have access to all information. If the Company determines that it is not probable that the tax authority will accept the Company's approach to a tax issue or Company of tax issues, then the Company reflects the effects of uncertainty in accounting terms of tax in the period in which it determined it. Therefore, the company recognizes an income tax liability using one of the following two methods, depending on which of them better reflects the way in which uncertainty can materialize:

- The company determines the most likely scenario - this is a single amount among the possible outcomes or
- The company recognizes the expected value - it is the sum of probability weighted amounts among the possible results.

3.9.3. Current and deferred tax for the period

The current and deferred tax is recognized in profit or loss, except for items recognized in other comprehensive income or directly in equity. In such a case, the current and deferred tax is also charged to other comprehensive income or equity, respectively. If the current or deferred tax results from initial recognition of a business combination, the tax effect is taken into consideration in the subsequent entries related to that business combination.

3.10. Property, plant and equipment

Fixed assets are measured at cost or revalued amounts less depreciation and impairment losses.

Costs incurred after a fixed asset has been commissioned, such as costs of repairs, inspections or maintenance fees, are recognized in profit or loss for the period during which they were incurred. However, where it may be proven that the said costs resulted in an increase of the expected future economic benefits related to holding the asset above those assumed initially, they increase the initial value of the fixed asset. Where the payment for fixed assets purchased by the Company is made in a foreign currency, the initial value is not increased by exchange differences.

Fixed assets under construction are measured at total cost related directly to their acquisition or manufacturing, including financial expenses, less impairment losses. Fixed assets under construction include payments of patent fees related to research.

Fixed assets, except land and the right of perpetual usufruct of land, are depreciated on a straight-line basis over the period of their estimated useful life or the shorter of the useful life or the period of the right to use the assets, which is as follows:

- building, premises, civil and water engineering structures – from 10 to 40 years;
- technical equipment and machines – 3-10 years;
- vehicles – 5 years;
- other fixed assets – 3-5 years.

Machines and equipment are recognized at cost less depreciation and accumulated impairment losses.

Depreciation is recognized so as to reduce the cost or the measurement of an asset (other than land and fixed assets under construction) to its residual value using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period (with prospective application of all changes in estimates).

An item of property, plant and equipment is derecognized from the balance sheet upon its disposal or when it is expected that no further economic benefits will flow to the entity in relation to its use. Any gains or losses resulting from disposal of an item of property, plant and equipment or its decommissioning are charged to profit or loss for the period when the item was derecognized (calculated as the difference between proceeds from sale and the carrying amount of the asset).

3.11. Intangible assets

3.11.1. Intangible assets

Intangible assets with fixed useful life, purchased by the Company, are recognized at cost less amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period and the effects of changes in the estimates are accounted for prospectively. Intangible assets with indefinite useful life, purchased by the Company, are recognized at cost less accumulated impairment losses.

3.11.2. Intangible assets developed internally – R&D cost

R&D cost is recognized in profit or loss when incurred.

Intangible assets developed as a result of R&D work are recognized in the statement of financial position only if the Company has:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- knowledge of how the intangible asset will generate future economic benefits;
- access to adequate technical and financial resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The initial value of internally developed intangible assets is the total of expenses incurred from the date at which the asset satisfied the above recognition criteria for the first time. If internal R&D cost cannot be recognized on the balance sheet, it is charged to profit or loss for the period in which it was incurred.

After initial recognition, an intangible asset developed internally is carried at cost less accumulated amortization and accumulated impairment losses, in line with the principles applicable to intangible assets purchased by the entity.

3.11.3. Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from derecognition of an intangible asset from the balance sheet (determined as the difference between proceeds from sale and the carrying amount of the asset) are recognized in profit or loss for the period when the asset was derecognized.

3.12. Impairment of property, plant and equipment and intangible assets, except goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets in order to determine whether there are any indications of impairment. If such indications are identified, the recoverable amount of the asset is estimated in order to determine the value of the potential impairment loss. Where the recoverable amount of an asset may not be estimated, an analysis of the recoverable amount is performed for the cash generating unit which the asset has been allocated to. Where a reliable and consistent basis for allocation can be identified, the Company's non-current assets are allocated to individual cash generating units or to the smallest Companies of cash generating units for which a reliable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives or those which have not been commissioned yet are tested for impairment annually and additionally whenever indications of their impairment are identified.

The recoverable amount is determined as the higher of the fair value less costs to sell or the value in use. The value in use is the present value of the projected future cash flows discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash generating unit) is lower than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss of the period in which impairment was identified.

Where an impairment loss is subsequently reversed, the net value of the asset (or a cash generating unit) is increased to the revised estimate of the recoverable amount, which, however, may not exceed the carrying amount of the asset which would have been determined had an impairment loss of the asset/cash generating unit not been recognized in previous years. Reversal of an impairment loss is recognized immediately in profit or loss.

3.13. Inventories

Inventories are measured at the lower of cost or realizable value. The cost of inventories is determined using the FIFO method. The realizable value is the estimated sale price of inventories less any estimated costs necessary to complete the manufacturing process/provide a service or to complete the sale transaction.

Purchased materials are recognized directly in operating expenses and measured at the end of the reporting period in line with the aforementioned principles based on a physical inventory.

The Company's inventories are reagents and laboratory materials used in research.

3.14. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the amount required to fulfil the present obligation at the end of the reporting period, taking into account the risks and uncertainties related to the obligation. Where a provision is measured using the method of projected cash flows required to fulfil the present obligation, the carrying amount corresponds to the present value of such cash flows (if the effect of the time value of money is material).

When some or all of the economic benefits required to settle the provision are expected to be recovered from a third party, the amount due is recognized as an asset if it is almost certain that the amount will be recovered and it can be measured reliably.

3.14.1. Onerous contracts

Current liabilities under onerous contracts are recognized and measured as provisions. An onerous contract is a contract entered into by the Company, in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3.14.2. Restructuring

A restructuring reserve is recognized only where the Company has developed a detailed and formal restructuring plan and announced its intention to implement the plan or achieve its key objectives to all the parties concerned. The restructuring reserve comprises only direct restructuring costs, that is such amounts as may be necessary to carry out the restructuring project, which are not related to the day-to-day running of the business.

3.15. Cash and cash equivalents

Cash and short-term deposits shown in the balance sheet include cash at bank and in hand, cash at bank on split payment account and short-term deposits with the original maturity of up to three months.

The balance of cash and cash equivalents disclosed in the statement of cash flows consists of the above-mentioned cash and cash equivalents, less outstanding loans in current accounts.

The company has no balance on split payment accounts as at the balance sheet dates.

3.16. Financial instruments

3.16.1. Classification and initial recognition of financial instruments

The Company assigns financial instruments in accordance with the IFRS 9 to one of three categories:

- measured on the basis of the amortized cost,
- measured at fair value through other total income,
- measured at fair value through profit or loss.

The classification depends on the business model used by an entity with respect to financial asset management and on whether cash flows arising from the contracts include solely the payments of principal and interest ('SPPI').

- If a financial instrument is maintained in order to generate cash flow, it is classified as measured based on the amortised cost, provided that it meets the SPPI requirement.
- Debt instruments meeting the SPPI requirement, maintained both in order to generate contractual cash flows arising from assets and to sell assets, are classified as measured at fair value through other total income.
- All other debt instruments are measured at fair value, where the results of measurement are recognised in the financial result.

Financial liabilities and financial assets, excluding trade receivables which do not contain a significant financing component, are measured at fair value during the initial recognition.

Trade receivables that do not contain a significant financing component are measured at the transaction value during the initial recognition.

Cessation of recognition

Financial assets are excluded from the books of accounts when:

- the rights to obtain cash flows from financial assets have expired, or
- the rights to obtain cash flows from financial assets have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Valuation after initial recognition

For the purpose of valuation after initial recognition, financial assets are classified into one of four categories:

- debt instruments measured at amortized cost,
- debt instruments measured at fair value through other comprehensive income,
- equity instruments measured at fair value through other comprehensive income,
- financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- (a) the financial asset is held in accordance with a business model whose purpose is to hold financial assets for obtaining contractual cash flows, and
- (b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.

The Company classifies into the category of financial assets measured at amortized cost:

- trade receivables,
- loans granted that meet the SPPI classification test and which, according to the business model, are shown as held to obtain cash flows,
- cash and cash equivalents,
- bonds issued by renowned Polish financial entities.

Trade and other receivables and other receivables

Receivables from sales of goods and services are recognized and disclosed according to the initially invoiced amounts, taking into account the write-down for expected credit losses in the entire lifetime.

If the effect of the time value of money is material, the value of receivables is determined by discounting the projected future cash flows to the present value using a discount rate that reflects current market assessments of the time value of money. If the discounting method was used, the increase in receivables due to the passage of time is recognized as financial income.

Other receivables include, in particular, advance payments for future purchases of property, plant and equipment, intangible assets and inventories. Advances are presented in accordance with the nature of the assets to which they relate - as fixed or current assets, respectively. Advances as non-monetary assets are not discounted.

Budget receivables are presented as other non-financial assets, with the exception of corporate income tax receivables, which constitute a separate item on the balance sheet.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

(a) the financial asset is held in accordance with a business model whose purpose is both to receive contractual cash flows and to sell financial assets; and

(b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.

Interest income, exchange rate differences and impairment gains and losses are recognized in profit or loss and calculated in the same way as for financial assets measured at amortized cost. Other changes in fair value are recognized in other comprehensive income. When the financial asset is discontinued, the total profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Interest income is calculated using the effective interest method and is recognized in the statement of comprehensive income under 'Interest income'.

The Company classifies listed debt instruments to the category of debt instruments valued at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income

At the time of initial recognition, the Company may make an irrevocable choice regarding the recognition in subsequent comprehensive income of subsequent changes in the fair value of an investment in an equity instrument that is not held for trading or is not a conditional consideration recognized by the acquirer in a business combination to which IFRS 3 applies. Such selection is made separately for each equity instrument. Accumulated gains or losses previously recognized in other comprehensive income are not reclassified to profit or loss. Dividends are recognized in the statement of comprehensive income when the entity's entitlement to receive dividends arises, unless those dividends are obviously recovering part of the investment costs.

The Company classifies unlisted equity instruments as equity instruments measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

The Company classifies listed equity instruments as financial assets at fair value through profit or loss.

Profit or loss on the measurement of these assets at fair value is recognized in profit or loss.

Dividends are recognized in the statement of comprehensive income when the entity's entitlement to receive dividends arises.

Trade and other liabilities

Short-term liabilities due to deliveries and services are shown in the amount requiring payment.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially classified as at fair value through profit or loss. Financial liabilities are classified as held for trading if they were acquired for the purpose of sale in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are recognized as effective hedging instruments.

As at September 30, 2022, no financial liabilities have been classified as measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss are measured at fair value, taking into account their market value as at the balance sheet date, excluding sales transaction costs. Changes in the fair value of these instruments are recognized in profit or loss as financial costs or revenues, except for changes due to own credit risk for financial liabilities initially classified as at fair value through profit or loss, which is recognized in other comprehensive income.

Other financial liabilities that are not financial instruments at fair value through profit or loss are measured at amortized cost using the effective interest method.

The company excludes from its balance sheet a financial liability when the liability has expired - that is, when the obligation specified in the contract has been fulfilled, canceled or has expired.

Other non-financial liabilities include, in particular, liabilities to the tax office due to value added tax and liabilities due to advance payments received, which will be settled by the delivery of goods, services or fixed assets. Other non-financial liabilities are recognized at the amount requiring payment.

Interest-bearing bank loans, loans and debt securities

At initial recognition, all bank loans, borrowings and debt securities are recognized at fair value, less costs associated with obtaining the loan.

After initial recognition, interest-bearing loans, borrowings and debt securities are measured at amortized cost using the effective interest method.

When determining the amortized cost, account is taken of the costs associated with obtaining the loan or borrowing as well as discounts or premiums obtained in connection with the liability.

Income and expenses are recognized in profit or loss when the liability is removed from the balance sheet, as well as as a result of settlement using the effective interest rate method.

3.16.2. Impairment of financial instruments

At the end of each fiscal year, the Company carries out the analysis of financial instruments in order to determine their impairment and prepare an impairment loss.

To this end, the Company applies the impairment model based on expected credit losses, as a result of which the impairment loss is recognised before the occurrence of credit loss. This model requires taking into account both the current conditions as well as reasonable and documented information concerning the future, available without excessive costs and efforts, in the process of calculating the expected credit loss.

Two approaches are used for the estimation of financial instrument impairment losses:

- General approach – applied to financial assets measured at fair value through other total income and to financial assets measured at the amortised cost, excluding trade receivables.
- Simplified approach – applied to trade receivables and contract assets that do not include a significant financing element. The Company calculates the expected credit loss in the entire life cycle for this category of assets with the use of a provision matrix. The calculation is based on the historic loss rate calculated on the basis of data on the payment of trade receivables in the period of 4 years corrected, in use, for future information. The rate calculated this way is referred to balances of unpaid trade receivables recognised as at the balance sheet date, within ranges defined in the ageing analysis.

4. Significant accounting judgements and estimates

When applying the accounting policies adopted by the Company, the Management Board is obliged to make estimates, judgments and assumptions regarding measurement of individual assets and liabilities. Estimates and the related assumptions are based on past experience and other factors which are considered to be material. The actual figures may be different from the adopted estimates.

The estimates and the underlying assumptions are subject to ongoing review. Changes in estimates are recognized in the period of review if they apply to that period only, or in the current and future periods if the changes apply equally to such periods.

4.1. Professional judgment in accounting

The key judgments other than those related to estimates (see Note 4.2) made by the Management Board in the process of application of the entity's accounting policies, having the most significant effect on the amounts recognized in the financial statements, are presented below.

Recognition of grants

In connection with the subsidies received, the Company is obliged to fulfill the conditions arising from the subsidy agreements signed (including result and product indicators). In the opinion of the Parent's Management Board, the potential risk of return is low.

In addition, if the Company fails to use the granted funds within the period specified in the contractual terms, they are refundable and remain for use in subsequent periods.

Recognition of patents

The Company capitalizes the costs of patents that serve to protect the rights used in the course of research (not generating revenues), as well as those that generate revenues from research and development cooperation agreements. During the periodic review of the project portfolio, the Management Board makes a significant judgment related to the possibility of generating economic benefits by certain patents in the future.

Leasing - the Company as a lessee

The Company applied the following judgments and estimates:

Lease period for contracts with extension options

The Company determines the lease term as an irrevocable lease period, including periods covered by the option to extend the lease, if it can be assumed with sufficient certainty that the option will be exercised, and periods covered by the option to terminate the lease, if it can be assumed with sufficient certainty that the option will not be exercised.

The Company has the option, under some lease contracts, to extend the duration of the asset lease. The Company applies a judgment when assessing whether there is sufficient certainty about using the extension option. This means that it takes into account all relevant facts and circumstances that constitute an economic incentive to extend it or an economic penalty for not extending it. After the commencement date, the Company reassesses the lease period if there is a significant event or change in circumstances under its control and affects its ability to exercise (or not exercise) the extension option (e.g. change of business strategy).

The Company has included the extension period as part of the leasing period for the leasing of business premises and parking spaces due to the importance of these assets for operations.

Lease period for contracts of unlimited duration

The Company has lease contracts concluded for an indefinite period and contracts that have evolved into indefinite contracts in the situations provided for in the Civil Code, in which both parties have the option to terminate. When determining the leasing period, the Company determines the period of contract enforceability. Leasing ceases to be enforceable when both the lessee and the lessor have the right to terminate the contract without having to obtain permission from the other party without incurring more than insignificant penalties. The Company assesses the significance of broadly understood penalties, i.e. apart from strictly contractual or financial matters, it takes into account all other significant economic factors discouraging the termination of the contract (e.g. significant investments in leasing, availability of alternative solutions, relocation costs). If neither the Company as the lessee nor the lessor incurs a significant penalty for termination (broadly understood), leasing ceases to be enforceable and its period constitutes the notice period. However, in a situation where either party - in accordance with professional judgment - incurs a significant penalty for termination (broadly understood), the Company determines the leasing period as sufficiently reliable (i.e. the period for which it can be assumed with sufficient certainty that the contract will last).

Lessee's marginal interest rate

The Company is not able to easily determine the interest rate for leasing contracts, which is why it uses the lessee's marginal interest rate when measuring the leasing liability. This is the interest rate that the Company would have to pay to borrow for a similar period, in the same currency and with similar collateral, the funds necessary to purchase an asset with a similar value as the asset due to the right to use in a similar economic environment.

4.2. Uncertainty of estimates

Presented below are the main assumptions concerning the future and other uncertainties as at the end of the reporting period, which pose a considerable risk of material adjustments to the carrying amounts of assets and liabilities in the following financial year.

4.2.1. Provisions for bonuses

Provisions for bonuses are presented in Note 30. Provisions for bonuses are estimated in line with an algorithm based on a margin achieved and realized on individual projects or project Companies. The Management Board estimates the value of bonuses to be paid on the basis of the results of the aforesaid calculations. The Management Board considers numerous factors, such as the current and anticipated economic and financial position of the Company. Bonuses are discretionary.

4.2.2. Useful lives of property, plant and equipment

As described in Note 3.10 and in Note 3.11, the Company reviews the estimated useful lives of items of property, plant and equipment and intangible assets at the end of each annual reporting period. In the current financial year, the Management Board did not identify the necessity to reduce the value in use of any assets.

4.2.3. Deferred tax asset

The Company recognizes a deferred tax asset based on the assumption that a tax profit will be available in the future to allow its use. Deterioration of tax results in the future could cause that this assumption would become unjustified.

The Company carefully assesses the nature and extent of evidence justifying the conclusion that it is probable that future taxable income will be sufficient to deduct the unused tax losses, unused tax credits or other negative temporary differences.

When assessing whether it is probable that future taxable profit will be achieved (probability above 50%), the Company shall take into account all available evidence, both confirming the existence of probability and evidence of its absence.

Based on the forecasts for the following years, the Management Board of the Company makes a decision on calculating the deferred tax asset.

4.2.4. Tax settlements

Regulations regarding value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in a lack of well-established benchmarks, inconsistent interpretations, and few precedents established that could apply. There are no explicit interventions clearly defining tax regulations and relations between both state authorities as well as state authorities and enterprises.

Tax settlements and other areas of activity may be subject to control by authorities that are entitled to impose penalties and fines, and any additional tax obligations resulting from the control must be paid together with interest. These conditions cause increased tax risk.

Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the tax inspection authority.

On July 15, 2016, the Tax Code was amended to take into account the provisions of the General Fraud Prevention Clause (GAAR). GAAR is to prevent the emergence and use of artificial legal structures created to avoid payment of tax in Poland. GAAR defines tax avoidance as an act performed primarily to achieve a tax benefit, which is in conflict with the subject and purpose of the provisions of the Tax Act. According to GAAR, this does not result in a tax benefit if the method of operation was artificial. Any occurrence of (i) unjustified division of operations, (ii) the involvement of intermediaries despite the lack of economic or economic justification, (iii) elements that mutually abolish or compensate each other, and (iv) other activities similar to those mentioned above, may be treated as a premise for existence artificial activities subject to GAAR. The new regulations will require much more judgment when assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and to transactions that were carried out before the GAAR clause entered into force, but for which benefits were or are still being achieved after the date of entry into force of the clause. The implementation of the above provisions will enable Polish tax inspection authorities to question the legal arrangements and agreements implemented by taxpayers, such as the restructuring and reorganization of the Company.

The Company recognizes and measures current or deferred tax assets or liabilities using the requirements of IAS 12 Income tax based on profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the uncertainty associated with settlements tax.

If, in the opinion of the Company, it is likely that the Company's approach to the tax issue or Company of tax issues will be accepted by the tax authority, the Company determines taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into account the approach to taxation planned or applied in your tax return. Assessing this probability, the Company assumes that the tax authorities authorized to audit and challenge the tax treatment will carry out such control and will have access to all information.

If the Company determines that it is not probable that the tax authority will accept the Company's approach to the tax issue or Company of tax issues, then the Company reflects the effects of uncertainty in accounting terms of tax during the period in which it determined it. The Company recognizes an income tax liability using one of the following two methods, depending on which of them better reflects the way in which uncertainty can materialize:

- The Company determines the most likely scenario - this is a single amount among the possible outcomes or
- The Company recognizes the expected value - it is the sum of probability weighted amounts among the possible results.

4.2.5. Fair value of financial instruments

The fair value of financial instruments for which there is no active market is determined using appropriate valuation techniques. When selecting the appropriate methods and assumptions, the Company is guided by professional judgment. The method of determining the fair value of individual financial instruments is presented in Note 18.

4.2.6. Impairment of trade receivables and contract assets

The company uses reserve matrices to value the write-down for expected credit losses in relation to trade receivables and assets under the contract. In order to determine the expected loan losses, trade receivables and contract assets were Companyed based on the similarity of the credit risk characteristics. The company uses its historical data on credit losses, adjusted, where appropriate, by the impact of future information. An increase or decrease in the adjustment regarding the impact of future factors used to estimate the expected loan losses by 10% would result in an increase or decrease in write-offs for credit losses by PLN 1, respectively.

4.2.7. Revenue recognition

Judgments made by the Company that significantly affect the determination of the amount and timing of obtaining revenues from contracts with clients are presented in Note 3.3.

5. Sales revenue

5.1. Revenues

The sales revenues obtained by the Company can be divided into 3 types. The main type of contracts is the sale of R&D projects, while the "fixed price" and FTE contracts were implemented by a separate service segment and are being terminated.

1. Agreements based on the fixed price model.

In the "fixed price" model under the concluded contract, the Company provides specific services for a specific amount of remuneration. In such cases, invoicing usually takes place in the following pattern: a certain percentage of the advance (the so-called upfront payment) and the remainder at the time of the contract.

In accordance with the Company's policy, some of this type of contracts were measured in accordance with the cost-advanced method as long-term contracts. These types of contracts is considered individually in the context of the moment of fulfilling the obligation to perform the service and thus the impact on the moment of recognition of revenues.

2. Agreements based on the FTE (Full-Time Equivalent) model

Under the contract, the Company provides appropriately qualified employees. Revenue is defined as the working time of employees of the Company measured at the rate from the contract. Invoices in accordance with the contract are issued at the end of the set settlement period (usually monthly). The Company's obligation to perform the service is therefore met at the time the employees render the service.

3. Sale of R&D projects

The company concludes research and development cooperation agreements. The subject of cooperation is the discovery and development of innovative small molecule compounds with potential therapeutic use in inflammatory diseases. The cooperation agreement specifies the division and scope of responsibility between the Company and the partner. At the time of signing the contract, the Company receives payment in advance, which is a remuneration for access to the existing test results. Other revenues depend on the achievement of specific scientific and clinical research progress, the success of the registration process, the so-called 'milestones', and the level of revenue from the sale of a potential drug achieved by the partner. The Company receives contractual remuneration for the defined 'milestone' achieved. In addition, the Company is guaranteed royalties on the sale of products developed as a result of cooperation.

The Company does not have sufficient information and has no influence on the pace of work performed by the project partner to be able to precisely determine when the conditions resulting in payments to the Company within the agreed, defined 'milestones' will be fulfilled, therefore the recognized revenue relates only to these revenues for which the milestone has been reached. Then the recognized revenue corresponds to the remuneration for the achieved milestone.

The breakdown of the Company's sales revenues for continuing operations is as follows:

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
Contract research - fixed priced agreements	-	-	-	-
Lease of employees - FTE agreements	101,721	39,063	555,080	130,898
Sale of R&D projects	14,224,800	14,224,800	-	-
Operating income	14,326,521	14,263,863	555,080	130,898

The above analysis does not reflect the Company's operating segments, which are described in note 6.

5.2. Revenues from subsidies

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
Infrastructure subsidies	1,324,536	708,741	2,811,193	1,016,647
Grants for research	18,169,919	4,759,069	15,382,006	5,855,702
	19,494,455	5,467,810	18,193,199	6,872,349

5.3. Geographical information

The Company operates in two major geographical regions – in Poland, where its registered office is located, and in Europe.

Company's revenue from external customers by geographical area:

	Revenue from external customers			
	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
Poland	77,276	26,374	29,462	1,323
EU members	24,445	12,689	525,618	129,575
United States	14,224,800	14,224,800	-	-
Other countries	-	-	-	-
Total	14,326,521	14,263,863	555,080	130,898

5.4. Operating expenses

5.4.1. Amortization and impairment

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
	Depreciation of tangible asstes	8,218,416	2,812,658	7,492,410
Depreciation of the rights to use machines and equipment	645,410	107,499	809,293	269,764
Depreciation of rights to use of buildings	530,240	177,967	517,363	172,736
Depreciation of rights to use of cars	139,474	51,101	95,440	38,512
Amortization of intangible assets and liquidation of patents	440,190	124,149	201,920	90,430
Total amortization expense	9,973,730	3,273,374	9,116,426	3,191,119

5.4.2. Employee benefit expense

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
	Salaries and wages	24,922,970	8,065,800	19,645,005
Social security charges	4,661,579	1,964,663	3,338,347	1,114,156
Medical and other benefits	207,646	49,693	340,972	93,484
Trainings	277,351	139,591	458,784	104,900
Workwear	83,457	19,263	169,007	88,895
Employee benefit expense	30,153,003	10,239,010	23,952,115	8,467,815

5.4.3. External services

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
	B2C Services*	6,243,097	2,175,877	9,026,998
Administrative services	3,713,873	1,064,628	3,082,435	206,629
IT services, databases	1,486,262	567,059	1,347,742	423,257
Research Services	18,671,253	7,987,110	8,595,833	4,410,665
Transportation services	718,107	220,830	394,334	166,892
Total external services	30,832,592	12,015,504	22,447,342	7,139,367

* B2C costs include costs of outsourcing human resources and costs of subcontractors used in research projects in the amount of PLN 1,381.8 thousand in the period ended September 30, 2022 and PLN 579.5 thousand in the same period of 2021.

6. Operating segments

Currently, we deal with one operating and reporting segment and the Management Board monitors both the operating results and financing of the Company and income tax at the level of the entire Company in order to make decisions regarding the allocation of resources, assess the effects of this allocation and the results of operations.

6.1. Products and services representing a source of revenue of the reporting segments

Currently, the only operating segment is Innovation (continuing operations). The company conducts research and development works in which it focuses on developing innovative, small-molecule pharmacological compounds that are intended for commercialization at a later stage of the development of new drugs.

6.2. Segment revenue and profit or loss

Analysis of the Company's reporting segment revenue and profit or loss:

a) Continued operations

	Revenue				Operating profit			
	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Segment 1 - Innovations, including	35,469,474	20,948,813	19,282,294	7,218,181	(77,737,623)	(12,880,531)	(60,292,116)	(22,900,829)
<i>revenue from external customers</i>	14,326,521	14,263,863	555,080	130,898				
<i>grant income</i>	19,494,455	5,467,810	18,193,199	6,872,349				
<i>other operating income</i>	1,648,498	1,217,140	534,015	214,934				
Total from continued operations	35,469,474	20,948,813	19,282,294	7,218,181	(77,737,623)	(12,880,531)	(60,292,116)	(22,900,829)
	Expenses							
	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021				
	PLN	PLN	PLN	PLN				
Segment 1 - Innovations, including	113,207,097	33,829,344	79,574,410	30,119,010				
<i>amortization and depreciation</i>	9,973,730	3,273,374	9,116,426	3,191,119				
<i>valuation of the incentive program</i>	19,939,648	3,670,101	14,995,292	8,129,000				
<i>valuation of shares in Nodthera</i>	7,801,822	143,086	(1,319,559)	(588,299)				

6.3. Segment assets and liabilities

Continued operations

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Segments assets		
Segment I		
Innovations	169,837,541	228,813,360
Total segment assets	169,837,541	228,813,360
Segment liabilities		
Segment I		
Innovations	55,733,134	59,391,739
Total segment liabilities	55,733,134	59,391,739

For purposes of monitoring segment performance and allocating resources:

- reporting segments include: goodwill, unfinished development, shares in associates, long-term receivables, cash and cash equivalents, property, plant and equipment, inventories, trade receivables, subsidies, assets under long-term contracts, deferred tax asset,
- unallocated assets include: unallocated tangible assets, other intangible assets, public-law and employee receivables, other assets.
- reporting segments include trade payables, trade payables, provisions for liabilities, deferred income, financial liabilities

6.4. Other segment information

	Depreciation and amortization				Fixed assets additions			
	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Segment 1 <i>Innovations</i>	9,973,730	3,273,374	9,116,426	3,191,119	5,300,086	1,382,171	13,306,762	3,477,406
Total from continued operations	9,973,730	3,273,374	9,116,426	3,191,119	5,300,086	1,382,171	13,306,762	3,477,406

6.5. Major customers

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
Segment 1 - Innovations				
Customer A	14,224,800	14,224,800	-	-
Customer B *	24,445	12,689	525,618	101,436

Customers A,B- are customers for which the sales revenue exceeds 10% of segment sales revenue.

* The customer did not exceed 10% of the segment's sales revenue in 2022.

7. Finance income

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
Financial revenue due to financial instruments	2,023,096	1,083,316	508,373	359,931
Interest received	626,424	267,352	57,651	32,584
Gains / losses on fx differences	1,396,672	815,964	450,722	327,347
Total finance income	2,023,096	1,083,316	508,373	359,931

8. Finance cost

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
Finance cost due to financial instruments	80,487	34,744	142,419	52,537
Interest paid	80,487	34,744	77,690	39,231
Gains / losses on fx differences	-	-	64,729	13,306
Other finance cost	975,127	17,309	330,651	41,507
Interest on leases	49,954	17,309	66,758	22,434
Other - charged interests	925,173	-	263,893	19,073
Total finance cost	1,055,614	52,053	473,070	94,044

9. Other operating income and expenses

9.1. Other operating income

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
Gain on disposal of property, plant and equipment	1,195,126	1,195,126	-	-
Income from the sale of non-financial fixed assets (+)	1,545,838	1,545,838	-	-
Net value of assets disposed of (-)	(350,712)	(350,712)	-	-
Other operating income:	453,372	22,014	534,015	214,934
Penalties, fines and damages received	-	-	1,900	-
Income from the sale of fixed assets	-	-	48,441	48,441
Rental income	441,537	13,396	475,519	158,338
Liabilities canceled	-	-	8,155	8,155
Other	11,835	8,618	-	-
Total other operating income	1,648,498	1,217,140	534,015	214,934

9.2. Other operating expenses

	Period ended 30/09/2022	From 01/07/2022 to 30/09/2022	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN	PLN	PLN
Loss on disposal of property, plant and equipment	-	-	-	-
Revaluation of non-financial assets	-	-	-	-
Other operating expenses:	74,935	11,415	73,892	67,138
Costs of selling fixed assets	-	-	48,441	48,441
Cost refund to employees – prescription glasses	1,400	1,000	1,600	800
Donations	40,000	-	-	-
Other	33,535	10,415	23,851	17,897
Total other operating expenses	74,935	11,415	73,892	67,138

10. Income taxes on continuing operations

10.1. Income taxes presented in the statement of comprehensive income

	Period ended 30/09/2022	Period ended 30/09/2021
	PLN	PLN
Current income tax:	-	-
<i>Current income tax expense</i>	-	-
<i>Corrections relating to previous years</i>	-	-
Deferred income tax	1,513,278	(368,199)
Tax charge presented in the statement of comprehensive income	1,513,278	(368,199)

10.2. Reconciliation of the tax profit to the accounting profit

	Period ended 30/09/2022	Period ended 30/09/2021
	PLN	PLN
Recorded revenue and profit	29,833,834	21,456,893
Non-taxable and tax-exempt income, including:	12,742,889	20,916,265
Fx differences	1,145,699	1,500,462
Long-term contracts	(70,134)	(96,955)
Grant income	19,469,146	18,193,199
Other - valuation of shares in Nodthera	(7,801,822)	1,319,559
Tax revenues, other than accounting revenues:	-	-
Long-term contracts	-	-
Total taxable income (1-2+3)	17,090,945	540,628
Recorded expenses and losses	106,460,889	81,713,706
Expenses and losses classified permanently as non-deductible:	39,892,053	33,393,517
PFRON	123,545	98,700
Business entertainment costs	84,953	24,912
Costs of the incentive program	19,939,648	14,995,292
Subsidized costs	19,469,146	18,193,199
Other non-deductible expenses	274,761	81,414
Expenses and losses classified temporarily as non-deductible:	2,533,870	(1,929,819)
Recognized accruals for bonus and unused holiday	3,312,922	1,129,975
Recognized other accruals	(1,314,245)	(4,308,871)
Provisions for retirement gratuities established	1,172	-
Exchange differences	534,021	1,236,414
Unpaid salaries and ZUS	-	2,177
Other non-deductible expenses	-	10,486
Tax costs, other than accounting costs:	-	-
Total deductible expenses	64,034,966	50,250,008
Taxable Income / (Loss)	(46,944,021)	(49,709,380)
Capital Gains Revenues	-	-
Capital Gains Costs	-	-
Income on Capital Gains	-	-
Income tax at the applicable rate	-	-
Deductions from income tax	-	-
Income tax due	-	-

The tax charge is determined using the tax rates effective in the financial year. Since 2004, under the amended legislation, the CIT rate has been 19%.

10.3. The effective tax rate reconciliation is as follows:

	Period ended 30/09/2022	Period ended 30/09/2021
	PLN	PLN
Gross (Loss) before tax	(76,770,141)	(60,256,813)
Tax at the statutory tax rate applicable in Poland, 19%	(14,586,327)	(11,448,794)
Permanent non-taxable costs	7,579,490	6,344,768
Permanent non-taxable income	(3,699,138)	(3,456,708)
Others (e.g.: unrecognized deferred tax asset)	12,219,252	8,192,535
Tax at the effective tax rate	1,513,278	(368,199)

10.4. Current tax asset and liabilities

	Period ended 30/09/2022	Period ended 30/09/2021
	PLN	PLN
Current tax asset		
Tax refund due	-	-
Current tax liabilities		
Income taxes due	-	-

10.5. Deferred income tax

Analysis of the deferred tax asset / (liability) in the statement of financial position:

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Deferred tax asset	1,406,576	331,228
Deferred tax liability	-	437,930
	1,406,576	(106,702)

Basis for temporary differences – difference between the tax value and carrying amount of:

	DTA as at		Change in DTA recognized in profit and loss account for the period		Change in DTA recognized in equity	
	Balance as at 30/09/2022	Balance as at 31/12/2021	From 01/01 to 30/09/2022	From 01/01 to 31/12/2021	From 01/01 to 30/09/2022	From 01/01 to 31/12/2021
- fixed assets and intangible assets (excluding leases)	-	7,828	(7,828)	7,828	-	-
- fixed assets and intangible assets - leases	-	223,267	(223,267)	(46,159)	-	-
- financial assets measured at fair value	1,482,346	-	1,482,346	-	-	-
- other provisions	59,939	-	59,939	-	-	-
- trade and other receivables and payables (negative foreign exchange)	-	100,133	(100,133)	(223,966)	-	-
Total	1,542,285	331,228	1,211,057	(262,297)	-	-

10.6. Unrecognized deferred tax asset and unused tax credits

	Balance as at 30/09/2022	Balance as at 31/12/2021
Recognized tax assets	1,542,285	331,228
As at the end of the reporting period, the following items of the deferred tax asset remained unrecognized:		
Tax losses	28,575,580	19,656,216
Other accruals	953,688	1,240,691
Accruals for bonuses and unused holidays	1,310,936	681,480
Total unrecognized deferred tax asset	<u>30,840,204</u>	<u>21,578,387</u>
Total (recognized and unrecognized) deferred tax asset	<u>32,382,489</u>	<u>21,909,615</u>

DTA computation method has been described in note 4.2.3.

Unrecognized assets due to unused tax losses concern the years 2019, 2020, 2021 and 2022 and may be settled by 2027.

10.7. Deferred tax liability

Basis for temporary differences – difference between the tax value and carrying amount of:	DTL		Change in DTL recognized in profit and loss account for the period		Change in DTL recognized in equity	
	Balance as at 30/09/2022	Balance as at 31/12/2021	From 01/01 to 30/09/2022	From 01/01 to 31/12/2021	From 01/01 to 30/09/2022	From 01/01 to 31/12/2021
- fixed assets and intangible assets (excluding leases)	80,140	85,279	(5,139)	85,279	-	-
- fixed assets and intangible assets - leases	16,544	252,518	(235,974)	(69,783)	-	-
- trade and other receivables (exchange differences)	39,025	86,808	(47,783)	(202,379)	-	-
- contracts with clients	-	13,325	(13,325)	(13,759)	-	-
- revaluation of shares in Nodthera	-	-	-	(5,403,470)	-	-
Total	135,709	437,930	(302,221)	(5,604,112)	-	-

11. Non-current assets held for sale

None.

12. Earnings per share

	Period ended 30/09/2022	Period ended 30/09/2021
	PLN/100 per share	PLN/100 per share
Basic earnings per share:	(410.0)	(330.3)
From continuing operations	(410.0)	(330.3)
From spin-off operations	n.a.	n.a.
Total basic earnings per share	(410.0)	(330.3)
Diluted earnings per share:	(410.0)	(330.3)
From continuing operations	(410.0)	(330.3)
From spin-off operations	n.a.	n.a.
Total diluted earnings per share	(410.0)	(330.3)

12.1. Basic earnings per share

Earnings and weighted average number of ordinary shares used for calculation of basic earnings per share:

	Period ended 30/09/2022	Period ended 30/09/2021
	PLN	PLN
Profit used to calculate the total basic earnings per share	(75,256,862)	(60,625,012)
Profit used to calculate basic earnings per share from spin-off operations	-	-
Profit used to calculate basic earnings per share from continuing operations	(75,256,862)	(60,625,012)

	Period ended 30/09/2022	Period ended 30/09/2021
	quantity	quantity
Weighted average number of ordinary shares used to calculate diluted earnings per share	18,355,474	18,355,474

13. Tangible fixed assets

Net carrying amount:	Balance as at	Balance as at
	30/09/2022	31/12/2021
	PLN	PLN
Land	7,468,450	7,468,450
Buildings	47,726,921	49,241,014
Machinery and equipment	10,381,563	10,709,135
Vehicles	150,233	-
Other tangible assets (including lab equipment)	17,102,760	19,847,319
Rights to use other fixed assets (including laboratory equipment)	1,566,529	2,142,242
Rights to use the premises	14,775	696,865
Rights to use cars	547,830	467,434
Assets under construction	-	609,933
Advances for assets under construction	-	-
	84,959,061	91,182,392

In the periods covered by the financial statements, the Company did not make revaluation write-offs for fixed assets.

The company reviewed the premises for impairment of property, plant and equipment. Given that the most important items are new or almost new assets or relate to fixed assets under construction (newly built Innovative Medicines Research and Development Center), the Company's Management Board decided that the fair value of these assets less selling costs is equal to or greater than the book value of the assets. Moreover, the Management Board took into account the level of the company's capitalization as at 30/09/2022 and as at the date of approval of these financial statements and due to the surplus of capitalization over the company's net assets at the level of approximately PLN 611m, the Management Board concluded that there are no indications of impairment, and therefore the Management Board does not see the need to recognize an impairment loss as at 30/09/2022.

In whole 2022, the Company plans expenditures on non-financial fixed assets in the amount of PLN 3,200 thousand. The company does not plan to incur expenses for environmental protection.

Liabilities secured on the entity's assets

Type of security	As at 30/09/2022		As at 31/12/2021		Nature and form of security
	Value of liability	Value of security	Value of liability	Value of security	
Mortgage	944,873	8,403,000	1,552,237	8,403,000	The property located in Krakow at ul. Sternbach, consisting of registration plots located within 38 with numbers: 81/21, 81/26, 195/11, 195/16, 210/24, 210/9, 210/8, 210/19, 210/3, 210/2
Pledges, incl.:	1,458,497	1,458,497	2,165,088	2,165,088	
machinery - leasing	1,458,497	1,458,497	2,165,088	2,165,088	laboratory equipment
Promissory note, incl.:	944,873	944,873	1,552,237	1,552,237	
Promissory note	944,873	944,873	1,552,237	1,552,237	cash on bank accounts
Contractual right to set off the claim against the account holder's claim	944,873	944,873	1,552,237	1,552,237	cash on bank accounts
TOTAL	4,293,116	11,751,243	6,821,799	13,672,562	

13.1. Changes in the value of fixed assets by type in current reporting period

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Rights to use other fixed assets (including laboratory equipment)	Rights to use the premises	Rights to use cars
Gross value as at 01.01.2022	7,468,450	52,995,915	13,798,624	-	52,096,767	609,933	4,847,926	2,683,319	802,744
Increases in gross value:	-	-	357,918	184,989	4,401,806	3,523,204	69,697	2,817	221,255
- Purchases	-	-	-	-	-	3,523,204	69,697	-	221,255
- Transfer from assets under construction	-	-	357,918	184,989	3,590,230	-	-	-	-
- Other, changes to the contracts	-	-	-	-	-	-	-	2,817	-
- Other, shifts between categories	-	-	-	-	811,576	-	-	-	-
Decreases in gross value:	-	849,900	63,392	34,756	3,713,543	4,133,137	811,576	154,667	1,385
- Sale	-	849,900	63,392	34,756	3,658,649	-	-	-	-
- Liquidation	-	-	-	-	54,894	-	-	-	-
- Other, transfer to FA	-	-	-	-	-	4,133,137	-	154,667	1,385
- Other, shifts between categories	-	-	-	-	-	-	811,576	-	-
Gross value as at 30.09.2022	7,468,450	52,146,015	14,093,150	150,233	52,785,030	-	4,106,047	2,531,469	1,022,614
Accumulated depreciation as at 01.01.2022	-	3,754,901	3,089,489	-	32,249,448	-	2,705,684	1,986,454	335,310
Increases in accumulated depreciation:	-	1,240,052	685,490	-	7,104,450	-	645,410	530,240	139,474
- Depreciation / amortization write-offs	-	1,240,052	685,490	-	6,292,874	-	645,410	530,240	139,474
- Other, buyout from leasing	-	-	-	-	811,576	-	-	-	-
Decreases in accumulated depreciation:	-	575,859	63,392	-	3,671,628	-	811,576	-	-
- Sale	-	575,859	63,392	-	3,616,734	-	-	-	-
- Other, liquidation	-	-	-	-	54,894	-	-	-	-
- Other, buyout from leasing	-	-	-	-	-	-	811,576	-	-
Accumulated depreciation as at 30.09.2022	-	4,419,094	3,711,587	-	35,682,270	-	2,539,518	2,516,694	474,784
Net carrying amount as at 01.01.2022	7,468,450	49,241,014	10,709,135	-	19,847,319	609,933	2,142,242	696,865	467,434
Net carrying amount as at 30.09.2022	7,468,450	47,726,921	10,381,563	150,233	17,102,760	-	1,566,529	14,775	547,830

13.2. Changes in the value of fixed assets by type from 01.01.2021 to 31.12.2021

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Rights to use other fixed assets (including laboratory equipment)	Rights to use the premises	Rights to use cars
Gross value as at 01.01.2021	7,468,450	48,328,399	13,109,093	-	38,171,188	4,584,559	9,034,946	4,265,918	380,988
Increases in gross value:	-	4,667,516	689,531	48,441	14,630,647	11,982,023	-	9,314	421,756
- Purchases	-	-	-	-	-	11,982,023	-	-	424,431
- Transfer from assets under construction	-	4,667,516	689,531	48,441	10,443,627	-	-	-	-
- Other, changes to the contracts	-	-	-	-	-	-	-	9,314	(2,585)
- Other, shifts between categories	-	-	-	-	4,187,020	-	-	-	-
Decreases in gross value:	-	-	-	48,441	705,068	15,956,649	4,187,020	1,591,913	-
- Sale	-	-	-	48,441	-	-	-	-	-
- Other, transfer to FA	-	-	-	-	-	15,849,115	-	-	-
- Other, low-value fixed assets	-	-	-	-	705,068	-	-	-	-
- Other, transfer to the CIS	-	-	-	-	-	107,534	-	-	-
- Other, shifts between categories	-	-	-	-	-	-	4,187,020	-	-
- Other, liquidation	-	-	-	-	-	-	-	1,591,913	-
Gross value as at 31.12.2021	7,468,450	52,995,915	13,798,624	-	52,096,767	609,933	4,847,926	2,683,319	802,744
Accumulated depreciation as at 01.01.2021	-	2,129,514	2,126,627	-	20,733,412	-	6,105,012	2,888,267	198,398
Increases in accumulated depreciation:	-	1,625,387	962,862	-	12,221,102	-	787,692	690,100	136,912
- Depreciation charge for the period	-	1,625,387	962,862	-	8,034,082	-	787,692	690,100	136,912
- Other, shifts between categories	-	-	-	-	4,187,020	-	-	-	-
Decreases in accumulated depreciation:	-	-	-	-	705,066	-	4,187,020	1,591,913	-
- Other, shifts between categories	-	-	-	-	-	-	4,187,020	-	-
- Other, liquidation	-	-	-	-	705,066	-	-	1,591,913	-
Accumulated depreciation as at 31.12.2021	-	3,754,901	3,089,489	-	32,249,448	-	2,705,684	1,986,454	335,310
Net carrying amount as at 01.01.2021	7,468,450	46,198,885	10,982,466	-	17,437,776	4,584,559	2,929,934	1,377,651	182,590
Net carrying amount as at 31.12.2021	7,468,450	49,241,014	10,709,135	-	19,847,319	609,933	2,142,242	696,865	467,434

In 2020, the Company completed the construction of the Research and Development Center of Innovative Medicines. The heart of the new facility of the Company is a complex of laboratories in the field of, inter alia, chemistry, biochemistry, molecular and cell biology and analytics, reflecting the course of research on innovative drugs. Its launch will allow to increase the scale of projects implemented by the Company. The building has 3 floors with a total area of approx. 10 thousand square meters. m2, including over 8 thousand. m2 of usable space for both laboratories and offices:

- laboratory area: approx. 3 thousand square meters m2,
- office space: approx. 1 thousand square meters m2 (including offices and conference rooms),
- technical and social rooms: approx. 1.3 thousand m2,
- others: parking, communication: approx. 2,900 m2.

The facility was put into operation in June 2020 and consists of the following components:

Name	Balance sheet value
The building at ul. Strenbacha 2 in Krakow	47,146,466
Installation of ventilation and air conditioning	10,362,927
Sprinkler installations	1,283,453
Installation of technical gases	1,243,000
Access roads and greenery	1,135,911
Total	61,171,757

For each of the separated components, the economic useful life was individually estimated.

13.3. Scope of changes in the value of depreciation in three quarters of 2022

There were no changes to adopted depreciation rates in the three quarters of 2022.

Total

135,303,678
8,761,686
3,814,156
4,133,137
2,817
811,576
9,762,356
4,606,697
54,894
4,289,189
811,576
134,303,008
44,121,286
10,345,116
9,533,540
811,576
5,122,455
4,255,985
54,894
811,576
49,343,947
91,182,392
84,959,061

Total

125,343,521
32,449,228
12,406,364
15,849,115
6,729
4,187,020
22,489,091
48,441
15,849,115
705,068
107,534
4,187,020
1,591,913
135,303,678
34,181,230
16,424,055
12,237,035
4,187,020
6,483,999
4,187,020
2,296,979
44,121,286
91,162,311
91,182,392

medical
consists of 6

14. Intangible assets

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Carrying amount		
Patents*	2,694,148	2,595,692
Software	302,216	416,840
Other intangible assets	1,093,694	31,786
	4,090,058	3,044,318

* Patents protect rights that are currently at the research level and do not generate revenue, but also those that generate revenue from partnering agreements.

The Company does not use any intangible assets under lease agreements.

14.1. Changes in the value of intangible assets by type in the current reporting period

Item	Other intangible assets	Total
Gross value as at 01.01.2022	4,620,069	4,620,069
Increases in gross value:	1,485,930	1,485,930
- Purchases	1,485,930	1,485,930
- Acceptance of fixed assets under construction	-	-
Decreases in gross value:	-	-
Gross value as at 30.09.2022	6,105,999	6,105,999
Accumulated depreciation as at 01.01.2022	1,575,751	1,575,751
Increases in accumulated depreciation:	440,190	440,190
- Depreciation / amortization write-offs	440,190	440,190
Decreases in accumulated depreciation:	-	-
Accumulated depreciation as at 30.09.2022	2,015,941	2,015,941
Net carrying amount as at 01.01.2022	3,044,318	3,044,318
Net carrying amount as at 30.09.2022	4,090,058	4,090,058

The Company decided to liquidate the patents in connection with abandonment of work on related projects.

14.2 Changes in the value of intangible assets by type in period from 01.01.2021 to 31.12.2021

Item	Other intangible assets	Total
Gross value as at 01.01.2021	3,570,449	3,570,449
Increases in gross value:	1,049,620	1,049,620
- Purchases	942,086	942,086
- Acceptance of fixed assets under construction	107,534	107,534
Gross value as at 31.12.2021	4,620,069	4,620,069
accumulated depreciation 01.01.2021	1,251,915	1,251,915
Accumulated depreciation as at 01.01.2021	323,836	323,836
Increases in accumulated depreciation:	323,836	323,836
Decreases in accumulated depreciation:	-	-
Accumulated depreciation 31.12.2021	1,575,751	1,575,751
Net carrying amount as at 01.01.2021	2,318,534	2,318,534
Net carrying amount as at 31.12.2021	3,044,318	3,044,318

15. Subsidiaries

The company has no subsidiaries as at September 30, 2022, as well as December 31, 2021.

16. Split of the Company

There was no such issue in the period covered by the financial statements.

17. Valuation of shares in Nodthera

As at September 30, 2022, the Company held shares in NodThera Inc, which on December 31, 2021 were converted for shares in NodThera Ltd in the same number and class.

At the end of 2021, the shareholders of NodThera Ltd. began the process of corporate changes aimed at relocating their operations to the USA to facilitate a possible NodThera IPO there. Due to the specificity of the industry in which NodThera operates, it is important that potential future financing rounds by American investors are based on a company registered in the United States.

This process, known as the so-called The "Delaware flip" consisted in the formation of a new company under the laws of the state of Delaware, which then took over 100% of NodThera Ltd. assets, at the same time duplicating the existing ownership structure of the company 1: 1. As a result, the participation of each existing shareholder in NodThera Inc. is proportionally identical to its previous share in NodThera Ltd. As a result of this process, as at December 31, 2021, the Issuer held shares in NodThera Inc. in quantity and class as before in NodThera Ltd.

On September 20, 2022, NodThera Inc. issued Series C Preferred Stock. The issue comprised of 8,698,375 shares at a price of USD 2.8741 per share (i.e. GBP 2.367 per share). As a result of this issue, NodThera received financing in the total amount of USD 25,000,002.47. The issue was addressed only to existing investors. Series C shares are preferred in the same way as Series A and B shares. Ryvu did not participate in the issue.

Thanks to the receipt of funds raised from the Series C share issue, NodThera has the necessary financial resources to fully implement the projects currently underway. In addition, the proceeds will provide enough cash for the company to operate smoothly until the end of 2023 and to safely raise further capital for development.

As of September 30, 2022, three types of shares existed in NodThera Inc.: ordinary stock and preferred stock (Junior Preferred Stock, Series A1 and A2 Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock. Ryvu is a holder of the Junior Preferred Stock. Associated with the Series A, B and C Preferred Stock is the right to receive dividends in the form of cash or the issuance of shares of the same class and in addition non-dilution right in the form of cash or the issuance of shares of the same class. The payment of dividends and execution of the non-dilution right may be made only in cases specified in the investment agreement, in particular in the event of a sale of the company or the admission of its shares to trading on a stock exchange. The shares held by Ryvu, i.e. Junior Preferred Stock, do not have the above-mentioned rights to dividend payment and non-dilution, but the assumption of the Management Board is to recover the value of the investment through a future IPO or M&A transaction of that company.

As of September 30, 2022, in aggregate, shareholders of Series A, B and C preferred stock were entitled to receive 5,444,051 shares of NodThera stock as dividends and in addition shareholders of Series A and B were entitled to receive 1,857,064 shares of NodThera stock as non-dilution right. Accordingly, should this dividend be paid out and non-dilution right executed, Ryvu's share in the share capital of NodThera would decrease from 3.67% to 3.22% as of 30 September 2022.

The Management Board of Ryvu has decided to include in the valuation of the shares held by Ryvu in NodThera, a 14.02% discount (reflecting no right to dividend and non-dilution right) to the price at which they were subscribed under the last share capital increase, i.e. issuance of series C on 20 September 2022 and the above approach was applied as of September 30, 2022.

Therefore, a share valuation of GBP 2.0917/share (share price from last financing round from 20 September 2022 including a discount corresponding to the class of shares held by the Company) should be used as a basis for the calculations. As of 30.09.2022 Ryvu held 3.22% shares in NodThera on a fully diluted basis and the total valuation of Issuer's shares in NodThera Inc. amounts to PLN 21,602,100 (at the average NBP exchange rate of 5.556 PLN/GBP).

Reconciliation of financial data to the carrying amount of shares in NodThera Inc included in the financial statements as at September 30, 2022

price of new shares (in GBP) from the issue of series C shares taking into account the discount corresponding to the class of shares held by the Company	2.0351
average NBP exchange rate of September 30, 2022	5.5560
new share issue price (in PLN)	11.31
number of Company's shares in Nodthera Ltd.	1,910,000
value of shares in the balance sheet as at June 30, 2022	21,602,100
change in valuation - impact on the result	7,801,822

	Balance as at 30/09/2022	Balance as at 31/12/2021
Carrying amount of the Company's shares in Nodthera Inc	21,602,100	29,403,922
Fair value of shares in Ryvu Therapeutics S.A. in NodThera Inc. was determined on the basis of other data that can be observed directly or indirectly (so-called Tier 2).		

The Management Board analyzes the factors that may affect the fair value valuation of shares in NodThera on an ongoing basis by analyzing the progress of research work, assessing the Company's competitive environment, as well as the financial and liquidity situation. On this basis, the Management Board of the Company believes that the valuation of the shares held by the Company in NodThera should be at the level of the last closed financing round (ie: September 20, 2022) with a discount for the share class held.

18. Financial assets

The table below presents the individual classes of financial assets and liabilities broken down into levels of the fair value hierarchy as at September 30, 2022. Due to the nature of these items, fair value does not differ significantly from the carrying amount.

P1 - Quotes from active markets

P2 - Significant Observable Data

P3 - Relevant data unobservable

	30/09/2022		
	carrying amount	fair value	hierarchy level
Financial assets measured at fair value:			
Financial Assets-Nodthera Shares	21,602,100	21,602,100	P2
Financial assets for which fair value is disclosed:			
Trade and other receivables	1,745,045	n.a.	n.a.
Other short-term financial assets	-	n.a.	n.a.
Financial liabilities at fair value:			
n.a.			
Financial liabilities for which fair value is disclosed:			
Liabilities from deliveries and services	15,412,134	n.a.	n.a.
Investment liabilities	1,093,694	n.a.	n.a.
Interest-bearing loans and credits	1,038,518	n.a.	n.a.
Current portion of interest-bearing loans and borrowings, including:	903,465	n.a.	n.a.
<i>credit card debt</i>	93,645	n.a.	n.a.
Leasing liabilities	2,224,847	n.a.	n.a.
	31/12/2021		
	carrying amount	fair value	hierarchy level
Financial assets measured at fair value:			
Financial Assets-Nodthera Shares	29,403,922	29,403,922	P2
Financial assets for which fair value is disclosed:			
Trade and other receivables	6,129,361	n.a.	n.a.
Other short-term financial assets	4,993,820	n.a.	n.a.
Financial liabilities at fair value:		n.a.	n.a.
n.a.			
Financial liabilities for which fair value is disclosed:			
Liabilities from deliveries and services	13,629,310	n.a.	n.a.
Investment liabilities	609,933	n.a.	n.a.
Interest-bearing loans and credits	1,575,532	n.a.	n.a.
Current portion of interest-bearing loans and borrowings, including:	833,115	n.a.	n.a.
<i>credit card debt</i>	23,295	n.a.	n.a.
Leasing liabilities	3,494,134	n.a.	n.a.

19. Other non-financial assets

	Balance as at	Balance as at
	30/09/2022	31/12/2021
	PLN	PLN
Carrying amount:		
Licenses	1,265,829	511,156
Insurance	37,823	114,192
Costs related to subsequent year	2,423,265	1,629,586
Magazines	3,344	-
Stock exchange fee	22,400	-
Property tax	60,963	-
Other	96,835	65,833
	3,910,459	2,320,767

20. Other financial assets

Long term financial assets	Balance as at	Balance as at
	30/09/2022	31/12/2021
	PLN	PLN
Deposits paid	75,694	75,694
Security deposits	527,823	527,823
	603,517	603,517

Short term financial assets	Balance as at	Balance as at
	30/09/2022	31/12/2021
	PLN	PLN
Bonds	-	4,993,820
	-	4,993,820

21. Inventories

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Materials	1,763,479	1,956,823
Total	1,763,479	1,956,823

The Company did not recognize any impairment losses on inventories in the period presented in the financial statements. The Company purchases only such goods and materials as may be directly needed for a specific project. Materials are consumed on an ongoing basis.

22. Trade and other receivables

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Trade receivables	1,434,270	5,944,460
The allowance for expected credit losses	(157)	(121)
	1,434,113	5,944,339
Tax (VAT) receivables	1,506,055	1,853,690
Other – receivables from employees, security deposits	310,932	185,022
Grants due	4,571,597	3,757,993
	7,822,697	11,741,044

22.1. The allowance for expected credit losses on trade receivables and contract assets

In regards to trade receivables and contract assets, the Company estimated the expected credit loss as at 30 September 2022 on the basis of a provision matrix defined based on historical data concerning credit losses. It was recognised that receivables and contract assets of particular customers are characterised by a similar level of risk, they were not divided into groups.

The table below presents the calculation of expected credit losses with respect to trade receivables and contract assets:

	Period ended 30/09/2022		
	Balance of unpaid receivables as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	751,934	0.00%	0
1-90 days after the deadline	643,887	0.0037%	24
91-180 days after the deadline	14,831	0.0107%	2
181-365 days after the deadline	23,497	0.0439%	10
More than 365 days after the deadline	121	100.00%	121
Total	1,434,270		157

	Period ended 31/12/2021		
	Balance of unpaid receivables as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	5,719,079	0.00%	0
1-90 days after the deadline	225,260	0.00%	0
91-180 days after the deadline	-	0.00%	0
181-365 days after the deadline	-	0.00%	0
More than 365 days after the deadline	121	100.00%	121
Total	5,944,460		121

The average payment term for overdue receivables from the sale of goods and services in the period from January 1 to September 30, 2022 is 7 days, and in the period from January 1, 2021 to December 31, 2021, it was also 7 days. Before accepting a new client, the Company assesses his creditworthiness. Due to the specific nature of its operations, the Company cooperates with entities known in the industry, which affects the assessment of credit risk. Payment terms are part of the offer presented to the contractor.

The allowance for expected credit losses

	Period ended 30/09/2022	Period ended 31/12/2021
	PLN	PLN
Balance at the beginning of the period	121	27,321
The allowance for expected credit losses	36	-
Amounts recovered during the year	-	(27,200)
Balance at the end of the period	157	121

23. Leases

23.1. The Company as a lessee

The Company has lease agreements for office premises and laboratories, machinery and equipment, office equipment and cars. The leasing period is on average 60 months, except for office equipment, which qualifies as short-term leasing or as low-value contracts.

Some leases include options to extend or terminate the lease. The Company also concludes contracts for an indefinite period. The management board makes a judgment to determine the period over which it can be assumed with reasonable certainty that such contracts will continue (see note 3.5).

The Company also has lease contracts for individual premises with a lease term of 12 months or less, and low value office equipment lease contracts. The Company uses the exemption for short-term leases and leases for which the underlying asset is of low value.

The Company's liabilities under the lease contracts are secured by the lessor's ownership of the subject of the lease. In general, the Company is not entitled to transfer leased assets in subleasing or to assign rights it is entitled to under lease contracts. Some contracts contain requirements for the levels of certain financial indicators.

The following are carrying amounts of the assets due to the right of use (lease agreement) and their changes in the reporting period:

Period ended 30 September 2022	Buildings and premises	Equipment	Vehicles	Total
As at 1 January 2022	696,865	2,142,242	467,434	3,306,541
Purchases (new lease agreements)	-	69,697	221,255	290,952
Changes in lease agreements	(151,850)	-	(1,385)	(153,235)
Depreciation	(530,240)	(645,410)	(139,474)	(1,315,124)
As at 30 September 2022	14,775	1,566,529	547,830	2,129,134

Year ended 31 December 2021	Buildings and premises	Equipment	Vehicles	Total
As at 1 January 2021	1,377,651	2,929,934	182,590	4,490,175
Purchases (new lease agreements)	-	-	424,341	424,341
Changes in lease agreements	9,314	-	(2,585)	6,729
Depreciation	(690,100)	(787,692)	(136,912)	(1,614,704)
As at 31 December 2021	696,865	2,142,242	467,434	3,306,541

The carrying amounts of leasing liabilities and their changes during the reporting period.

	2022
As at 1 January 2022	3,494,134
Purchases (new lease agreements)	290,952
Changes in lease agreements	(153,235)
Revaluation	(178,769)
Interest	49,954
Payments	(1,278,189)
As at 30 September 2022	2,224,847
Short-term	1,082,979
Long-term	1,141,868

	2021
As at 1 January 2021	5,042,549
Purchases (new lease agreements)	424,341
Changes in lease agreements	6,729
Revaluation	330,229
Interest	108,858
Payments	(2,418,572)
As at 31 December 2021	3,494,134
Short-term	1,918,018
Long-term	1,576,116

	2021
As at 1 January 2021	5,042,549
Purchases (new lease agreements)	424,341
Changes in lease agreements	6,729
Revaluation	171,177
Interest	66,758
Payments	(1,661,946)
As at 30 September 2021	4,050,208
Short-term	2,013,880
Long-term	2,036,328

Amounts of revenues, costs, profits and losses resulting from leasing (regarding buildings and premises and cars) included in the profit and loss account / statement of comprehensive income are presented below:

	01.01.2022- 30.09.2022
Depreciation of leased assets	(669,714)
Interest costs on lease liabilities	(20,108)
Other operating income due to changes in leasing agreements	2,336
Total amount recognized in the income statement / statement of comprehensive income	(687,486)

	01.01.2021- 31.12.2021
Depreciation of leased assets	(827,012)
Interest costs on lease liabilities	(26,120)
Other operating income due to changes in leasing agreements	-
Total amount recognized in the income statement / statement of comprehensive income	(853,132)

	01.01.2021- 30.09.2021
Depreciation of leased assets	(612,803)
Interest costs on lease liabilities	(19,954)
Other operating income due to changes in leasing agreements	-
Total amount recognized in the income statement / statement of comprehensive income	(632,757)

The total outflow of cash from leases (relating to buildings, premises and cars) amounted to PLN 474,064 in 9 months of 2022 and PLN 871,475 in the entire year 2021 and PLN 646,818 in 9 months of 2021.

Below are the amounts of revenues, costs, profits and losses resulting from leasing (concerning machines and devices) included in the profit and loss account / statement of comprehensive income:

	01.01.2022- 30.09.2022
Depreciation of leased assets	(645,410)
Interest costs on lease liabilities	(29,846)
Other operating income due to changes in leasing agreements	-
Total amount recognized in the income statement / statement of comprehensive income	(675,256)

	01.01.2021- 31.12.2021
Depreciation of leased assets	(787,692)
Interest costs on lease liabilities	(58,491)
Other operating income from changes to lease agreements	-
Total amount recognized in the income statement / statement of comprehensive income	(846,183)

	01.01.2021- 30.09.2021
Depreciation of leased assets	(809,293)
Interest costs on lease liabilities	(46,804)
Total amount recognized in the income statement / statement of comprehensive income	(856,097)

The total outflow of cash from leases (concerning machines and equipment) amounted to PLN 804,125 in 9 months of 2022 and PLN 1,547,097 in the entire year 2021 and PLN 1,015,128 in the 9 months of 2021.

24. Share capital

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Registered share capital	7,342,190	7,342,190
	7,342,190	7,342,190

24.1. Share capital as at the end of the reporting period

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Number of shares	18,355,474	18,355,474
Par value per share	0.40	0.40
Share capital	7,342,190	7,342,190

Share capital structure as at 30 September 2022

Series / issue Type of shares (ordinary / registered)	Type of preference	Number of shares	Par value of series / issue
Registered "A" shares	2 votes / 1 share	4,050,000	1,620,000
Ordinary "B" shares	none	1,329,500	531,800
Ordinary "C" shares	none	1,833,000	733,200
Ordinary "D" shares	none	551,066	220,426
Ordinary "E" shares	none	2,700,000	1,080,000
Ordinary "F" shares	none	2,651,891	1,060,756
Ordinary "G1" shares	none	327,886	131,154
Ordinary "G2" shares	none	327,886	131,154
Ordinary "H" shares	none	2,200,000	880,000
Ordinary "I" shares	none	2,384,245	953,698
Total		18,355,474	7,342,190

Share capital structure as at 31 December 2021

Series / issue Type of shares (ordinary / registered)	Type of preference	Number of shares	Par value of series / issue
Registered "A" shares	2 votes / 1 share	4,050,000	1,620,000
Ordinary "B" shares	none	1,329,500	531,800
Ordinary "C" shares	none	1,833,000	733,200
Ordinary "D" shares	none	551,066	220,426
Ordinary "E" shares	none	2,700,000	1,080,000
Ordinary "F" shares	none	2,651,891	1,060,756
Ordinary "G1" shares	none	327,886	131,154
Ordinary "G2" shares	none	327,886	131,154
Ordinary "H" shares	none	2,200,000	880,000
Ordinary "I" shares	none	2,384,245	953,698
Total		18,355,474	7,342,190

Shareholder structure

Balance as at 30/09/2022

Shareholder	Number of shares	Percentage interest in share capital	Number of votes	Percentage share of voting rights
Paweł Przewięźlikowski	3,900,544	21.25%	7,400,544	33.03%
Bogusław Sieczkowski	825,348	4.50%	1,375,348	6.14%
Nationale Nederlanden PTE S.A.	1,530,980	8.34%	1,530,980	6.83%
Tadeusz Wesołowski (with Augebit FIZ)	1,132,713	6.17%	1,132,713	5.06%
Aviva OFE Santander	1,532,000	8.35%	1,532,000	6.84%
Other shareholders	9,433,889	51.39%	9,433,889	42.10%
Total	18,355,474	100.00%	22,405,474	100.00%

Balance as at 31/12/2021

Shareholder	Number of shares	Percentage interest in share capital	Number of votes	Percentage share of voting rights
Paweł Przewięźlikowski	3,949,517	21.52%	7,449,517	33.25%
Bogusław Sieczkowski	924,384	5.04%	1,474,384	6.58%
Nationale Nederlanden PTE S.A.	1,771,000	9.65%	1,771,000	7.90%
Tadeusz Wesołowski (with Augebit FIZ)	1,132,713	6.17%	1,132,713	5.06%
Aviva OFE Santander	1,122,859	6.12%	1,122,859	5.01%
Other shareholders	9,455,001	51.50%	9,455,001	42.20%
Total	18,355,474	100.00%	22,405,474	100.00%

On September 19, 2022, the Company's Extraordinary General Meeting was held, during which the Company's shareholders resolved to authorize the Company's Management Board to increase the Company's authorized capital by no more than PLN 3,386,246 by issuing no more than 8,465,615 ordinary shares within the authorized capital, and to exclude, with the approval of the Supervisory Board, the pre-emptive rights of the Company's existing shareholders in whole or in part.

The primary purpose of authorizing the Management Board to increase the Company's authorized capital within the framework of authorized capital is to provide the Company with a flexible instrument that enables it to obtain financing relatively quickly and efficiently through the issue of new shares. The authorized capital shall enable the Company to issue and offer shares faster than under the ordinary procedure. This shall enable the Company's Management Board to efficiently obtain funds, which may be allocated to financing the further development of the Company, in accordance with the Ryvu Development Plans for 2022-2024.

In the opinion of the Management Board, the authorized capital adopted in the Company will serve as a tool to capitalise the Company at a convenient time, taking into account the Company's business prospects, the current market price and demand for the Company's shares, as well as the situation on the financial markets, in particular the situation in the biotechnology industry. Authorising the Management Board to increase the share capital within the authorized capital shall allow to adjust the size of a given issue to the financial needs of the Company at a given moment and to obtain financing on terms that are optimal from the Company's and its Shareholders' perspective.

24.2. Revaluation reserve

The Company did not create the revaluation reserve in the period presented in the financial statements.

24.3. Other reserve capitals

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Others - 2015-2017 incentive program	11,172,000	11,172,000
Payments for the transfer of shares to employees	237,068	237,068
Others - incentive program 2021-2024	42,938,148	22,998,500
Total	54,347,216	34,407,568

In 2021, the Company started the implementation of the incentive program in place in 2021-2024. Detailed information is disclosed in note 36.

24.4. Share premium

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Share premium	159,680,803	159,680,803
including the surplus on the issue of shares above their nominal value, "H" series ordinary shares	134,200	134,200
including issue costs, "H" series ordinary shares	(4,295,093)	(4,295,093)
including surplus from issue of shares above their nominal value "I" series ordinary shares	142,101,002	142,101,002
including issue costs, "I" series ordinary shares	(8,226,529)	(8,226,529)
Transfer of result from previous years due to the split	(10,331,325)	(10,331,325)
Total Reserve Capital	279,063,058	279,063,058

25. Credit facilities and loans and other sources of financing

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Uncollateralized:		
Overdraft facilities (i)	-	-
Used credit card limits (ii)	93,645	23,295
	<u>93,645</u>	<u>23,295</u>
Collateralized:		
Bank loans (iii)	944,873	1,552,237
	<u>944,873</u>	<u>1,552,237</u>
Total:	<u>1,038,518</u>	<u>1,575,532</u>
Current liabilities	903,465	833,115
Non-current liabilities	<u>135,053</u>	<u>742,417</u>
	1,038,518	1,575,532

25.1. Loan agreements

(i) The Company does not have any open overdraft facilities.

(ii) The balance of debt as at 30/09/2022 results from the use of the limit on credit cards in the amount of PLN 93,645.

(iii) The company has a mortgage loan for the purchase of a construction plot in Bank PKO BP. The loan was concluded on December 13, 2016 for a period of 7 years.

The interest rate is variable and is formed as the sum of WIBOR1M + bank margin.

The loan is secured by a mortgage entry in the amount of PLN 8,403,000, a blank promissory note for PLN 944,973 and a contractual right of set-off to PLN 944,873.

(iiii) On August 16th, 2022 the Company has entered into a financing agreement (the "Agreement") with the European Investment Bank ("EIB" or "Bank") under the European Fund for Strategic Investments program, launched to provide financing for projects having high societal and economic value contributing to EU policy objectives. Under the Agreement, EIB agreed to provide the Company with credit in a maximum amount of EUR 22.000.000 (PLN 103.241.600 converted at the average exchange rate of the National Bank of Poland on August 16, 2022 1 EUR = 4,6928 PLN).

The aim of the Agreement is to support the development of selective, orally administered small molecule RVU120, Ryvu's lead drug candidate in AML/MDS and solid tumors (clinical Phase 2/3 trials), as well as earlier stage pipeline. The investment will predominantly cover costs related to clinical trial expenses, the necessary activities to enable regulatory approvals, internal R&D related to drug discovery and intellectual property-related costs.

Funding will be disbursed in three tranches: Tranche A and B in the amount of EUR 8.000.000 each and Tranche C in the amount of EUR 6.000.000. Each tranche may be disbursed to the Company during a period of 36 months from the date of signing the Agreement. The Company is obliged to repay each tranche disbursed to it in a single installment after 5 years from its disbursement. The interest rate for Tranche A will be 3% per annum, for Tranche B 2.7% per annum and for Tranche C 2.4% per annum. Interest on each tranche will be payable annually.

The disbursement of each tranche is subject to the Company's fulfillment of the conditions set forth in the Agreement, primarily relating to the clinical development of RVU120. Disbursement of Tranche A is subject to the Company (a) providing evidence of the Phase II clinical trial approval consisting of the declaration of the recommended Phase II dose (RP2D) for RVU120 in the solid tumor study, for which no additional approval to initiate Phase II study is needed, or a Phase II approval in the AML/MDS study; and (b) issuance of warrants to the EIB in accordance with the terms and conditions set out in the warrant agreement that will be concluded by and between EIB and the Company. The conditions for payment of Tranche B are: (a) evidence of the successful initiation of Phase II clinical trials with RVU120 in AML/MDS, including First Patient Dosed; (b) evidence of the advancement of at least one additional research project into IND-enabling studies or partnering of one of Company's research projects with a defined minimum deal value; and (c) evidence of the Company having received co-financing in readily available funds in an amount equal to the amount drawn under Tranche B, in the form of for example equity capital increase, or non-EU grants since 1 July 2022. Tranche C is contingent upon (a) progress of the Phase II clinical trials with RVU120 in AML/MDS, demonstrated by the enrolment of at least ten patients in Phase II RVU120 clinical studies, and (b) the Company obtaining additional funding of at least EUR 10 million in upfront payments, research funding and milestone payments under any current or future research collaboration or partnership agreements since 30 September 2021.

As additional remuneration for each Tranche A, Tranche B and Tranche C, the Company shall issue to the EIB subscription warrants which will be subscribed by the EIB free of charge, in total corresponding to 2.5% of the Company's fully-diluted share capital ("Warrants"). The Warrants shall have a life of 10 years and EIB will have the right to exercise the Warrants upon maturity of Tranche A, or a voluntary or mandatory prepayment event.

As at September 30, 2022, this loan is not activated.

25.2. Breaches of covenants

None.

26. Provisions

In the periods covered by the financial statement provisions were related to liabilities due to retirement benefits.

27. Trade and other liabilities

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Trade liabilities	13,532,420	11,689,238
Investment liabilities	1,093,694	609,933
Liabilities due to taxes, insurance (social security, personal income tax, PFRON)	1,256,994	1,218,419
CIT liability	-	5,457,761
Liabilities due to salaries and wages and other liabilities to employees	6,668	51,874
Other non-financial liabilities	1,873,046	1,888,198
Warranty deposit	60,134	60,134
	17,822,956	20,975,557

The average payment term for purchases of goods and materials is two months. Following its due date, interest usually are not accrued on outstanding liabilities. The Company has a financial risk management policy in place, ensuring that its liabilities are paid on time.

28. Liabilities due to retirement benefits

Balance as at 30/09/2022

Item	Provisions for retirement benefits	Total
Provisions at the beginning of the period	118,005	118,005
Increases:	1,172	1,172
- provisions recognized in profit and loss account in current period	1,172	1,172
Provisions at the end of the period, including:	119,177	119,177
- long-term	119,177	119,177
- short-term	-	-

Balance as at 31/12/2021

Item	Provisions for retirement benefits	Total
Provisions at the beginning of the period	234,966	234,966
Increases:	116,961	116,961
- provisions recognized in profit and loss account in current period	116,961	116,961
Provisions at the end of the period, including:	118,005	118,005
- long-term	118,005	118,005
- short-term	-	-

29. Financial instruments

29.1. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing its profitability through optimization of the debt to equity ratio.

The capital structure as well as the level and maturity of liabilities are reviewed on a regular basis. The said reviews comprise analyses of the cost of capital and the risk associated with its individual categories.

The key items analysed by the Company are:

- cash and cash equivalents, as disclosed in Note 34,
- equity, including reserve capitals and retained earnings, as disclosed in Note 24.

The Company is not subject to any external capital requirements except for the one imposed by Article 396.1 of the Code of Commercial Companies, which the parent is obliged to comply with, whereby supplementary capital has to be created for purposes of offsetting losses. No less than 8% of the profit for the financial year has to be transferred to the supplementary capital until its value reaches at least one third of the share capital. That part of the supplementary capital (retained earnings) may not be distributed to the shareholders.

29.1.1. Net debt to equity ratio

The Company reviews its capital structure periodically. The said reviews comprise analyses of the cost of capital and the risks associated with each category of capital.

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Debt (i)	(55,733,134)	(59,391,739)
Cash and cash equivalents	43,679,594	83,235,529
Net debt	(12,053,540)	23,843,790
Equity (ii)	114,104,407	169,421,621
Net debt to equity	(0.11)	0.14

(i) Debt comprises long- and short-term debt.

(ii) Equity comprises the equity presented in the statement of financial position.

The achieved debt ratio is within the limits expected and accepted by the Management Board.

Additionally, it should be remembered that as of 31.12.2021 the Company had short-term investments presented in the item Other financial assets (Note 20), which concerned funds invested in liquid financial instruments issued by leading financial institutions from the Polish market.

29.2. Categories of financial instruments

The company is exposed to risks related to financial instruments. The risks to which it is exposed are:

- market risk including currency risk and interest rate risk,
- credit risk and
- liquidity risk.

Individual types of risk are discussed in the following Notes.

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Financial assets		
Financial instruments measured at amortized cost method:	50,288,821	98,535,198
Other short term financial assets (Note 20)	-	4,993,820
Other financial assets - deposits (Note 20)	603,517	603,517
Cash (Note 34)	43,679,594	83,235,529
Trade and other receivables (Note 22)	6,005,710	9,702,332
Financial assets at fair value through profit or loss	21,602,100	29,403,922
Other financial assets - Nodthera shares (Note 17)	21,602,100	29,403,922
Financial liabilities		
Financial instruments measured at amortized cost method:	17,889,479	17,368,837
Interest bearing credit facilities and loans (Note 25)	1,038,518	1,575,532
Finance lease liabilities (Note 29.8)	2,224,847	3,494,134
Trade and other liabilities (Note 27)	14,626,114	12,299,171

29.3. Financial risk management objectives

Credit, liquidity and market risks (including mainly currency risk and interest rate risk) occur in the ordinary course of the Company's business. Financial risk management at the Company is primarily aimed to minimize the effect of market factors, such as foreign exchange and interest rates, on the key financial parameters approved in the Company's budget for the year (profit and cash flows) with the use of natural hedges.

29.4. Market risk

The Company's activities expose it to currency risk (see Note 29.5) and interest rate risk (see Note 29.6). The Company does not use any derivative instruments for purposes of currency or interest rate risk management as natural hedges are sufficient to minimize the risk it is exposed to.

Exposure to all market risk categories is measured by means of a sensitivity analysis.

29.5. Foreign currency risk management

The Company enters into certain transactions denominated in foreign currencies. Hence, it is exposed to the risk of changes in foreign exchange rates. The said risk is managed by means of natural hedges.

The carrying amounts of the Company's foreign currency monetary assets and liabilities as at the end of the reporting period:

	Liabilities		Assets	
	Balance as at 30/09/2022	Balance as at 31/12/2021	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN	PLN	PLN
EUR	5,514,378	4,384,681	557,088	9,967,048
USD	1,787,254	673,357	18,529,241	9,510,240
Other	39,587	124,786	266,044	660,046

29.5.1. Sensitivity to currency risk

The Company is mainly exposed to risk related to EUR and USD.

The degree of sensitivity of the Company to a 15% increase and decrease of the PLN exchange rate for foreign currencies is presented in the table below. 15% is the sensitivity rate used in internal currency risk analyzes for top management and reflects management's assessment of possible changes in foreign exchange rates. The sensitivity analysis covers only unsettled monetary items denominated in foreign currencies and corrects the currency conversion at the end of the accounting period by a 15% change in exchange rates. A positive value in the table below indicates an increase in profit and an increase in equity accompanying the strengthening of the PLN exchange rate for foreign currencies by 15%. In the case of a 15% weakening of PLN against a given foreign currency, this value would be negative, and the impact on profit and equity would be the opposite.

		EUR Effect		USD Effect	
		Balance as at 30/09/2022	Balance as at 31/12/2021	Balance as at 30/09/2022	Balance as at 31/12/2021
		PLN	PLN	PLN	PLN
ASSETS					
Exchange rate increase	15%	83,563	1,495,057	2,779,386	1,426,536
Exchange rate increase	10%	55,709	996,705	1,852,924	951,024
Exchange rate increase	5%	27,854	498,352	926,462	475,512
Exchange rate decrease	-5%	(27,854)	(498,352)	(926,462)	(475,512)
Exchange rate decrease	-10%	(55,709)	(996,705)	(1,852,924)	(951,024)
Exchange rate decrease	-15%	(83,563)	(1,495,057)	(2,779,386)	(1,426,536)
LIABILITIES					
Exchange rate increase	15%	827,157	657,702	268,088	101,004
Exchange rate increase	10%	551,438	438,468	178,725	67,336
Exchange rate increase	5%	275,719	219,234	89,363	33,668
Exchange rate decrease	-5%	(275,719)	(219,234)	(89,363)	(33,668)
Exchange rate decrease	-10%	(551,438)	(438,468)	(178,725)	(67,336)
Exchange rate decrease	-15%	(827,157)	(657,702)	(268,088)	(101,004)
EFFECT ON PROFIT					
Exchange rate increase	15%	(743,593)	837,355	2,511,298	1,325,532
Exchange rate increase	10%	(495,729)	558,237	1,674,199	883,688
Exchange rate increase	5%	(247,864)	279,118	837,099	441,844
Exchange rate decrease	-5%	247,864	(279,118)	(837,099)	(441,844)
Exchange rate decrease	-10%	495,729	(558,237)	(1,674,199)	(883,688)
Exchange rate decrease	-15%	743,593	(837,355)	(2,511,298)	(1,325,532)

The Company's exposure to currency risk changes throughout the year depending on the volume of foreign currency transactions. Nevertheless, the above sensitivity analysis may be regarded as representative for determination of the currency risk exposure.

29.6. Interest rate risk management

The Company is exposed to interest rate risk resulting from floating rate lease agreements. Hedging activities are subject to regular reviews so that they are brought into line with the current interest rate situation and predefined risk appetite, and to ensure that an optimum hedging strategy is in place.

29.6.1. Sensitivity to changes in interest rates

The sensitivity analyzes presented below are based on the degree of exposure to interest rate risk of financial instruments (liabilities arising from leasing and loan agreements) as at the balance sheet date. In the case of liabilities with a variable interest rate, it is assumed for the purposes of the analysis that the amount of unpaid liabilities at the balance sheet date was unpaid for the whole year. Internal analyzes of interest rate risk for key management members use up and down fluctuations of 50 basis points, which reflects management's assessment of the likely change in interest rates.

In the current and previous financial period, the vast majority of lease contracts were signed in EUR. In the analysis of the hypothetical impact of changes in interest rates for the balance of liabilities as at the balance sheet date, a fluctuation of 50 basis points was assumed, without taking into account the impact of restrictive clauses on negative interest rates.

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	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Lease liabilities	1,082,979	821,353	177,266	109,408	33,841	-	2,224,847
Bank loan for the amount of PLN 5,601 thousand	903,465	135,053	-	-	-	-	1,038,518
Cash	43,679,594						43,679,594

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	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Lease liabilities	1,918,018	1,034,476	330,047	148,512	63,081	-	3,494,134
Bank loan for the amount of PLN 5,601 thousand	809,820	742,417	-	-	-	-	1,552,237
Cash	83,235,529						83,235,529

The interest rate on financial instruments with a variable interest rate is updated in periods of less than one year. Interest on financial instruments with a fixed interest rate is constant throughout the period until the maturity / maturity of these instruments. Other financial instruments of the Company which are not included in the above tables are not interest bearing and are therefore not subject to interest rate risk.

Interest rate risk - sensitivity to changes

The table below presents the sensitivity of gross profit (loss) to reasonably possible changes in interest rates, assuming that other factors remain unchanged (in connection with liabilities with a variable interest rate). No impact on equity or total comprehensive income of the Company was presented.

	Increase / decrease by percentage points	Impact on gross profit or loss
As at 30 September 2022		
Bank loan (PLN)		
Interest rate change	+0,5%	(4,724)
Interest rate change	-0,5%	4,724
Leasing liability (EUR)		
Interest rate change	+0,5%	(7,857)
Interest rate change	-0,5%	7,857
Lease liability (other currencies)		
Interest rate change	+0,5%	(3,267)
Interest rate change	-0,5%	3,267
<hr/>		
Total impact	+0,5%	(15,849)
Interest rate change	-0,5%	15,849
Interest rate change		

29.7. Credit risk management

Credit risk is the risk that a contracting party will default on its contractual obligations, resulting in the Company's financial losses. The Company enters into transactions only with creditworthy contracting parties. If necessary, the risk of financial losses due to default is reduced by collateral. While assessing its major customers, the Company also uses other publicly available financial information and internal transaction data. The Company's exposure to counterparty credit risk is monitored on an ongoing basis and the aggregate value of concluded transactions is distributed over approved contracting parties.

Trade receivables comprise amounts due from large, reliable and key customers operating in different geographies. Regular credit analyses are also performed considering the status of receivables.

Excluding the Company's major customers (information on revenue has been presented in Note 6.5), the Company is not exposed to considerable credit risk with respect to a single counterparty. Each of these customers is an international company with a stable financial position, which considerably reduces credit risk. The concentration of credit risk with respect to other customers does not exceed 10% of gross monetary assets during the year. Data on receivables as at the balance sheet date can be found in Note 22.

Credit risk related to cash and other short-term financial assets is limited, as the Company's counterparties are banks or institutions with a high credit rating awarded by international rating agencies. Moreover, in the case of bonds issued by PeKaO Leasing S.A. the bonds were secured with a surety by Bank PeKaO S.A. (which has an S&P short-term rating in domestic currency at A-2).

29.8. Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Management Board, which has developed a suitable management system for short-, medium- and long-term funding and liquidity requirements. The Company's liquidity management consists in maintaining the reserve capital at an appropriate level, keeping stand-by lines of credit, ongoing monitoring of projected and actual cash flows and alignment of the maturity of financial assets with that of financial liabilities.

	As at 30/09/2022	As at 31/12/2021
Financial assets (+)	49,685,304	97,931,681
Receivables (including trade receivables of disposal groups)	6,005,710	9,702,332
Cash	43,679,594	83,235,529
Other financial assets	-	4,993,820
Financial liabilities (-)	(17,889,479)	(17,345,542)
Interest bearing credit facilities and loans	(1,038,518)	(1,552,237)
Finance lease liabilities	(2,224,847)	(3,494,134)
Trade liabilities	(13,532,420)	(11,689,238)
Investment liabilities	(1,093,694)	(609,933)
Exposure to liquidity risk	31,795,825	80,586,139

As at the balance sheet date, September 30, 2022, the company's financial liabilities were within the following maturity ranges:

Type of liability	Current:				Non-current:			Liabilities – carrying amount
	Not overdue as at 30/09/2022	within 3 months	3-12 months	Total current liabilities	1-5 years	over 5 years	Total non-current liabilities	
Interest bearing credit facilities and loans	-	296,100	607,365	903,465	135,053	-	135,053	1,038,518
Finance lease liabilities	-	232,617	850,362	1,082,979	1,141,868	-	1,141,868	2,224,847
Trade liabilities	9,123,026	4,774,154	728,934	14,626,114	-	-	-	14,626,114
Total	9,123,026	5,302,871	2,186,661	16,612,558	1,276,921	-	1,276,921	17,889,479

As at the balance sheet date, December 31, 2021, the company's financial liabilities were within the following maturity ranges:

Type of liability	Current:				Non-current:			Liabilities – carrying amount
	Not overdue as at 31/12/2021	within 3 months	3-12 months	Total current liabilities	1-5 years	over 5 years	Total non-current liabilities	
Interest bearing credit facilities and loans	-	202,455	607,365	809,820	742,417	-	742,417	1,552,237
Finance lease liabilities	-	268,592	1,649,426	1,918,018	1,576,116	-	1,576,116	3,494,134
Trade liabilities	9,423,250	1,906,037	969,884	12,299,171	-	-	-	12,299,171
Total	9,423,250	2,377,084	3,226,675	15,027,009	2,318,533	-	2,318,533	17,345,542

29.8.1 Available external sources of funding

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Collateralized overdraft facilities:		
Amount used	93,645	23,295
Amount available	306,355	376,705
	400,000	400,000

30. Accrued costs

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Unused holiday accrual	1,709,337	1,389,105
Bonuses	5,190,321	2,197,631
	6,899,658	3,586,736
Short-term	6,899,658	3,586,736
Long-term	-	-
	6,899,658	3,586,736

31. Deferred income

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Payments from Partners (i) revenues recognized in accordance with IFRS 15	-	-
Government subsidies (ii) revenues recognized in accordance with IAS 20	27,627,978	29,203,845
	27,627,978	29,203,845
Short-term	4,588,415	8,946,445
Long-term	23,039,563	20,257,400
	27,627,978	29,203,845
Government subsidies (ii) revenues recognized in accordance with IAS 20		
Infrastructure subsidies, including:	24,954,798	23,639,203
- Short-term	2,127,544	3,394,387
Research subsidies, including:	2,578,121	5,521,758
- Short-term	2,365,812	5,456,999
	27,532,919	29,160,961

(i) Payments from partners include advance payments from contractors to cover part of the costs associated with the services performed.

(ii) Government subsidies include payments received resulting from subsidy contracts signed.

32. Related party transactions

32.1. Commercial transactions

In the financial year, the Company concluded the following commercial transactions with related parties (including in person):

	Sales of goods and services		Purchases of goods and services	
	Period ended 30/09/2022	Period ended 30/09/2021	Period ended 30/09/2022	Period ended 30/09/2021
	PLN	PLN	PLN	PLN
Selvita S.A.	3,336,623	1,568,262	3,157,174	3,318,169
Selvita Services Sp. z o.o.	-	-	1,002,333	1,022,932
Ardigen S.A.	301	-	-	-
Selvita Inc.	-	-	1,702,191	676,668
Selvita Ltd.	-	-	-	-
Selvita d.o.o.	-	-	2,939	-
ALTIUM Piotr Romanowski	-	-	-	3,194
Chabasiewicz, Kowalska i Partnerzy Radcowie Prawni	-	-	115,871	2,310
	3,336,924	1,568,262	5,980,508	5,023,273

Balances at the end of the reporting period:

	Amounts due from related parties		Amounts due to related parties	
	Balance as at 30/09/2022	Balance as at 31/12/2021	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN	PLN	PLN
Selvita S.A.	1,190,449	453,750	1,152,919	1,185,973
Selvita Services Sp. z o.o.	-	190,412	902,420	-
Ardigen S.A.	61	-	-	-
Selvita Inc.	-	-	1,319,504	454,492
Selvita Ltd.	-	-	-	-
Selvita d.o.o.	-	-	3,006	-
	1,190,510	644,162	3,377,849	1,640,465

Transactions with related entities were made using market prices.

32.2. Loans to related parties

None.

32.3. Loans from related parties

None.

32.4. Executive compensation

Compensation of members of the Management Board and other executives in the financial year:

	Period ended 30/09/2022	Period ended 30/09/2021
	PLN	PLN
Management Board	1,065,535	2,806,186
Paweł Przewięźlikowski	255,436	644,928
Krzysztof Brzózka	446,139	802,753
Setareh Shamsili	-	1,012,728
Kamil Sitarz	363,960	345,777
Supervisory Board	781,713	759,701
Piotr Romanowski	112,859	109,683
Tadeusz Wesołowski	111,199	108,067
Rafał Piotr Chwast	112,859	109,683
Axel Glasmacher	111,199	108,067
Colin Goddard	111,199	108,067
Jarl Jungnelius	111,199	108,067
Thomas Turalski	111,199	108,067
	1,847,248	3,565,887

32.5. Loans and similar benefits granted to members of management, supervisory and administration bodies of the Company

None.

33. Business combinations

None.

34. Cash and cash equivalents

For purposes of preparation of the statement of cash flows, cash and cash equivalents consist of cash in hand and cash at bank, including open overdraft facilities. Cash and cash equivalents at the end of the financial year, presented in the statement of cash flows, can be reconciled with the balance sheet items in the following manner:

At the balance sheet date, funds collected on bank accounts are not adjusted due to risk of impairment as these funds are accumulated in banks belonging to large capital groups with an established market position.

	Period ended 30/09/2022	Period ended 31/12/2021
	PLN	PLN
Cash in hand and at bank	17,489,694	47,145,529
Overdraft facilities	-	-
	17,489,694	47,145,529
Cash and cash equivalents - bank deposits	26,189,900	36,090,000
	43,679,594	83,235,529

As at 30/09/2022, restricted cash amounted to PLN 4,730,010 (31/12/2021: PLN 4,966,499).

35. Average headcount in the Company

	Period ended 30/09/2022	Period ended 31/12/2021
White collar employees	199	186
Blue collar employees	-	-
Total headcount	199	186

36. Share-based payments

36.1 Employee incentive program

36.1.1 Detailed description of the incentive program based on subscription warrants

On May 17, 2021, the General Meeting resolved to adopt an Incentive Scheme for employees in the form of the right to purchase shares at a preferential price. The program covers a total of 1,247,720 ordinary shares of Ryvu S.A. which will be transferred free of charge by Paweł Przewięźlikowski, owned by him and constituting a total of 25% of the Company's shares held by him. The scheme provides employees with the right to acquire shares at a preferential price of PLN 0.19 per share. Employees who have a business relationship with the company are eligible to participate in the program. The eligible persons are required to remain in a business relationship with the company and not to dispose of the shares granted under the scheme, for a period not shorter than 12 months and not longer than 36 months from the date of acquiring the shares, subject to exceptional circumstances when the employee may be released

Purpose of the Program

The purpose of implementing the universal incentive program as proposed will be:

and - ensuring optimal conditions for the long-term increase in the value of the Company by creating a general employee shareholding structure;

and - creating an incentive that will motivate employees to act even more actively in the interest of the Company and its shareholders and encourage them to stay in a long-term relationship with the Company;

and - building a modern organization in which the increase in the value of the Company will translate directly into an increase in the wealth of the employees and associates of the Company.

There were no share-based payments in the current reporting period.

36.1.2 The fair value of the share options granted during the year

The fair value of the options granted is determined as at the grant date and recognized over the vesting period in remuneration costs in correspondence with the increase in equity at the time of vesting by employees during the program period.

Summary of data about the program:

Date of granting the program ("grant date") - I phase of the program (90% of the pool)	17.05.2021 r.
Date of granting the program ("grant date") - II phase of the program (5% of the pool)	16.03.2022 r.
The maturity date of the program	16.03.2025 r.
Number of shares in the program	1.247.720
Expected number of shares after taking into account employee turnover ratio and available data as at September 30, 2022.	1,010,478

The total cost of the program was estimated on the basis of the estimated value of the shares to which employees will acquire rights during the duration of the program. The fair value of the program was determined using the Black-Scholes-Merton valuation model, taking into account the following parameters:

In the case of the 1st phase of the program:

- option exercise date:

09/07/2021 for 20,383 shares;

09/07/2022 for 457,787 shares;

09/07/2023 for 454,451 shares;

09/07/2024 for 21,205 shares;

June 30, 2025 for 6,379 shares.

- option exercise price: PLN 52.8;

- share price as at the valuation date: PLN 53;

- continuous dividend rate: 0%

- risk-free interest rate in continuous capitalization: 1.96%

- coefficient of variation: 72% - obtained as a standard deviation from a sample of logarithmic changes in historical prices of shares listed on the WSE in the period from October 16, 2019 to the valuation date.

In the case of the 2nd phase of the program:

- option exercise date:

March 16, 2022 for 8,219 shares;

March 16, 2023 for 16,758 shares;

March 16, 2024 for 16,758 shares;

March 16, 2025 for 8,538 shares.

- option exercise price: PLN 47.3;

- share price as at the measurement date: PLN 47.45;

- continuous dividend rate: 0%

- risk-free interest rate in continuous capitalization: 4.82%

- coefficient of variation: 44% - obtained as a standard deviation from a sample of logarithmic changes in historical prices of shares listed on the WSE in the period from October 16, 2019 to As at 30/09/2022, the weighted average period remaining until the end of the contractual duration is 9 months.

36.1.3 Estimated impact of the incentive program on the financial results (in PLN thousand):

Tranche number	Number of shares	Date of purchase of the shares	2021 Q2	2021 Q3	2021 Q4	2021	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022	2023	2024	2025	Total discharge
Tranche No. 1	20,383	09/07/2021	951	126		1,076	-	-	-	-	-	-	-	-	1,076
Tranche No. 2	457,787	09/07/2022	3,768	5,098	5,098	13,964	4,923	4,978	492	-	10,393	-	-	-	24,357
Tranche No. 3	454,451	09/07/2023	2,064	2,792	2,792	7,649	2,677	2,707	2,736	2,736	10,856	5,651	-	-	24,156
Tranche No. 4	21,205	09/07/2024	69	93	93	255	86	87	88	88	349	349	182	-	1,134
Tranche No. 5	6,379	30/06/2025	15	20	20	56	20	20	20	20	80	80	81	40	337
Tranche No. 6	8,219	16/03/2022				-	388	-	-	-	388	-	-	-	388
Tranche No. 7	16,758	16/03/2023				-	33	197	200	200	629	164	-	-	793
Tranche No. 8	16,758	16/03/2024				-	16	99	100	100	314	396	83	-	793
Tranche No. 9	8,538	16/03/2025				-	6	34	34	34	107	134	135	28	404
Total	1,010,478		6,866	8,129	8,004	22,999	8,149	8,121	3,670	3,178	23,117	6,774	481	68	53,440

The valuation of the program, in terms of shares currently issued to employees as at September 30, 2022, showed its total estimated cost at the level of PLN 53,440 thousand, which is included in the costs of the Company from the second quarter of 2021 until the second quarter of 2025. The impact of the program on the result of the reporting period is PLN 19,940 thousand and this amount reduces the gross result, net result and operating profit in the three quarters of 2022. The estimated impact for the following years is as follows:

- full year 2022: PLN 23,117 thousand,
- 2023: PLN 6,774 thousand,
- 2024: PLN 481 thousand,
- 2025: PLN 68 thousand.

36.1.4 Recognized costs of the incentive program:

The recognized costs of the incentive program in a given year as at the balance sheet date are as follows:

	Period ended 30/09/2022	Year ended 31/12/2021	Period ended 30/09/2021
Plan costs recognized at fair value	19,939,648	22,998,500	14,995,292
	19,939,648	22,998,500	14,995,292

37. Capital commitments

	Balance as at 30/09/2022	Balance as at 31/12/2021
	PLN	PLN
Commitments to purchase property, plant and equipment	1,167,659	211,262

Obligations to purchase property, plant and equipment result from subsidy agreements signed by the Company for the creation and increase of the potential of laboratories.

38. Contingent liabilities and assets

38.1. Contingent liabilities

In the periods covered by the financial statements, the Company incurred contingent liabilities necessary to receive a subsidy and a loan.

Contingent liabilities include:

- promissory note liabilities -covering the amount of subsidies received, for which the shelf life has not yet expired, with interest in the amount specified as for tax arrears calculated from the date of transfer of funds to the account until the date of return. In the period covered by the report, PLN 13,152,770, was credited to the bank accounts for co-financing. As at the balance sheet date, 30/09/2022, the sum of cash received under the subsidy is PLN 159,681,428.

On August 7, 2017, the Management Board of Ryvu Therapeutics S.A. (formerly Selvity S.A.) has concluded an agreement with Leukemia & Lymphoma Society regarding cooperation in further research of the preclinical phase and the first clinical phase of the SEL120 molecule. Pursuant to the provisions of the Agreement, LLS undertook to provide the Company with financial support of up to USD 3.25 million. In exchange for the financial support provided, LLS will be entitled, after successful development of SEL120 and leading to the commencement of clinical phase III, to receive payments for obtaining milestones, and after commercialization of SEL120 or to the market by the Company also to royalties. The total value of payments for LLS will not exceed seven times the grant awarded. From the date of signing the agreement until 30/09/2022, the Company received in total USD 2 million. As at 30/09/2022, the Company does not recognize an obligation due to funds received from LLS due to the early stage of project implementation and the related low probability of repayment.

38.2. Contingent assets

There was no issue in the periods covered by the financial statements.

39. Significant events of the reporting period

Coronavirus (COVID-19)

Covid-19 pandemic, which began in the first quarter of 2020, continued during the whole reported period, and from May 16, 2022, the epidemic state was abolished by authorities and the state of epidemic threat came into force. Because of that, the Company has implemented recommendations given by the Chief Sanitary Inspectorate and other government institutions in connection with the epidemiological threat, including implementation of remote work and ensuring safe working conditions for stationary employees. The Company used remote communication in its business contacts. Furthermore, the Issuer appointed a working team consisting of the representatives of various organizational units, whose task is to respond to the situation on an on-going basis and mitigate any adverse effects of the spread of the pandemic on the Company. The Company has also developed its internal policy for preventing spread of the coronavirus and has been taking actions aimed at ensuring appropriate health and safety conditions at work, including access for Company's employees to routine antigen testing. Internal policies are constantly updated and adapted to the latest guidelines and changing conditions.

During the reported period, the pandemic affected progress of the two Issuer's fully owned clinical trials: (i) RIVER-51 study and (ii) AMNYS-51 study, due to the fact that generally and globally, phase I, dose escalation cancer clinical trials, got impacted. Due to the onset of COVID-19 pandemic, US and Polish clinical sites in both RVU120 studies have introduced additional safety measures and risk management processes which have impacted the possibilities for patients to participate in clinical studies. This has applied primarily to relapsed, refractory AML patients who are frequently immunocompromised and very ill. Some patients themselves decided to limit their contacts with various healthcare facilities to minimize the possibility of COVID-19 exposure, while some were unable to enter the study due to an on-going coronavirus infection. As a result of that, enrollment in the study could have been impacted.

The Company's research and development laboratories operated in Q3 2022 with normal capacity. A small proportion of the Company's office staff still worked remotely, which could also have had an adverse effect on the speed of carrying out the projects. As of November 2022, thanks to the improving pandemic situation globally, and specifically in Poland, the residual impact of Covid-19 on Company operations is very limited.

The situation in Ukraine

Due to the outbreak of the conflict in Ukraine, the Company's Management Board has analyzed the potential impact of the ongoing war on the Company's operations. In the opinion of the Management Board, apart from the currency risk, the Management Board did not identify any other significant risks that could affect the Company's operations.

In particular, it should be noted that the Issuer does not have any assets and does not conduct business and operations in Ukraine and Russia. The share of entities from Ukraine or Russia as suppliers in the Company's structure remains insignificant and is mostly limited to the provision of compound libraries for discovery stage projects at their early stage.

The Company also identifies foreign exchange risk. 90% of the Issuer's cash is kept in PLN. The grants obtained are also denominated in PLN, whereas the costs of clinical trials and external research and development services are mostly denominated in foreign currencies. This risk is partly mitigated by guaranteed and expected revenues from the commercialization of projects, which are denominated in foreign currencies.

40. Significant events after the balance sheet date

There was no issue in the periods covered by the financial statements.

41. Notes to the cash flow statement

Explanation of the reasons for significant differences between changes in certain items in the balance sheet and changes in the same items disclosed in the cash flow statement:

Item	Period ended	Period ended
	30/09/2022	30/09/2021
	PLN	PLN
Change in trade and other receivables:	3,918,347	(1,569,713)
- change in receivables due to payment for shares	-	-
- change in trade and other receivables resulting from the balance sheet	3,918,347	(1,569,713)
Change in inventory:	193,344	(1,504,586)
- change in inventory resulting from the balance sheet	193,344	(1,504,586)
Change in liabilities, except for loans and borrowings:	2,073,775	(1,638,975)
- change in liabilities resulting from the balance sheet	(3,151,429)	(1,239,495)
- change in liabilities due to payment of income tax	5,457,761	-
- change in liabilities related to purchase of fixed assets	(232,557)	(399,480)
Change in deferred income:	1,737,055	(13,967,082)
- change in deferred income resulting from the balance sheet	1,737,055	(13,967,082)
Change in provisions:	(437,930)	367,996
- change in provisions resulting from the balance sheet	(437,930)	367,996
Change in other assets:	(2,665,040)	(1,816,153)
- change in other assets resulting from the balance sheet	(2,665,040)	(1,816,153)
Change in loans:	(537,014)	(580,904)
- change in long-term loans resulting from the balance sheet	(607,364)	(607,364)
- change in in short-term loans resulting from the balance sheet	70,350	26,460

42. Changes in presentation in the interim condensed statement of comprehensive income

In three quarters of 2022, the Company decided to change the presentation of the valuation of shares held in Nodthera, the recognition of rental income and the presentation of income from employee benefits in order to better illustrate revenues and costs. The valuation of shares in Nodthera was moved from the line below the result on economic activities to the line concerning the result on operating activities. Rental income was included in other operating income instead of sales income. In the case of presentation of income from the sale of employee benefits, they reduce the costs of employee benefits instead of presenting them as an item of other operating income.

	CONVERTED DATA	
	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN
Sales revenue	555,080	130,898
Income from subsidies	18,193,199	6,872,349
Total operating income	18,748,279	7,003,247
Employee benefits costs	(23,952,115)	(8,467,815)
Total operating costs	(80,820,077)	(30,640,171)
Valuation of shares in Nodthera	1,319,559	588,299
Other operating income	534,015	214,934
Other operating cost	(73,892)	(67,138)
(Loss) on operating activities	(60,292,116)	(22,900,829)
Financial revenue	508,373	359,931
Financial expenses	(473,070)	(94,044)
(Loss) before income tax	(60,256,813)	(22,634,942)

	DATA BEFORE CONVERSION	
	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021
	PLN	PLN
Sales revenue	1,030,599	289,236
Income from subsidies	18,193,199	6,872,349
Total operating income	19,223,798	7,161,585
Employee benefits costs	(24,298,782)	(8,656,506)
Total operating costs	(81,166,744)	(30,828,862)
Other operating income	405,163	245,287
Other operating cost	(73,892)	(67,138)
(Loss) on operating activities	(61,611,675)	(23,489,128)
Financial revenue	508,373	359,931
Financial expenses	(473,070)	(94,044)
(Loss) on operating activities	(61,576,372)	(23,223,241)
Valuation of shares in Nodthera	1,319,559	588,299
(Loss) before income tax	(60,256,813)	(22,634,942)

43. Approval of the financial statements

The financial statements were approved by the Company's management board on November 22, 2022.

Prepared by: Elżbieta Kokoć

Signatures of members of the Management Board:

Paweł Przewięźlikowski - President of the Board

Krzysztof Brzózka - V-ce President of the Board

Kamil Sitarz - Member of the Board

Vatnak Vat-Ho - Member of the Board

Hendrik Nogai - Member of the Board

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 **GENERAL INQUIRIES**

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