



# **SELVITA S.A. GROUP**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Prepared for the period  
from 01/01/2023  
to 30/09/2023**

in accordance with the International Accounting Standard No. 34  
as endorsed by the European Union

*It is the translation of the Polish original document*

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023**

	Note	9-month period ended 30/09/2023	3-month period ended 30/09/2023	9-month period ended 30/09/2022	3-month period ended 30/09/2022
		000'PLN	000'PLN	000'PLN	000'PLN
<b>Continuing operations</b>					
Sales revenue	3	260,481	82,352	268,167	93,524
Grant income	3	4,529	1,750	2,902	1,182
<b>Total revenue</b>		<b>265,010</b>	<b>84,103</b>	<b>271,069</b>	<b>94,706</b>
Amortization	3	(34,078)	(11,981)	(26,875)	(9,432)
Consumption of materials and supplies		(54,555)	(17,553)	(52,193)	(17,712)
External services		(37,678)	(12,780)	(34,282)	(13,361)
Employee benefit expense		(105,267)	(33,417)	(97,454)	(33,251)
Employee Capital Plans		(783)	(285)	(488)	(148)
Costs of the incentive program	19	(10,224)	(1,667)	(27,877)	(5,270)
Other expenses		(7,848)	(2,715)	(4,722)	(1,714)
Taxes and charges		(1,590)	(541)	(1,392)	(460)
Loss from impairment of trade receivables		(20)	104	(12)	41
<b>Total operating expenses</b>		<b>(252,042)</b>	<b>(80,835)</b>	<b>(245,295)</b>	<b>(81,307)</b>
Other operating revenue		129	81	93	43
Other operating expenses		(118)	(31)	(206)	(56)
<b>Operating profit</b>		<b>12,979</b>	<b>3,317</b>	<b>25,661</b>	<b>13,385</b>
Financial revenue		716	(5,977)	4	0
Financial expenses	5	(8,450)	(3,639)	(7,157)	(4,327)
Share in the profit/loss of associates valued using the equity method	11	890	1,347	-	-
<b>Profit (loss) before income tax</b>		<b>6,136</b>	<b>(4,951)</b>	<b>18,508</b>	<b>9,057</b>
Income tax expense	6	(87)	679	(3,526)	(1,188)
<b>Net profit (loss) on continuing operations</b>		<b>6,049</b>	<b>(4,272)</b>	<b>14,981</b>	<b>7,869</b>
<b>Discontinued operations, including:</b>					
Net profit from discontinued operations attributable to Parent Company	11	-	-	2,625	1,124
Net profit from discontinued operations attributable to non-controlling shareholders		-	-	3,000	1,440
<b>NET PROFIT (LOSS)</b>		<b>6,049</b>	<b>(4,272)</b>	<b>20,607</b>	<b>10,434</b>
<b>Net other comprehensive income, which will be reclassified to profit or loss</b>					
Foreign subsidiaries results translation differences		(995)	10,574	10,771	7,250
<b>Total net other comprehensive income</b>		<b>(995)</b>	<b>10,574</b>	<b>10,771</b>	<b>7,250</b>
<b>TOTAL INCOME FOR THE PERIOD</b>		<b>5,054</b>	<b>6,302</b>	<b>31,378</b>	<b>17,684</b>
Net profit (loss) attributed to:					
Majority shareholders		6,049	(4,272)	17,607	8,994
Non-controlling shareholders		-	-	3,000	1,440
Total income attributed to:					
Majority shareholders		5,054	6,302	28,378	16,244
Non-controlling shareholders		-	-	3,000	1,440
<b>Earnings per share (expressed in PLN per share)</b>					
With continuing and discontinued operations:					
Basic		0.33	(0.23)	0.96	0.49
Diluted		0.33	(0.23)	0.96	0.49
With continued operations:					
Basic		0.33	(0.23)	0.82	0.43
Diluted		0.33	(0.23)	0.82	0.43

*The interim condensed consolidated statement of comprehensive income should be analyzed together with the explanatory notes constituting an integral part of the interim condensed consolidated financial statements*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**PREPARED AS AT 30 SEPTEMBER 2023**

	Note	Balance as at 30/09/2023	Balance as at 31/12/2022
		000'PLN	000'PLN
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	7	194,987	160,908
Right of use assets	7	97,048	96,918
Goodwill	8	76,813	78,057
Other intangible assets	9	32,445	34,791
Investments valued using the equity method	11	12,622	-
Deferred tax asset	6	13,367	10,094
Other financial assets		1,002	1,060
<b>Total non-current assets</b>		<b>428,285</b>	<b>381,829</b>
<b>Current assets</b>			
Inventory		7,398	7,801
Trade and other receivables	12	70,735	98,802
Contract assets with customers	3.3	14,459	15,204
Other financial assets		311	2,018
Other assets		7,542	5,100
Cash and other monetary assets	18	65,994	74,157
<b>Total current assets</b>		<b>166,439</b>	<b>203,082</b>
<b>Total assets</b>		<b>594,724</b>	<b>584,911</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		14,684	14,684
Share premium		86,448	86,448
Own shares		-	-
Reserve capital resulting from the acquisition of OPE		22,994	22,994
Other reserve capitals		72,788	62,544
Currency differences on translation of foreign operations		5,691	6,686
Retained earnings		68,822	38,513
Net profit for the period		6,049	30,309
<b>Equity attributed to majority shareholders</b>		<b>277,476</b>	<b>262,178</b>
Equity attributed to non-controlling shareholders		-	10,983
<b>Total equity</b>		<b>277,476</b>	<b>273,161</b>
<b>Long-term liabilities</b>			
Credit facilities and loans	14	118,714	109,088
Lease liabilities	13.1	64,810	62,413
Liabilities due to retirement benefits		590	239
Deferred tax provision	6	6,041	6,323
Deferred income	16.2	33,741	11,020
<b>Total long-term liabilities</b>		<b>223,896</b>	<b>189,083</b>
<b>Short-term liabilities</b>			
Trade and other liabilities	15	25,071	49,185
Contract liabilities with customers	3.3	1,798	3,351
Lease liabilities	13.1	27,460	24,701
Short-term loans and bank credits	14	20,031	16,763
Current tax liabilities		657	2,493
Accruals	16.1	16,969	24,054
Deferred income	16.2	1,365	2,120
<b>Total short-term liabilities</b>		<b>93,353</b>	<b>122,667</b>
<b>Total liabilities</b>		<b>317,248</b>	<b>311,750</b>
<b>Total equity and liabilities</b>		<b>594,724</b>	<b>584,911</b>

*The interim condensed consolidated statement of financial position should be analyzed together with the explanatory notes constituting an integral part of the interim condensed consolidated financial statements*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE REPORTING PERIOD ENDED 30 SEPTEMBER 2023**

	Note	Share capital	Share premium	Reserve capital resulting from the acquisition of OPE	Other reserve capitals	Own shares	Currency differences on translation of foreign operations	Retained earnings	Net profit	Equity attributable to shareholders of the parent company	Equity attributed to non-controlling shareholders	Total equity
		000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN
<b>Balance as at 1 January 2023</b>		<b>14,684</b>	<b>86,448</b>	<b>22,994</b>	<b>62,544</b>	-	<b>6,686</b>	<b>38,513</b>	<b>30,309</b>	<b>262,178</b>	<b>10,983</b>	<b>273,161</b>
Net profit for the period		-	-	-	-	-	-	-	6,049	6,049	-	6,049
Other comprehensive income		-	-	-	-	-	(995)	-	-	(995)	-	(995)
Creation of reserve capital as part of the incentive program	19	-	-	-	10,244	-	-	-	-	10,244	-	10,244
Transfer of result from previous years		-	-	-	-	-	-	30,309	(30,309)	-	-	-
Cessation of consolidation of Ardigen S.A.		-	-	-	-	-	-	-	-	-	(10,983)	(10,983)
<b>Balance as at 30 September 2023</b>		<b>14,684</b>	<b>86,448</b>	<b>22,994</b>	<b>72,788</b>	-	<b>5,691</b>	<b>68,822</b>	<b>6,049</b>	<b>277,476</b>	-	<b>277,476</b>
<b>Balance as at 1 January 2022</b>		<b>14,684</b>	<b>86,448</b>	<b>22,994</b>	<b>31,706</b>	-	<b>2,618</b>	<b>23,521</b>	<b>14,899</b>	<b>196,870</b>	<b>8,684</b>	<b>205,554</b>
Net profit for the period		-	-	-	-	-	-	-	30,309	30,309	2,299	32,608
Other comprehensive income		-	-	-	-	-	4,068	-	-	4,068	-	4,068
Creation of reserve capital as part of the incentive program	19	-	-	-	30,838	-	-	-	-	30,838	-	30,838
Transfer of result from previous years		-	-	-	-	-	-	14,899	(14,899)	-	-	-
Change in interest of parent company		-	-	-	-	-	-	93	-	93	-	93
<b>Balance as at 31 December 2022</b>		<b>14,684</b>	<b>86,448</b>	<b>22,994</b>	<b>62,544</b>	-	<b>6,686</b>	<b>38,513</b>	<b>30,309</b>	<b>262,178</b>	<b>10,983</b>	<b>273,161</b>
<b>Balance as at 1 January 2022</b>		<b>14,684</b>	<b>86,448</b>	<b>22,994</b>	<b>31,706</b>	-	<b>2,617</b>	<b>23,521</b>	<b>14,899</b>	<b>196,870</b>	<b>8,684</b>	<b>205,554</b>
Net profit for the period		-	-	-	-	-	-	-	17,607	17,607	3,000	20,607
Other comprehensive income		-	-	-	-	-	10,771	-	-	10,771	-	10,771
Creation of reserve capital as part of the incentive program	19	-	-	-	27,877	-	-	-	-	27,877	-	27,877
Transfer of result from previous years		-	-	-	-	-	-	14,899	(14,899)	-	-	-
<b>Balance as at 30 September 2022</b>		<b>14,684</b>	<b>86,448</b>	<b>22,994</b>	<b>59,583</b>	-	<b>13,389</b>	<b>38,420</b>	<b>17,607</b>	<b>253,125</b>	<b>11,684</b>	<b>264,809</b>

*The interim condensed consolidated statement of changes in equity should be analyzed together with the explanatory notes constituting an integral part of the interim condensed consolidated financial statements*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023**

	Note	9-month period ended 30/09/2023	9-month period ended 30/09/2022 restated *
		000'PLN	000'PLN
<b>Cash flows from operating activities</b>			
<b>Net profit for the period, including:</b>		<b>6,049</b>	<b>20,607</b>
- from continuing operations		6,049	17,607
- from discontinued operations		-	3,000
<b>Adjustments:</b>			
Amortization and depreciation and impairment losses on fixed assets		34,078	27,865
Exchange gains (losses)		2,810	9,224
Interest and profit-sharing (dividends), net		7,973	2,964
Change in receivables	21	14,928	(28,214)
Change in inventory		403	(3,861)
Change in short-term liabilities and provision excluding credits and loans	21	(4,515)	3,606
Change in deferred income	21	(7,836)	3,460
Share in the profit/loss of associates valued using the equity method		(890)	-
Change in provisions	21	113	(6,905)
Change in other assets	21	(4,906)	4,357
Cost of the incentive program	19	10,224	27,877
Corporate income tax paid		(5,366)	2,785
<b>Net cash flows from operating activities, including:</b>		<b>53,066</b>	<b>63,764</b>
- from continuing operations		53,066	57,056
- from discontinued operations		-	6,708
<b>Cash flows from investing activities</b>			
Purchase of tangible and intangible fixed assets		(43,549)	(59,264)
Proceeds from subsidies to fixed assets		24,753	10,376
Return of grants to fixed assets		(153)	(996)
Purchase of other financial assets		38	11,338
Cash over which control has been lost		(16,833)	-
Interest received		4	4
<b>Net cash flows from investing activities, including:</b>		<b>(35,741)</b>	<b>(38,542)</b>
- from continuing operations		(18,908)	(37,195)
- from discontinued operations		(16,833)	(1,347)
<b>Cash flows from financing activities</b>			
Repayment of finance lease liabilities		(25,506)	(20,804)
Proceeds from credits and loans	21	18,285	165
Repayment of credits and loans	21	(9,912)	(8,827)
Interest paid		(7,977)	(2,968)
<b>Net cash flows from financing activities, including:</b>		<b>(25,112)</b>	<b>(32,434)</b>
- from continuing operations		(25,112)	(32,215)
- from discontinued operations		-	(219)
Net increase in cash and cash equivalents		(7,787)	(7,212)
Cash and cash equivalents at the beginning of the period		74,157	83,550
Net currency differences on cash and cash equivalents		(376)	401
<b>Cash and cash equivalents at the end of the period, including:</b>	18	<b>65,994</b>	<b>76,739</b>
- from continuing operations		65,994	59,906
- from discontinued operations		-	16,833

\* restated data described in note 22

*The interim condensed consolidated statement of cash flows should be analyzed together with the explanatory notes constituting an integral part of the interim condensed consolidated financial statements*

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED AS AT 30 SEPTEMBER 2023

### 1. General information

#### 1.1. The parent company

The parent company of the Selvita Capital Group was established in 2019 on the basis of a notarial deed of 22 March 2019 prepared at B. Lipp's notary office (Rep. A No. 670/2019). The parent company has its registered office in Poland. Currently, the company is registered in the National Court Register in the District Court for the City of Kraków - Śródmieście, 11th Commercial Department under the number KRS 0000779822.

In the three quarters of 2023, the name of the Company was not changed.

The seat of the Parent Company, Selvita Spółka Akcyjna, is located at 30-394 Kraków, ul. Podole 79.

Composition of the parent's management and supervisory bodies as at the date of these consolidated financial statements:

#### Management Board:

Bogusław Sieczkowski	-	President of the Management Board
Miłosz Gruca	-	Vice-President of the Management Board
Mirosława Zydroń	-	Member of the Management Board
Dariusz Kurdas	-	Member of the Management Board
Dawid Radziszewski	-	Member of the Management Board
Adrijana Vinter	-	Member of the Management Board

#### Supervisory Board:

Piotr Romanowski	-	Chairman
Tadeusz Wesołowski	-	Vice- Chairman
Rafał Chwast	-	Member
Wojciech Chabasiewicz	-	Member
Paweł Przewięźlikowski	-	Member
Jacek Osowski	-	Member

As at 30 September 2023, the shareholder structure of the parent company was as follows:

	Registered office	Number of shares	Percentage interest in capital	Percentage share in voting rights
As at 30 September 2023				
Paweł Przewięźlikowski	Poland	2,970,815	16.18%	27.03%
TFI Allianz Polska Nationale -Nederlanden Open-End Pension Fund and Nationale -Nederlanden Voluntary Pension Fund	Poland	2,015,577	10.98%	9.23%
Bogusław Sieczkowski	Poland	1,901,000	10.36%	8.71%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	942,417	5.13%	6.83%
Other shareholders (less than 5% of votes at the GM)		932,713	5.08%	4.27%
		9,592,952	52.27%	43.93%
<b>Total</b>		<b>18,355,474</b>	<b>100.00%</b>	<b>100.00%</b>

## 1.2. The Capital Group

As at the balance sheet day, the Selvita Capital Group includes Selvita S.A. as the parent company and 4 subsidiaries - Selvita Services Spółka z o.o, Selvita Inc., Selvita Ltd. and Selvita d.o.o. In January 2023, Selvita S.A. lost control of Ardigen S.A. and Ardigen Inc.

	Registered Office	% of capital held	% of voting rights
		As at 30 September 2023	
Selvita Services Spółka z ograniczoną odpowiedzialnością	Poland	100.00%	100.00%
Selvita Inc.	USA	100.00%	100.00%
Selvita Ltd.	UK	100.00%	100.00%
Selvita d.o.o. (previously Fidelta d.o.o.)	Croatia	100.00%	100.00%

The duration of the Capital Group companies is not fixed. The financial statements of all controlled entities have been prepared as of 30 September 2023, using consistent accounting principles.

The calendar year is the financial year of the parent company. The consolidation of subsidiaries covers the period from 01/01/2023 to 30/09/2023, i.e. the period in which the Parent Company had control over these entities (loss of control over Ardigen S.A. is described in note 10.1).

Selvita S.A. Group is a capital group from the biotechnology industry that provides multidisciplinary support in solving unique research challenges in the area of drug discovery, regulatory research, as well as research and development.

## **2. Information on the principles adopted when preparing the interim condensed consolidated financial statements**

### **2.1. Statement of compliance**

These interim condensed consolidated 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").

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the financial year ended December 31, 2022, prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted for use in the European Union ("EU").

The interim condensed consolidated financial statements of Group cover the financial period from January 1, 2023 to September 30, 2023 and contain comparative data, which constitute data for the financial period from January 1, 2022 to September 30, 2022, and in the case of data regarding the statement of financial position, they include comparative data as of December 31, 2022.

Preparing financial statements in accordance with IFRS requires the use of specific accounting estimates. It also requires the Management Board to use its own judgment when applying the accounting principles adopted by the Group. Matters in respect of which a greater degree of judgment is required, matters that are more complex or those in which assumptions and estimates are significant from the point of view of the financial statements, are disclosed in Note 2.3.

### **2.2. Basis for preparing the interim condensed consolidated financial statements and the accounting principles used**

The accounting principles (policies) used to prepare these interim condensed financial statements are consistent with those used in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2022.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the period of at least 12 months following the date of this report. As of the date of preparation of the interim condensed consolidated financial statements, there were no circumstances that would indicate a risk to the Group ability to continue as a going concern.

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

### **2.3. Significant accounting judgements and estimates**

Preparing interim condensed consolidated financial statements in accordance with IFRS EU requires the Company's Management Board to use judgments and estimates that affect the accounting principles used and the reported assets, liabilities, revenues and costs. Ratings and estimates are verified on an ongoing basis. Changes in estimates are reflected in the result of the period in which the change occurred.

During the reporting period, there were no significant changes in the assessments or estimates described in the annual consolidated financial statements for 2022.

## 2.4 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.

	As at 30/09/2023	As at 31/12/2022
EUR / PLN	4.6356	4.6899
USD / PLN	4.3697	4.4018
GBP / PLN	5.3464	5.2957
CHF / PLN	4.8030	4.7679
JPY / PLN	0.0293	0.0333
SEK / PLN	0.4033	0.4213
HRK / PLN	n.a.	0.6224

## 2.5. Recognition of loss of control over Group entities

As at December 31, 2022, Ardigen S.A. and Ardigen Inc., constituting a separate operating segment called Bioinformatics, were not classified as assets held for sale or discontinued operations. As at September 30, 2023, the operating segment Bioinformatics is a discontinued activity.

Detailed disclosures regarding the assets of these companies, the circumstances of the loss of control and information on their segment are presented in note 10.1, note 11 and note 4, respectively.

### 3. Operating income

#### 3.1. Sales revenue

Analysis of the Group's sales revenue for the period from 1 January 2023 to 30 September 2023:

	9-month period ended 30/09/2023	3-month period ended 30/09/2023	9-month period ended 30/09/2022	3-month period ended 30/09/2022
	000'PLN	000'PLN	000'PLN	000'PLN
Contract research - fixed priced agreements	115,126	36,462	107,420	36,777
Contract research - FTE agreements	140,100	44,198	156,713	55,583
Revenues from the sale of administrative services	5,255	1,693	4,034	1,163
<b>Operating income</b>	<b>260,481</b>	<b>82,352</b>	<b>268,167</b>	<b>93,524</b>

The above analysis does not reflect the Group's operating segments, which are described in note 4.

#### 3.2. Revenues from subsidies

The amount of revenues from subsidies is presented in the table below:

	9-month period ended 30/09/2023	3-month period ended 30/09/2023	9-month period ended 30/09/2022	3-month period ended 30/09/2022
	000'PLN	000'PLN	000'PLN	000'PLN
Infrastructure subsidies	1,148	522	183	66
Grants for research	3,381	1,228	2,719	1,116
<b>Revenues from subsidies</b>	<b>4,529</b>	<b>1,750</b>	<b>2,902</b>	<b>1,182</b>

#### 3.3. Contract assets and liabilities with customers

The scope of changes of contract assets with customers	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Balance at the beginning of the reporting period	15,204	10,319
Revenue accrued in proportion to the costs incurred	7,256	22,797
Invoiced revenues	(8,002)	(17,912)
Balance at the end of the reporting period	<b>14,459</b>	<b>15,204</b>

The scope of changes of contract liabilities with customers	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Balance at the beginning of the reporting period	3,351	3,621
Invoicing beyond the obligation to provide	5,571	5,315
Execution of contracts without invoicing	(7,124)	(5,585)
Balance at the end of the reporting period	<b>1,798</b>	<b>3,351</b>

### 3.4 Geographical information

The Group operates in two major geographical regions – in Poland, where its registered office is located, and in Europe. In regards to other countries, the United States are a major market.

Group's revenue from external customers by geographical area:

	Revenue from external customers			
	9-month period ended	3-month period ended	9-month period ended	3-month period ended
	30/09/2023	30/09/2023	30/09/2022	30/09/2022
	<b>000'PLN</b>	<b>000'PLN</b>	<b>000'PLN</b>	<b>000'PLN</b>
Poland	10,655	3,552	9,201	2,533
EU members	97,077	31,573	100,344	35,879
USA	66,848	20,711	75,569	25,709
Switzerland	25,858	7,411	23,022	7,473
UK	45,215	14,196	43,905	15,928
Other countries	14,828	4,909	16,126	6,001
<b>Total</b>	<b>260,481</b>	<b>82,352</b>	<b>268,167</b>	<b>93,524</b>

### 3.5. Operating expenses

<i>Amortization and impairment</i>	9-month period ended	3-month period ended	9-month period ended	3-month period ended
	30/09/2023	30/09/2023	30/09/2022	30/09/2022
	<b>000'PLN</b>	<b>000'PLN</b>	<b>000'PLN</b>	<b>000'PLN</b>
Amortization of tangible assets	12,828	5,109	6,941	1,884
Amortization of equipment usage rights	7,594	2,329	7,271	3,397
Amortization of rights to use the premises and cars	11,018	3,677	10,027	3,251
Amortization of intangible assets	527	158	490	168
Amortization of contractor base	2,111	709	2,146	732
<b>Total amortization expense</b>	<b>34,078</b>	<b>11,981</b>	<b>26,875</b>	<b>9,432</b>

#### **4. Operating segments**

The Management Board monitors separately segment operating results to take appropriate decisions concerning resources allocation, to assess results of resource allocation and segment performance results. The basis for the assessment is segment operating profit or loss. Group financing (including finance costs and finance income) and deferred tax are monitored at the level of the Group and are not allocated to individual segments.

##### **4.1 Products and services representing a source of revenue of the reporting segments**

For management purposes, the Group was divided into parts based on the services provided. Therefore, there are two operating segments and the third one is discontinued operations.

##### **4.2 Segment revenue and profit or loss**

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

## a) Continuing operations

	Revenue				Operating profit			
	9-month period ended	3-month period ended	9-month period ended	3-month period ended	9-month period ended	3-month period ended	9-month period ended	3-month period ended
	30/09/2023	30/09/2023	30/09/2022	30/09/2022	30/09/2023	30/09/2023	30/09/2022	30/09/2022
	000'PLN							
<b>Segment 1 - Services executed in Poland, including</b>	<b>166,562</b>	<b>56,272</b>	<b>162,475</b>	<b>59,654</b>	<b>5,028</b>	<b>3,277</b>	<b>4,242</b>	<b>7,044</b>
<i>revenue from external customers (FTE)</i>	91,127	29,367	102,187	37,970				
<i>revenue from external customers (fixed price)</i>	62,927	22,540	51,248	18,603				
<i>revenues from sales of administrative services</i>	5,255	1,693	4,034	1,163				
<i>intersegment revenue</i>	2,699	910	2,098	735				
<i>grant income</i>	4,529	1,750	2,902	1,182				
<i>other operating income</i>	26	11	6	0				
<b>Segment 2 - Services executed in Croatia, including</b>	<b>101,275</b>	<b>28,822</b>	<b>110,785</b>	<b>35,830</b>	<b>7,951</b>	<b>40</b>	<b>21,419</b>	<b>6,341</b>
<i>revenue from external customers (FTE)</i>	48,973	14,831	54,527	17,614				
<i>revenue from external customers (fixed price)</i>	52,199	13,922	56,172	18,174				
<i>intersegment revenue</i>	0	0	0	0				
<i>grant income</i>	0	0	0	0				
<i>other operating income</i>	103	70	86	43				
Elimination of intersegment revenue	2,699	910	2,098	735				
<b>Total from continuing operations</b>	<b>265,139</b>	<b>84,183</b>	<b>271,162</b>	<b>94,749</b>	<b>12,979</b>	<b>3,317</b>	<b>25,661</b>	<b>13,385</b>
	Expenses							
	9-month period ended	3-month period ended	9-month period ended	3-month period ended				
	30/09/2023	30/09/2023	30/09/2022	30/09/2022				
	000'PLN	000'PLN	000'PLN	000'PLN				
<b>Segment 1 - Services executed in Poland, including</b>	<b>161,534</b>	<b>52,994</b>	<b>158,233</b>	<b>52,610</b>				
<i>amortization and depreciation</i>	20,754	7,578	14,174	5,007				
<i>costs of central administration, Management Board remuneration and selling costs</i>	33,015	11,877	26,588	10,686				
<i>valuation of the incentive program</i>	10,225	1,668	27,877	5,270				
<b>Segment 2 - Services executed in Croatia, including</b>	<b>93,324</b>	<b>28,782</b>	<b>89,366</b>	<b>29,490</b>				
<i>amortization and depreciation</i>	11,213	3,693	10,555	3,693				
<i>amortization of contractor database</i>	2,111	709	2,146	732				
<i>costs of central administration, Management Board remuneration and selling costs</i>	21,380	6,264	20,996	7,059				
<i>intersegment expenses</i>	2,699	910	2,098	735				
Elimination of intersegment expenses	2,699	910	2,098	735				
<b>Total from continuing operations</b>	<b>252,160</b>	<b>80,866</b>	<b>245,501</b>	<b>81,364</b>				

## b) Discontinued operations

	Revenue				Operating profit			
	9-month period ended 30/09/2023	3-month period ended 30/09/2023	9-month period ended 30/09/2022	3-month period ended 30/09/2022	9-month period ended 30/09/2023	3-month period ended 30/09/2023	9-month period ended 30/09/2022	3-month period ended 30/09/2022
	000'PLN							
<b>Segment 3 - Bioinformatics, including</b>	-	-	<b>37,021</b>	<b>14,404</b>	-	-	<b>4,582</b>	<b>1,349</b>
<i>revenue from external customers (FTE)</i>	-	-	34,644	13,501				
<i>revenues for fixed price clients</i>	-	-	155	27				
<i>revenue between segments</i>	-	-	-	-				
<i>grant income</i>	-	-	2,198	945				
<i>other operating income</i>	-	-	24	(68)				
<b>Total from discontinued operations</b>	-	-	<b>37,021</b>	<b>14,404</b>	-	-	<b>4,582</b>	<b>1,349</b>

	Expenses			
	9-month period ended 30/09/2023	3-month period ended 30/09/2023	9-month period ended 30/09/2022	3-month period ended 30/09/2022
	000'PLN	000'PLN	000'PLN	000'PLN
<b>Segment 3 - Bioinformatics, including</b>	-	-	<b>32,439</b>	<b>13,055</b>
<i>amortization and depreciation</i>	-	-	990	343
<i>costs of central administration, Management Board remuneration and selling costs</i>	-	-	9,509	3,485
<i>intersegment expenses</i>	-	-	539	110
<b>Total from discontinued operations</b>	-	-	<b>32,439</b>	<b>13,055</b>

Administrative costs arise in individual administrative units assigned to individual segments. The allocation of costs to individual segments remains at the level of individual subsidiaries.

The accounting principles applied to the operating segments are the same as the Group's accounting policies as described in the Group's annual consolidated financial statements for 2022. Segment profit is profit generated by individual segments after the allocation of the costs of central administration and the remuneration of the management as well as the selling costs. This result does not include other profits and losses as well as revenues and financial costs. This information is provided to persons deciding about the allocation of resources and assessing the financial results of the segment. The transaction prices used in transactions between operating segments are established on an arm's length basis, as in transactions with unrelated parties.

### 4.3 Segment assets and liabilities

#### a) Continuing operations

Segments assets	As at 30/09/2023	As at 31/12/2022
	<b>000'PLN</b>	<b>000'PLN</b>
Segment 1		
<b>Services executed in Poland</b>	359,465	290,176
Segment 2		
<b>Services executed in Croatia</b>	234,332	258,644
<b>Total segment assets</b>	<b>593,797</b>	<b>548,820</b>
<b>Segment liabilities</b>		
Segment 1		
<b>Services executed in Poland</b>	254,587	224,505
Segment 2		
<b>Services executed in Croatia</b>	62,662	73,869
<b>Total segment liabilities</b>	<b>317,248</b>	<b>298,374</b>

#### b) Discontinued operations

Segments assets	As at 30/09/2023	As at 31/12/2022
	<b>000'PLN</b>	<b>000'PLN</b>
Segment 3		
<b>Bioinformatics</b>	-	36,091
<b>Total segment assets</b>	<b>-</b>	<b>36,091</b>
<b>Segment liabilities</b>		
	<b>000'PLN</b>	<b>000'PLN</b>
Segment 3		
<b>Bioinformatics</b>	-	13,376
<b>Total segment liabilities</b>	<b>-</b>	<b>13,376</b>

For purposes of monitoring segment performance and allocating resources:

- goodwill, research and development in progress, non-current receivables, cash and cash equivalents, property, plant and equipment, inventories, trade receivables, trade receivables, assets arising from long-term contracts and deferred tax asset are allocated to the reporting segments;
- trade liabilities, liabilities under long-term contracts, provisions for liabilities, deferred income and financial liabilities are allocated to the reporting segments;

#### 4.4 Other segment information

	Depreciation and amortization				Fixed assets additions			
	9-month period ended	3-month period ended	9-month period ended	3-month period ended	9-month period ended	3-month period ended	9-month period ended	3-month period ended
	30/09/2023	30/09/2023	30/09/2022	30/09/2022	30/09/2023	30/09/2023	30/09/2022	30/09/2022
	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN
<b>Continuing operations:</b>								
Segment 1								
Services executed in Poland	20,754	7,578	14,174	5,007	58,759	4,059	63,624	47,796
Segment 2								
Services executed in Croatia	13,324	4,403	12,700	4,425	10,567	6,229	22,022	16,577
<b>Discontinued operations:</b>								
Segment 3								
Bioinformatics	-	-	990	343	-	-	1,007	696
<b>Total (Continuing and Discontinued operations)</b>	<b>34,078</b>	<b>11,981</b>	<b>27,865</b>	<b>9,776</b>	<b>69,326</b>	<b>10,288</b>	<b>86,653</b>	<b>65,069</b>

#### 4.5 Major customers

	9-month period ended	3-month period ended	9-month period ended	3-month period ended
	30/09/2023	30/09/2023	30/09/2022	30/09/2022
	000'PLN	000'PLN	000'PLN	000'PLN
<b>Continuing operations:</b>				
<b>Segment 1 - Services executed in Poland</b>				
Customer A*	*	*	*	*
<b>Segment 2 – Services executed in Croatia</b>				
Customer B	17,439	5,706	25,380	7,981
Customer C	10,748	2,332	19,025	5,478
Customer D**	13,496	4,236	10,724	3,396
<b>Discontinued operations:</b>				
<b>Segment 3 – Bioinformatics</b>				
Customer E	-	-	6,858	2,359
Customer F	-	-	3,448	1,384
<b>Total (Continuing and Discontinued operations)</b>	<b>41,683</b>	<b>12,274</b>	<b>65,435</b>	<b>20,598</b>

\* None of the customers exceeded 10% of the segment's sales in 2023 and 2022

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

Customers B,C,D,E,F are customers for which the sales revenue exceeds 10% of segment sales revenue.

## 5. Finance cost

	9-month period ended 30/09/2023	3-month period ended 30/09/2023	9-month period ended 30/09/2022	3-month period ended 30/09/2022
	000'PLN	000'PLN	000'PLN	000'PLN
<b>Finance cost due to financial instruments</b>	<b>5,605</b>	<b>2,610</b>	<b>5,706</b>	<b>3,801</b>
Interest	5,133	2,138	1,578	649
Losses on currency differences	472	472	4,128	3,152
<b>Other finance cost</b>	<b>2,844</b>	<b>1,029</b>	<b>1,451</b>	<b>526</b>
Interest on leases	2,844	1,029	1,359	468
Other	-	-	92	58
<b>Total finance cost</b>	<b>8,450</b>	<b>3,639</b>	<b>7,157</b>	<b>4,327</b>

## 6. Income taxes on continuing operations

### 6.1 Income taxes presented in the statement of comprehensive income

	9-month period ended 30/09/2023	9-month period ended 30/09/2022
	000'PLN	000'PLN
<b>Current income tax:</b>	3,642	3,516
<i>Current income tax charge</i>	3,642	3,516
<i>Corrections relating to previous years</i>	-	-
Deferred income tax	(3,555)	11
<b>Tax charge presented in the statement of comprehensive income</b>	<b>87</b>	<b>3,526</b>

### 6.2 The effective tax rate is as follows:

The Group's average effective tax rate from continuing operations for the 9 months ended September 30, 2023 was 1.41%, compared to 18.9% for the 12 months ended December 31, 2022. The decrease in the average effective tax rate is mainly due to the larger R&D tax relief.

### 6.3 Deferred income tax

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

	As at 30/09/2023	As at 30/09/2023	As at 30/09/2023	As at 31/12/2022
	short-term 000'PLN	long-term 000'PLN	total 000'PLN	000'PLN
Deferred tax asset	5,289	8,078	13,367	10,094
Deferred tax liability	323	5,717	6,041	6,323
	<b>4,966</b>	<b>2,361</b>	<b>7,326</b>	<b>3,771</b>

Basis for temporary differences – 19% deferred tax on the difference between the tax value and carrying amount of:	DTA as at	DTA as at	Change in DTA recognized in profit and loss account for the period	Change in DTA recognized in profit and loss account for the period
	As at 30/09/2023	As at 31/12/2022	from 01/01 to 30/09/2023	from 01/01 to 31/12/2022
- due to SEZ	4,831	5,829	(998)	(820)
- settlements on business trips	-	-	-	(2)
- the tax relief for investments in Croatia	-	-	-	(841)
- trade and other receivables and liabilities (negative FX differences)	1,124	994	130	(212)
- customer contracts	16	1,891	(1,876)	43
- payables for future reserves	502	274	229	386
- retirement provision	53	101	(48)	(101)
- bonus provision	697	1,396	(699)	163
- unused holiday provision	815	1,101	(287)	474
- liability under the right of use	9,340	8,423	917	(1,654)
- tax losses to be settled in subsequent years	3,527	-	3,527	-
- R&D relief to be settled in the following years	3,933	304	3,629	(914)
Netting	(11,470)	(10,219)	(1,251)	1,795
<b>Total</b>	<b>13,367</b>	<b>10,094</b>	<b>3,273</b>	<b>(1,683)</b>

The SEZ relief can be accounted for through 2026.

The Group has no unrecognized deferred tax asset.

#### 6.4 Tax losses to be used in subsequent periods

9-month period ended 30/09/2023 Year	Loss amount	Use	Possible to use	Max period of use
2023	18,562	-	18,562	2028

#### 6.5 Accrued R&D relief to be settled

9-month period ended 30/09/2023 Year	Relief amount	Use	Possible to use	Max period of use
2020	-	-	-	2026
2021	-	-	-	2027
2022	2,667	2,363	304	2028
2023	3,629	-	3,629	2029

#### 6.6 Deferred tax liability

Basis for temporary differences – 19% deferred tax on the 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 profit and loss account for the period
	As at 30/09/2023	As at 31/12/2022	from 01/01 to 30/09/2023	from 01/01 to 31/12/2022
- fixed assets and intangible assets (excluding leases)	154	205	(50)	205
- difference between tax and balance sheet depreciation	1,271	842	429	-
- trade receivables and liabilities and others (positive exchange differences)	118	272	(153)	(67)
- customer contracts	982	1,040	(58)	(448)
- change of company value	-	-	-	(233)
- valuation of associated entities	169	-	169	
- contractor databases	5,717	6,118	(401)	(144)
- right of use assets	9,098	8,066	1,032	(1,728)
Netting	(11,470)	(10,219)	(1,251)	1,795
<b>Total</b>	<b>6,041</b>	<b>6,323</b>	<b>(282)</b>	<b>(620)</b>

## 7. Tangible fixed assets and right of use assets

Net carrying amount	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Land	21,192	18,744
Buildings	44,524	6,673
Machinery and equipment	51,817	6,358
Vehicles	123	144
Other tangible assets (including lab equipment)	75,884	43,579
Assets under construction	1,447	85,410
<b>Total fixed assets</b>	<b>194,987</b>	<b>160,908</b>
Other tangible assets usage rights (including lab equipment)	49,630	54,525
Rights to use the premises	46,012	40,734
Car usage rights	1,406	1,660
<b>Total right of use assets</b>	<b>97,048</b>	<b>96,919</b>

During 2023, the Parent Entity continued to build and equip the Laboratory Services Center with laboratory equipment. Subsidiary Selvita d.o.o. purchased land property for EUR 550,000.

In March 2023, the Parent Entity started using the Laboratory Services Center. The heart of the new facility of the Parent Entity is a complex of laboratories in the field of i.a. medical chemistry, biochemistry, molecular and cellular biology and analytics, reflecting the course of the research process on innovative drugs. Its launch will allow to increase the scale of projects implemented for external customers by the Parent Entity. The building consists of 5 floors with a total area of over 10,000 sq.m., including over 9 thousand sq.m. of usable space for both laboratories and offices:

- laboratory area: approx. 4 thousand sq.m.,
- office space: approx. 1.1 thousand sq.m. (including offices and conference rooms),
- technical and social rooms: approx. 1.1 thousand sq.m.,
- other: car park, communication: approx. 2.9 thousand sq.m.

In whole 2023 the Group is planning to incur expenditure on non-financial non-current assets in the amount of approximately PLN 96 million. No expenditures on environmental protection purposes are planned.

## 8. Goodwill

	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
At cost	76,813	78,057
Accumulated impairment	-	-
	<b>76,813</b>	<b>78,057</b>

### 8.1 Goodwill from consolidation of subsidiaries in the current reporting period

COMPANY	Goodwill at the beginning of the period	Increase due to acquisition of company	Change in the value due to changes in foreign exchange rates	Change in value due to revaluation of estimated goodwill	Goodwill at the end of the period	Impairment allowances
Selvita Services sp. z o.o.	281	-	-	-	281	-
Selvita d.o.o.	77,776	-	(1,244)	-	76,532	-
<b>Total goodwill</b>	<b>78,057</b>	-	<b>(1,244)</b>	-	<b>76,813</b>	-

Goodwill of Selvita d.o.o. based in Croatia was established as a result of the acquisition of this company (previously named Fidelta d.o.o.) on January 4, 2021 from Galapagos NV based in Belgium.

## 9. Other intangible assets

	As at 30/09/2023	As at 31/12/2022
<b>Carrying amount</b>		
Software - Data Warehouse	267	300
Other intangible assets	956	1,310
Contractor database	31,222	33,181
	<b>32,445</b>	<b>34,791</b>

The contractors database concerns the contracts and contacts taken over as part of the purchase of the Croatian company Selvita d.o.o. The depreciation rate was determined for a period of 13.5 years as the average expected period of cooperation.

## 10. Subsidiaries

Detailed information on subsidiaries covered by consolidation is as follows:

Name of subsidiary	Core business	Place of registration and operations	Percentage interest and share in voting rights held by the Group	Percentage interest and share in voting rights held by the Group
			As at 30/09/2023	As at 31/12/2022
Selvita Services Spółka z ograniczoną odpowiedzialnością	Research and development in other natural and technical sciences	30-348 Kraków ul. Bobrzyńskiego 14	100%	100%
Selvita Inc.	Research and development in other natural and technical sciences	Delaware, USA	100%	100%
Selvita Ltd.	Research and development in other natural and technical sciences	Cambridge, UK	100%	100%
Selvita d.o.o.	Research and development in other natural and technical sciences	HR-10000 Zagreb Prilaz baruna Filipovica 29	100%	100%

## 10.1. Detailed information concerning subsidiaries which has significant non-controlling interests

On January 18, 2023, the Company became aware of the registration of the increase in the share capital of Ryvu Therapeutics S.A. with its registered office in Kraków ("Ryvu"), as a result of which the share of Mr. Paweł Przewięźlikowski in the total number of votes at the General Meeting of Ryvu decreased from 33.03% to 27.91%.

Pursuant to § 27 of the articles of association of the Company's subsidiary - Ardigen S.A. ("Ardigen") - personal entitlement of Selvita S.A. as to the voting rights attached to series A and B Ardigen preferred shares, whereby each of these series shares gives two votes at the General Meeting of Ardigen, it is conditional upon Mr. Paweł Przewięźlikowski holding at least 33% of the total number of votes in Ryvu - being a company with which was separated in the form of an Organized Part of the Enterprise ("ZCP"), comprising a separate set of tangible and intangible assets, intended for the implementation of specific economic tasks, under which service activities in the field of biotechnology of the Contract Research Organization type were conducted, including shares in Ardigen S.A., and then ZCP was transferred as a result of the corporate division of Selvita S.A. (now Ryvu) to a new company (Selvita CRO S.A.), currently operating under the name of Selvita S.A.

In view of the above, despite the lack of a transaction involving Ardigen shares or changes in the share capital of this company, after the registration of the increase in the share capital of Ryvu, the Company lost the personal voting rights attached to series A and B preferred shares and currently holds Ardigen shares representing 46.22 % of the total number of votes at the company's general meeting, remaining its largest shareholder.

Prior to the registration of the increase in the share capital of Ryvu, the Company held 54.03% of the total number of votes at the general meeting of Ardigen. The Management Board of the Company emphasizes that the share of Selvita S.A. in the share capital of Ardigen did not change as a result of the registration of the increase in the share capital of Ryvu and amounts to 46.74% of the share capital of Ardigen.

In view of the above, on January 17, 2023 Selvita S.A. ceased to be the parent company of Ardigen within the meaning of Art. 4 § 1 point 4 lit. a) of the Code of Commercial Companies. Thus, the Company no longer has control over Ardigen within the meaning of Art. 5-9 of the International Financial Reporting Standard 10 - Consolidated financial statements (IFRS). As a consequence, the Parent Entity will not fully consolidate the results and other financial data of Ardigen in 2023 - Ardigen S.A. will be recognized by Selvita S.A. as an associate and consolidation will be based on the equity principle. Considering that the loss of control took place only after a dozen business days after the end of 2022 and no significant transactions occurred in this period, the Parent Entity ceased to fully consolidate Ardigen's results and other financial data from January 1st, 2023.

Ardigen S.A. is recognized by Selvita S.A. as an associate (Note 11) and valuation is based on the equity principle.

## 11. Investments valued using the equity method

	As at 30/09/2023	As at 31/12/2022
<b>Carrying amount</b>		
Ardigen S.A.	12,622	-
	<b>12,622</b>	<b>-</b>

The Group valued the shares in Ardigen retained as a result of the loss of control using the values determined provisionally (after the loss of control, Ardigen is an associated entity). The loss of control over Ardigen occurred as a result of a change in voting rights without a change in the percentage share in Ardigen. In accordance with the requirements of IFRS 10, on the date of loss of control, the retained shares should be measured at fair value, taking into account the impact on the result on the loss of control; the identifiable assets and liabilities of the associated company are also subject to fair value measurement in order to correctly determine the investor's share in the financial result of the associated company from the date of obtaining significant influence. Making these valuations is a complex process and it is not feasible to reliably determine fair values in the case of a transaction that takes place shortly before the balance sheet date. IAS 28 does not specifically address the issue of valuation of an investment in an associated company if no final valuations are available on the date of acquisition of significant influence. In the opinion of the Management Board, in such a case it is justified to use an approach analogous to the approach indicated in IFRS 3, i.e. valuation based on provisional values with the obligation to complete final valuations within 12 months from the date of acquisition.

Detailed information on associates accounted for using the equity method, and in connection with the loss of control recognized as at January 1st, 2023, presented in these interim condensed consolidated financial statements as discontinued operations, is as follows:

Name of subsidiary	Core business	Place of registration and operations	Profit (loss) allocated to non-controlling interests	Cumulative value of non-controlling interest
			As at 30/09/2023	As at 31/12/2022
Ardigen S.A.	Research and development in the field of other natural and technical sciences	30-394 Kraków ul. Podole 76	46.74% / 46.22%	46.74% / 54.03%
Ardigen Inc.	Research and development in the field of other natural and technical sciences	Stan Delaware w USA	46.74% / 46.22%	46.74% / 54.03%

Summary of financial information in relation to discontinued operations in the period from January 1, 2023 to September 30, 2023 and until the loss of control, i.e. January 1st, 2023, is as follows:

Ardigen S.A. including Ardigen Inc.	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Total assets	30,167	36,091
Total liabilities	7,001	13,376
<b>Net assets</b>	<b>23,166</b>	<b>22,715</b>
Capital attributable to non-controlling interests		10,983
<b>Carrying amount of Ardigen S.A. on the day of loss of control</b>		<b>11,732</b>
Carrying amount of Ardigen S.A. on the day of loss of control	11,732	
Share in the profit/loss of associates valued using the equity method in the period between 01.01.2023 to 30.09.2023	890	
<b>Carrying amount of Ardigen S.A. as of 30.09.2023</b>	<b>12,622</b>	

Ardigen S.A. including Ardigen Inc.	9-month period ended 30/09/2023	9-month period ended 30/09/2022	12-month period ended 31/12/2022
	000'PLN	000'PLN	000'PLN
Sales revenue	39,626	39,407	52,755
Costs	38,067	32,604	47,073
Gross profit for the period	1,559	6,803	5,682
<b>Net profit for the period from discontinued operation</b>	<b>1,905</b>	<b>5,625</b>	<b>4,848</b>
Percentage share of Parent Company in capital	46.74%	46.67%	46.74%
<b>Net profit for the financial period attributable to the Parent Company - discontinued operations</b>	-	2,625	2,017
<b>Share in the profit/loss of associates valued using the equity method in the period</b>	890	-	-

## 12. Trade and other receivables

	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Trade receivables	61,063	69,409
The allowance for expected credit losses	(478)	(458)
	<u>60,585</u>	<u>68,951</u>
Tax (VAT) receivables	9,729	26,316
Other – receivables from employees, security deposits	-	496
Grants due	420	3,039
	<u><b>70,735</b></u>	<u><b>98,802</b></u>

## 13. Leases

### 13.1. The Group as a lessee

The Group has lease agreements for office premises and laboratories, machinery and equipment, office equipment and cars.

The balance sheet values of the right-of-use assets and their changes during the reporting period are shown in note 7.

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

	2023		
	Leases for buildings, premises and vehicles	Leasing of machinery and equipment	Total
<b>As at 1 January</b>	<b>44,136</b>	<b>42,978</b>	<b>87,114</b>
New leases and lease modifications	16,041	20,952	36,994
Revaluation (foreign exchange differences)	(277)	1,142	865
Interests	1,155	1,689	2,844
Leaseback - secured loans	-	(10,040)	(10,040)
Payments	(11,899)	(13,607)	(25,506)
<b>As at 30 September</b>	<b>49,156</b>	<b>43,114</b>	<b>92,270</b>
Short-term	13,420	14,039	27,460
Long-term	35,736	29,075	64,810

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

	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022
Cost of depreciation of right-of-use assets	(11,018)	(10,515)
Interest costs on lease liabilities	(1,155)	(761)
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	277	(1,744)
<b>The total amount recognized in the consolidated income statement / statement of comprehensive income</b>	<b>(11,896)</b>	<b>(13,020)</b>

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

	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022
Depreciation of leased assets	(7,594)	(7,459)
Interest expense on lease liabilities	(1,689)	(629)
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	(1,900)	5,189
<b>The total amount recognized in the consolidated income statement / statement of comprehensive income</b>	<b>(11,184)</b>	<b>(2,899)</b>

## 14. Credit facilities and loans

	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
<b>Uncollateralized:</b>		
Used credit card limits	146	138
	<b>146</b>	<b>138</b>
<b>Collateralized:</b>		
Bank loans (i), including:	128,559	119,629
<i>acquisition loan</i>	72,998	81,923
<i>construction loan</i>	55,561	37,706
Finance lease liabilities (ii)	10,040	6,084
	<b>138,599</b>	<b>125,713</b>
<b>Total:</b>	<b>138,745</b>	<b>125,851</b>
Current liabilities	20,031	16,763
Non-current liabilities	118,714	109,088

During the reporting period, the Group met the restrictive conditions in the loan agreements. As at September 30, 2023, the net debt to EBITDA ratio (without the impact of IFRS 16) was 168% (100% as at December 31, 2022), the DSCR ratio was 176% (320% as at December 31, 2022). The share of guarantors is not subject to quarterly reporting (78% as of December 31, 2022).

## **15. Trade and other liabilities**

The decrease in trade and other liabilities results mainly from lower purchases of materials and reagents in the third quarter of 2023 compared to the fourth quarter of 2022, a lower level of investment liabilities related to the completion of the construction of the Laboratory Research Center and lower tax liabilities related to lower bonus payments.

## 16. Accrued costs and deferred income

### 16.1 Accrued costs

	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Accrual for holidays	5,222	5,796
Accrual for bonuses	4,624	12,435
Accrued rebates for clients	7,124	5,823
	<b>16,969</b>	<b>24,054</b>
Short-term	16,969	24,054

### 16.2 Deferred income

	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Grants (i) revenue recognition according to IAS 20	34,980	11,845
Advances on services	126	1,295
	<b>35,106</b>	<b>13,140</b>
Short-term	1,365	2,120
Long-term	33,741	11,020
	<b>35,106</b>	<b>13,140</b>

(i) Grants include payments received resulting from subsidy contracts signed. The expected period of settlement of the funds in the subsidy in the Group's revenues is approximately 40 years.

## 17. Related party transactions

Transactions concluded between the Company and its subsidiaries being related parties were eliminated in the course of consolidation and have not been presented in this note. Detailed information regarding transactions between the Group and other related parties (including those related personally) is presented below.

### 17.1 Commercial transactions

The group of related entities was established for the purposes of preparing these consolidated financial statements in accordance with International Accounting Standard 24, constituting an annex to Commission Regulation (EC) No. 1126/2008 of November 3, 2008. (OJ L 320, 29/11/2008, p. 1, as amended). Personal connections based on the connections of Members of the Management Board and Members of the Supervisory Board were determined in accordance with the instructions in point 9 above International Accounting Standard 24.

During the financial year, the Group companies entered into the following commercial transactions with related parties (including those related personally) other than Group companies:

Sales to related entities include revenues from research services, revenues from administrative services and re-invoicing of incurred costs.

Purchases from related entities include the purchase of research, advisory and administrative services.

In the financial year, the Group identified the following commercial transactions with related parties. Personal connections based on connections between Members of the Management Board and Members of the Supervisory Board.

Binding type:

POA - personal relationship through shares held by the Shareholder

PORN - personal connection by a Member of the Supervisory Board

POZ - personal connection through a Member of the Management Board

JS - associate

	The type of association	Sales of goods and services	Sales of goods and services	Purchases of goods and services	Purchases of goods and services
		9-month period ended	9-month period ended	9-month period ended	9-month period ended
		30/09/2023	30/09/2022	30/09/2023	30/09/2022
		000'PLN	000'PLN	000'PLN	000'PLN
Ryvu Therapeutics S.A.	POA	8,570	5,862	559	3,337
Dawid Radziszewski	POZ	4	3	549	222
ALTIUM Piotr Romanowski	PORN	-	-	-	92
Chabasiewicz, Kowalska i Partnerzy	PORN	-	-	19	27
Radcowie Prawni					
Ardigen S.A.	JS	709	601	-	-
		<b>9,282</b>	<b>6,466</b>	<b>1,128</b>	<b>3,678</b>

Balances at the end of the reporting period:

	The type of association	Amounts due from related parties	Amounts due from related parties	Amounts due to related parties	Amounts due to related parties
		As at	As at	As at	As at
		30/09/2023	31/12/2022	30/09/2023	31/12/2022
		000'PLN	000'PLN	000'PLN	000'PLN
Ryvu Therapeutics S.A.	POA	2,294	4,632	307	323
Dawid Radziszewski	POZ	1	2	31	31
ALTIUM Piotr Romanowski	PORN	-	-	1	-
Chabasiewicz, Kowalska i Partnerzy	PORN	-	-	-	22
Radcowie Prawni					
Ardigen S.A.	JS	360	569	-	-
		<b>2,655</b>	<b>5,203</b>	<b>338</b>	<b>376</b>

## 17.2 Executive compensation

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

	Period ended 30/09/2023	Period ended 30/09/2022
	Salary*	Salary*
	000'PLN	000'PLN
<b>Management Board</b>	<b>4,873</b>	<b>4,905</b>
Bogusław Sieczkowski	900	842
Miłosz Gruca	903	732
Mirosława Zydrón	521	526
Edyta Jaworska	0	22
Dariusz Kurdas	468	448
Dawid Radziszewski	325	301
Adrijana Vinter	1,248	1,479
Marija Gradečak Galović	508	555
<b>Supervisory Board</b>	<b>293</b>	<b>277</b>
Piotr Romanowski	59	52
Tadeusz Wesołowski	52	45
Paweł Przewięźlikowski	46	62
Rafał Chwast	46	40
Wojciech Chabasiewicz	46	40
Jacek Osowski	45	39
	<b>5,166</b>	<b>5,182</b>

\*amounts actually paid during the period. The amounts do not include, for example, bonuses due but paid in the next period.

## 18. Cash and cash equivalents

	As at 30/09/2023	As at 31/12/2022
	000'PLN	000'PLN
Cash in hand and at bank	65,994	74,157
Credit card limit usage	(146)	(138)
	<b>65,848</b>	<b>74,019</b>

As at September 30, 2023, restricted cash amounted to PLN 876 thousand (31.12.2022: PLN 2,100 thousand). Restrictions on disposal as of September 30, 2023 result from the fact that these are security deposits for credit cards. At the end of 2022, these funds mainly came from received advances on subsidies, which the Group can dispose of only after incurring eligible costs in these subsidies.

## 19. Share-based payments

A detailed description of the incentive program currently implemented in the Group is presented in the consolidated financial statements for the period ending December 31, 2022. Below, only selected topics are presented, in particular regarding the recognition of its third tranche, which was recognized in 2023.

### 19.1.1 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") Phase I of the program (90% of the pot)	17/05/2021
Date of granting the program ("grant date") Phase II of the program (5% of the pot)	29/03/2022
Date of granting the program ("grant date") Phase III of the program (5% of the pot)	02/06/2023
The maturity date of the program	01/06/2026
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, 2023:	1,107,123

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 case of III Phase of program:

- option exercise date:  
01.06.2024 for 33.946 shares;  
01.06.2025 for 33.946 shares;  
01.06.2026 for 13.026 shares;
- option exercise price: PLN 0.19;
- share price as at the valuation date: PLN 70.9;
- continuous dividend rate: 0%
- risk-free interest rate in continuous capitalization: 5.86%
- coefficient of variation: 49% - 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.

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

Tranche number	Number of shares	Date of purchase of the shares	2021	2022	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023	2024	2025	2026	Total impact
Tranche no 1	650	09/07/2021	<b>46</b>	-	-	-	-	-	-	-	-	-	<b>46</b>
Tranche no 2	481,091	09/07/2022	<b>20,153</b>	<b>13,914</b>	-	-	-	-	-	-	-	-	<b>34,067</b>
Tranche no 3	479,036	09/07/2023	<b>11,039</b>	<b>15,075</b>	3,809	3,553	378	-	<b>7,740</b>	-	-	-	<b>33,854</b>
Tranche no 4	9,706	09/07/2024	<b>230</b>	<b>192</b>	62	53	54	54	<b>223</b>	112	-	-	<b>757</b>
Tranche no 5	18,574	28/03/2023	-	<b>904</b>	287	-	-	-	<b>287</b>	-	-	-	<b>1,191</b>
Tranche no 6	18,574	28/03/2024	-	<b>452</b>	147	148	150	150	<b>595</b>	144	-	-	<b>1,191</b>
Tranche no 7	18,574	28/03/2025	-	<b>301</b>	98	99	100	100	<b>397</b>	398	95	-	<b>1,191</b>
Tranche no 8	33,946	01/06/2024	-	-	-	184	605	605	<b>1,394</b>	1,006	-	-	<b>2,400</b>
Tranche no 9	33,946	01/06/2025	-	-	-	92	303	303	<b>698</b>	1,204	500	-	<b>2,402</b>
Tranche no 10	13,026	01/06/2026	-	-	-	24	77	77	<b>178</b>	308	307	128	<b>921</b>
<b>Total</b>	<b>1,107,123</b>		<b>31,468</b>	<b>30,838</b>	<b>4,403</b>	<b>4,154</b>	<b>1,667</b>	<b>1,289</b>	<b>11,513</b>	<b>3,172</b>	<b>902</b>	<b>128</b>	<b>78,021</b>

The valuation of the program, in terms of shares currently issued to employees as at September 30, 2023, showed its total estimated cost at PLN 78,021 thousand, which is recognized in the Group's costs from the second quarter of 2021 until the second quarter of 2026. Impact of the program on the result of the reporting period is PLN 10,244 thousand and this amount reduces the gross result, net result and operating profit in the three quarters of 2023. The estimated impact for the following years is as follows:

- whole 2023: PLN 11,513 thousand,
- 2024: PLN 3,172 thousand,
- 2025: PLN 902 thousand,
- 2026: PLN 128 thousand.

**19.1.3 The recognized costs of the incentive program:**

The recognized costs of the incentive program as at the balance sheet date are as follows:

	9-month period ended 30/09/2023	9-month period ended 30/09/2022
Program costs recognized at fair value	10,224	27,879
	<b>10,224</b>	<b>27,879</b>

## 20. Contingent liabilities

### 20.1 Contingent liabilities

In the periods presented in the financial statements, the Group took on contingent liabilities necessary to receive a grant and a loan.

They comprise:

- bills of exchange liabilities - covering the amount of co-financing granted 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, the amount of PLN 28,180 thousand was credited to the bank accounts for co-financing. As at the balance sheet date, September 30, 2023, the total sum of funds received from the subsidy amounts to PLN 65,753 thousand.

As a result of obtaining a permit to conduct business activity in the special economic zone, Krakowski Park Technologiczny Selvita Services Sp. z o.o. is obliged to incur capital expenditure in the amount of at least PLN 7,320 thousand and to create 150 new jobs by December 2023. By September 30, 2023, PLN 12,067 thousand of the income tax relief was used for operations in the Special Economic Zone.

Selvita d.o.o. granted bank guarantees for the total value of PLN 6,205 thousand. The guarantees concern newly rented laboratory space in Zagreb.

## 21. Notes on the consolidated statement of cash flow

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 the consolidated statement of cash flow:

Items	9-month	9-month period
	period ended 30/09/2023	ended 30/09/2022
	<b>000'PLN</b>	<b>000'PLN</b>
<b>The change in trade receivables and other receivables results from the following items:</b>	<b>14,928</b>	<b>(28,214)</b>
- change in receivables resulting from discontinued operations	(13,942)	(3,804)
- change in receivables resulting from the balance sheet	28,870	(24,410)
<b>The change in liabilities, except for loans and borrowings, results from the following items:</b>	<b>(4,515)</b>	<b>3,606</b>
- change in liabilities from discontinued operations	6,959	1,592
- change in income tax payment liabilities	5,366	(2,785)
- change in liabilities resulting from the balance sheet	(27,502)	5,872
- change in investment liabilities	10,662	(1,073)
<b>Change in deferred income results from the following items:</b>	<b>(7,836)</b>	<b>3,460</b>
- change in deferred income resulting from the discontinued operations	1,883	2,521
- change in deferred income resulting from the balance sheet	14,881	10,319
- proceeds from subsidies to fixed asset	(24,753)	(10,376)
- return of subsidy to fixed assets	153	996
<b>The change in provisions results from the following items:</b>	<b>113</b>	<b>(6,905)</b>
- change in provisions resulting from discontinued operations	44	(1,052)
- change in provisions resulting from the balance sheet	69	(5,853)
<b>The change in other assets results from the following items:</b>	<b>(4,906)</b>	<b>4,357</b>
- change in other assets resulting from discontinued operations	(898)	130
- change in other assets resulting from the balance sheet	(4,008)	4,227
<b>Change in credits and loans:</b>	<b>(9,912)</b>	<b>(8,827)</b>
- change in other assets resulting from discontinued operations	40	(5)
- change in credits and loans resulting from the balance sheet	12,893	(3,348)
- exchange differences arising from the valuation of credits and loans	(4,560)	(5,309)
- proceeds from credits and loans	(18,285)	(165)

## 22. Change in presentation in the statement of consolidated cash flows

In 2023, the Group decided to change the presentation of subsidies received for fixed assets to better illustrate cash flows and their allocation to individual types of activities. The receipts and refunds from subsidies for fixed assets were presented in cash flows from investing activities in the items "Proceeds from subsidies to fixed assets" and "Refund of subsidies for fixed assets", respectively. The Group did not receive significant subsidies for fixed assets in 2021. The change did not affect the consolidated statement of financial position or the consolidated statement of comprehensive income. The group presented the above presentation in the annual report for 2022.

### CONSOLIDATED STATEMENT OF CASH FLOWS (excerpt)

	DATA BEFORE CONVERSION	Presentation of proceeds from subsidies to fixed assets	DATA TRANSFORMED
	9-month period ended 30/09/2022	9-month period ended 30/09/2022	9-month period ended 30/09/2022
	000'PLN	000'PLN	000'PLN
<b>Cash flows from operating activities</b>			
<b>Net profit for the period, including:</b>	<b>20,607</b>	-	<b>20,607</b>
- from continuing operations	17,607	-	17,607
- from discontinued operations	3,000	-	3,000
<b>Adjustments:</b>			
Change in deferred income	12,840	(9,380)	3,460
<b>Net cash flows from operating activities, including:</b>	<b>73,144</b>	<b>(9,380)</b>	<b>63,764</b>
- from continuing operations	66,436	(9,380)	57,056
- from discontinued operations	6,708	-	6,708
<b>Cash flows from investing activities</b>			
Proceeds from subsidies to fixed assets	-	10,376	10,376
Refund of subsidies for fixed assets	-	(996)	(996)
<b>Net cash flows from investing activities, including:</b>	<b>(47,922)</b>	<b>9,380</b>	<b>(38,542)</b>
- from continuing operations	(46,575)	9,380	(37,195)
- from discontinued operations	(1,347)	-	(1,347)
<b>Net cash flows from financing activities, including:</b>	<b>(32,434)</b>	-	<b>(32,434)</b>
- from continuing operations	(32,215)	-	(32,215)
- from discontinued operations	(219)	-	(219)
<b>Cash and cash equivalents at the end of the period, including:</b>	<b>76,739</b>	-	<b>76,739</b>
- from continuing operations	59,906	-	59,906
- from discontinued operations	16,833	-	16,833

## 23. Approval of the financial statements

The consolidated financial statements were approved by the management board of the parent company on 14 November, 2023.

*Prepared by: Elżbieta Kokoć*

### **Signatures of Members of the Management Board:**

*Bogusław Sieczkowski - President of the Board*

*Miłosz Gruca - Vice-President of the Board*

*Mirosława Zydroń - Member of the Board*

*Dariusz Kurdas - Member of the Board*

*Dawid Radziszewski - Member of the Board*

*Adrijana Vinter - Member of the Board*

**Cracow, 14 November 2023**

# CONTACT



## INVESTOR RELATIONSHIP

[ir@selvita.com](mailto:ir@selvita.com)



## MEDIA

[media@selvita.com](mailto:media@selvita.com)

