



SELVITA S.A. GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**Prepared for the period
from 01/01/2021
to 30/09/2021**

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

It is the translation of Polish original document

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**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021**

	Note	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
		PLN	PLN	PLN	PLN
Continuing operations					
Sales revenue	5	219,752,968	80,513,272	101,375,370	36,226,150
Grant income	5	2,962,907	1,035,686	3,374,652	1,090,358
Total operating revenue		222,715,875	81,548,958	104,750,022	37,316,508
Amortization and depreciation	5	(17,764,894)	(6,143,329)	(9,481,133)	(3,621,457)
Consumption of materials and supplies		(43,236,001)	(16,207,468)	(15,723,059)	(5,875,802)
External services	5	(31,576,201)	(11,195,973)	(13,639,341)	(5,138,532)
Employee benefit expense	5	(86,800,134)	(30,148,854)	(48,174,718)	(16,377,764)
Employee Capital Plans		(549,599)	(369,286)	-	-
Valuation of the incentive program	34	(19,997,158)	(11,477,273)	-	-
Other expenses		(1,959,033)	(644,632)	(1,384,323)	(285,602)
Taxes and charges		(1,206,079)	(443,226)	(838,253)	(306,911)
Loss from impairment of trade receivables	21	(22,988)	-	(77,548)	(38,676)
Total operating expenses		(203,112,087)	(76,630,041)	(89,318,375)	(31,644,744)
Other operating revenue	9	760,845	277,411	375,296	135,483
Other operating expenses	9	(188,572)	(68,885)	(34,610)	(1,898)
Operating profit		20,176,061	5,127,443	15,772,333	5,805,349
Financial revenue	7	11,450	(376,323)	12,791	(247,638)
Financial expenses	8	(5,613,461)	(3,449,034)	(861,958)	(106,642)
Profit before income tax		14,574,050	1,302,086	14,923,166	5,451,069
Income tax expense	10	(5,730,045)	(2,282,635)	(422,198)	(363,511)
Net profit on continuing operations		8,844,005	(980,549)	14,500,968	5,087,558
NET PROFIT		8,844,005	(980,549)	14,500,968	5,087,558
Net other comprehensive income					
Change in goodwill	13	2,981,278	2,716,668	-	-
Foreign subsidiaries results translation differences		1,645,887	1,673,349	(166,458)	(286,436)
Total net other comprehensive income		4,627,165	4,390,017	(166,458)	(286,436)
TOTAL INCOME FOR THE PERIOD		13,471,170	3,409,468	14,334,510	4,801,122
Net profit attributed to:					
Majority shareholders		6,751,869	(2,319,496)	13,204,726	4,411,090
Non-controlling shareholders		2,092,136	1,338,947	1,296,242	676,468
Total income attributed to:					
Majority shareholders		11,379,034	2,022,966	13,038,268	4,124,654
Non-controlling shareholders		2,092,136	1,386,502	1,296,242	676,468
Earnings per share					
(expressed in PLN cents per share)					
With continued and discontinued operations:					
Basic		36.8	(12.6)	78.5	24.0
Diluted		36.8	(12.6)	78.5	24.0

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
PREPARED AS AT 30 September 2021

	Note	Balance as at 30/09/2021	Balance as at 31/12/2020
		PLN	PLN
ASSETS			
Non-current assets			
Tangible fixed assets	12	48,887,769	23,317,372
Right of use assets	22	66,756,993	38,915,731
Goodwill	13	109,459,025	280,740
Other intangible assets	14	1,314,312	627,640
Deferred tax asset	10	18,069,843	12,339,284
Other assets	18	952,703	345,235
Total non-current assets		245,440,645	75,826,002
Current assets			
Inventory	19	2,459,585	2,230,344
Short-term receivables	21	64,271,161	33,997,866
Contract assets	5.3	9,108,664	2,514,463
Other financial assets	18	13,325,126	10,152,560
Other assets	20.1	3,179,972	1,069,264
Cash and other monetary assets	32	73,794,627	93,005,328
Total current assets		166,139,135	142,969,825
Total assets		411,579,780	218,795,827
EQUITY AND LIABILITIES			
Equity			
Share capital	23	14,684,379	14,684,379
Share premium	23	86,448,193	86,448,193
Reserve capital resulting from the acquisition of OPE	23	22,993,414	22,993,414
Other reserve capitals	23	20,234,225	-
Change in goodwill		2,981,278	-
Currency differences on translation of foreign operations		1,297,225	(348,662)
Retained earnings / Accumulated losses		23,521,080	5,523,002
Net profit for the period		6,751,869	17,998,078
Equity attributed to majority shareholders		178,911,663	147,298,404
Equity attributed to non-controlling shareholders	17	7,453,324	5,361,188
Total equity		186,364,987	152,659,592
Long-term liabilities			
Credit facilities and loans	24;32	84,359,960	-
Lease liabilities	28.8	47,955,335	28,482,741
Liabilities due to retirement benefits	27	627,408	259,824
Deferred tax provision	10	9,336,012	4,470,563
Deferred income	29.2	50,811	74,904
Total long-term liabilities		142,329,526	33,288,032
Short-term liabilities			
Trade and other liabilities	26	23,730,783	10,428,959
Contract liabilities	5.3;26	1,373,312	363,196
Lease liabilities	28.8	18,551,062	12,766,340
Short-term loans and bank credits	24;32	11,322,566	4,641
Current tax liabilities	10;26	4,764,383	416,458
Short-term provisions	25	-	-
Accruals	29.1	23,003,187	8,440,089
Deferred income	29.2	139,974	428,520
Total short-term liabilities		82,885,267	32,848,203
Total liabilities		225,214,793	66,136,235
Total equity and liabilities		411,579,780	218,795,827

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE REPORTING PERIOD ENDED 30 SEPTEMBER 2021**

	Note	Share capital	Share premium	Reserve capital resulting from the acquisition of OPE	Other reserve capitals	Change in goodwill	Currency differences on translation of foreign operations	Retained earnings/ Accumulated losses from previous years	Retained earnings/ Accumulated losses	Equity attributed to majority shareholders	Equity attributed to non-controlling shareholders	Total equity
		PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Balance as at 1 January 2020		12,876,983	2,888,750	22,993,414	(2,988,750)	-	(61,954)	-	5,523,002	41,231,445	3,437,347	44,668,792
Net profit for the period		-	-	-	-	-	-	-	13,204,726	13,204,726	1,296,242	14,500,968
Share issuance	23	1,907,396	86,448,193	-	-	-	-	-	-	88,355,589	-	88,355,589
Other comprehensive income		-	-	-	-	-	(166,458)	-	-	(166,458)	-	(166,458)
Transfer of result from previous years		-	-	-	-	-	-	5,523,002	(5,523,002)	-	-	-
Redemption of shares		(100,000)	(2,888,750)	-	2,988,750	-	-	-	-	-	-	-
Balance as at 30 September 2020		14,684,379	86,448,193	22,993,414	-	-	(228,412)	5,523,002	13,204,726	142,625,302	4,733,589	147,358,891
Balance as at 1 January 2020		12,876,983	2,888,750	22,993,414	(2,988,750)	-	(61,954)	-	5,523,002	41,231,445	3,437,347	44,668,792
Net profit for the period		-	-	-	-	-	-	-	17,998,078	17,998,078	1,923,841	19,921,919
Share issuance	23	1,907,396	86,448,193	-	-	-	-	-	-	88,355,589	-	88,355,589
Other comprehensive income		-	-	-	-	-	(286,708)	-	-	(286,708)	-	(286,708)
Transfer of result from previous years		-	-	-	-	-	-	5,523,002	(5,523,002)	-	-	-
Redemption of series "0" shares in Selvita S.A. related to the split		(100,000)	(2,888,750)	-	2,988,750	-	-	-	-	-	-	-
Balance as at 31 December 2020		14,684,379	86,448,193	22,993,414	-	-	(348,662)	5,523,002	17,998,078	147,298,404	5,361,188	152,659,592
Net profit for the period		-	-	-	-	-	-	-	6,751,869	6,751,869	2,092,136	8,844,005
Other comprehensive income		-	-	-	-	2,981,278	1,645,887	-	-	4,627,165	-	4,627,165
Payments for the transfer of shares to employees		-	-	-	237,067	-	-	-	-	237,067	-	237,067
Creation of reserve capital as part of the incentive program	34	-	-	-	19,997,158	-	-	-	-	19,997,158	-	19,997,158
Transfer of result from previous years		-	-	-	-	-	-	17,998,078	(17,998,078)	-	-	-
Balance as at 30 September 2021		14,684,379	86,448,193	22,993,414	20,234,225	#####	1,297,225	23,521,080	6,751,869	178,911,663	7,453,324	186,364,987

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021

	Note	Period ended 30/09/2021	Period ended 30/09/2020
		PLN	PLN
Cash flows from operating activities			
Profit for the period		8,844,005	14,500,968
Adjustments:			
Amortization and depreciation and impairment losses on fixed assets		17,764,894	9,481,133
Exchange gains (losses)		4,865,115	(308,796)
Interest and profit-sharing (dividends), net		3,402,622	431,952
Cost of acquiring shares		687,525	-
Change in receivables	38	(13,832,308)	(13,063,365)
Change in inventory	38	(229,241)	(171,667)
Change in short-term liabilities and provision excluding credits and loans	38	7,572,564	3,019,158
Change in deferred income	38	3,421,342	3,054,913
Change in provisions	38	4,849,357	1,961,933
Change in other assets	38	(6,822,974)	(2,687,556)
Valuation of the incentive program	34	19,997,158	-
Net cash flows from operating activities		50,520,059	16,218,673
Cash flows from investing activities			
Purchase of tangible and intangible fixed assets		(9,655,884)	(14,250,439)
Purchase of other financial assets		(3,172,566)	-
Acquisition of shares in Fidelta d.o.o. after adjustment for acquired cash	13	(133,534,830)	-
Interest received		9,301	12,791
Repayment of loans		-	-
Loans granted		-	-
Net cash flows from investing activities		(146,353,979)	(14,237,648)
Cash flows from financing activities			
Proceeds from shares issuance	23.1	-	90,601,310
Costs of share issuance	23.1	-	(2,245,721)
Proceeds from the transfer of shares		237,067	-
Repayment of finance lease liabilities		(13,069,544)	(6,161,661)
Proceeds from credits and loans		101,800,962	15,727
Repayment of credits and loans		(9,173,099)	(6,989)
Interest paid		(3,411,923)	(444,743)
Net cash flows from financing activities		76,383,463	81,757,923
Net increase in cash and cash equivalents		(19,450,457)	83,738,948
Cash and cash equivalents at the beginning of the period		93,005,328	13,667,930
Net currency differences on cash and cash equivalents		239,756	-
Cash and cash equivalents at the end of the period	32	73,794,627	97,406,878

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED AS AT 30 SEPTEMBER 2021

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.

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

Management Board:

Bogusław Stanisław Sieczkowski	-	President of the Management Board
Miłosz Kazimierz Gruca	-	Vice-President of the Management Board
Edyta Barbara Jaworska	-	Member of the Management Board
Mirosława Monika Zydroń	-	Member of the Management Board
Dariusz Tomasz Kurdas	-	Member of the Management Board
Dawid Patryk Radziszewski	-	Member of the Management Board

Supervisory Board:

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

As at 30 September 2021, 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 2021				
Paweł Tadeusz Przewięźlikowski	Poland	3,880,663	21.14%	32.94%
Bogusław Stanisław Sieczkowski	Poland	942,417	5.13%	6.66%
Nationale -Nederlanden Open-End Pension Fund and Nationale -Nederlanden Voluntary Pension Fund	Poland	1,901,000	10.36%	8.48%
AVIVA Investors TFI	Poland	1,133,009	6.17%	5.06%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	1,132,713	6.17%	5.06%
Other shareholders (less than 5% of votes at the GM)		9,365,672	51.03%	41.80%
Total		18,355,474	100.00%	100.00%

As at 31 December 2020, 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 31 December 2020	
Paweł Tadeusz Przewięźlikowski	Poland	4,990,880	27.19%	37.90%
Bogusław Stanisław Sieczkowski Nationale -Nederlanden Open-End	Poland	924,384	5.04%	6.58%
Pension Fund and Nationale - Nederlanden Voluntary Pension Fund	Poland	1,900,000	10.35%	8.48%
Other shareholders (less than 5% of votes at the GM)		10,540,210	57.42%	47.04%
Total		18,355,474	100.00%	100.00%

1.2. The Capital Group

As at the balance sheet day, the Selvita Capital Group includes Selvita S.A. as the parent company and 6 subsidiaries - Ardigen S.A., Selvita Services Spółka z o.o, Selvita Inc., Selvita Ltd., Fidelta d.o.o. and Ardigen Inc.

In January 2021, the Croatian company Fidelta d.o.o. and in June 2021 Ardigen Inc. joined the Selvita S.A. Group.

	Registered Office	% of capital held	% of voting rights
		As at 30 September 2021	
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%
Ardigen S.A.	Poland	46.67%	53.98%
Fidelta d.o.o.	Croatia	100.00%	100.00%
Ardigen Inc.	USA	46.67%	53.98%

The duration of the Capital Group companies is not fixed. The financial statements of all controlled entities have been prepared as of 30 September 2021, using consistent accounting principles.

The calendar year is the financial year of the parent company. The consolidation of subsidiaries covers the period from 01/01/2021 to 30/09/2021, i.e. the period in which the Parent Company had control over these entities.

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

1.3. Functional and reporting currency

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

1.4. Split of Ryvu Therapeutics S.A. (formerly Selvita S.A.)

There was no split of companies in the three quarters of 2021 and in 2020.

2. International Financial Reporting Standards

2.1. Statement of compliance

These 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 interim consolidated financial statements for the period from January 1, 2021 to September 30, 2021 are complete financial statements containing disclosures in accordance with the International Financial Reporting Standards approved by the EU (hereinafter referred to as "IFRS"). As at the date of approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the European Union, the IFRS applicable to these financial statements do not differ from the EU IFRS.

Some entities of the Group maintain their accounting books in accordance with the accounting policy (principles) specified by the Accounting Act of 29 September 1994 (the "Act") as amended and regulations issued on its basis ("Polish accounting standards"). The consolidated financial statements include adjustments not included in the accounting books of the Group entities introduced in order to bring the financial statements of these entities to comply with IFRS.

The consolidated financial statements of the Group cover the period from 1 January 2021 to 30 September 2021 and include the comparative periods which are the period from 1 January 2020 to 30 September 2020 and in case of the statement of financial position, they include comparative data as at December 31, 2020.

Status of IFRS endorsement by the EU

2.2. Changes in the applied accounting principles

The accounting principles (policies) used to prepare these financial statements are consistent with those used in the preparation of the consolidated financial statements of the Group companies for the year ended December 31, 2020, except for the application of new or amended standards and interpretations applicable to annual periods starting from 1 January 2021 and later.

2.3. The following standards and interpretations were published by the International Accounting Standards Board, but are not applicable to these financial statements (i.e. for the financial statements for the period ended September 30, 2021)

- IFRS 14 Regulatory Deferral Accounts (published on January 30, 2014) - in accordance with the decision of the European Commission, the approval process of the standard in its draft version will not be initiated before the publication of the final version - until the date of approval of these financial statements, not approved by the EU - applicable to annual periods beginning on or after January 1, 2016;
- Amendments to IFRS 10 and IAS 28: Transactions of sale or contribution of assets between the investor and its associate or joint venture (published on September 11, 2014) - the work leading to the approval of these amendments has been postponed indefinitely by the EU - the effective date has been postponed by the IASB for an indefinite period;
- IFRS 17 Insurance Contracts (published on May 18, 2017), including Amendments to IFRS 17 (published on June 25, 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on or after January 1, 2023;
- Amendments to IAS 1: Presentation of financial statements - Division of liabilities into short-term and long-term (published on January 23, 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on January 1, 2022 or later;
- Amendments to IFRS 3 Amendments to references to the Conceptual Framework (published on May 14, 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on or after January 1, 2022;
- Amendments to IAS 16 Property, plant and equipment: revenues achieved before putting into use (published on May 14, 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on January 1, 2022 or later;
- Amendments to IAS 37 Onerous Contracts - Costs of Meeting Contractual Obligations (published on May 14, 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on or after January 1, 2022;
- Amendments resulting from the review of IFRS 2018-2020 (published on May 14, 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on or after January 1, 2022;
- Amendments to IFRS 4: Insurance contracts - deferral of IFRS 9 (published on June 25, 2020) - applicable to annual periods beginning on or after January 1, 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Reform of interest rate benchmarks - Phase 2 (published on August 27, 2020) - applicable to annual periods beginning on January 1, 2021 or later;
- Amendments to IAS 1 and Practice Statement 2: Disclosure of information regarding accounting principles (policy) (published on February 12, 2021) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on January 1, 2023 or later;
- Amendments to IAS 8: Definition of Accounting Estimates (published on February 12, 2021) - until the date of approval of these financial statements, not approved by the EU - applicable to annual periods beginning on or after January 1, 2023,
- Amendments to IFRS 16: Rental Concessions related to Covid-19 after June 30, 2021 (published on March 31, 2021) - applicable to annual periods beginning on April 1, 2021 or later;
- Amendments to IAS 12: Deferred tax on assets and liabilities arising from a single transaction (published on May 6, 2021) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on or after January 1, 2023.

The dates of entry into force are the dates resulting from the content of the standards announced by the International Financial Reporting Council. The dates of application of the standards in the European Union may differ from the dates of application arising from the content of the standards and are announced at the time of approval for use by the European Union.

In the Group'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 Group as at the balance sheet date.

3. Summary of significant accounting policies

3.1. Going concern

The consolidated financial statements have been prepared on the assumption that the Group companies will continue as a going concern in the period of at least 12 months following the end of the reporting period, i.e. September 30, 2022. As at the date of preparation of the consolidated financial statements, there were no circumstances that would indicate a risk to the Group companies' ability to continue as a going concern.

Covid-19 pandemic, which began in the first quarter of 2020, continued during the whole reported period. In the first three quarters of 2021 the Issuer did not however record a negative impact of Covid-19 on operational efficiency and timeliness in terms of the services provided.

The Management Board hopes that in the following quarters, direct business contacts, physical participation in conferences will be possible again, which is essential for the implementation and provision of the services offered by the Issuer and was the greatest challenge from the Issuer's perspective in recent quarters.

For more information, see Note 41 to the consolidated financial statements.

Due to the negative impact of Covid-19 on global economies, Covid-19 is expected to be a threat to the entity, but due to the mitigating measures taken and the events listed above and the specific nature of the business (industry in which the Company operates), the Management Board of the Company believes that the pandemic had no significant impact on revenues or financial liquidity. The Management Board does not see any significant uncertainty related to the going concern status.

3.2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

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

3.3. Consolidation principles

Accompanying consolidated financial statements include the financial statements of Selvita S.A. and financial statements of the entities it controls (subsidiaries) prepared each time for the 9-month period ended September 30, 2021 also in the case of Fidelta d.o.o., in which the transfer of control took place on January 4, 2021, however, there were no significant transactions between this date and January 1, 2021.

The financial statements of subsidiaries, after taking into account the adjustments to comply with IFRSs, are prepared for the same reporting period as the parent company's statements, using consistent accounting principles, based on uniform accounting principles applied for transactions and economic events of a similar nature. Adjustments are made to eliminate any discrepancies in the accounting policies used.

All significant balances and transactions between the Group's units, including unrealized gains arising from transactions within the Group, have been completely eliminated. Unrealized losses are eliminated unless they prove impairment.

Subsidiaries are subject to consolidation in the period from the date of taking control over them by the Group, and cease to be consolidated from the date of cessation of control. The parent company exercises control when:

- has power over a given entity,
- is exposed to variable returns or has rights to variable returns for its involvement in the entity,
- has the ability to use power to shape the level of returns generated.

The Group verifies the fact of exercising control over other entities, if there is a situation indicating a change in one or more of the above-mentioned conditions of exercising control.

In a situation where the Group has less than a majority of voting rights in a given entity, but the voting rights held are sufficient to unilaterally direct the significant activities of that entity, it means that it exercises power over it. When assessing whether voting rights in a given entity are sufficient to ensure power, the Group analyzes all relevant circumstances, including:

- the size of the voting rights held in relation to the size of the shares and the degree of dispersion of voting rights held by other shareholders;
- potential voting rights held by the Group, other shareholders or other parties;
- rights arising from other contractual arrangements; and
- additional circumstances that may prove that the Group has or does not have the power to direct material activities at the time of decision making, including voting patterns observed at previous shareholders' meetings.

3.3.1 Changes in the Group's ownership shares in the subsidiaries

Changes in the Group's shares in the subsidiaries which do not result in losing control are recognized as equity transactions. In order to reflect changes in the relative shares in the subsidiaries, the carrying amount of the Group's controlling interest and non-controlling interest is adjusted as appropriate. Any differences between the value of the adjustment to non-controlling interest and the fair value of the consideration paid or received are recognized directly in equity and attributed to the Company's equity holders.

3.4. Business combinations

Acquisitions of other entities are accounted for using the acquisition method. The payment transferred in a business combination transaction is measured at fair value, calculated as the aggregate amount of fair values as at the date of the acquisition of the assets transferred by the Group, liabilities incurred by the Group towards the previous owners of the acquiree and equity instruments issued by the Group in exchange for acquiring control over the acquiree. Acquisition costs are recognized in profit or loss when incurred.

Identifiable assets and liabilities are measured at fair value as at the acquisition date, with the following exceptions:

- assets and liabilities arising from deferred income tax or related to employee benefit contracts are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits;
- liabilities or equity instruments relating to share-based payments at the acquiree or the Group, which are to replace similar contracts in place at the acquiree, are measured in accordance with IFRS 2 Share-based Payment as at the acquisition date; and
- assets (or disposal groups) classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in compliance with the requirements of the standard.

Goodwill is measured as the surplus of the consideration paid, the value of non-controlling interest in the acquiree and the fair value of shares in the acquiree that were held by the acquirer before over the fair value of the acquired identifiable net assets and liabilities measured as at the acquisition date. If, after subsequent verification, the net value of identifiable assets and liabilities measured as at the acquisition date exceeds the total amount of the consideration paid, the value of non-controlling interest in the acquiree and the fair value of shares in that entity that were held by the acquirer before, the surplus is recognized directly in profit or loss as a gain on a bargain purchase.

Non-controlling interest that forms part of the ownership share and entitles the holder to a proportionate share in the entity's net assets in the event of its liquidation may initially be measured at fair value or based on the share of non-controlling interest in the recognized identifiable net assets of the acquiree, as appropriate. The measurement method is selected separately for each acquisition transaction. Other types of non-controlling interest are measured at fair value or using another method, as prescribed by IFRS.

If the consideration paid in a business combination transaction includes any assets or liabilities arising from a contingent consideration contract, the consideration is measured at fair value as at the acquisition date and recognized as a portion of the consideration paid in the business combination transaction. Changes in the fair value of the contingent consideration, classified as measurement period adjustments, are recognized retrospectively, along with the relevant goodwill adjustments. Measurement period adjustments are adjustments made as a result of obtaining additional information relating to the "measurement period" (which may not exceed one year of the acquisition date) and concerning the facts and circumstances that existed as of the acquisition date.

Changes in the fair value of the contingent consideration which do not meet the measurement period adjustment criteria are accounted for depending on the classification of the contingent consideration. A contingent consideration classified as equity is not measured later on and its subsequent payment is recognized in equity. A contingent consideration classified as an asset or liability is subsequently revalued at the end of each reporting period in line with IAS 39 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and the resulting gains or losses are recognized in profit or loss.

Where a business combination is achieved in stages, shares in the acquiree that were held by the Group before are measured at fair value as at the acquisition date and the resulting gain or loss is recognized in profit or loss. Amounts resulting from interest held in the acquiree before the acquisition date, previously recognized as other comprehensive income, are reclassified to profit or loss if such treatment were appropriate at the time of disposal of such interest.

If the initial accounting recognition of a business combination at the end of the reporting period in which it occurred is not complete, the Group presents provisional amounts relating to items which were not fully recognized in its financial statements. During the measurement period, the Group adjusts the provisional amounts recognized as at the acquisition date (see above) or recognizes additional assets or liabilities to reflect new facts and circumstances that existed as of the acquisition date and which, if known, would have had an effect on the recognition of the said amounts as at that date.

3.5 Goodwill

Goodwill arising from acquisition of another entity is measured at cost determined as at the acquisition date (see Note 3.4) less impairment loss.

For purposes of impairment tests, goodwill is allocated to the Group's cash generating units (or their groups) that should benefit from the synergy of the business combination.

A cash generating unit which goodwill is allocated to is tested for impairment once a year or more frequently if there are any indications of impairment. If the recoverable amount of a cash generating unit is lower than its carrying amount, the impairment loss is allocated to reduce the carrying amount of goodwill allocated to that unit in the first place, and the remaining amount is allocated to other assets of the cash generating unit in proportion to their carrying amounts. Impairment of goodwill is recognized directly in profit or loss. Impairment of goodwill is not reversed in the following periods.

Goodwill allocated to a cash generating unit being sold is taken into account in determination of gain or loss on sale.

3.6 Investments in associates

In 2021 and 2020, the Group did not have any shares in associates.

3.7 Interests in joint ventures

Not applicable.

3.8 Non-current assets held for sale

Not applicable.

3.9 Revenue recognition

3.9.1 Grants

Subsidies are recognized in accordance with IAS 20. Subsidies are not recognized until there is reasonable certainty that the Group 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 Group 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.

3.9.2 Sales of goods and services

Revenues, except for subsidies, are recognized in accordance with IFRS 15, the Group 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 Group.

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 Group 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 Group 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 Group, and the Group has an enforceable right to pay for the service performed so far.

To measure the degree of complete fulfillment of the obligation to perform a performance fulfilled over time, the Group uses the cost-based method, i.e. it recognizes revenues based on the stage of completion of the work in proportion to the share of costs incurred in the total contract costs.

When it is likely that the total contract costs will exceed the total contract revenue, the expected loss is recognized immediately in costs.

If the sum of contractual costs incurred on a given day and recognized profits less the recognized losses exceeds the invoiced value, the surplus is shown in the assets under the contract. If the value of invoiced costs on a given day exceeds the sum of contractual costs incurred on a given day and recognized profits less recognized losses, the surplus is shown in contractual obligations. The amounts received before carrying out the works to which they relate are recognized in the consolidated statement of financial position in liabilities as advances received. The amounts invoiced for completed works, but not yet paid by customers, are recognized in the consolidated statement of financial position in trade receivables and in net result.

3.10 Interest and dividend income

Dividend income is recognized at the record date (provided that it is probable that the Group 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.

3.11 Leases

The Group as a lessee

Assets due to the right of use

The Group 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 Group 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 Group 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 Group 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 Group. 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 Group 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.

Interest on leasing

In the statement of cash flows, interest on lease is presented together with other interest under interest paid.

Short-term leasing and leasing of low-value assets

The Group 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 Group 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 regarding leases are described in Note 4.1.

3.12 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 30/09/2021	As at 31/12/2020
EUR / PLN	4.6329	4.6148
USD / PLN	3.9925	3.7584
GBP / PLN	5.3653	5.1327
CHF / PLN	4.2725	4.2641
JPY / PLN	0.0357	0.0365
SEK / PLN	0.4343	0.4598
HRK / PLN	0.6189	0.6112

3.12.1 Functional and presentation currency

The consolidated financial statements of the Group are presented in PLN, which is also the functional currency of the parent company. The functional currency is determined for each subsidiary and the entity's assets and liabilities are measured in that functional currency. The Group uses the direct consolidation method and has chosen a method of accounting for gains or losses on translation that is consistent with this method.

3.12.2 Exchange differences from translation of foreign operations

As at the balance sheet date, the assets and liabilities of these foreign subsidiaries are translated into the currency of the Group's presentation at the exchange rate as at the balance sheet day, and their statements of comprehensive income are translated at the weighted average exchange rate for the financial period. Exchange rate differences resulting from such a conversion are recognized in other comprehensive income and accumulated in a separate item of equity. Upon the disposal of a foreign entity, exchange differences accumulated in equity regarding a given foreign entity are recognized in profit or loss.

3.13 Borrowing costs

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

Revenues from investments obtained as a result of short-term investment of obtained external funds intended directly for financing the purchase or production of assets reduce the value of borrowing costs subject to capitalization. The phenomenon did not occur in the reporting period.

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

3.14 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.

3.15 Taxes

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

3.15.1 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.

3.15.2 Deferred tax

Deferred tax is recognized with respect to temporary differences between the carrying amount of assets and liabilities in the consolidated 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.

The deferred tax is calculated using tax rates that will be applicable when the asset is realized or the liability becomes due and payable. The measurement of the deferred tax liability and asset reflects the tax effects expected depending on the Group's method of realizing or accounting for the carrying amounts of assets and liabilities at the end of the reporting period.

On 11 June 2014, Selvita Services Sp. z o.o. obtained a permit to operate in the Kraków Technology Park special economic zone. Under Section II.2 thereof, the Company is allowed to use a tax exemption due to creation of new jobs. The maximum amount of the exemption (valid till 31 December 2017) was 60% of the cost of salaries and wages paid to new hires. From 1 January 2018, the maximum amount of the exemption is 50%.

In the field of income tax, the Group is subject to general provisions in this area. The Group is not a tax capital group. The tax and balance sheet years coincide with the calendar year.

The Group recognizes a deferred tax asset used to transfer the unused tax loss to the extent that it is probable that there will be future taxable profit against which the unused tax losses can be used off. When assessing whether it is probable that the available future taxable profit will be sufficient, the Group takes into account the nature, origin and schedule of such income and makes sure that convincing evidence has been collected. The Group 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 in terms of future tax results. The 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 generating taxable income in the future, which will allow the asset to be recovered.

Selvita Services Sp. z o.o. calculated the deferred tax asset due to the discount granted on the basis of the decision on operations in the Special Economic Zone. The method of calculating the asset is described in note 4.2.4

Uncertainty related to income tax recognition

In accordance with IFRIC 23, if, in the Group's opinion, it is probable that the Group's approach to a tax issue or group of tax issues will be approved by the tax authority, the Group determines taxable profit (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. In assessing this likelihood, the Group assumes that the tax authorities empowered to audit and challenge the tax treatment will perform such an audit and will have access to any information. If the Group determines that it is unlikely that the tax authority will accept the Group's approach to a tax matter or group of tax issues, then the Group reflects the effects of the uncertainty in accounting for the tax in the period in which it determines it. Therefore, the Group recognizes the income tax liability using one of the two methods listed below, depending on which of them better reflects the way in which the uncertainty may materialize:

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

3.15.3 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.

3.16 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 Group 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 – 10 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).

3.17 Intangible assets

3.17.1 Intangible assets purchased by the Group

Intangible assets with fixed useful life, purchased by the Group, 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 Group, are recognized at cost less accumulated impairment losses.

3.17.2 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 Group 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.

3.17.3 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.

3.18 Impairment of property, plant and equipment and intangible assets, except goodwill

At the end of each reporting period, the Group 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 Group's non-current assets are allocated to individual cash generating units or to the smallest groups 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.

3.19 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 Group's inventories are reagents and laboratory materials used in the implementation of research work for customers.

3.20 Provisions

Provisions are recognized when the Group 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.

3.20.1 Onerous contracts

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

3.20.2 Restructuring

A restructuring reserve is recognized only where the Group 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.

3.21 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 consolidated statement of cash flows consists of the above-mentioned cash and cash equivalents, less outstanding loans in current accounts.

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

3.22 Financial instruments

3.22.1 Classification and initial recognition of financial instruments

The Group 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 Group 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 Group 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.

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

Equity instruments at fair value through other comprehensive income

At the time of initial recognition, the Group 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 Group 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 Group 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.

As at September 30, 2021, no financial assets have been classified as measured at fair value through profit or loss.

Trade liabilities and other liabilities

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

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

As at September 30, 2021, no financial liabilities have been classified as measured at fair value through profit or loss.

Financial liabilities 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 measured at fair value through profit or loss, which are recognized in other comprehensive income.

Other financial liabilities other than financial instruments at fair value through profit or loss are measured at amortized cost using the effective interest rate 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, redeemed or expired.

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

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.

3.22.2 Impairment of financial instruments

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

To this end, the Group 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 Group calculates the expected credit loss in the entire life cycle for this category of assets with the use of a provision matrix. The basis for the calculation is the loss rate calculated on the basis of data on the repayment of trade receivables from the period of 4 years. 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.

3.22.3 Hedge accounting

The Group companies do not use hedge accounting.

4. Significant accounting judgements and estimates

When applying the accounting policies adopted by the Group, the Management Board of the parent 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

The Group recognizes revenue from subsidies from the commencement of work related to a given subsidy agreement. Due to the Management Board's judgment that there is reasonable assurance that the Group is able to meet all the conditions resulting from the subsidy agreements and will not be obliged to return received subsidies, revenues from subsidies are recognized over time in the period of works related to the subsidy.

Leasing - the Group 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 reassess 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.

Exercising control over a related entity

Controlling of Ardigen S.A. was described in note 15.1. Controlling Ardigen Inc. is controlled by Ardigen S.A., which owns 100% of Ardigen Inc.

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 29. Provisions for bonuses are estimated in line with an algorithm based on a margin achieved and realized on individual projects or project groups. 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 Group. Bonuses are discretionary.

4.2.2 Useful lives of property, plant and equipment

As described in Note 3.16 and Note 3.17, the Group 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 Accounting for long-term contracts using the estimated stage-of-completion method

As described in Note 3.9, the Group determines the stage of completion of long-term contracts by comparing the project costs incurred thus far with the total estimated project costs. Due to the nature of the Group's projects and the possibility of unexpected difficulties in project completion, it may turn out that the total actual project costs differ from the estimates. A change in the estimated total project costs may require that the stage of completion determined at the end of the reporting period, thus the revenue recognized by the Group, be determined again.

4.2.4 Deferred tax asset

The Group 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 Group 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 Group 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 Parent Company makes a decision on calculating the deferred tax asset. Asset due to tax relief in the Special Economic Zone in Selvita Services Sp. z o.o. the amount of 50% of the average annual remuneration for newly created jobs is calculated for a period that can be used, not longer than 24 months.

4.2.5 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 group.

The Group 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 Group, it is likely that the Group's approach to the tax issue or group of tax issues will be accepted by the tax authority, the Group 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 Group 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 Group determines that it is not probable that the tax authority will accept the Group's approach to the tax issue or group of tax issues, then the Group reflects the effects of uncertainty in accounting terms of tax during the period in which it determined it. The Group 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 Group determines the most likely scenario - this is a single amount among the possible outcomes or
- The Group recognizes the expected value - it is the sum of probability weighted amounts among the possible results.

4.2.6 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 Group is guided by professional judgment. The method of determining the fair value of individual financial instruments is presented in note 20.

4.2.7 Impairment of trade receivables and contract assets

The Group uses reserve matrices to value the write-down for expected credit losses in relation to trade receivables and contract assets. In order to determine the expected loan losses, trade receivables and contract assets were grouped based on the similarity of the credit risk characteristics. The Group 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 impairment losses on loans by PLN 10,099 respectively (31 December 2020: PLN 16,468).

4.2.8 Revenue recognition

Judgments made by the Group that significantly affect the determination of the amount and timing of obtaining revenues from contracts with clients are presented in note 3.9.

5. Sales revenue

5.1. Revenues

The sales revenues obtained by the group can be divided into 3 types:

1. Agreements based on the fixed price model.

In the "fixed price" model under the concluded contract, the Group 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 Group'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 Group provides appropriately qualified employees. Revenue is defined as the working time of employees of the Group 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 Group's obligation to perform the service is therefore met at the time the employees render the service.

3. Sale of administrative services

The Group provides administrative services for all entities within the Group and for Ryvu Therapeutics S.A.

Analysis of the Group's sales revenue for the period from 1 January 2021 to 30 September 2021:

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN
Contract research - fixed priced agreements	82,802,408	29,665,962	30,716,211	10,476,529
Contract research - FTE agreements	133,965,127	49,794,311	66,765,395	24,425,249
Revenues from the sale of administrative services	2,985,433	1,052,999	3,893,764	1,324,372
Operating income (excluding grants)	219,752,968	80,513,272	101,375,370	36,226,150

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

In the reporting period, the Group signed some orders to be implemented in the form of contracts settled over time.

5.2. Revenues from subsidies

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

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN
Infrastructure subsidies	8,031	8,031	35,555	6,950
Grants for research	2,954,876	1,027,655	3,339,097	1,083,408
Revenues from subsidies	2,962,907	1,035,686	3,374,652	1,090,358

5.3. Contract assets and liabilities

The scope of changes of contract assets	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Balance at the beginning of the reporting period	2,514,463	4,226,665
Contracts acquired as part of the purchase of Fidelta	2,904,771	-
Revenue accrued in proportion to the costs incurred	14,537,504	18,088,328
Invoiced revenues	(10,848,074)	(19,800,530)
Balance at the end of the reporting period	9,108,664	2,514,463

The scope of changes of contract liabilities	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Balance at the beginning of the reporting period	363,196	557,787
Contracts acquired as part of the purchase of Fidelta	435,452	-
Invoicing beyond the obligation to provide	3,785,173	30,819,095
Execution of contracts without invoicing	(3,210,509)	(31,013,686)
Balance at the end of the reporting period	1,373,312	363,196

5.4 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			
	Period of 9	Period of 3	Period of 9	Period of 3
	months ended	months ended	months ended	months ended
	30/09/2021	30/09/2021	30/09/2020	30/09/2020
	PLN	PLN	PLN	PLN
Poland	5,846,941	2,579,549	6,417,413	2,680,891
EU members	98,773,770	33,203,924	41,529,232	15,257,158
USA	61,543,315	23,422,414	32,498,734	11,491,077
Switzerland	20,544,448	6,531,343	4,767,565	2,090,834
UK	24,755,586	11,026,773	10,948,325	3,136,366
Israel	4,646,308	1,485,523	4,258,216	1,445,930
Other countries	3,642,600	2,263,747	955,885	123,894
Total	219,752,968	80,513,272	101,375,370	36,226,150

5.5. Operating expenses

5.5.1 Amortization and impairment	Period of 9	Period of 3	Period of 9	Period of 3
	months ended	months ended	months ended	months ended
	30/09/2021	30/09/2021	30/09/2020	30/09/2020
	PLN	PLN	PLN	PLN
Amortization of tangible assets	6,617,436	2,420,557	2,696,848	509,329
Amortization of equipment usage rights	3,836,987	1,205,855	3,435,395	1,862,859
Amortization of rights to use the premises and cars	6,953,657	2,345,708	3,203,075	1,194,328
Amortization of intangible assets	356,814	171,209	145,815	54,941
Total amortization expense	17,764,894	6,143,329	9,481,133	3,621,457

5.5.2 Employee benefit expense	Period of 9	Period of 3	Period of 9	Period of 3
	months ended	months ended	months ended	months ended
	30/09/2021	30/09/2021	30/09/2020	30/09/2020
	PLN	PLN	PLN	PLN
Salaries and wages	69,045,695	24,180,683	41,425,229	13,970,654
Social security charges	15,824,411	5,375,654	5,374,685	1,888,693
Medical and other benefits	872,573	309,311	643,498	229,088
Trainings	789,689	139,210	305,840	106,318
Workwear	267,766	143,996	425,466	183,011
Employee benefit expense	86,800,134	30,148,854	48,174,718	16,377,764

5.5.3 External services	Period of 9	Period of 3	Period of 9	Period of 3
	months ended	months ended	months ended	months ended
	30/09/2021	30/09/2021	30/09/2020	30/09/2020
	PLN	PLN	PLN	PLN
B2C Services*	18,284,440	6,743,660	6,815,018	2,710,541
Research services, scientific advisory services	3,247,165	926,605	2,570,892	813,567
Building and laboratory services	2,755,588	909,555	1,528,697	533,492
IT services, databases, software licenses	3,393,278	1,175,021	1,099,562	386,272
Legal services	2,502,947	882,853	987,728	471,277
Transportation services	1,392,783	558,279	637,444	223,383
Total external services	31,576,201	11,195,973	13,639,341	5,138,532

* The costs of B2C include the costs of outsourcing human resources and the costs of subcontractors used in research projects in the amount of PLN 8,463 thousand in three quarters of 2021. In three quarters of 2020, human resources outsourcing costs amounted to PLN 4,832 thousand.

6. 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.

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

For management purposes, the Group has been divided into parts based on the services provided. There are therefore three operating segments.

The first segment accounting for the major part of the Group's revenue is the Segment of Services executed in Poland. The Group provides services through its two major departments, i.e. Contract Chemistry and Contract Biology. Services provided to external contractors are in the field of chemistry, analytics, regulatory, biochemistry and cell biology.

The second segment is Segment of Services executed in Croatia, which provide services in the field of integrated research and development projects commissioned by biotechnology and pharmaceutical companies. The segment includes only the subsidiary Fidelta d.o.o.

The third segment within the Group is Bioinformatics Segment. The segment provides bioinformatics services to external contractors and conducts its own research in the field of bioinformatics. The segment includes only the subsidiary Ardigen S.A.

6.2 Segment revenue and profit or loss

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

	Revenue				Operating profit			
	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Segment 1 - Services executed in Poland, including	110,696,055	41,339,048	90,229,711	31,244,071	(6,157,370)	(5,303,861)	12,788,476	4,112,601
<i>revenue from external customers (FTE)</i>	66,547,022	24,641,957	54,750,701	19,557,052				
<i>revenue from external customers (fixed price)</i>	37,466,474	14,262,355	30,128,525	9,888,843				
<i>revenues from sales of administrative services</i>	2,985,433	1,052,999	3,893,764	1,324,372				
<i>intersegment revenue</i>	2,311,671	753,617	214,550	69,000				
<i>grant income</i>	893,580	389,635	905,763	282,970				
<i>other operating income</i>	491,876	238,485	336,408	121,834				
Segment 2 - Services executed in Croatia, including	91,266,151	32,019,303	-	-	21,532,304	7,824,620	-	-
<i>revenue from external customers (FTE)</i>	46,127,324	16,631,364	-	-				
<i>revenue from external customers (fixed price)</i>	44,927,546	15,370,113	-	-				
<i>intersegment revenue</i>	-	-	-	-				
<i>grant income</i>	-	-	-	-				
<i>other operating income</i>	211,281	17,826	-	-				
Segment 3 - Bioinformatics, including	23,826,185	9,221,635	15,110,157	6,276,920	4,801,127	2,606,684	2,983,857	1,692,748
<i>revenue from external customers (FTE)</i>	21,290,781	8,520,989	12,014,694	4,868,197				
<i>revenues for fixed price clients</i>	408,389	33,495	587,686	587,686				
<i>intersegment revenue</i>	-	-	-	-				
<i>grant income</i>	2,069,327	646,051	2,468,889	807,388				
<i>other operating income</i>	57,688	21,100	38,888	13,649				
Elimination of intersegment revenue	2,311,671	753,617	214,550	69,000				
Total – continuing operations	223,476,720	81,826,369	105,125,318	37,451,991	20,176,061	5,127,443	15,772,333	5,805,349

	Expenses			
	Period of 9	Period of 3	Period of 9	Period of 3
	months ended	months ended	months ended	months ended
	30/09/2021	30/09/2021	30/09/2020	30/09/2020
	PLN	PLN	PLN	PLN
Segment 1 - Services executed in Poland, including	116,853,425	46,642,909	77,441,235	27,131,470
amortization and depreciation	10,549,473	3,632,763	8,746,960	3,375,195
costs of central administration, Management Board remuneration and selling costs	19,733,656	7,764,749	15,037,603	4,948,913
intersegment expenses	5,840	-	7,550	-
Valuation of the incentive program	19,997,158	11,477,273	-	-
Segment 2 - Services executed in Croatia, including	69,733,847	24,194,683	-	-
amortization and depreciation	6,335,184	2,218,209	-	-
costs of central administration, Management Board remuneration and selling costs	10,784,644	3,789,927	-	-
intersegment expenses	1,899,425	643,139	-	-
Segment 3 - Bioinformatics, including	19,025,058	6,614,951	12,126,300	4,584,172
amortization and depreciation	880,237	292,357	734,173	246,262
costs of central administration, Management Board remuneration and selling costs	3,757,884	1,260,986	2,754,646	970,329
intersegment expenses	406,406	110,478	207,000	69,000
Elimination of intersegment expenses	2,311,671	753,617	214,550	69,000
Total – continuing operations	203,300,659	76,698,926	89,352,985	31,646,642

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 presented in Note 3. 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.

6.3 Segment assets and liabilities

Segments assets	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Segment 1		
Services executed in Poland	173,484,400	203,840,162
Segment 2		
Services executed in Croatia	216,118,649	-
Segment 3		
Bioinformatics	21,976,731	14,955,665
Total segment assets	411,579,780	218,795,827
Segment liabilities		
Segment 1		
Services executed in Poland	194,926,914	63,085,573
Segment 2		
Services executed in Croatia	24,534,703	-
Segment 3		
Bioinformatics	5,753,176	3,050,662
Total segment liabilities	225,214,793	66,136,235

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;

6.4 Other segment information

	Depreciation and amortization				Fixed assets additions			
	Period of 9 months ended	Period of 3 months ended	Period of 9 months ended	Period of 3 months ended	Period of 9 months ended	Period of 3 months ended	Period of 9 months ended	Period of 3 months ended
	30/09/2021	30/09/2021	30/09/2020	30/09/2020	30/09/2021	30/09/2021	30/09/2020	30/09/2020
	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Segment 1								
<i>Services executed in Poland</i>	10,549,473	3,632,763	8,746,960	3,375,195	17,304,000	8,232,124	32,576,277	19,726,269
Segment 2								
<i>Services executed in Croatia</i>	6,335,184	2,218,209	-	-	5,391,158	1,737,606	-	-
Segment 3								
<i>Bioinformatics</i>	880,237	292,357	734,173	246,262	219,741	17,170	336,414	219,583
Total	17,764,894	6,143,329	9,481,133	3,621,457	22,914,899	9,986,900	32,912,691	19,945,852

6.5 Major customers

	Period of 9 months ended	Period of 3 months ended	Period of 9 months ended	Period of 3 months ended
	30/09/2021	30/09/2021	30/09/2020	30/09/2020
	PLN	PLN	PLN	PLN
Segment 1 - Services executed in Poland				
Customer A	n.a.	n.a.	8,555,359	2,755,816
Segment 2 - Services executed in Croatia				
Customer B	25,026,136	8,363,241	n.a.	n.a.
Customer C	12,650,272	5,180,260	n.a.	n.a.
Customer D	9,930,887	3,596,161	n.a.	n.a.
Segment 3 - Bioinformatics				
Customer E	5,111,427	1,916,571	1,923,722	1,105,820
Customer F	3,057,560	798,111	3,796,156	1,278,293
Total	55,776,283	19,854,344	14,275,238	5,139,930

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

7. Finance income

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN
Financial revenue due to financial instruments	11,450	(376,323)	12,791	(247,638)
Interest	9,301	2,872	12,791	262
Others	2,149	-	-	-
Gains on currency differences	-	(379,195)	-	(247,900)
Total finance income	11,450	(376,323)	12,791	(247,638)

8. Finance cost

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN
Finance cost due to financial instruments	4,697,794	3,164,097	423,675	(182,450)
Interest	2,496,256	962,559	6,460	5,834
Losses on currency differences	2,201,538	2,201,538	417,215	(188,284)
Other finance cost	915,667	284,937	438,283	289,092
Interest on leases	915,667	284,937	438,283	289,092
Total finance cost	5,613,461	3,449,034	861,958	106,642

9. Other operating income and expenses

9.1 Other operating income

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN
Gain on disposal of property, plant and equipment	20,952	20,952	488	-
Other operating income:	739,893	256,459	374,808	135,483
Salary of the internship supervisor	67,736	62,976	-	-
Compensation obtained	4,180	-	-	-
Repayment of debts covered by the allowance for expected credit losses	184,746	30,872	-	-
Discount received	39,581	-	-	-
Other – sales of services to employees (LUX MED, Benefit, Genfit)	443,650	162,611	374,808	135,483
Total other operating income	760,845	277,411	375,296	135,483

9.2 Other operating expenses

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN
Loss on disposal of property, plant and equipment, including:	-	-	-	-
Other operating expenses:	188,572	68,885	34,610	1,898
Penalties, fines and damages paid	25,000	-	-	-
Cost refund to employees - prescription glasses	7,400	2,400	2,750	565
Employee reimbursement	-	-	1,860	1,333
Other	1,155	-	-	-
Write-off of receivables	78,992	66,485	-	-
Donation	76,025	-	30,000	-
Total other operating expenses	188,572	68,885	34,610	1,898

10. Income taxes on continuing operations

10.1 Income taxes presented in the statement of comprehensive income

	Period of 9 months ended 30/09/2021	Period of 9 months ended 30/09/2020
	PLN	PLN
Current income tax:	6,595,155	1,308,041
<i>Current income tax charge</i>	6,595,155	1,308,041
<i>Corrections relating to previous years</i>	-	-
Deferred income tax	(865,110)	(885,843)
Tax charge presented in the statement of comprehensive income	5,730,045	422,198

10.2 Reconciliation of the tax profit to the accounting profit

	Period of 9 months ended 30/09/2021	Period of 9 months ended 30/09/2020
	PLN	PLN
Recorded revenue and profit	223,488,170	105,138,109
Non-taxable and tax-exempt income, including:	6,504,136	4,855,914
Exchange differences	7,726,589	2,028,008
Long-term contracts	(4,200,658)	625,296
Grant income	2,978,205	2,202,610
Total taxable income (1-2+3)	216,984,034	100,282,195
Recorded expenses and losses	208,914,120	90,214,943
Expenses and losses classified permanently as non-deductible:	24,160,256	2,962,621
PFRON	604,086	496,363
Business entertainment costs	102,762	72,783
Costs of the incentive program	19,997,158	-
Subsidized costs	3,058,504	2,202,610
Other non-deductible expenses	397,747	190,865
Expenses and losses classified temporarily as non-deductible:	12,007,538	7,315,635
Recognized accrual for bonus and unused holidays	4,919,806	2,934,087
Established accruals for liabilities	(1,024,216)	1,980,692
Provisions for retirement	367,584	-
Exchange differences	7,726,589	2,376,933
Business trip settlement not paid	17,775	23,923
Total deductible expenses	172,746,326	79,936,687
Taxable Income	44,237,708	20,345,508
Tax-exempt income ("+")	-	-
Deductions from income ("+")	1,570,427	-
Tax losses carried forward	1,570,427	-
Tax losses domestic entities	-	-
Donations	-	-
Other - R&D tax relief	-	-
Tax base	42,667,281	20,345,508
Income tax at the applicable rate	8,106,783	3,865,647
Deductions from income tax	1,511,628	2,557,606
Income tax due	6,595,155	1,308,041

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%. In the case of Croatia, the tax rate is 18%.

10.3 The effective tax rate reconciliation is as follows:

	Period of 9 months ended 30/09/2021	Period of 9 months ended 30/09/2020
	PLN	PLN
Gross profit before tax	14,574,050	14,923,166
Tax at the statutory tax rate applicable in Poland, 19%	2,769,070	2,835,402
Tax exemption on activities within Special Economic Zone	(1,511,628)	(2,557,606)
Permanent non-taxable costs	4,590,449	562,898
Permanent non-taxable income	(565,859)	(418,496)
R&D tax relief used in the tax year	-	-
Other (including 18% taxable income)	448,014	-
Tax at the effective tax rate	5,730,045	422,198

10.4 Current tax asset and liabilities

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Current tax asset		
Tax refund due	-	-
Current tax liabilities		
Income taxes due	4,764,383	416,458
	4,764,383	416,458

10.5 Deferred income tax

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

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Deferred tax asset	18,069,843	12,339,284
Deferred tax liability	9,336,012	4,470,563
	8,733,831	7,868,721

Basis for temporary differences – 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 equity
	As at 30/09/2021	As at 31/12/2020	from 01/01 to 30/09/2021	from 01/01 to 31/12/2020
- fixed assets and intangible assets (excluding leases)	286,910	5,242	281,668	(1,186)
- due to SEZ	5,409,207	5,755,847	(346,640)	1,207,603
- trade and other receivables (impairment, exchange differences)	1,019,982	599,538	420,444	566,241
- customer contracts	591,820	-	591,820	-
- payables for future reserves	324,132	411,788	(87,656)	230,306
- retirement provision	119,208	49,367	69,841	29,791
- bonus provision	1,735,994	934,265	801,729	189,989
- unused holiday provision	701,339	568,306	133,034	227,016
- liability under the right of use	7,075,635	2,910,935	4,164,700	407,142
- tax losses to be used in subsequent periods	805,617	1,103,998	(298,381)	961,434
Total	18,069,843	12,339,284	5,730,559	3,818,336

The SEZ relief can be accounted for through 2026.

10.6 Tax losses to be used in subsequent periods

	Period ended 30/09/2021	Loss amount	Use	Possible to use	Max period of use
	Year				
	2019	750,335	750,335	-	2024
	2020	5,060,180	820,093	4,240,087	2025

10.7 Unrecognized deferred tax asset and unused tax credits

	As at 30/09/2021	As at 31/12/2020
As at the end of the reporting period, the following items of the deferred tax asset remained unrecognized:		
Tax losses	-	-
Tax credits	-	-
Accrued expenses	-	-
Unrecognized provision for deferred income tax	-	-
Total unrecognized deferred tax asset	-	-
Total (recognized and unrecognized) deferred tax asset	18,069,843	12,339,284

DTA computation method has been described in note 4.2.4.

10.8 Deferred tax liability

Basis for temporary differences – difference between the tax value and carrying amount of:	DTL	DTL	Change in DTL recognized in profit and loss account for the period	Change in DTL recognized in equity
	As at 30/09/2021	As at 31/12/2020	from 01/01 to 30/09/2021	from 01/01 to 31/12/2020
- fixed assets and intangible assets (excluding leases)	51,626	209,944	(158,318)	209,944
- trade receivables and liabilities and others (positive exchange differences)	1,468,052	758,886	709,166	646,815
- customer contracts	1,122,257	731,510	390,747	442,760
- right-of-use assets	6,694,077	2,770,223	3,923,854	231,417
Total	9,336,012	4,470,563	4,865,449	1,530,936

11. Earnings per share

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN/100	PLN/100	PLN/100	PLN/100
	per share	per share	per share	per share
Basic earnings per share:	36.8	(12.6)	78.5	24.0
From continuing operations	36.8	(12.6)	78.5	24.0
Total basic earnings per share	36.8	(12.6)	78.5	24.0
Diluted earnings per share:	36.8	(12.6)	78.5	24.0
From continuing operations	36.8	(12.6)	78.5	24.0
Total diluted earnings per share	36.8	(12.6)	78.5	24.0

11.1 Basic earnings per share

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

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	PLN	PLN	PLN	PLN
Current year profit attributable to equity holders of the parent company	6,751,869	(2,319,496)	13,204,726	4,411,090
Current year profit attributable to non-controlling interest	2,092,136	1,338,947	1,296,242	676,468
Profit used for calculation of total basic earnings per share	8,844,005	(980,549)	14,500,968	5,087,558

	Period of 9 months ended 30/09/2021	Period of 3 months ended 30/09/2021	Period of 9 months ended 30/09/2020	Period of 3 months ended 30/09/2020
	pcs	pcs	pcs	pcs
Weighted average number of ordinary shares used for calculation of earnings per share	18,355,474	18,355,474	16,828,939	18,355,474

There were no dilutive instruments in three quarters of 2021 and 2020.

11.2 Dividends paid and proposed

The Management Board of the parent company is not planning to pay dividends for period from 1 January to 30 September 2021.

12. Tangible fixed assets

Net carrying amount	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Land	10,000,000	10,000,000
Buildings	1,760,474	1,900,065
Machinery and equipment	1,884,914	780,484
Vehicles	68,840	11,029
Other tangible assets (including lab equipment)	32,141,442	8,995,958
Other tangible assets usage rights (including lab equipment)	31,525,011	24,659,210
Rights to use the premises	33,436,806	14,015,117
Car usage rights	1,795,176	241,404
Assets under construction	3,032,099	1,629,836
Advances for assets under construction	-	-
	115,644,762	62,233,103

In the period covered by the consolidated financial statements, due to the lack of premises, the Group did not make revaluation write-offs for fixed assets.

The Group did not have any land in perpetual usufruct in the periods presented in the consolidated financial statements.

In Q4' 2021 the Group is planning to incur expenditure on non-financial non-current assets in the amount of PLN 15M. No expenditures on environmental protection purposes are planned.

12.1. Changes in the value of fixed assets by type in the current financial period

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Other tangible assets usage rights (including lab equipment)	Rights to use the premises	Car usage rights	Total
Gross value at the beginning of the period	10,000,000	3,108,706	5,296,530	162,813	25,172,086	1,629,836	32,996,655	19,031,109	519,030	97,916,765
Increases in gross value:	-	12,800	2,007,590	65,447	29,392,536	4,816,977	10,702,788	26,072,991	1,856,127	74,927,256
- Purchases	-	12,800	940,960	65,447	5,810,602	1,946,959	9,418,748	3,204,632	635,635	22,035,783
- Transfer from assets under construction	-	-	-	-	2,822,479	-	1,284,040	-	-	4,106,519
- Acquisition of Fidelta d.o.o.	-	-	1,066,630	-	20,067,650	2,870,018	-	22,868,359	1,220,492	48,093,149
- Other - transfer to fixed assets	-	-	-	-	691,805	-	-	-	-	691,805
- Liquidation	-	-	-	-	-	-	-	-	-	-
Decreases in gross value:	-	-	164,093	-	630,661	3,414,714	691,805	-	-	4,901,272
- Disposals	-	-	-	-	-	-	-	-	-	-
- Other - transfer to fixed assets	-	-	164,093	-	630,661	-	-	-	-	794,753
- Other	-	-	-	-	-	3,414,714	691,805	-	-	4,106,519
Gross value at the end of the period	10,000,000	3,121,506	7,140,028	228,260	53,933,961	3,032,099	43,007,638	45,104,100	2,375,157	167,942,749
Accumulated depreciation at the beginning of the period	-	1,208,641	4,516,046	151,784	16,176,128	-	8,337,444	5,015,992	277,626	35,683,662
Inceases:	-	152,391	902,162	7,636	6,247,052	-	3,836,987	6,651,302	302,355	18,099,885
- Depreciation charge for the period	-	152,391	902,162	7,636	5,555,247	-	3,836,987	6,651,302	302,355	17,408,080
- Acquisition of Fidelta d.o.o.	-	-	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	691,805	-	-	-	-	691,805
Decreases:	-	-	163,094	-	630,661	-	691,805	-	-	1,485,560
- Disposals	-	-	-	-	-	-	-	-	-	-
- Other - transfer to fixed assets	-	-	163,094	-	630,661	-	-	-	-	793,755
- Other	-	-	-	-	-	-	691,805	-	-	691,805
Accumulated depreciation at the end of the period	-	1,361,032	5,255,114	159,420	21,792,519	-	11,482,626	11,667,294	579,981	52,297,987
Net carrying amount at the beginning of the period	10,000,000	1,900,065	780,484	11,029	8,995,958	1,629,836	24,659,210	14,015,117	241,404	62,233,103
Net carrying amount at the end of the period	10,000,000	1,760,474	1,884,914	68,840	32,141,442	3,032,099	31,525,011	33,436,806	1,795,176	115,644,762

12.2. Changes in the value of fixed assets by type in the financial period from 1 January to 31 December 2020

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Other tangible assets usage rights (including lab equipment)	Rights to use the premises	Car usage rights	Total
Gross value at the beginning of the period	-	3,051,105	3,965,281	162,813	21,556,623	-	15,143,476	13,304,558	519,030	57,702,885
Increases in gross value:	10,000,000	57,601	1,470,285	-	3,809,316	1,629,836	17,853,179	5,726,551	-	40,546,768
- Purchases	10,000,000	57,601	1,470,285	-	3,809,316	1,629,836	17,853,179	5,726,551	-	40,546,768
- Transfer from assets under construction	-	-	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	-	-	-	-	-	-	-
Decreases in gross value:	-	-	139,036	-	193,853	-	-	-	-	332,889
- Disposals	-	-	139,036	-	193,853	-	-	-	-	332,889
- Liquidation	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-
Gross value at the end of the period	10,000,000	3,108,706	5,296,530	162,813	25,172,086	1,629,836	32,996,655	19,031,109	519,030	97,916,765
Accumulated depreciation at the beginning of the period	-	922,416	3,271,660	150,721	14,108,668	-	3,335,498	592,693	111,703	22,493,359
Increases:	-	286,225	1,258,957	1,063	2,183,402	-	5,001,946	4,423,299	165,923	13,320,815
- Depreciation charge for the period	-	286,225	1,258,957	1,063	2,183,402	-	5,001,946	4,423,299	165,923	13,320,815
- Liquidation	-	-	-	-	-	-	-	-	-	-
Decreases:	-	-	14,571	-	115,942	-	-	-	-	130,512
- Disposals	-	-	14,571	-	115,942	-	-	-	-	130,512
- Liquidation	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation at the end of the period	-	1,208,641	4,516,046	151,784	16,176,128	-	8,337,444	5,015,992	277,626	35,683,662
Net carrying amount at the beginning of the period	-	2,128,689	693,621	12,092	7,447,955	-	11,807,977	12,711,865	407,327	35,209,526
Net carrying amount at the end of the period	10,000,000	1,900,065	780,484	11,029	8,995,958	1,629,836	24,659,210	14,015,117	241,404	62,233,103

12.3. Changes in the value of fixed assets by type in the financial period from 1 January to 30 September 2020

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Other tangible assets usage rights (including lab equipment)	Rights to use the premises	Car usage rights	Total
Gross value at the beginning of the period	-	3,051,105	3,965,281	162,813	21,556,623	-	15,143,476	13,304,558	519,030	57,702,885
Increases in gross value:	10,000,000	30,000	1,026,457	-	3,322,433	-	13,750,760	4,783,041	-	32,912,691
- Purchases	10,000,000	30,000	1,026,457	-	3,322,433	-	13,750,760	4,783,041	-	32,912,691
- Transfer from assets under construction	-	-	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	-	-	-	-	-	-	-
Decreases in gross value:	-	-	3,332	-	6,015	-	-	-	-	9,347
- Disposals	-	-	3,332	-	6,015	-	-	-	-	9,347
- Liquidation	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-
Gross value at the end of the period	10,000,000	3,081,105	4,988,406	162,813	24,873,041	-	28,894,236	18,087,599	519,030	90,606,229
Accumulated depreciation at the beginning of the period	-	922,416	3,271,660	150,721	14,108,668	-	3,335,498	592,693	111,703	22,493,359
Increases:	-	213,544	1,003,820	9,073	1,470,411	-	3,435,395	3,078,633	124,442	9,335,318
- Depreciation charge for the period	-	213,544	1,003,820	9,073	1,470,411	-	3,435,395	3,078,633	124,442	9,335,318
- Purchase of the OPE	-	-	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	-	-	-	-	-	-	-
Decreases:	-	-	3,332	-	301	-	-	-	-	3,633
- Disposals	-	-	3,332	-	301	-	-	-	-	3,633
- Liquidation	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation at the end of the period	-	1,135,960	4,272,148	159,794	15,578,778	-	6,770,893	3,671,326	236,145	31,825,044
Net carrying amount at the beginning of the period	-	2,128,689	693,621	12,092	7,447,955	-	11,807,977	12,711,865	407,327	35,209,526
Net carrying amount at the end of the period	10,000,000	1,945,145	716,258	3,019	9,294,263	-	22,123,342	14,416,273	282,885	58,781,185

12.3. Scope of changes in the value of depreciation in 2021

At the end of 2020, as part of the annual review of depreciation rates, in connection with the experience gained during acquisition activities and in order to standardize the economic useful lives of similar fixed assets in the Group, in particular after the acquisition of Fidelta d.o.o., the Management Board made a prospective change in the estimates of the economic useful life of laboratory equipment from 1 January 2021.

13. Goodwill

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
At cost	109,459,025	280,740
Accumulated impairment	-	-
	109,459,025	280,740

13.1 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	Goodwill at the end of the period	Impairment allowances
Selvita Services sp. z o.o.	280,740	-	-	280,740	-
Fidelta d o.o.	-	106,197,007	2,981,278	109,178,285	-
Total goodwill	280,740	106,197,007	2,981,278	109,459,025	-

Goodwill was acquired as part of the assets as a result of the transactions described in note 1.4. Historically, goodwill arose as a result of the acquisition of Biocentrum sp.z o.o. In 2019, the merger of the Issuer's subsidiaries, i.e. Selvita Services sp.z o.o., was registered in the Register of Entrepreneurs of the National Court Register. (hereinafter: the "Acquiring Company") and

On November 23, 2020, the Issuer, as the buyer, concluded with Galapagos NV based in Belgium, as the seller ("Galapagos", "Seller") a conditional sale agreement ("Agreement") for the acquisition by the Issuer of 100% shares ("Shares") in to Fidelta doo based in Croatia ("Fidelta"), of which Galapagos is the sole owner ("Transaction").

The Price for the Shares was set at EUR 31.2 million ("Price for Shares"), which was adjusted accordingly based on Fidelta's net cash and working capital adjustments normally used in this type of transaction.

Price for Shares was financed with the Issuer's own funds (30%) and based on debt financing in the form of a loan (70%), which was obtained by the Issuer (Note 24.1). In the case of the adjustment relating to Fidelta's net cash and working capital, it was fully financed from the Issuer's own funds.

The closing of the Transaction, payment of the Price for the Shares and the acquisition of shares in Fidelta by Selvita took place on the date of the Share Transfer Deed, i.e. on January 4, 2021 ("Transaction Closing").

Fidelta is a leading preclinical CRO (Contract Research Organization), providing services in the field of integrated research and development projects commissioned by biotechnology and pharmaceutical companies, employing over 180 employees, including over 150 highly qualified scientists, with many years of experience in drug discovery projects. Fidelta has several decades of business history, first at the PLIVA Research Institute (now part of the Teva Pharmaceutical Group), then at the GlaxoSmithKline Group R&D center, and from 2010 at the Galapagos Group, where it began providing commercial drug discovery services to global external clients. Fidelta's headquarters and laboratories are located in modern research and development centers located in Zagreb, Croatia, which offer almost 6,000 m² of research space, with the possibility of further expansion by another 2,000 m². Together with the resources of laboratory space and research staff currently owned by the Issuer, this will allow for a significant increase in the scale of activities conducted by the Issuer's Capital Group.

The scope of services provided by Fidelta is largely complementary to the current offer of the Issuer, which will allow Selvita S.A. Capital Group. for building a competitive advantage mainly by introducing services in the areas of in vivo pharmacology and toxicology to the offer, as well as expanding the offer and scale of operations in other departments, resulting in strengthening Selvita's market position. The transaction will significantly expand the Issuer's offer and the portfolio of currently provided services in the field of integrated projects in the field of drug discovery and will expand the expertise in new therapeutic areas, such as infectious, fibrotic or inflammatory diseases, in line with current market trends and customer demand biotech industry.

In the opinion of the Management Board, this acquisition will strengthen the Issuer's market position among the largest European CRO companies. The company will be consolidated within the Issuer's Capital Group from 2021.

The transaction is a long-term investment of the Selvita Capital Group of a strategic nature and at the same time a breakthrough moment in the implementation of the Strategy of the Selvita S.A. Capital Group adopted on April 29, 2020, under which the Issuer planned to allocate PLN 150-200 million for acquisitions in subsequent years. The transaction will significantly strengthen the Issuer's Group, ensuring the potential for further dynamic growth and the implementation of the Issuer's long-term plans to continue the provision of services on the international CRO market.

As part of the provisional settlement of the acquisition, the entire surplus of the price paid over the value of the acquired net assets was allocated to goodwill.

As at the date of approval of the financial statements, the process of allocating the purchase price and valuation to fair value of the acquired net assets has not yet been completed by the Group. Therefore, the goodwill recognized on the acquisition may change within 12 months from the date of taking control over the company.

For this reason, the Group does not disclose all information required by IFRS 3.B64, in particular the allocation of goodwill to cash-generating units, the fair values of all acquired assets and liabilities and the amount of goodwill established for tax purposes.

The provisional fair values of the company's identifiable assets and liabilities as at the date control is obtained are as follows:

	As at 04/01/2021 EUR	As at 04/01/2021 HRK	As at 04/01/2021 PLN
Acquired assets			
Tangible fixed assets	5,277,410	39,874,250	24,004,298
Right-of-use assets	5,209,117	39,358,254	23,693,669
Other intangible assets	36,137	273,040	164,370
Other assets	160,060	1,209,360	728,035
Trade and other assets	4,425,726	33,439,231	20,130,417
Contract assets	638,622	4,825,201	2,904,771
Other non-financial assets	223,874	1,691,517	1,018,293
Cash and other monetary assets	7,879,854	59,537,402	35,841,516
Total assets	23,850,801	180,208,254	108,485,369
Acquired liabilities			
Liabilities due to retirement benefits	84,352	637,336	383,676
Lease liabilities	5,209,117	39,358,254	23,693,669
Trade and other liabilities	1,986,279	15,007,627	9,034,591
Contract liabilities	95,735	723,342	435,452
Current tax liabilities	355,513	2,686,129	1,617,050
Accruals and deferred income	1,212,508	9,161,283	5,515,092
Deferred income	1,168,303	8,827,283	5,314,024
Total liabilities	10,111,807	76,401,254	45,993,555
Net assets	13,738,994	103,807,000	62,491,814
Acquired percentage of share capital	100%	100%	100%
Purchase price (Price for Shares)	31,200,000	235,736,213	141,913,200
Purchase price adjustment due to net cash and working capital paid on March 4, 2021	5,879,583	44,477,776	26,775,621
Estimated goodwill as at the date of taking control, i.e. January 4, 2021	23,340,589	176,406,988	106,197,007

	PLN/HRK rate	Valuation of goodwill on Fidelta
As at 04/01/2021	0.602	106,197,007
As at 30/09/2021	0.6189	109,178,285
Change in the value due to changes in foreign exchange rates		2,981,278

After completing the purchase transaction of 100% shares in Fidelta d.o.o., the Issuer intends to redeem the share capital from the amount of HRK 100 million to HRK 51 million. The relevant application was submitted to the court in July 15, 2021. On November 13, 2021, the Issuer received information about a change in the share capital of the subsidiary Fidelta d.o.o. from Croatia. The share capital was reduced by 49 million HRK, i.e. 30.272 thousand zlotys. PLN (according to the average NBP exchange rate of 0.6178 PLN / HRK of November 12, 2021). Receivables from the reduction of the share capital will be settled by the end of 2021.

The company conducted an impairment test. An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which the goodwill has been allocated. If the recoverable value of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. If goodwill is part of a cash-generating unit and a part of the business is sold within this center, when determining the profit or loss on the sale of such business, goodwill related to the business sold is included in its carrying amount. In such circumstances, the goodwill sold is determined based on the relative value of the operations sold and the value of the portion of the cash-generating unit retained. Goodwill increases the assets of the Service Segment.

As at the balance sheet date, the Group assessed whether there are any indications that any of the non-financial fixed assets, including goodwill, could be impaired. As a result of the analysis, no premises for impairment were found, therefore no impairment test was performed consisting in estimating the recoverable amount of a given asset or a cash-generating unit to which a given asset belongs.

14. Other intangible assets

	As at 30/09/2021	As at 31/12/2020
Carrying amount	PLN	PLN
Software - Data Warehouse	353,000	385,091
Other intangible assets	961,312	242,549
	1,314,312	627,640

The Group 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 at the beginning of the period	1,087,446	1,087,446
Increases in gross value:	1,043,486	1,043,486
- Purchases	879,116	879,116
- Acquisition of Fidelta d.o.o.	164,370	164,370
- Transfer from assets under construction	-	-
Decreases in gross value:	-	-
Gross value at the end of the period	2,130,932	2,130,932
Accumulated depreciation at the beginning of the period	459,806	459,806
Inceases:	356,814	356,814
- Depreciation charge for the period	356,814	356,814
- Acquisition of Fidelta d.o.o.	-	-
Decreases:	-	-
Accumulated depreciation at the end of the period	816,620	816,620
Net carrying amount at the beginning of the period	627,640	627,640
Net carrying amount at the end of the period	1,314,312	1,314,312

14.2 Changes in the value of intangible assets by type in the financial period from 1 January to 31 December 2020

Item	Other intangible assets	Total
Gross value at the beginning of the period	843,126	843,126
Increases in gross value:	244,320	244,320
- Purchases	244,320	244,320
- Transfer from assets under construction	-	-
Decreases in gross value:	-	-
Gross value at the end of the period	1,087,446	1,087,446
Accumulated depreciation at the beginning of the period	254,897	254,897
Inceases:	204,909	204,909
- Depreciation charge for the period	204,909	204,909
Decreases:	-	-
Accumulated depreciation at the end of the period	459,806	459,806
Net carrying amount at the beginning of the period	588,229	588,229
Net carrying amount at the end of the period	627,640	627,640

14.2 Changes in the value of intangible assets by type in the financial period from 1 January to 30 September 2020

Item	Other intangible assets	Total
Gross value at the beginning of the period	843,126	843,126
Increases in gross value:	124,045	124,045
- Purchases	124,045	124,045
- Transfer from assets under construction	-	-
Decreases in gross value:	-	-
Gross value at the end of the period	967,171	967,171
Accumulated depreciation at the beginning of the period	254,897	254,897
Inceases:	145,815	145,815
- Depreciation charge for the period	145,815	204,909
Decreases:	-	-
Accumulated depreciation at the end of the period	400,712	400,712
Net carrying amount at the beginning of the period	588,229	588,229
Net carrying amount at the end of the period	566,459	566,459

15. 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 30/09/2021	As at 31/12/2020
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%
Ardigen S.A.	Research and development in other natural and technical sciences	30-394 Kraków ul. Podole 76	46.67% / 53.98%	46.67% / 53.98%
Fidelta d.o.o.	Research and development in other natural and technical sciences	HR-10000 Zagreb Prilaz baruna Filipovica 29	100.00%	0.00%
Ardigen Inc.	Research and development in other natural and technical sciences	Delaware, USA	46.67% / 53.98%	n.a.

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

The table below presents details about subsidiaries in the Group that have significant non-controlling interests:

Name of subsidiary	Place of registration and operations	Percentage interest and share in voting rights held by the Group	Profit (loss) allocated to non-controlling interests	Cumulative value of non-controlling interest
		As at 30/09/2021	As at 30/09/2021	As at 30/09/2021

Ardigen S.A.	30-394 Kraków ul. Podole 76	46.67% / 53.98%	2,092,136	7,453,324
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Name of subsidiary	Place of registration and operations	Percentage interest and share in voting rights held by the Group	Profit (loss) allocated to non-controlling interests	Cumulative value of non-controlling interest
		As at 31/12/2020	As at 31/12/2020	As at 31/12/2020

Ardigen S.A.	30-394 Kraków ul. Podole 76	46.67% / 53.98%	1,923,841	5,361,188
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(i) Selvita S.A. holds a 46.67% share in Ardigen S.A. The agreement concluded between the Group and other investors gives the Group the right to appoint and dismiss majority of members of the management board of Ardigen S.A. Decisions concerning the essential activities of this company are taken by the Management Board by a simple majority of votes. On this basis, the Management Board of the Group stated that the Group has control over Ardigen S.A., which was consolidated in these financial statements.

Summary of financial information in relation to each of the Group's subsidiaries with significant non-controlling interests. The amounts shown below constitute amounts before the elimination of transactions between entities in the Group. Financial data covers the period from January 1, 2021 to September 30, 2021 and the comparative period from January 1, 2020, to September 30, 2020.

Ardigen S.A.	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Current assets	19,332,376	12,675,074
Fixed assets	2,644,354	2,280,591
Short term liabilities	2,240,065	1,513,755
Long-term liabilities	209,900	365,093
Capital attributed to the Parent Company	8,415,193	6,549,881
Non-controlling interest	7,453,324	5,361,188

	Period of 9 months ended 30/09/2021	Period of 9 months ended 30/09/2020
	PLN	PLN
Sales revenue	24,216,307	15,197,691
Costs	19,339,105	12,249,980
Gross profit for the period	4,877,202	2,947,711
Net profit for the period	3,923,000	2,329,481
Net profit attributed to the Parent Company	1,830,864	1,033,239
Net profit attributed to non-controlling shareholders	2,092,136	1,296,242
Net profit for the period	<u>3,923,000</u>	<u>2,329,481</u>
Other comprehensive income attributed to the Parent Company	-	-
Other comprehensive income attributed to non-controlling	-	-
Other comprehensive income	<u>-</u>	<u>-</u>
Total income attributed to the Parent Company	1,830,864	1,033,239
Total income attributed to non-controlling shareholders	2,092,136	1,296,242
Total income	<u>3,923,000</u>	<u>2,329,481</u>
Dividend paid to non-controlling shareholders	-	-

15.2 Changes in ownership - shares in subsidiaries

On January 4, 2021 the Issuer acquired 100% shares in Fidelta d.o.o.

On June 7, 2021, the subsidiary Ardigen S.A. established the company Ardigen Inc. In the established company Ardigen S.A. owns 100% of shares. Due to the fact that the company has control over Ardigen S.A. it also controls Ardigen Inc.

On October 1, 2019 as a result of the purchase of the Organized Part of the Enterprise, Selvita S.A. took over shares in Ardigen S.A. from Ryvu Therapeutics S.A.

15.3 Significant limitations

There were no limitations in the current period in Ardigen S.A.

15.4 Financial support

In the 9-month period of 2021, Selvita S.A. has not granted any guarantees or securities for other companies.

16. Investments in associates

There is no investment in associates as of September 30, 2021 and December 31, 2020.

17. Non-controlling shares

	Period of 9 months ended 30/09/2021	Period ended 31/12/2020
	PLN	PLN
Balance at the beginning of the reporting period	5,361,188	3,437,347
Attributable profits for the period (Ardigen)	2,092,136	1,923,841
Balance at the end of the period	7,453,324	5,361,188

18. Other financial assets

Long term other financial assets	As at	As at
	30/09/2021	31/12/2020
	PLN	PLN
Paid deposit	952,703	345,235
	<u>952,703</u>	<u>345,235</u>
Short term other financial assets	As at	As at
	30/09/2021	31/12/2020
	PLN	PLN
Bank deposit A	10,192,380	10,152,560
Bank deposit B	3,132,746	-
	<u>13,325,126</u>	<u>10,152,560</u>

The bank deposit A is for the amount of EUR 2.2 million deposited with the bank Pekao S.A. until all collaterals specified in the loan agreement are established to finance the acquisition of shares in Filelta d.o.o.

19. Inventories

	As at	As at
	30/09/2021	31/12/2020
	PLN	PLN
Materials	2,459,585	2,230,344
Total	<u>2,459,585</u>	<u>2,230,344</u>

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

20. Other 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, 2021. 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

	30/09/2021		
	<i>carrying amount</i>	<i>fair value</i>	<i>hierarchy level</i>
Financial assets for which fair value is disclosed:			
Trade and other receivables	56,367,791	<i>n.a.</i>	<i>n.a.</i>
Other short-term financial assets	13,325,126	<i>n.a.</i>	<i>n.a.</i>
Financial liabilities for which fair value is disclosed:			
Trade payables	20,303,978	<i>n.a.</i>	<i>n.a.</i>
Contract liabilities	1,373,312	<i>n.a.</i>	<i>n.a.</i>
Other liabilities	-	<i>n.a.</i>	<i>n.a.</i>
Interest-bearing loans and credits, including:	96,044,010	<i>n.a.</i>	<i>n.a.</i>
<i>global credit card limit</i>	469,000	<i>n.a.</i>	<i>n.a.</i>
Current portion of interest-bearing loans and borrowings, including:	11,322,566	<i>n.a.</i>	<i>n.a.</i>
<i>credit card debt</i>	107,516	<i>n.a.</i>	<i>n.a.</i>

The table below presents the individual classes of financial assets and liabilities broken down into levels of the fair value hierarchy as at December 31, 2020. Due to the nature of these items, fair value does not differ significantly from the carrying amount.

	31/12/2020		
	<i>carrying amount</i>	<i>fair value</i>	<i>hierarchy level</i>
Financial assets for which fair value is disclosed:			
Trade and other receivables	23,052,408	<i>n.a.</i>	<i>n.a.</i>
Other short-term financial assets	10,152,560	<i>n.a.</i>	<i>n.a.</i>
Financial liabilities for which fair value is disclosed:			
Trade payables	8,314,540	<i>n.a.</i>	<i>n.a.</i>
Contract liabilities	363,196	<i>n.a.</i>	<i>n.a.</i>
Other liabilities	-	<i>n.a.</i>	<i>n.a.</i>
Interest-bearing loans and credits, including:	469,000	<i>n.a.</i>	<i>n.a.</i>
<i>global credit card limit</i>	469,000	<i>n.a.</i>	<i>n.a.</i>
Current portion of interest-bearing loans and borrowings, including:	4,641	<i>n.a.</i>	<i>n.a.</i>
<i>credit card debt</i>	4,641	<i>n.a.</i>	<i>n.a.</i>

20.1 Other non-financial assets

	As at 30/09/2021	As at 31/12/2020
Carrying amount:	PLN	PLN
Licenses	1,343,571	335,334
Insurance	222,249	49,639
Equipment qualification	998,616	347,841
Periodic flat-rate subscriptions for recruitment	37,900	63,273
Deferred expenses	136,205	225,953
Subscriptions	134,782	4,976
Prepaid training	2,800	9,731
Membership fee	16,325	30,352
Other	5,558	2,165
Guarantees	43,637	-
Trademark	1,827	-
Accrued bank charges	236,502	-
	3,179,972	1,069,264

21. Trade and other receivables

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Trade receivables	56,645,842	23,165,107
The allowance for expected credit losses	(495,093)	(164,680)
	<u>56,150,749</u>	<u>23,000,427</u>
Tax (VAT) receivables	3,645,005	6,129,111
Other – receivables from employees, security deposits	217,042	51,981
Grants due	4,258,365	4,816,347
	<u>64,271,161</u>	<u>33,997,866</u>

21.1 Trade receivables and contract assets

In regards to trade receivables and contract assets, the Group estimated the expected credit loss as at 30 September 2021 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 Company creates a 100% allowance for the expected credit losses when the receivables are brought to court or when it obtains information about the possible bankruptcy of the client.

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

	Period of 9 months ended 30/09/2021		
	Balance of unpaid receivables and contract assets as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	62,916,125	0%	54,118
1-30 days after the deadline	1,263,253	1%	6,443
31-60 days after the deadline	710,140	4%	26,204
61-90 days after the deadline	416,251	0%	250
91-180 days after the deadline	18,989	0%	51
181-365 days after the deadline	35,649	39%	13,928
More than 365 days after the deadline	394,099	100%	394,099
Total	<u>65,754,506</u>		<u>495,093</u>

	Year ended 31/12/2020		
	Balance of unpaid receivables and contract assets as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	21,990,452	0%	35,411
1-30 days after the deadline	2,510,840	1%	12,805
31-60 days after the deadline	692,467	3%	23,405
61-90 days after the deadline	248,189	7%	17,348
91-180 days after the deadline	128,647	14%	17,946
181-365 days after the deadline	50,753	22%	11,186
More than 365 days after the deadline	58,222	80%	46,578
Total	25,679,570		164,680

The average payment date of overdue trade receivables from January 1, 2021 to September 30, 2021 is 9 days and from January 1, 2020 to December 31, 2020 was 14 days. A new customer's creditworthiness is analysed prior to the entry into a relevant contract. Due to its business profile, the Group cooperates with entities that are known in the industry, which also affects their creditworthiness. The payment terms are set in the offers made to contracting parties.

The allowance for expected credit losses

	Period of 9 months ended 30/09/2021	Period ended 31/12/2020
	PLN	PLN
Balance at the beginning of the period	164,680	139,472
Acquisition of Fidelta d.o.o.	492,171	-
The allowance for expected credit losses	22,988	25,208
Reversal of the allowance for expected credit losses	(184,746)	-
Balance at the end of the period	495,093	164,680

22. Leases

22.1. The Group as a lessee

The Group 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 Group 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 3.11).

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

The Group's liabilities under the lease contracts are secured by the lessor's ownership of the subject of the lease. In general, the Group is not entitled to transfer leased assets in subleasing or to assign rights it is entitled to under lease contracts.

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 30/09/2021	Buildings and premises	Equipment	Vehicles	Total
As at 1 January 2021	14,015,117	24,659,210	241,404	38,915,730
Purchases (new lease agreements)	3,204,632	10,702,788	635,635	14,543,055
Changes in lease agreements	-	-	-	-
Increases due to the acquisition of Fidelta d.o.o.	22,868,359	-	1,220,492	24,088,851
Depreciation	(6,651,302)	(3,836,987)	(302,355)	(10,790,644)
As at 30 September 2021	33,436,806	31,525,011	1,795,176	66,756,993

Period ended 31/12/2020	Buildings and premises	Equipment	Vehicles	Total
As at 1 January 2020	12,711,865	11,807,977	407,327	24,927,168
Purchases (new lease agreements)	5,726,551	17,853,179	-	23,579,730
Changes in lease agreements	-	-	-	-
Revaluation of lease liabilities	-	-	-	-
Depreciation	(4,423,299)	(5,001,946)	(165,923)	(9,591,168)
As at 31 December 2020	14,015,117	24,659,210	241,404	38,915,730

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

	2021		
	Leases for buildings, premises and vehicles	Leasing of machinery and equipment	Total
As at 1 January	15,203,707	26,045,374	41,249,081
Increases due to the acquisition of Fidelta d.o.o.	24,088,851	-	24,088,851
New leases and lease modifications	3,840,267	10,702,788	14,543,055
Revaluation (foreign exchange differences)	848,235	(2,068,948)	(1,220,713)
Interests	545,742	369,925	915,667
Payments	(7,286,619)	(5,782,925)	(13,069,544)
As at 30 September	37,240,183	29,266,214	66,506,397
Short-term	9,890,056	8,661,006	18,551,062
Long-term	27,350,127	20,605,208	47,955,335

The carrying amounts of leasing liabilities and their changes during the period from 1 January 2020 to 31 December 2020:

	2020		Total
	Leases for buildings, premises and vehicles	Leasing of machinery and equipment	
As at 1 January	13,362,136	11,713,277	25,075,413
Changes in lease agreements	5,726,551	18,336,666	24,063,217
Revaluation (foreign exchange differences)	703,882	394,809	1,098,691
Interests	258,387	367,157	625,544
Payments	(4,847,249)	(4,766,535)	(9,613,784)
As at 31 December	15,203,707	26,045,374	41,249,081
Short-term	5,907,262	6,859,078	12,766,340
Long-term	9,296,445	19,186,296	28,482,741

The maturity analysis of leasing liabilities is presented in Note 28.8 Liquidity risk.

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:

	01.01.2021 - 30.09.2021	01.01.2020 - 31.12.2020
Depreciation of leased assets	(6,953,657)	(4,589,222)
Interest costs on lease liabilities	(545,742)	(258,387)
Short-term leasing costs (included in general and administrative expenses)	-	-
Other operating income due to changes in leasing agreements	-	-
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	(848,235)	(703,882)
The total amount recognized in the consolidated income statement / statement of comprehensive income	(8,347,634)	(5,551,491)

The total cash outflow from lease agreements was PLN 7,286,619 in the period from 01.01.2021 to 30.09.2021 and it was PLN 4,847,249 in the period from 01.01.2020 to 31.12.2020.

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:

	01.01.2021 - 30.09.2021	01.01.2020 - 31.12.2020
Depreciation of leased assets	(3,836,987)	(5,001,946)
Interest expense on lease liabilities	(369,925)	(367,157)
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	2,068,948	(394,809)
The total amount recognized in the consolidated income statement / statement of comprehensive income	(2,137,964)	(5,763,912)

The total cash outflow from lease agreements was PLN 5,782,925 in the period from 01.01.2021 to 30.09.2021 and it was PLN 4,766,535 in the period from 01.01.2020 to 31.12.2020.

23. Share capital

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Registered share capital	14,684,379	14,684,379
	14,684,379	14,684,379

23.1 Share capital as at the end of the reporting period

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Number of shares	18,355,474	18,355,474
Par value per share	0.80	0.80
Share capital	14,684,379	14,684,379

Share capital structure as at 30 September 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	3,240,000
Ordinary "B" shares		none	11,921,229	9,536,983
Ordinary "C" shares		none	2,384,245	1,907,396
Total			18,355,474	14,684,379

Share capital structure as at 31 December 2020

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	3,240,000
Ordinary "B" shares		none	11,921,229	9,536,983
Ordinary "C" shares		none	2,384,245	1,907,396
Total			18,355,474	14,684,379

In H1'2020, the Company carried out an issue of series C shares pursuant to Resolution No. 4 of the Extraordinary General Meeting of the Company of May 26, 2020 on increasing the share capital by issuing series C ordinary bearer shares, excluding the subscription rights of the existing shareholders in full, in on the dematerialisation of the Company's series C shares and rights to these shares (PDA), applying for the admission and introduction to trading on the regulated market of the Company's series C shares and rights to these shares (PDA) and on the amendment to the Company's Articles of Association, on the basis of which the capital was increased share capital of the Company from the amount of PLN 12,776,983.20 to the amount of PLN 14,684,379.20, i.e. by PLN 1,907,396.00 through the issue of 2,384,245 series C ordinary bearer shares with a nominal value of PLN 0.80 each share . On June 18, 2020, the increase of the Company's share capital was registered by the District Court for Kraków-Śródmieście in Kraków, 11th Commercial Division of the National Court Register.

Series C shares were offered by the Company by way of an open subscription within the meaning of Art. 431 § 2 point 3) of the Code of Commercial Companies, as part of a public offering within the meaning of Art. 2 lit. d) Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in connection with a public offering of securities or their admission to trading on a regulated market and repealing Directive 2003/71 / EC conducted on the territory of the Republic of Poland, exempt from the obligation to draw up and publish a prospectus or other information (offering) document.

The public offer was addressed to:

- 1) qualified investors within the meaning of Art. 2 lit. e) the Prospectus Regulation, and
 - 2) investors who are not qualified investors who took up Series C Shares with a total value equal to at least the equivalent of EUR 100,000 (one hundred thousand euro) per investor for each separate offer,
- and therefore the Public Offer did not require the preparation and publication of an issue prospectus, pursuant to Art. 1 clause 4 lit. a) and d) in connection with with art. 1 clause 6 of the Prospectus Regulation.

The issue price of the Series C Shares was set at PLN 38 per share, therefore the total proceeds from the issue, understood as the product of the number of shares covered by the offering and the issue price, amounted to PLN 90,601,310.00, and the total costs of the offering were PLN 2,245,721. Series C shares were acquired by 146 entities as part of the institutional investor tranche and a total of 9 people as part of the individual investor tranche. The costs of the issue were charged to the supplementary capital and decreased the value of the share premium above their nominal value.

Series "0" shares were issued upon registration of the Company with the intention of redemption after the completion of the division process. On February 18, 2020, the decrease in the share capital of Selvita S.A. was registered in the National Court Register. by the amount of PLN 100,000 by way of redemption of 125,000 of the Company's own shares with a nominal value of PLN 0.80 each. The redemption of series "0" shares is in line with the division plan of Ryvu Therapeutics S.A. approved in 2019. (former Selvita S.A.), pursuant to which Ryvu Therapeutics S.A. will receive a refund of the funds contributed in the issue of shares.

In connection with the buy-back of own shares and the registered redemption of the parent company's shares, in 2020 the Group recognized a liability to Ryvu Therapeutics S.A. as part of other liabilities and decreased respectively the share capital and supplementary capital. The Group changed its presentation retrospectively and as at December 31, 2019 recognized a liability to Ryvu Therapeutics S.A. for the buy-back of own shares. This obligation was settled in September 2020.

Shareholder structure

As at 30 September 2021

Shareholder	Number of shares	Percentage	
		interest in share capital	share of voting rights
Paweł Tadeusz Przewięźlikowski	3,880,663	21.14%	32.94%
Bogusław Stanisław Sieczkowski	942,417	5.13%	6.66%
Nationale Nederlanden PTE S.A.	1,901,000	10.36%	8.48%
AVIVA Investors TFI	1,133,009	6.17%	5.06%
Tadeusz Wesołowski (with z Augebit FIZ)	1,132,713	6.17%	5.06%
Other shareholders (less than 5% of votes at the General Meeting)	9,365,672	51.02%	41.80%
Total	18,355,474	100.00%	100.00%

As at 31 December 2020

Shareholder	Number of shares	Percentage	
		interest in share capital	share of voting rights
Paweł Tadeusz Przewięźlikowski	4,990,880	27.19%	37.90%
Bogusław Stanisław Sieczkowski	924,384	5.04%	6.58%
Nationale Nederlanden PTE S.A.	1,900,000	10.35%	8.48%
Other shareholders (less than 5% of votes at the General Meeting)	10,540,210	57.42%	47.04%
Total	18,355,474	100.00%	100.00%

23.2 Revaluation reserve

The Group did not create the revaluation reserve in the periods presented in the consolidated financial statements.

23.3 Kapitały rezerwowe

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Payments for the transfer of shares to employees	237,067	-
Other - incentive program 2021-2024	19,997,158	-
Total Other Reserve Capitals	20,234,225	-

In 2021, the Company started the implementation of the incentive program in place in the years 2021-2024. Detailed information is disclosed in note 34.

23.4 Reserve capital

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Share premium	86,448,193	86,448,193
Reserve capital created from purchase of OPE	22,993,414	22,993,414
Total Reserve Capital	109,441,607	109,441,607

Reserve capital is constituted by :

- supplementary capital created from the surplus of the issue price of Series C shares, described in Note 23.1,
- supplementary capital of Subsidiaries acquired under OPE, including the statutory 8% resulting from the Commercial Companies Code, resulting from the transactions described in note 1.4.

24. Credit facilities and loans

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Uncollateralized:		
Overdraft facilities (i)	-	-
Used credit card limits (ii)	107,516	4,641
	107,516	4,641
Collateralized:		
Bank loans (iv)	95,575,010	-
	95,575,010	-
Total:	95,682,526	4,641
Current liabilities	11,322,566	4,641
Non-current liabilities	84,359,960	-

24.1 Loan agreements

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

(ii) The debt as at 30/09/2021 results from the use of the limit on credit cards in the amount of PLN 107,516.

(iv) The company has an acquisition loan taken in connection with the acquisition of Fidelta d.o.o. in the total amount of EUR 21.84 million and a construction loan for the implementation of the investment "Centrum Badawczo-Rozwojowego Usług Laboratoryjnych" at Bank Pekao S.A. up to PLN 65 million, concluded on December 21, 2020.

The acquisition loan was granted for 7 years, and consists of loan A in the amount of EUR 16.34 million, granted until September 30, 2027 and loan B in the amount of EUR 5.5 million, granted until December 31, 2027. Interest rate of these loans is variable and is the sum of the EURIBOR1M rate + the bank's margin.

The construction loan was granted for 7 years, starting from the end of its use period, but not later than until December 31, 2029. The loan interest rate is variable and is the sum of the EURIBOR1M rate + the bank's margin.

Loans will be secured, among others through:

- a) a mortgage on real estate located in Krakow at ul. Podole, where the Research and Development Center for Laboratory Services will be implemented,
- b) a registered and financial pledge, as well as a power of attorney to manage the Borrower's and Guarantor's accounts at Bank Pekao,
- c) assignment of rights under selected contracts of the Borrower and the Guarantor, including in particular a conditional agreement for the purchase by the Issuer of 100% shares in Fidelta doo, insurance contracts for the construction of a Research and Development Center for laboratory services, contracts for co-financing the project of Construction of a Research and Development Center for laboratory services concluded with The Minister of Finance, Funds and Regional Policy,
- d) declaration on submission to enforcement of the Borrower and the Guarantor pursuant to Art. 777 §1 section 5 of the Code of Civil Procedure,
- e) a registered pledge on a set of selected commercial receivables of the Borrower and the Guarantor,
- f) additional security specified in the Loan Agreement, which will be established after the acquisition of shares in Fidelta d.o.o., on the shares and property of this company, including in particular a registered pledge for 100% of shares in Fidelta d.o.o. and on its fixed assets.

As at September 30, 2021, the acquisition loan has been launched and the construction loan has not been launched.

24.2 Breaches of covenants

None.

25. Provisions

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

26. Trade and other liabilities

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Trade liabilities	18,825,951	8,305,621
Liabilities due to taxes, insurance (social security, personal income tax, PFRON)	4,745,258	2,419,984
Current tax liabilities	4,764,383	416,458
Liabilities due to salaries and wages and other liabilities to employees	1,478,027	8,919
Other non-financial liabilities	54,859	57,631
	29,868,478	11,208,613

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 Group has a financial risk management policy in place, ensuring that its liabilities are paid on time.

27. Liabilities due to retirement benefits

Item	Provisions for retirement benefits as of 30/09/2021	Provisions for retirement benefits as of 31/12/2020
Provisions at the beginning of the period	259,824	103,028
Increase due to:	367,584	156,796
- reserves acquired as part of the acquisition of Fidelta d.o.o.	352,551	-
- provisions recognized in profit and loss account in current period	15,033	156,796
Decrease in reserves:	-	-
- provisions reversed during the period recognised in profit or loss	-	-
Provisions at the end of the period, including:	627,408	259,824
- long-term	627,408	259,824
- short-term	-	-

The main assumptions adopted for the valuation of retirement provision as at the reporting date:

	30 September 2021	31 December 2020
Discount rate (%)	1.61	1.36
Expected inflation rate (%)	1.50	1.50
Employee turnover rate (%)	-	-
Expected wage growth rate (%)	1.50	1.50
Average remaining employment period (years)	29	29

28. Financial instruments

28.1 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 32,
- equity, including reserve capitals and retained earnings, as disclosed in Note 23.

The Group 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.

28.1.1 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.

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Debt (i)	225,214,793	66,136,235
Cash and cash equivalents	73,794,627	93,005,328
Net debt	151,420,166	(26,869,093)
Equity (ii)	186,364,987	152,659,592
Net debt to equity	0.81	(0.18)

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

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

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

28.2 Categories of financial instruments

Trade receivables and liabilities were not measured at fair value. According to the Management Board, their carrying amount is a reasonable approximation of their fair value.

Selvita Group is exposed on financial instruments risks, which includes:

- market risk comprising currency risk and interest rate risk;
- credit risk; and
- liquidity risk.

Each risk has been presented in the following notes.

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Financial assets		
Financial instruments measured at amortized cost method:	148,481,570	131,319,897
Cash (Note 32)	73,794,627	93,005,328
Other long-term assets - deposits (Note 18)	952,703	345,235
Trade and other receivables (Note 21)	60,409,114	27,816,774
Bank deposit (Note 18)	10,192,380	10,152,560
Bank deposit (Nota 18)	3,132,746	-
Financial liabilities		
Financial instruments measured at amortized cost method:	181,014,874	49,559,343
Interest bearing credit facilities and loans (Note 24)	95,682,526	4,641
Finance lease liabilities (Note 22)	66,506,397	41,249,081
Trade and other liabilities (Note 26)	18,825,951	8,305,621
Other financial liabilities (Note 26)	-	-

In the opinion of the Management Board, the carrying value of trade receivables and liabilities corresponds to fair value.

28.3 Financial risk management objectives

Credit, liquidity and market risks (including mainly currency risk and interest rate risk) occur in the ordinary course of the Group's business. Financial risk management at the Group 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 Group's budget for the year (profit and cash flows) with the use of natural hedges.

28.4 Market risk

The Group's activities expose it to currency risk (see Note 28.5) and interest rate risk (see Note 28.6). The Group 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.

28.5 Foreign currency risk management

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

	Liabilities	Liabilities	Assets	Assets
	As at 30/09/2021	As at 31/12/2020	As at 30/09/2021	As at 31/12/2020
	PLN	PLN	PLN	PLN
EUR	163,013,926	26,349,519	86,192,913	79,419,891
USD	1,082,359	324,373	24,340,499	14,677,595
Other	191,180	168,302	3,926,110	2,728,461

28.5.1 Sensitivity to currency risk

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

Group's sensitivity to 15% increases and decreases in the PLN exchange rate has been presented in the table below. 15% is the sensitivity rate used for purposes of internal currency risk analyses conducted for key executives and reflecting the Management Board's estimates concerning possible changes in foreign exchange rates. The sensitivity analysis focuses only on outstanding foreign currency monetary items and adjusts their translation at the end of the period by a 15% change in foreign exchange rates. Positive values in the table below indicate a rise in profit and an increase in equity accompanying appreciation of PLN relative to foreign currencies by 15%. If the Polish currency depreciated against a foreign currency by 15%, the values would be negative and the effect on profit and equity the opposite.

		Effect of EUR	Effect of EUR	Effect of USD	Effect of USD
		Period of 9 months ended 30/09/2021	Period ended 31/12/2020	Period of 9 months ended 30/09/2021	Period ended 31/12/2020
		PLN	PLN	PLN	PLN
ASSETS					
Exchange rate increase	15%	12,928,937	11,912,984	3,651,075	2,201,639
Exchange rate increase	10%	8,619,291	7,941,989	2,434,050	1,467,759
Exchange rate increase	5%	4,309,646	3,970,995	1,217,025	733,880
Exchange rate decrease	-5%	(4,309,646)	(3,970,995)	(1,217,025)	(733,880)
Exchange rate decrease	-10%	(8,619,291)	(7,941,989)	(2,434,050)	(1,467,759)
Exchange rate decrease	-15%	(12,928,937)	(11,912,984)	(3,651,075)	(2,201,639)
LIABILITIES					
Exchange rate increase	15%	24,452,089	3,952,428	162,354	48,656
Exchange rate increase	10%	16,301,393	2,634,952	108,236	32,437
Exchange rate increase	5%	8,150,696	1,317,476	54,118	16,219
Exchange rate decrease	-5%	(8,150,696)	(1,317,476)	(54,118)	(16,219)
Exchange rate decrease	-10%	(16,301,393)	(2,634,952)	(108,236)	(32,437)
Exchange rate decrease	-15%	(24,452,089)	(3,952,428)	(162,354)	(48,656)
EFFECT ON PROFIT					
Exchange rate increase	15%	(11,523,152)	7,960,556	3,488,721	2,152,983
Exchange rate increase	10%	(7,682,101)	5,307,037	2,325,814	1,435,322
Exchange rate increase	5%	(3,841,051)	2,653,519	1,162,907	717,661
Exchange rate decrease	-5%	3,841,051	(2,653,519)	(1,162,907)	(717,661)
Exchange rate decrease	-10%	7,682,101	(5,307,037)	(2,325,814)	(1,435,322)
Exchange rate decrease	-15%	11,523,152	(7,960,556)	(3,488,721)	(2,152,983)

The Group'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.

28.6 Interest rate risk management

The Group 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.

28.6.1 Sensitivity to changes in interest rates

Sensitivity analyses are based on the degree of exposure to interest rate risk relating to financial instruments (lease liabilities) as at the end of the reporting period. For purposes of the analysis it is assumed that outstanding liabilities with floating interest rates at the end of the reporting period had not been paid for the whole year. Internal analyses of interest rate risk conducted for key executives are based on changes by 50 bps up and down, which reflects the management's judgment concerning probable interest rate fluctuations.

In the current and previous financial year, the vast majority of leasing contracts were signed in EUR and due to the fact that the reference rates underlying the interest rates on these contracts were negative in 2020 and 2019, therefore a potential change of 50 basis points would not have a significant impact on the Group's financial result in the current period.

In the case of an acquisition bank loan whose currency is EUR, due to its significance as a single item, the Group estimated the impact of a possible change in the interest rate by 50 basis points, which is presented in the table below. It should be noted that, as in the case of leasing contracts, the reference rates remain negative, therefore the risk has been assessed as low and the calculations are theoretical.

	Increase/ decrease by percentage points	Impact on gross profit or loss
Period ended 30/09/2021		
Change in the interest rate	+0,5%	(373,593)
Change in the interest rate	-0,5%	373,593

28.7 Credit risk management

Credit risk is the risk that a contracting party will default on its contractual obligations, resulting in the Group's financial losses. The Group 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 Group also uses other publicly available financial information and internal transaction data. The Group'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 a number of customers operating in different industries and geographies. Regular credit analyses are also performed considering the status of receivables.

Excluding the Group's major customers (information on revenue has been presented in Note 6.5), the Group 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.

Credit risk related to liquid assets is limited as the Group's contracting parties are banks with a high credit rating assigned by international rating agencies. Data on receivables as at the balance sheet date can be found in Note 21 and data on the contract assets are provided in Note 5.3.

28.8 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 Group'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 30/09/2021	As at 31/12/2020
Financial assets (+)	147,528,867	130,974,662
Receivables (including trade receivables of disposal groups)	60,409,114	27,816,774
Cash	73,794,627	93,005,328
Other financial assets	13,325,126	10,152,560
Financial liabilities (-)	181,014,874	49,559,343
Interest bearing credit facilities and loans	95,682,526	4,641
Finance lease liabilities	66,506,397	41,249,081
Trade liabilities	18,825,951	8,305,621
Other financial liabilities	-	-
Exposure to liquidity risk	(33,486,007)	81,415,319

Maturity of the Company's financial liabilities as at 30 September 2021:

Type of liability	Current:				Non-current:			Liabilities - carrying amount
	Not due as at 30/09/2021	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	-	2,803,760	8,518,806	11,322,566	44,860,136	39,499,824	84,359,960	95,682,526
Finance lease liabilities	-	4,637,765	13,913,297	18,551,062	28,768,816	19,186,519	47,955,335	66,506,397
Trade liabilities	16,614,232	1,979,513	232,206	18,825,951	-	-	-	18,825,951
Other financial liabilities	-	-	-	-	-	-	-	-
Total	16,614,232	9,421,038	22,664,309	48,699,579	73,628,952	58,686,343	132,315,295	181,014,874

Maturity of the Company's financial liabilities as at 31 December 2020:

Type of liability	Current:				Non-current:			Liabilities – carrying amount
	Not due as at 31/12/2020	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	-	4,641	-	4,641	-	-	-	4,641
Finance lease liabilities	-	3,191,585	9,574,755	12,766,340	28,482,741	-	28,482,741	41,249,081
Trade liabilities	5,995,168	1,684,909	625,544	8,305,621	-	-	-	8,305,621
Other financial liabilities	-	-	-	-	-	-	-	-
Total	5,995,168	4,881,135	10,200,299	21,076,602	28,482,741	-	28,482,741	49,559,343

28.8.1 Available external sources of funding

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Collateralized overdraft facilities:		
Amount utilized	107,516	4,641
Amount available	361,484	464,359
	469,000	469,000
Collateralized investment facilities		
Amount utilized	101,800,962	-
Amount available	65,000,000	165,787,232
	166,800,962	165,787,232

29. Accrued costs and deferred income

29.1 Accrued costs

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Accrual for holidays	4,461,935	2,991,082
Accrual for bonuses	12,238,873	4,917,182
Accrued rebates for clients	6,302,379	531,825
	23,003,187	8,440,089
Short-term	23,003,187	8,440,089
Long-term	-	-

29.2 Deferred income

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Government grants (i) revenue recognition according to IAS 20	190,785	503,424
	190,785	503,424
Short-term	139,974	428,520
Long-term	50,811	74,904
	190,785	503,424

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

30. 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.

30.1 Commercial transactions

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 of goods and services	Sales of goods and services	Purchases of goods and services	Purchases of goods and services
	Period of 9 months ended	Period of 9 months ended	Period of 9 months ended	Period of 9 months ended
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	PLN	PLN	PLN	PLN
Ryvu Therapeutics S.A.	5,017,769	4,076,258	1,568,262	881,902
H&H Investment Sp. z o.o.	1,772	1,590	484,420	211,495
MAMIKOM Łukasz Nowak	6,017	1,938	370,315	252,617
Dawid Radziszewski	2,941	-	145,958	-
VIRTUS Bogusław Sieczkowski	-	-	147,400	102,600
Michał Warchoł	541	-	172,132	-
ALTIUM Piotr Romanowski	-	-	2,239	5,098
Chabasiewicz, Kowalska i Partnerzy Radcowie Prawni	-	-	-	71,064
	5,029,040	4,079,786	2,890,726	1,524,776

Balances at the end of the reporting period:

	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
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
	PLN	PLN	PLN	PLN
Ryvu Therapeutics S.A.	1,483,656	1,299,634	380,985	1,920,191
H&H Investment Sp. z o.o.	81	-	84,122	24,823
MAMIKOM Łukasz Nowak	191	127	-	-
VIRTUS Bogusław Sieczkowski	-	-	20,910	14,022
Dawid Radziszewski	660	438	17,972	9
Michał Warchoł	-	-	43,102	-
ALTIUM Piotr Romanowski	-	-	2,754	791
Chabasiewicz, Kowalska i Partnerzy Radcowie Prawni	2,472	-	-	-
	1,487,060	1,300,199	549,845	1,959,836

30.2 Loans to related parties

	As at	As at
	30/09/2021	31/12/2020
	PLN	PLN
Loans granted to key executives	-	-

30.3 Loans from related parties

	As at	As at
	30/09/2021	31/12/2020
	PLN	PLN
Loans received from related parties	-	-

30.4 Executive compensation

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

	Period of 9 months ended 30/09/2021	Period of 9 months ended 30/09/2020
	PLN	PLN
Management Board	4,082,698	2,764,582
Bogusław Sieczkowski	509,406	495,689
Miłosz Gruca	556,178	653,223
Mirosława Zydrón	516,119	473,371
Edyta Jaworska	493,764	381,533
Dariusz Kurdas	413,078	334,381
Dawid Radziszewski	335,000	220,600
Janusz Homa	18,000	18,000
Kaja Milanowska-Zabel	206,985	169,785
Nowak Łukasz	18,000	18,000
Michał Warchoń	87,684	-
Adrijana Vinter	629,821	-
Marija Gradečak Galović	298,663	-
Supervisory Board	197,264	176,418
Piotr Romanowski	34,366	33,858
Tadeusz Wesołowski	30,888	30,888
Paweł Przewięźlikowski	35,418	27,918
Rafał Chwast	28,337	27,918
Wojciech Chabasiewicz	28,337	27,918
Jacek Osowski	27,918	27,918
Krzysztof Brzózka	6,000	-
Tomasz Piętka	6,000	-
	4,279,962	2,941,000

30.5 Loans and similar benefits granted to members of management, supervisory and administration bodies of the Group companies

Not applicable in the periods presented in the consolidated financial statements.

31. Business combinations

The event did not occur in the reporting period.

32. 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 consolidated statement of cash flows, can be reconciled with the consolidated 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.

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Cash in hand and at bank	73,794,627	93,005,328
Overdraft facilities	(107,516)	(4,641)
	<u>73,687,111</u>	<u>93,000,687</u>

As at 30/09/2021, there were no restricted cash.

33. Average headcount in the Group

	Period of 9 months ended 30/09/2021	Year ended 31/12/2020
White collar employees	715	460
Blue collar employees	-	-
Total headcount	<u>715</u>	<u>460</u>

34. Share-based payments

34.1 Employee incentive program

34.1.1 *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 Selvita S.A. provided 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 from these obligations.

Purpose of the Program

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

- i) ensuring optimal conditions for the long-term increase in the value of the Company by creating a general employee shareholding structure;
- ii) 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;
- iii) building a modern organization in which the increase in the value of the Company will translate directly into the increase in the wealth of the employees and associates of the Company.

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

34.1.2 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")	17/05/2021
The maturity date of the program	09/07/2024
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, 2021:	1.014.123

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:

• option exercise date:

09.07.2021 for 650 shares;

09.07.2022 for 499.172 shares;

09.07.2023 for 499.172 shares;

09.07.2024 for 15.129 shares.

• option exercise price: PLN 70.82;

• share price as at the valuation date: PLN 71;

• continuous dividend rate: 0%

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

• coefficient of variation: 75% - 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.

As at 30 September 2021 the weighted average period remaining until the end of the contractual duration is 16 months.

34.1.3 Estimated impact of the incentive program on 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	Total impact
Tranche no 1	650	09/07/2021	40,661	5,382		46,043								46,043
Tranche no 2	499,172	09/07/2022	5,438,243	7,357,623	7,357,623	20,153,488	7,197,674	7,277,649	719,767	-	15,195,091			35,348,579
Tranche no 3	499,172	09/07/2023	2,978,868	4,030,233	4,030,233	11,039,334	3,942,619	3,986,426	4,030,233	4,030,233	15,989,511	8,323,306		35,352,151
Tranche no 4	15,129	09/07/2024	62,113	84,036	84,036	230,184	82,209	83,122	84,036	84,036	333,402	333,403	174,465	1,071,454
Total	#####		8,519,885	11,477,273	11,471,891	31,469,049	11,222,502	11,347,197	4,834,036	4,114,268	31,518,003	8,656,709	174,465	71,818,226

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

	Balance as at 30/09/2021	Balance as at 31/12/2020
Program costs recognized at fair value	19,997,158	-
	19,997,158	-

35. Capital commitments

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Commitments to purchase property, plant and equipment	9,663,865	281,601

Commitments to purchase property, plant and equipment arise from orders for the purchases of fixed assets.

36. Contingent liabilities and assets

36.1 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 3,152,455 was credited to the bank accounts for co-financing. As at the balance sheet date, September 30, 2021, the sum of funds received from the subsidy amounts to PLN 14,803,946.

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 7,320,000 and to create 150 new jobs by December 2023. By September 30, 2021, PLN 8,847,095 of the income tax relief was used for operations in the Special Economic Zone.

36.2 Contingent assets

Not applicable in the periods presented in the consolidated financial statements.

37. Remuneration of the entity authorized to audit financial statements

	As at 30/09/2021	As at 31/12/2020
	PLN	PLN
Statutory audit	168,000	225,000
Total	168,000	225,000

38. 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	Period of 9	Period of 9
	months ended	months ended
	30/09/2021	30/09/2020
	PLN	PLN
The change in trade receivables and other receivables results from the following items:	(13,832,308)	(13,063,365)
- change in receivables resulting from the purchase of Fidelta d.o.o.	23,035,188	-
- change in receivables resulting from the balance sheet	(36,867,496)	(13,063,365)
The change in inventory results from the following items:	(229,241)	(171,667)
- change in inventory resulting from the purchase of Fidelta d.o.o.	-	-
- change in inventory resulting from the balance sheet	(229,241)	(171,667)
The change in liabilities, except for loans and borrowings, results from the following items:	7,572,564	3,019,158
- change in liabilities resulting from the purchase of Fidelta d.o.o.	(11,087,301)	-
- change in liabilities resulting from the balance sheet	18,659,865	3,019,158
Change in deferred income results from the following items:	3,421,342	3,054,913
- change in deferred income resulting from the purchase of Fidelta d.o.o.	(10,829,117)	-
- change in deferred income resulting from the balance sheet	14,250,459	3,054,913
The change in provisions results from the following items:	4,849,357	1,961,933
- change in provisions resulting from the purchase of Fidelta d.o.o.	(383,676)	-
- change in provisions resulting from the balance sheet	5,233,033	1,961,933
The change in other assets results from the following items:	(6,822,974)	(2,687,556)
- change in other assets resulting from the purchase of Fidelta d.o.o.	1,018,293	-
- change in other assets resulting from the balance sheet	(7,841,267)	(2,687,556)

39. Agreements entered into by the Group and not presented on the balance sheet

Not applicable in the periods presented in the consolidated financial statements.

40. Major events pertaining to prior years and presented in the consolidated financial statements for the current year

Not applicable in the periods presented in the consolidated financial statements.

41. 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. In the first three quarters of 2021 the Issuer did not however record a negative impact of Covid-19 on operational efficiency and timeliness in terms of the services provided.

The Issuer - out of concern for the health and safety of employees – still carries out and performs all of the restrictions and rules set out in connection to new sanitary regime implemented by the Issuer at the beginning of the pandemic, which included: decontamination of laboratory surfaces and the entire facility, additional disinfection, permanent obligation to wear a face-mask, relocating employees, who work stationary in such a way to ensure maintenance of appropriate distance (to minimize the risk of infection), ensuring the possibility of remote work for administration employees, or limiting employees' business trips.

The Management Board hopes that in the following quarters, direct business contacts, physical participation in conferences will be possible again, which is essential for the implementation and provision of the services offered by the Issuer and was the greatest challenge from the Issuer's perspective in recent quarters.

The Company's Management Board is analysing the Issuer's situation on an ongoing basis. New circumstances, if any, having a significant effect on the Issuer's financial results and business position, will be communicated promptly after their occurrence.

42. Information on significant events that occurred after the balance sheet date and were not included in the consolidated financial statements

Not applicable in the periods presented in the consolidated financial statements.

43. Approval of the financial statements

The consolidated interim financial statements were approved by the management board of the parent company on November 23, 2021.

Prepared by: Elżbieta Kokoć

Signatures of Members of the Management Board:

Bogusław Stanisław Sieczkowski - President of the Board

Miłosz Kazimierz Gruca - Vice-President of the Board

Edyta Barbara Jaworska - Member of the Board

Mirosława Monika Zydróż - Member of the Board

Dariusz Tomasz Kurdas - Member of the Board

Dawid Patryk Radziszewski - Member of the Board

Cracow, 23 November 2021

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