CONSOLIDATED Q3 2021 REPORT

SELVITA CAPITAL GROUP

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1. SELECTED FINANCIAL DATA

The consolidated financial statements cover the period from January 1, 2021 to September 30, 2021 with comparative period from January 1, 2020 to September 30, 2020.

1.1. Main results achieved in the reporting period

Key impact on the financial results for the first nine months of 2021 has the acquisition of 100% shares of Fidelta d.o.o., accomplished on January 4, 2021, in accordance to the Conditional Share Purchase Agreement concluded on November 23, 2020 between the Issuer as a purchaser and Galapagos NV headquartered in Mechelen in Belgium as a seller. The price for shares was estimated at EUR 31.2 million, equivalent of PLN 141,913,200 (at the exchange rate on the transaction day) ("Price for Shares"), was the value before corrections according to the agreement. The transaction included standard in that kind of agreement corrections, such as net cash and working capital adjustments of target company in the amount of EUR 5.9 million which is PLN 26,775,621. The value of the goodwill estimated on September 30, 2021 amounted to HRK 176,407 thousand (which is PLN 109,178 thousand on September 30, 2021).

Due to the expansion of the Capital Group, the Issuer modified its operating segments by adding an additional segment called 'Services executed in Croatia', which includes only Fidelta d.o.o. subsidiary. The previously reported segment named Services changed its name to 'Services executed in Poland', without any changes of allocation of resources or the way of the results' recognition of this activity in relation to the previously reported ones.

On May 17, 2021, the General Meeting resolved to adopt a non-diluting Incentive Scheme for 2021-2024 for employees in the form of the right to acquire shares in the Company at a preferential price of 0,19 PLN per share. Mr. Paweł Przewięźlikowski – founder, member of the Supervisory Board and main shareholder of the Company, undertook to transfer to the Company, free of charge, the shares constituting the subject of the program with an order to release them to the company's employees in the total number of 1,247,720. The fair value of the granted shares 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. The programme's impact during the reporting period is PLN 19,997,158 (this includes PLN 11,477,273 in Q3 alone) with **a detailed description of the program is provided in the Note 34 to the consolidated financial statements**. At the same time, it is important to point out that in the analysis of individual operating segments no impact of the valuation of the incentive scheme was taken due to the one-off and non-cash nature of this event.

1.1.1. Consolidated financial data

The table below presents the consolidated financial data of the Selvita S.A. Group:

- concerning the consolidated balance sheet:

Selvita S.A. Group	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
Items	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Total assets	**411,580**	**218,796**	**88,839**	**47,412**
Trade and other receivables	64,271	33,998	13,873	7,367
Cash and other monetary assets	73,795	93,005	15,928	20,154
Other financial assets	13,325	10,153	2,876	2,200
Total liabilities	225,215	66,136	48,612	14,331
Long term liabilities	142,330	33,288	30,722	7,213
Short term liabilities	82,885	32,848	17,891	7,118
Equity	**186,365**	**152,660**	**40,226**	**33,081**
Share capital	14,684	14,684	3,170	3,182

- concerning the consolidated profit and loss statement:

Selvita S.A. Group	Consolidated data in PLN thousand				Consolidated data in EUR thousand			
Item	From 01.01.2021 to 30.09.2021	From 01.01.2020 to 30.09.2020	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020	From 01.01.2021 to 30.09.2021	From 01.01.2020 to 30.09.2020	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020
Revenues from sales	**219,753**	**101,375**	**80,513**	**36,226**	**48,207**	**22,822**	**17,575**	**8,152**
Revenues from subsidies	2,963	3,375	1,036	1,090	650	760	226	245
Other operating revenues	761	375	277	135	167	84	60	30
Revenues on operating activities	**223,477**	**105,125**	**81,826**	**37,451**	**49,024**	**23,666**	**17,862**	**8,428**
Operating expenses	-203,301	-89,353	-76,669	-31,647	-44,598	-20,115	-16,742	-7,122
Operating expenses (excl. incentive scheme)	-183,304	-89,353	-65,222	-31,647	-40,212	-20,115	-14,237	-7,122
Depreciation	-17,765	-9,481	-6,143	-3,621	-3,897	-2,134	-1,341	-815
Depreciation (excl. IFRS 16 impact)	-10,762	-6,269	-3,782	-2,424	-2,361	-1,411	-826	-545
Incentive program valuation	-19,997	-	-11,477	-	-4,387	-	2,505	-
Profit on operating activities / EBIT	20,176	15,772	5,127	5,804	4,426	3,551	1,119	1,306
Profit on operating activities / EBIT (excl. incentive scheme)	**40,173**	**15,772**	**16,604**	**5,804**	**8,813**	**3,551**	**3,624**	**1,306**
Profit before income tax	14,574	14,923	1,302	5,451	3,197	3,359	284	1,227
Net profit	8,844	14,501	-981	5,088	1,940	3,264	-214	1,145
Net profit (excl. incentive scheme)	**28,841**	**14,501**	**10,496**	**5,088**	**6,327**	**3,264**	**2,291**	**1,145**
EBITDA	37,941	25,253	11,270	9,425	8,323	5,685	2,460	2,121
EBITDA (excl. incentive scheme)	**57,938**	**25,253**	**22,747**	**9,425**	**12,710**	**5,685**	**4,965**	**2,121**
Net cash flows from operating activities	50,520	16,219	24,943	7,521	11,083	3,651	5,445	1,693
Net cash flows from investing activities	-146,354	-14,238	-4,217	-11,043	-32,106	-3,205	-921	-2,485
Net cash flows from financing activities	76,383	81,758	-7,698	-3,267	16,756	18,405	-1,680	-735
Total net cash flows	-19,451	83,739	13,028	-6,789	-4,267	18,851	2,844	-1,528
Number of shares (weighted average)	18,355,474	16,806,585	18,355,474	18,355,474	18,355,474	16,806,585	18,355,474	18,355,474
Profit (loss) per share (in PLN)	0.37	0.79	-0.13	0.24	0.08	0.18	-0.03	0.05
Diluted profit (loss) per share (in PLN)	0.37	0.79	-0.13	0.24	0.08	0.18	-0.03	0.05
Book value per share (in PLN)	9.75	8.49	9.75	7.77	2.10	1.87	2.10	1.72
Diluted book value per share (in PLN)	9.75	8.49	9.75	7.77	2.10	1.87	2.10	1.72
Declared or paid dividend per share (in PLN)	-	-	-	-	-	-	-	-

Selected financial data presented in the quarterly report were converted to Euro as follows:

1. Items relating to the profit and loss statement and the cash flow statement were converted using the exchange rate constituting the arithmetic average of the exchange rates, applicable as of the last day of every month in the given period, based on the information published by the National Bank of Poland (NBP):

- for the period from 01/01/2021 to 30/09/2021: PLN 4.5585,
- for the period from 01/07/2021 to 30/09/2021: PLN 4.5811,
- for the period from 01/01/2020 to 30/09/2020: PLN 4.4420,
- for the period from 01/07/2020 to 30/09/2020: PLN 4.4436.

2. Balance sheet items were converted using the average exchange rate announced by the NBP applicable as at the balance sheet date; which were:

- as of 30 September 2021: PLN 4.6329,
- as of 31 December 2020: PLN 4.6148.

2. MANAGEMENT BOARD'S COMMENTS ON FINANCIAL RESULTS

2.1. Consolidated data excluding incentive scheme impact

SELVITA S.A. GROUP				
Data in PLN thousand	From 01.01.2021 to 30.09.2021	From 01.01.2020 to 30.09.2020	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020
Revenue	**223,477**	**105,126**	**81,825**	**37,452**
Segment of Services executed in Poland	109,311	88,989	40,711	30,840
Bioinformatics Segment	21,699	12,602	8,554	5,456
Segment of Services executed in Croatia	91,055	-	32,001	-
Revenues from subsidies	2,963	3,375	1,036	1,090
Other operating revenue	761	375	277	135
Exclusions of revenues between segments	-2,312	-215	-754	-69
EBIT (excl. incentive scheme)	**40,173**	**15,772**	**16,604**	**5,805**
%EBIT (excl. incentive scheme)	18%	15%	20%	15%
EBITDA (acc. to IFRS16 excl. incentive scheme)	**57,938**	**25,253**	**22,748**	**9,427**
%EBITDA (acc. to IFRS16 excl. incentive scheme)	26%	24%	28%	25%
Net profit (excl. incentive scheme)	**28,841**	**14,501**	**10,496**	**5,088**
%Net profit (excl. incentive scheme)	13%	14%	13%	14%
MSSF 16 impact on EBITDA	*7,003*	*3,212*	*2,361*	*1,197*

In the first three quarters of 2021, Selvita S.A. Group recognized total operating revenue of PLN 223,477 thousand, which represents 113% increase compared to the corresponding period in 2020, when the total operating revenue amounted to PLN 105,126 thousand. The net revenue from sales (excluding subsidies) amounted to PLN 219,753 thousand, which represents an increase of 117% (by PLN 118,377 thousand) compared to the corresponding period in 2020 when it amounted to PLN 101,376 thousand. Such a significant increase is mostly due to the acquisition of Fidelta d.o.o., the result of is presented as a separate segment – 'Services executed in Croatia', as well as due to strong organic growth of other Group's operating segments. In the first three quarters of 2021, revenues from subsidies decreased by PLN 412 thousand compared to the same period of the previous year from PLN 3,375 thousand to PLN 2,963 thousand.

In the first three quarters of 2021, after elimination of the incentive scheme impact, the Group reported a profit on the overall activity (net profit) which amounted to PLN 28,841 thousand and increased by 99% compared to the corresponding period of 2020. EBITDA (excluding the incentive scheme) for the first three quarters of 2021 amounted to 26% and increased by 2 percentage points compared to the corresponding period of the previous year.

SEGMENT OF SERVICES EXECUTED IN POLAND				
Data in PLN thousand	From 01.01.2021 to 30.09.2021	From 01.01.2020 to 30.09.2020	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020
Revenue	**110,696**	**90,230**	**41,339**	**31,245**
Revenues from external customers	104,013	84,880	38,904	29,447
Between segments and to Ryvu	5,297	4,108	1,807	1,393
Revenues from subsidies	894	906	390	283
Other operating revenue	492	336	238	122
EBIT (excl. incentive scheme)	**13,840**	**12,788**	**6,173**	**4,113**
%EBIT (excl. incentive scheme)	13%	14%	15%	13%
EBITDA (acc. to MSSF16) excl. incentive scheme	**24,389**	**21,535**	**9,806**	**7,488**
%EBITDA (acc. to MSSF16) excl. incentive scheme	22%	24%	24%	24%
IFRS16 impact on EBITDA	*3,887*	*2,804*	*1,310*	*1,061*

In the first three quarters of 2021 Segment of Services executed in Poland recorded continuing growth of revenues from external customers which increased by 23% and amounted to PLN 104,013 thousand compared to PLN 84,880 thousand during the corresponding period in 2020. In the first quarter of 2021 there were one-off Fidelta d.o.o. acquisition expenses recognized in this segment which amounted to PLN 688 thousand and covering external consultants' services. In addition, the cost of depreciation increased significantly by 21% from PLN 8,747 thousand in the first three quarters of 2020 to PLN 10,549 thousand in the corresponding period of 2021 which is the result of increase in the park of laboratory equipment necessary for further development.

EBITDA ratio was at 22%, which is lower when compared to the previous year while its total increased from PLN 21,535 thousand in the period of nine months of 2020 to PLN 24,389 thousand in the period of nine months of 2021. It should be noted that after closing the period of one-off expenses related to acquisition and the first phase of Fidelta integration followed by higher contracting in regulatory studies since the second quarter of the current year, the overall profitability has been improving. After 4 p.p. increase in Q2 compared to Q1, EBITDA has further improved by additional 1 p.p. in Q3 compared to the previous quarter and achieved the same level as in the third quarter of the previous year.

SEGMENT OF SERVICES EXECUTED IN CROATIA				
Data in PLN thousand	From 01.01.2021 to 30.09.2021	From 01.01.2020 to 30.09.2020	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020
Revenue	**91,266**	**-**	**32,019**	**-**
Revenues from external customers	91,055	-	32,001	-
Other operating revenue	211	-	18	-
EBIT	**21,532**	**-**	**7,825**	**-**
%EBIT	24%	-	24%	-
EBITDA (acc. to MSSF16)	**27,867**	**-**	**10,043**	**-**
%EBITDA (acc. to MSSF16)	31%	-	31%	-
IFRS16 impact on EBITDA	*2,696*	-	*915*	-

'Segment of Services executed in Croatia' has been extracted as a result of the acquisition of Fidelta d.o.o. which is the only legal entity in this operating segment. In the first three quarters of 2021, Fidelta d.o.o. continued the upward trend, achieving a 19% increase in sales compared to the first three quarters of 2020 (based on data in EUR). In the first three quarters of 2021, Fidelta continued its dynamic development in all areas of the services provided, i.e. in the field of chemistry, ADME / DMPK, *in vitro* research and *in vivo* & toxicology. Long-term contracts with key clients, in particular for integrated drug discovery projects, have been extended and will be continued in the upcoming quarters.

In the first three quarters of 2021 this segment's EBITDA profitability was 31% with operating profit reaching 24%. So good results reported in the first three quarters of the year were achieved largely due to exceptionally good *in vivo* contracting by Fidelta in the first and the third quarter and as a result of dynamic development in other areas in the second and the third quarter.

Additional information on the operating activities of this segment is provided in section 8 of this report.

BIOINFORMATICS SEGMENT				
Data in PLN thousand	From 01.01.2021 to 30.09.2021	From 01.01.2020 to 30.09.2020	From 01.07.2021 to 30.09.2021	From 01.07.2020 to 30.09.2020
Revenue	**23,826**	**15,110**	**9,221**	**6,277**
Revenues from external customers	21,669	12,602	8,554	5,456
Revenues from subsidies	2,069	2,469	646	807
Other operating revenue	58	39	21	14
EBIT	**4,801**	**2,984**	**2,607**	**1,693**
%EBIT	20%	20%	28%	27%
EBITDA (acc. to MSSF16)	**5,681**	**3,718**	**2,899**	**1,939**
%EBITDA (acc. to MSSF16)	24%	25%	31%	31%
IFRS16 impact on EBITDA	*419*	*407*	*136*	*136*

Revenue from external customers in bioinformatics segment (i.e. subsidiary Ardigen S.A.) amounted to PLN 21,669 thousand in the first three quarters of 2021, which is an increase of 72% compared to the corresponding period of the previous year of PLN 12,602 thousand. Particularly noteworthy is that in the first three quarters of 2021 bioinformatics segment generated an operating profit of PLN 4,801 thousand, compared to PLN 2,984 thousand in the corresponding period of 2020 which is an increase of 61%. EBITDA ratio was 24% and remained at the similar level as in the corresponding period of 2020 when it amounted to 25%.

Such a high operating profitability and EBITDA is the result of high margin realized on sales to external customers with comparable to the previous year parameters of the development of own platforms carried out by this segment.

2.2. Contracted (Backlog)

BACKLOG				
Item	For 2021, as of Nov 18, 2021	For 2020, as of Nov 10, 2020	Change	Change %
Services executed in Poland	140,005	110 760	29,245	26%
Services executed in Croatia	122,469	- *	122 469	100%
Bioinformatics	29 980	17,748	12,232	69%
Grants	4,340	6 200	-1,860	-30%
Total Selvita Group	**296,794**	**134 708**	**162 086**	**120%**

**In 2020 Fidelta d.o.o. was not considered a Group entity*

The value of the 2021 contracts portfolio resulting from commercial contracts and grant agreements signed as of November 18, 2021 (backlog) amounts to PLN 296,794 thousand and increased by 120% compared to the 2020 backlog announced in November last year. The most significant part of the increase makes Fidelta's backlog which amounted to PLN 122,469 thousand and which was not included in 2020 as Fidelta was not a part of the Selvita's Capital Group that year. Another significant growth dynamics was recorded by the bioinformatics segment which reported 69% increase compared to the previous year. The Services executed in Poland indicates a solid increase by 26% compared to the previous year.

3. THE GROUP'S ASSETS AND THE STRUCTURE OF ASSETS AND LIABILITIES

3.1. Consolidated data

As of September 30, 2021, the value of the Selvita Group's assets was PLN 411.580 thousand. At the end of September 2021, the most significant items of current assets are short-term receivables which amounted to PLN 64.271 thousand, cash amounting to PLN 73.795 thousand and other financial assets amounting PLN 13.325 thousand. The increase in short-term receivables is the result of an increase in the scale of the Group's operations. The decrease in cash is mainly due to the purchase of shares in Fidelta d.o.o. namely payment transaction for a part of Price for Shares financed from own cash on January 4, 2021, whereas the total consideration was settled using own cash from the purchase price correction of net cash and working capital as of March 4, 2021.

Fixed assets are mainly laboratory equipment, recognized assets due to the right to use and deferred tax assets in the amount of PLN 18,070 thousand. The total of non-current assets increased in comparison to December 31, 2020, by PLN 169,615 thousand mainly as a result of recognition of goodwill on acquisition of Fidelta d.o.o. of PLN 109,178 thousand. In addition, as a part of Fidelta d.o.o. acquisition, as at 30 September 2021 Selvita S.A. Capital Group consolidated PLN 25,570 thousand of fixed assets and rights to use assets of PLN 21,354 thousand.

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

	30.09.2021	31.12.2020
Current ratio current assets/current liabilities including short-term provisions and deferred revenues (excl. accruals)	2.77	5.86
Quick ratio (current assets-inventory)/current liabilities including short-term provisions and deferred revenues (excl. accruals)	2.73	5.77

The main item in the Selvita Group's equity and liabilities is equity, which amounted to PLN 186.365 thousand as of September 30, 2021. Its increase compared to the end of 2020 is due to net profit generated in 2021 and recognized reserve capitals from incentive scheme valuation of PLN 19.997 thousand.

Another significant source of financing is long term liabilities which amounted to PLN 142.330 thousand at the end of September 2021. The highest value items in the long-term liabilities

are credits and bank loans in total PLN 84.360 thousand which increased as a result of a loan granted for Fidelta d.o.o acquisition on January 4, 2021. Other significant items are lease liabilities in total PLN 47.955 thousand which mainly increased due to consolidating Fidelta's d.o.o. rights to use premises and vehicles in total PLN 19.473 thousand.

Increase of short-term liabilities from PLN 32.848 thousand at the end of 2020 to PLN 82.885 thousand at the end of September 2021 results from increased scale of operations of the Capital Group, consolidation of Fidelta d.o.o. and the loan to finance the acquisition as previously described which splits into short part in total PLN 11.215 thousand.

4. CURRENT AND PROJECTED FINANCIAL CONDITION

The Group's financial position as of the report date is very good. As of September 30, 2021, the value of the Group's cash and other financial assets (mainly deposit with the Bank Pekao in the amount of EUR 2.2 million) amounted to PLN 87.120 thousand, and at November 17, 2021, the total cash of the Selvita S.A. Capital Group together with other financial assets (including a not yet released deposit with the Bank Pekao in the amount of EUR 2.2 million) amounted to PLN 90.643 thousand.

The Group meets its obligations timely and maintains sustainable cash levels ensuring its financial liquidity. Cash generated from operations allows the Company to execute its planned investments in the expansion of laboratory infrastructure.

5. SIGNIFICANT OFF-BALANCE SHEET ITEMS

Significant off-balance sheet items are described in the Note 36 to the consolidated financial statements.

6. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS DISCLOSED IN THE QUARTERLY REPORT AND PREVIOUSLY PUBLISHED FORECASTS OF THE FINANCIAL RESULTS

The Issuer did not publish the financial forecast for 2021.

7. SIGNIFICANT EVENTS IN REPORTING PERIOD

7.1. Significant events in reporting period

Closing of an acquisition of Fidelta's d.o.o.

On 4th of January after the fulfilment of all conditions precedent, including in particular:

i) extension of the lease agreement concluded between Fidelta d.o.o. ("Fidelta") and Pliva Hrvatska d.o.o. concerning office and laboratory space, until 31 December 2027,

ii) ii) conclusion by Fidelta of a pre-lease agreement with Medi-Lab d.o.o. and Emo Mancipo d.o.o. concerning rental of additional office and laboratory space,

Issuer, as the buyer and Galapagos NV with its registered office in Mechelen (Belgium), as the seller, concluded an agreement concerning purchase of 100% of Fidelta's shares for the price of EUR 31.2 mln (adjusted on the basis of the standard adjustments in this type of transactions, specified in the share purchase agreement, concerning the net cash and working capital of Fidelta in the amount of EUR 5.9 million, i.e. PLN 26,775,621).

The Transaction constitutes Selvita Capital Group's long-term investment of a strategic nature and at the same time is a transformative step in the implementation of the Issuer's Capital Group's Strategy for years 2020-2023, which was adopted on 29 April 2020.

Conclusion of significant purchase orders

On 4th of January 2021 the Issuer also informed about obtaining further orders with a total value of EUR 1.423.293 from a biotechnological company with its registered office in Europe ("Customer"), under the framework agreement concluded between the above-mentioned parties on 1st of February 2018. Orders concern the provision of services consisting in the synthesis of chemical compounds aimed at supporting the development of the Customer's innovative projects. In addition, the Issuer's affiliated company - Fidelta received an order under the contract concluded by Fidelta with the Customer on1st of October 2018, with a value of EUR 2.510.761. The subject of the order are support services of the development of Customer's drug discovery projects in the field of medical chemistry, *in vitro* pharmacology and *in vitro* and *in vivo* DMPK tests.

In view of the above, the total value of services provided by the Issuer's Capital Group to the Customer in 2021 will amount to EUR 3.934.054. Orders are carried out, respectively, in the Issuer's research laboratories in Poland and Fidelta's in Croatia, from January 4, 2021, and the works are planned for the entire period of 2021.

Obtaining a building permit for Selvita Research Centre

On April 12, 2021 the Company received information on issuance by the President of the City of Krakow of an administrative decision on the approval of the architectural and construction design and land development plan, granting the Company a permit to build Selvita Research

Centre. The new Centre will be located in Krakow at Podole Street, near the current headquarters of the Company.

Extraordinary Meeting of Shareholders of Selvita S.A. held on May, 17 2021

On May 17, 2021 the General Shareholders Meeting was convinced to adopt a resolution regarding adoption of the Incentive Program for the years 2021-2024.

The incentive program will cover eligible persons (employees or associates remaining with the Company or a company from the Selvita Capital Group in a legal relationship specified in the Program Regulations, "Eligible Persons"). Under the Program, a total of 1,247,720) shares of the Company will be allocated to Eligible Persons, acquired by the Company from Mr. Paweł Przewięźlikowski ("Shares").

The condition for the release of the Shares by the Company as part of the Incentive Scheme settlement will be:

a. signing an agreement with the Company for participation in the Incentive Program ("Incentive Scheme Participation Agreement");

b. the Entitled Person's commitment not to dispose of the Shares granted for the period specified in the Incentive Scheme Participation Agreement, not shorter than 12 months and not longer than 36 months from the date of purchase of the Shares ("Transfer Restriction");

c. staying by the Eligible Person in a business relationship with the Company or a Capital Group Company for the period specified in the Incentive Scheme Participation Agreement, not shorter than 12 months and not longer than 36 months from the date of purchase of the Shares ("Service Relationship Durability");

d. remaining as an employee or associate with the Company or a Company from the Capital Group in a relationship as at the date of issuing the Shares.

Information concerning impact of non-diluting incentive program on Company's consolidated financial statements

In order to assess the impact of the establishment of the non-dilutive incentive scheme program of Selvita S.A. for the years 2021-2024, the Issuer's Management Board, together with advisers, prepared a preliminary analysis of its impact on the Company's consolidated financial statements.

Based on above-mentioned analysis, pursuant to IFRS guidelines, free of charge transaction of donation of shares listed on the Warsaw Stock Exchange, by Mr Paweł Przewięźlikowski to the Company, by which the Company does not incur any cash expenses, cannot be recognized as a revenue. Consequently, it will not affect any item on the Company's balance sheet or profit and loss accounts.

However, granting of shares, which Company will earlier receive in a form of donation from Mr Paweł Przewięźlikowski, during the course of the Program i.e. between years 2021 and 2024 to the employees, will be recognized, pursuant to IFRS 2, as a non-cash salary expense in Company's consolidated financial statements (therefore it will have an impact on the operating result, EBITDA and net profit) and in the equity item as its increase in the same amount as the periodic cost. The total equity of the Company will remain unchanged.

The preliminary estimation, made on the basis of the adopted assumptions and information available as of the date of this Report, concerning, inter alia: the participation of Eligible Persons in the Program after its adoption by the Company's General Meeting, indicates that the total non-cash expense for the Company will amount to PLN 75-88 million, which will be spread over the duration of the Program, i.e. in the years 2021-2024, same as the amount of PLN 11.2 million in 2015-2017 in connection with the previous incentive program at Selvita S.A. (which after the corporate split dated as of 1st of October 2019 is operating under the name Ryvu Therapeutics S.A.).

The cost of the Program will be included in the Company's quarterly consolidated financial statements, and its value in a given reporting period will depend, inter alia, on factors such as employee's participation in the program, the number of shares allocated to the Eligible Persons, and the fact if the Eligible Persons remain in an employment or other professional relationship with the Company.

Significant purchase orders

On June 28, 2021, the Issuer announced that it had obtained an order worth $ 1.020.000 (PLN 3.853.356 converted at the rate of USD 1 = PLN 3.7778) from a biotechnology company based in the United States ("Client"), under the agreement framework, which was concluded between the above-mentioned parties on March 17, 2020. The order concerns the implementation of services for the Client consisting in the synthesis of chemical compounds in the field of drug discovery activities, including the synthesis, purification and characterization of organic intermediates and final compounds that will be used by the Client in tests and vitro and *in vivo*.

Moreover, the Issuer's subsidiary – Selvita Inc. ("Company") on June 30, 2021 concluded an agreement with the University of California, San Francisco ("UCSF"), the value of which is USD 4.183.200 (PLN 15.910.801 converted at the rate of USD 1 = PLN 3.8035) ("Agreement"). The contract extends the existing cooperation between the parties, about which the Issuer informed in the current report No. 15/2019 of June 24, 2019. The contract will be implemented for a period of 36 months, starting from July 1, 2021, and its subject matter includes the implementation of support for research projects UCSF in the field of medical chemistry, including chemical synthesis, purification, determination of the structure and purity of compounds with potential application in the treatment of neurodegenerative diseases.

Conclusion of grant agreements with the National Center for Research and Development

On September 3, 2021, the Issuer informed that on September 2, 2021, an agreement was concluded with the National Center for Research and Development (NCBiR) for the project titled "Creation of ProBiAI platform to produce focused libraries of bioactive compounds by applying machine learning and by integrating the design, parallel synthesis and automatic purification, all of which optimized using artificial intelligence methods in order to accelerate the drug discovery process" ("Project") within the Smart Growth Operational Programme 2014-2020, measure 1.1.1. "Fast Track", co-financed by the European Regional Development Fund. The Project will enable Company to implement new services for biotech and Pharma clients.

- Project net value: PLN 7.812.900;
- Financing granted: PLN 4.660.975;

- Project timelines: 2021-2023.

The aim of the Project is to significantly improve the early stages of the drug discovery process, leading to identification of the first active substance which may undergo further development. Usually identification is done by searching large libraries of randomly selected chemicals, which results in a low probability of finding a compound with the desired biological properties, is time-consuming and costly. In order to eliminate these problems the Company within the framework of the Project, will create a service platform, that will use much smaller, targeted libraries with a support of dedicated artificial intelligence models. What distinguishes this type of libraries is a much greater probability of identifying biologically active substances with better patentability pathway, which makes the identification process much faster and cheaper.

Furthermore, on September 20, 2021, the Issuer informed about the conclusion of the grant agreement with the National Center for Research and Development for the project implemented within the program POIR.01.01.01-00-2373/20 "Technology platform for new generations of drugs against diseases caused by coronaviruses, in particular SARS-CoV-2" ("Project"). The Project will allow the Company to expand its offer in the area of antiviral drugs development.

• Project net value: PLN 6.260.000;

• Financing granted: PLN 3.260.000;

• Project timeline: 2021-2023.

The aim of the Project is to introduce technology, which will enable to accelerate the identification of inhibitors of key proteases involved in the coronavirus replication, including that of SARS-CoV-2, by means of high throughput screening of a focused library containing innovative compounds with potential antiviral properties. The structures of the library members are unprecedented in the literature and have been designed based on the mechanism of the viral action. The compounds will be made using modern synthetic methodology, patented by the Company.

Conclusion of a significant agreement by affiliated company – Fidelta d.o.o.

On September 22, 2021, the Issuer informed that on 22nd September 2021 Fidelta entered into a framework agreement ("Agreement") with a biotechnological company with its registered office in the UK ("Client") under which the Client committed itself to spent at least EUR 1.200.000 (PLN 5.556.960 converted at the rate EUR 1 = PLN 4.6308) within next 12 months on services to be delivered by Fidelta. The Agreement is an extension of the ongoing collaboration between the parties that was established in 2013.

The objective of the Agreement is multiple FTE based integrated collaboration to support Client's drug discovery projects. Fidelta, in its laboratories in Zagreb, will provide services in the area of *in vitro* and *in vivo* Pharmacology; ADME, DMPK and translational studies based on patient samples study.

7.2. Post balance sheet significant events

Establishing the Polish Association of Innovative Medical Biotechnology Companies BioInMed

On November 3, it was announced that the Polish Association of Innovative Medical Biotechnology Companies BioInMed has joined the group of industry associations present in Poland. The association was established by 11 companies such as Ardigen SA, Selvita SA, Ryvu Therapeutics SA, Captor Therapeutics SA, Celon Pharma SA, ExploRNA Therapeutics SA, OncoArendi Therapeutics SA, Polski Bank Komórek Macierzystych SA, PolTREG SA, Pure Biologics SA and WPD Pharmaceuticals Sp. z o.o. Marta Winiarska, who for the past five years has been managing public affairs and public relations activities at the Employers' Union of Innovative Pharmaceutical Companies INFARMA, has been appointed President of the Association.

The Association was established to work with all stakeholders and public administration to build an ecosystem that will allow medical biotechnology to become a hallmark of Polish innovation, and in the future, perhaps, the driving force of the economy.

7.3. Unusual events occuring in the reporting period (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.

THE AREA OF DRUG DISCOVERY/DRUG DEVELOPMENT

Research programs carried out within SLV are driven by efforts to discover new medicines. Thus vast majority of Selvita's revenues come from Drug Discovery projects, commonly carried out based on the FTE (Full Time Equivalent) model. They usually involve work on one of the stages of the drug discovery process. However, more and more collaborations are structured as integrated drug discovery projects (IDD), combining various aspects of chemistry, biochemistry, biology and analytics.

The acquisition of Fidelta allowed significant expansion of our drug discovery services capabilities. The overall headcount of highly experienced scientists increased by over 30%. At the same time Selvita's therapeutic area expertise in oncology, respiratory diseases and CNS has been expanded by Fidelta's competences in inflammation, fibrosis, and anti-infectives The services provided by Fidelta will support Selvita's strategy of building competitive advantage in business areas such as DMPK, *in vivo* pharmacology, and toxicology. It will also enable increase in the scale of operations within medicinal chemistry and *in vitro* pharmacology. The Management Board believes that having an animal facility at Fidelta with already developed and routinely run animal models will become a significant value driver for the company in a near future and will position Selvita as the leading drug discovery CRO in the region.

Further support of Selvita's drug discovery capabilities, particularly at the earlier stages of the IDD process, is coming from the newly established high throughput screening (HTS) facilities including the high-content screening platform (HCS), and the original compound library integrated with the compound management capabilities.

While the "universal" character of the above-mentioned library makes it applicable for identification of active substances in majority of projects run at Selvita, the approaches using focused libraries are often much more effective. In order to be able to produce modern focused libraries Selvita proposed to create the relevant system, the so-called ProBioAI Platform, to produce focused libraries of bioactive compounds by applying machine learning and by integrating the design, parallel synthesis and automatic purification, all of which optimized using artificial intelligence methods in order to accelerate the drug discovery process.

As part of our contribution to meeting the challenges posed by the SARS-CoV-2 pandemic Selvita proposed a project to create a service platform, central part of which will be a focused library of innovative compounds having potential antiviral properties and obtained using modern synthetic chemistry approaches recently patented by Selvita. The Platform will accelerate the identification of inhibitors of key proteases involved in the replication of coronaviruses, including SARS-CoV-2. An additional advantage of the proposed service platform is its flexibility to be used for identification of a broad range of other protease inhibitors. The project received financing from the National Center for Research and Development (NCBiR). The agreement was

signed on September 20, 2021. The total value of the project is 6.260.000 PLN. Project timeline: 2021-2023.

Selvita is also expanding the team of scientists working in the DD area particularly with specialists holding a PhD degree. We are recruiting both locally and internationally to ensure the availability of specialists with knowledge and experience in various therapeutic areas, organic, medicinal, computational and analytical chemistry, biochemistry, molecular and cell biology, and ADME / DMPK, which is essential to ensure the high quality of services required by the clients.

During Q3 2021 Selvita chemists continued working in the area of Drug Discovery by providing organic chemistry synthetic support for research projects aimed at developing new therapies. The main task of chemistry teams was the synthesis of a series of libraries of chemical compounds with potential biological activity, their purification and qualitative analysis to support the clients' R&D projects. Collaborations in this area are most often based on long-term relationships with clients and contracts Selvita signed with them in previous years. This is considered an expression of trust in Selvita and a high assessment of the services Selvita provides.

In Q3 2021, Selvita continued also working on the IDD projects (mainly for European clients), at the same time expanding the necessary resources in the area of medicinal chemistry. The skills required to run medicinal chemistry within the IDD projects go far beyond the typical organic and computational chemistry, as it is essential to be able to interpret the ADME parameters, to evaluate biological data coming from *in vitro* pharmacological studies, and to predict stability of the compounds in animal and human organisms.

One of the main tasks for our medicinal chemists was to design new scaffolds - molecular skeletons around which small libraries of compounds could be built in order to validate the biological hypothesis of the project to enable the project to move to the next stage of development. Medicinal chemists were responsible for studying the structure-activity relationship (SAR) and designing new, more biologically active compounds using appropriate synthetic strategy.

The team of organic chemists focused on the cost-effective and time-efficient syntheses of a series of compound libraries with potential activity against specific molecular targets. The analytical chemists purified and characterized the synthesized substances which were then subjected to ADME testing, *in vitro* pharmacology studies, and PK profile determination. The test results were then fed back to the team of computational and medicinal chemists to enable further iterative structure optimization according to the adopted strategy.

During the Q3 of 2021 the Department of Cell and Molecular Biology (CMBD) has continued the execution of two major types of projects. Drug Discovery projects, belonging to first group, were based on SAR (Structure-Activity Relationship) studies. Scientists (FTEs), which constituted 30% of CMBD employees, have been involved in the execution of above mentioned projects for several foreign biotech and pharma companies from Europe and USA. Their role was to develop and optimize panel of biochemical and cell-based assays that next have been used to determine activity and efficacy as well as mechanism of action of novel drug candidates. During this period of time CMBD has launched execution of several Integrated Drug Discovery Projects for clients from UK and USA.

In Q3 2021, ADME and bioanalysis specialists continued integrated drug development projects (IDDs). Additional projects in the field of an extended bioanalytical offer concerning proteomic research of proteins and polypeptides have also been carried out.

Computational chemists supported the IDD projects by analysing the data available in the public domain, tracking the SAR for the duration of the projects, by designing next-generation structures using virtual techniques based on the protein structure, such as virtual screening or focused docking, to identify key ligand-protein interactions. Recently, Selvita has increased the range of available modelling tools and put significant emphasis on the application of the artificial intelligence approaches to drug discovery by employing experienced specialists. Selvita expects AI to become an area of dynamic growth within the DD business.

A very good coordination of the work of medicinal, synthetic, computational and analytical chemists, as well as the ADME and *in vitro* pharmacology team by the IDD Project Managers, as well as significant intellectual contribution of Selvita scientists, supported by good communication with the clients allowed us to generate high-quality data and to achieve the assumed project goals.

Apart from supporting the IDD projects, the activities of computational chemists included: triaging HTS results from standard screening tests and from testing DNA-encoded libraries and support for PROTAC work with the use of protein-protein docking, among other techniques.

In Q3 2021, on top of the revenue generated by organic chemistry and integrated projects, a large part of the Drug Discovery area's revenues came from the production and purification of recombinant proteins and the structural analysis of protein-ligand complexes, in which the Biochemistry Laboratory specializes. During this period high-quality recombinant proteins were produced using both bacterial and eukaryotic (insect and mammalian cells) expression systems, which enable the production of a wide variety of proteins, including these difficult to produce and purify.

Furthermore, the Biochemistry Laboratory is continuing the project co-financed by the Lesser Poland Center of Entrepreneurship. The project aims to further broaden our experience with crystallography and structural analysis of protein-ligand complexes by implementing and developing methods to produce and crystallize a variety of protein classes as molecular targets that may be of great importance in the drug discovery process. The research projects pertaining the structural analysis of protein ligands complexes were carried out for both European and US clients representing global pharmaceutical and biotechnology companies, as well as smaller firms involved in the development of new drugs. The continuing high number of projects completed at the Biochemistry Laboratory in Q3 2021 is undoubtedly associated with the growing recognition of the service offer and the strengthening of the Selvita's Protein Production Services. This, in turn, allows for the dynamic development of the Biochemistry Laboratory, which is manifested in the increase in employment of experienced scientists and the continuous improvement of the laboratory infrastructure.

Moreover, in the described period of time, scientists from Selvita`s Cell and Molecular Biology Department have been engaged in the execution of two projects co-financed by National Center for Research and Development (NCBiR). Activities performed within the scope of the first project "*HiScAI – Development of phenotypic assay platform, based on high-content screening technology (HCS)*

with the analysis using artificial intelligence algorithms, to facilitate drug discovery process for treatment of neuroinflammatory and fibrotic diseases" have been focused on development of complex assays enabling multiparametric analysis of phenotypic changes in cells with the use HCS technology and AI computational procedures. At this stage of the projects CMBD scientists work on the elaboration and optimization tests that are supposed to characterize activity of drug candidates used in the treatment of neuroinflammatory disorders. In the second project "*Technology platform for new generations of drugs against diseases caused by coronaviruses, in particular SARS-CoV-2*" CMBD scientists are supporting the activities of chemists by conducting biochemical and cell-based assays on compounds that are supposed to have anti-viral activity.

In the following quarters / years, in addition to strengthening the team by employing highly qualified staff with diverse therapeutic area and technological experience, as well as by investing in equipment, technologies and laboratories necessary for the balanced functioning of the growing organization, the organic growth of the Drug Discovery area will depend on increasing the efficiency of operations. This will be done, for example, through the implementation of automation of the processes of synthesis, purification and testing of chemical compounds and the wider use of artificial intelligence tools in the processes of data analysis, including the data coming from the HCS assays, compound binding model creation, as well as the prediction of compound structures expected to show improved activity in the IDD projects.

It is worth noting that, similar to H1 2021 CMBD, in Q3 CMBD has consequently strengthen its presence on the US market. Acquisition of new Drug Discovery projects made USA the second region (after Europe) generating the highest income for the department. The number for projects executed by CMBD for customers from UK, Europe and USA has increased significantly which resulted in joining 9 more scientists to the team.

FIDELTA

General/Introduction

Fidelta combines expertise in the field of medicinal and synthetic chemistry, CADD, *in vitro* and *in vivo* pharmacology, ADME/DMPK, toxicology and translational science. Drug discovery projects and services at Fidelta are driven by the objective to deliver efficacious, safe and differentiated pre-clinical candidates with a strong emphasis on translational science, focusing on patients and disease-relevant test models/systems. Over the past two decades, the team has undertaken numerous drug discovery projects including fully integrated projects (i.e. including *in vivo* disease models) in the area of inflammatory diseases (respiratory system, digestive system, autoimmune diseases) and infections (viral and bacterial), building a strong expertise in these areas and developing broad packages of assays and animal models. Fidelta has also experienced working in other therapeutic areas like CNS and immune-oncology. Fidelta offers standalone discovery services alongside fully or partially integrated project services. Fidelta's team has gained significant integrated drug discovery (IDD) experience and can proudly say that 6 compounds that Fidelta's scientists have been working on have been approved for clinical trials.

In Q3 2021 Fidelta achieved great results in all of the departments. Fidelta continued its work in main collaborations with existing customers from Q2 but also won some new projects. The main achievement of the quarter was signing a contract with existing client for the new integrated drug

discovery project that will bring >€4M of income over the next 18 months. With another existing client Fidelta signed a contract for integrated drug discovery project that guarantees €1.2M minimum income yearly. With Clients from both Europe and US Fidelta continues designing strategies on IDD projects that in the future may reach the clinical stage.

Increase in employment has been continued and today Fidelta employs 201 people among which more than 180 are highly experienced scientific staff. Fidelta also continued investing into education of scientist by mentoring and financially supporting their PhD work.

The project of adapting new laboratory area at Hondlova street in Zagrzeb is running according to plan and it is expected to be completed by the end of the year.

The vast majority of Fidelta's Chemistry department have continued to work on 4 major IDD collaborations including inflammation, respiratory and oncology therapeutic indications. The continued successful delivery and progression of the projects within these collaborations, including the initiation of a new IDD project during Q3, has resulted in the need to increase headcount by over 10% during 2021.

During Q3 the analytical team have continued implementing GMP services to their offering and is to be expected that the new accreditation will be awarded in early 2022. During Q3 there was also a lot of work in solid state and NMR part, where this group has heavily supported our current IDD projects to faster come toward the preclinical candidate stage.

Fidelta's ADME/DMPK department has continued to support clients from virtual, biotech and large pharma organisations provide services which include; a full suite of standard in vitro ADME assays required to progress discovery projects; in vivo rodent PK; and GLP bioanalytical support (both pre-clinical and clinical). The work undertaken involves both standalone screening services and IDD projects, and now also includes supporting some of Selvita's client IDD projects. Revenues and staff growth has been particularly strong during 2021 and is on track to exceed 20%. The ADME/DMPK department move to a new site, Hondlova, which will provide continued growth for future years, is on course for late H2.

Fidelta's Pharmacology and Translational Research has continued to prosecute IDD projects and integrated pharmacology projects, as well as stand-alone services for its clients during Q3 2021.

In vitro pharmacology department has continued to support hit and lead identification and optimization on various drug discovery projects, either by *in vitro* compound testing or *ex vivo* analysis of animal samples from *in vivo* studies. A testing of drug candidates, translational research, biomarker exploration and analysis has continued to be performed on collected human tissues for several clients. Detailed plans for the move to the new facility at Hondlova street have been developed with the aim to make the move as efficient as possible and to have the shortest possible interruption of the experimental work for Fidelta's clients.

During Q3, the majority of the work performed in In vivo pharmacology group was focused on bacterial and viral infections, fibrosis, gastro-intestinal diseases, inflammation and immuno-inflammation. In addition to compound testing in number of studies across different animal models, a significant focus has been put on developing novel medically highly relevant models

of viral infections and lung injury. A poster related to the animal model of inflammatory bowel disease was presented on 33rd European Congress of Pathology in August.

REGULATORY STUDIES

In the third quarter of 2021, the Analytical Laboratory of Selvita, as in the previous quarters, carried out projects for pharmaceutical and agrochemical clients. Research efforts related mainly to the development and optimization of analytical methods were carried out according to the FTE approach, while projects related to validation, method transfer, and release studies followed the FFS format. Projects were executed mainly for regular customers, while new customers commissioned research consisting in the analysis and identification of impurities, transfer and release testing, and the proteomic studies of proteins and polypeptides.

In the field of FTE projects, work was carried out mainly for a global pharmaceutical company as part of CMC analyses - currently several years of cooperation include comprehensive analytical support for several pharmaceutical molecules: development, validation, and transfer of methods, stability studies, and analysis of nitrosamines content. For the above-mentioned client, a project related to the transfer, validation, and stability studies of two biological products was also carried out in Q3. Further research orders related to the development, optimization, and then validation of methods for small molecule products were obtained from another large pharmaceutical client. Similar orders were received from a new US-based client, with whom cooperation began at the beginning of the year and is developing very well.

In the area of regulatory and release studies, certification of active substances as well as biological and small molecule finished products was carried out for several regular pharmaceutical companies, including a well-known global company that increases the scale of the research quarter by quarter - for example, in addition to the release studies, further stability studies are currently planned for the earlier transferred products. Transfer analyses for the full range of specifications for six products have also been started for the new pharmaceutical customer. To ensure the smoothness of analyses in this area, additional HPLC systems were purchased in the third quarter.

For agrochemical companies, work was carried out in the field of method validation, certification of active compounds and impurities, 5Batch tests, and physicochemical analyses. All these activities are carried out in the GLP system. Orders were mainly received from two major global agrochemical companies.

In the field of integrated projects in the area of ADME, cooperation with regular clients continued and one new project was obtained. The discussion also started regarding a bioanalytical project for a customer already known to us, a chemical company that, after in-house research, decided to conduct further research at Selvita, consisting in the LCMS analysis of flavour additives in the product and impurities in biological matrices. This project has just started.

Second key pillar of CMBD activities constituted transfers of bioanalytical methods as well as batch release and stability testing of several biological drugs from various classes for companies from Europe, US and Australia. These analyzes were carried out in the Good Manufacturing Practice (GMP) standard. It should be emphasized that in Q3 2021 CMBD has continued

the execution of three new projects for the European customer. Projects concern the development of biological assays to assess the activity of peptide vaccines for the treatment of patients suffering from unresectable/metastatic melanoma. Moreover, in Q3 2021 CMBD has kept on conducting of the first regulatory collaboration with the client from South Korea. Finally, the laboratory performed several projects in GLP concerning *in vitro* genotoxicity testing for European agrochemical companies.

R&D/RESEARCH AND DEVELOPMENT

An additional stream of revenues in Q3 2021 came from the R&D projects.

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

In Q3 2021, Selvita scientists also worked on contract synthesis of pharmaceutical and chemical compounds on a scale from mg to kg – providing the customers with active substances, intermediates, impurities and degradation products.

The R&D area is of interest to both large and medium-size pharmaceutical and biotechnology companies, agrochemical and chemical industries as well as the CRO / CMO organizations. Within this group of projects, the company provides services based on the FFS and FTE models. We work on such projects with clients from Europe, Israel and the US.

Selvita continuously expands the portfolio of available technologies, e.g. in the field of photochemistry, electrochemistry, flow synthesis, high pressure synthesis and the available analytical testing package, in line with the expectations of our clients, which allows for the continuation of the upward trend also in the area of R&D / Research and Development.

ARDIGEN S.A.

The third quarter of 2021 is the consistent implementation by Ardigen of the strategy to maintain and strengthen the position of the world leader in the segment of service providers on the dynamically developing market of AI in Drug Discovery. Ardigen's offer includes:

- **General services** (Digital CRO area) - providing pharmaceutical and biotechnology companies with essential tools and competences to implement the Data-Driven or AI-Driven strategy. They allow them to build the foundation necessary for these companies to develop their drug development programs and diagnostic methods using AI. This concept is based on the integration of biological, bioinformatics, data science and software engineering competences.

- **Specialist services** based on proprietary, technologically advanced AI platforms. In this case, Ardigen solves problems for which the currently available methods are very time-consuming and costly or even ineffective. The value provided by Ardigen is primarily to increase the probability of success and to shorten the time of a single drug development program. The services focus on three specialist areas: Immunology, Microbiome and Biomedical Imaging.

IMMUNOLOGY

In the immunological area, Ardigen focuses on the development of two advanced AI platforms: ArdImmune Vax and TCRact, which significantly shorten the duration, reduce costs and increase the safety of modern anti-cancer immunotherapies.

In the third quarter, two commercial contracts were signed for works based on the above mentioned platforms. The cooperation with renowned academic centres was continued, as well as creating of the Scientific Council, which, in the reporting period, was joined by Prof. Oliver Finn. Prof. Finn is an internationally recognized expert in cancer immunology, preventive vaccines, T cell biology and transplant immunology. Both of the above activities are to strengthen the scientific and business potential of the technological platforms.

As part of the work on the ArdImmune Vax and TCRact technology, an observational clinical trial NCT04994093 was launched to obtain data for the development of platforms and experimental confirmation of their effectiveness. After a series of complex laboratory experiments (ordered by subcontractors, including the Danish company ImmuMap), we will obtain data on the interaction of T-cell receptors (TCR) with targets on the surface of cancer cells. These data will be used, among others, to improve the artificial intelligence algorithms applied in the TCRact platform to support the development of T-cell receptor-based therapy (TCR-T). The results of research in this area were accepted as a poster at the SITC (Society for Immunotherapy of Cancer) conference.

THE MICROBIOME

In the area of microbiome, Ardigen focuses on supporting the development of modern therapies and diagnostic methods by identifying bacteria or compounds produced by bacteria (postbiotics) that are active in this context. The use of Artificial Intelligence methods in combination with bioinformatics and the knowledge of biology enables research into the very complex world of the microbiome and into its interactions with humans. This approach is the cornerstone of the technological platform developed in Ardigen.

In the third quarter of 2021, Ardigen continued to develop the AI Ardigen Microbiome Translational Platform (ATMP) for functional microbiome analysis based on the full available metagenomic and metabolomic information. For the further development of the platform, Ardigen received a grant in the National Centre for Research and Development Fast Track ("Development of the Microbiome Biomarker Discovery Platform technology to discover candidates for MICROBIOMIC predictive biomarkers to predict the effectiveness of oncological therapies using artificial intelligence methods, in particular ICT (a-PD-1, CTLA-4) and chemotherapy") in the amount of PLN 9,891,232 (co-financing: PLN 6,025,419). Under this grant, 530 samples will be collected from patients undergoing immunotherapy and chemotherapy for various indications.

The unique combination of immunological and microbiome competences and AI technologies developed by Ardigen in one place resulted in signing a contract with a large biotechnology company. In the third quarter, Ardigen also signed a contract with a large nutrition company to implement a project using the ATMP platform. We continued to implement the project on the use of the potential of the environmental microbiome in forensics. The work is carried out in a consortium with the Central Forensic Laboratory of the Police and the Jagiellonian University.

Due to the pandemic, we participated in numerous microbiome conferences only in a virtual form. In addition, Ardigen continued to carry out many marketing activities on the Internet - including: e-mailing campaigns, webinars, publishing short themed films, interviews and blog posts.

BIOMEDICAL IMAGING

In the third quarter of 2021, sales activities were continued in the area of biomedical imaging in the drug discovery process. Ardigen presented its offer at a number of industry conferences (Transcription Factor Drug Development, New Statesman Biotechnology Conference, CPhI North America 2021 conference, North America UGM & CONFERENCE 2021, Discovery on target Conference). As a result of this year's sales activities, three new contracts (including two with new clients) were signed in the third quarter.

In the third quarter, further intensive work was continued with a customer from the top ten of pharmaceutical companies. The project concerns the area of phenotypic screening and is aimed at building algorithms to predict the properties of small molecule compounds on the basis of an obtained image. Other projects involved the analysis of data obtained from histological images and the use of PRISM technology for the analysis of RNA sequences.

DIGITAL CRO

In the third quarter of 2021, five new customers were acquired in the Digital CRO area, which means over a dozen new contracts throughout the year. Adding to this the expansion of work for key clients from the segment of the largest pharmaceutical companies, the sales target assumed for the third quarter was successfully achieved. The Ardigen's representatives presented the Digital CRO offer during virtual and physical editions of industry conferences (in a total number of 29 increasing throughout the year), examining, among others, the market interest in the Gene Regulation Platform - an in silico platform reducing the costs of laboratory experiments aimed at validating the target. Four customers are currently using the platform. In the third quarter, the work was also started on modernizing the offer for the year 2022, the main assumption of which is to introduce a greater number of components and competences supporting the trend of digital transformation of the biotechnology market.

In the reported quarter, the international company Great Place to Work conducted an investigation of the organizational culture in Ardigen, as a result of which Ardigen received the Great Place To Work Certificate with a very high rating. This is an important event that strengthens the Ardigen's position on the labour market. It significantly supports recruitment activities aimed at acquiring the best specialists.

9. THE CAPITAL GROUP STRUCTURE

PARENT ENTITY

Business name	Selvita S.A.
Registered office	ul. Bobrzynskiego 14, 30-348 Krakow
Company (ID)REGON	383040072
TAX ID (NIP)	6762564595
Legal form	Joint – stock company
KRS Number	0000779822
Website	www.selvita.com

AFFILIATES

Business name	Selvita Services spółka z ograniczoną odpowiedzialnością
Registered office	ul. Bobrzynskiego 14, 30-348 Krakow
Company ID (REGON)	122456205
TAX ID (NIP)	676-245-16-49
Legal form	Limited liability company
KRS Number	0000403763
Shareholders	100% of shares held by Selvita S.A.

Business name	Selvita Inc.
Registered office	Boston, MA, USA
Shareholders	100% of shares held by Selvita S.A.
Share capital	1 USD
Establishing date	March 2015

Business name	Selvita Ltd.
Registered office	Cambridge, UK
Shareholders	100% of shares held by Selvita S.A.
Share capital	20.000 GBP
Establishing date	April 2015

Business name	Fidelta d.o.o.
Registered office	Prilaz brauna Filipovića 29, HR-10000 Zagreb, Croatia
Shareholders	100% of shares held by Selvita S.A.
Share capital	HRK 51.000.000*

Business name	Ardigen Spółka Akcyjna
Registered office	ul. Podole 76, 30-394 Krakow
Company (ID) REGON	362983380
TAX ID (NIP)	676-249-58-65
Legal form	Joint- Stock company
KRS Number	0000585459
Shareholders	Selvita S.A. holds 46,67% shares entitling to exercise 53,98% votes
Business name	Ardigen Inc.
Registered office	San Francisco, USA
Shareholders	100% of shares held by Ardigen S.A.
Share capital	100.000 USD
Establishing date	February 2021

**On 13 November 2021, a reduction in the share capital of Fidelta d.o.o. from HRK 100.000.000 to HRK 51.000.000. i.e. from PLN 61.780.000 to PLN 31.507.800 (at the average exchange rate of the National Bank of Poland on 12 November 2021 - 0.6178) was registered.*

10. ISSUER'S CORPORATE BODIES

MANAGEMENT BOARD
Bogusław Sieczkowski – President of the Management Board
Miłosz Gruca – Vice President of the Management Board
Mirosława Zydroń – Member of the Management Board
Edyta Jaworska – Member of the Management Board
Dariusz Kurdas – Member of the Management Board
Dawid Radziszewski – Member of the Management Board

RADA NADZORCZA
Piotr Romanowski – Chairman of the Supervisory Board
Tadeusz Wesołowski – Vice Chairman of the Supervisory Board
Paweł Przewięźlikowski – Supervisory Board Member
Rafał Chwast – Supervisory Board Member
Wojciech Chabasiewicz – Supervisory Board Member
Jacek Osowski – Supervisory Board Member

AUDIT COMMITTEE
Rafał Chwast – Chairman of the Audit Committee
Piotr Romanowski – Audit Committee Member
Tadeusz Wesołowski – Audit Committee Member
Wojciech Chabasiewicz – Audit Committee Member

REMUNERATION COMMITEE
Paweł Przewięźlikowski – Chairman of Remuneration Committee
Jacek Osowski – Remuneration Committee Member
Piotr Romanowski – Remuneration Committee Member

During the reporting period, as well as after it ended, there were no changes in composition in Issuer's corporate bodies.

11. INFORMATION ON THE SHAREHOLDERS HOLDING (DIRECTLY OR INDIRECTLY) AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY AND ON SHARES HELD BY MEMBERS OF THE ISSUER'S MANAGEMENT BOARD AND SUPERVISORY BOARD

SHARES HELD BY MEMBERS OF THE ISSUER'S MANAGARIAL AND SUPERVISORY BODIES as of September, 30 2021

Shareholder	Series A*	Series B	No. of shares	% of share capital	No. of votes	% votes at GM
Management Board						
Bogusław Sieczkowski	550 000	392 417	**942 417**	5,13%	**1 492 417**	6,66%
Miłosz Gruca	-	60 760	**60 760**	0,33%	**60 760**	0,27%
Mirosława Zydroń	-	42 909	**42 909**	0,23%	**42 909**	0,19%
Edyta Jaworska	-	24 927	**24 927**	0,14%	**24 927**	0,11%
Dawid Radziszewski	-	4 472	**4 472**	0,02%	**4 472**	0,02%
Dariusz Kurdas	-	4 286	**4 286**	0,02%	**4 286**	0,02%
Supervisory board						
Paweł Przewięźlikowski	3 500 000	1 490 880	**4 990 880**	27,19%	**8 490 880**	37,9%
Tadeusz Wesołowski (indirectly)	-	92 975	**92 975**	0,51%	**92 975**	0,41%
Tadeusz Wesołowski (through Augebit FIZ)	-	1 039 738	**1 039 738**	5,66%	**1 039 738**	4,64%
Piotr Romanowski	-	234 000	**234 000**	1,27%	**234 000**	1,04%
Rafał Chwast	-	121 115	**121 115**	0,66%	**121 115**	0,54%

** A Shares are privileged - one share gives the right to two votes at the General Meeting of Selvita S.A.*

After reporting period, there has been a change resulting from the sale of 34.000 shares by Mr. Piotr Romanowski, about which the Issuer informed in the current report No. 31/2021 of October 13, 2021. Before the transaction, Mr. Romanowski owned 234.000 shares entitling to the same number of votes at the Issuer's general meeting, which constituted 1.27% of shares in the share capital and 1.04% of votes, respectively. After the transaction, Mr. Piotr Romanowski holds 200.000 shares entitling to the same number of votes (1,08% in the share capital and 0,89% of votes, respectively).

Moreover, in the reporting period, there was a change resulting from the transfer of series B shares by Mr. Paweł Przewięźlikowski in the implementation of the Stock Grant Program for the years 2021-2024 in the Company. The Company informed about the conclusion of the share donation

agreement between the Company and Mr. Paweł Przewięźlikowski - the founder, President of the Management Board and the main shareholder of the Company in the current report No. 21/2021 of July 8, 2021 and the current report No. 26/2021 and 27/2021 of August 13, 2021. All employees were eligible to participate in the program including Management Board Members. Therefore, on July 9, 2021, Mr. Bogusław Sieczkowski - President of the Management Board of the Company, acquired 18,033 shares of the Company, Mr. Miłosz Gruca – Vice President of the Management Board of the Company – 13.760 shares of the Company, Mr. Dariusz Kurdas – Member of the Management Board of the Company – 4.286 shares of the Company, Ms. Edyta Jaworska – Member of the Management Board of the Company – 14.927 shares of the Company, Ms. Mirosława Zydroń – Member of the Management Board of the Company – 12.909 shares of the Company and Mr. Dawid Radziszewski – Member of the Management Board of the Company – 4.472 shares of the Company, about which the Company notified in the current report no. 24/2021 of July 13, 2021 and 27/2021 of August 13, 2021.

SHARES HELD BY SIGNIFICANT SHAREHOLDERS OF THE COMPANY as of September, 30 2021

Shareholder	Shares	% shares	Votes	% votes
Paweł Przewięźlikowski	3 880 663	21,14%	7 380 663	32,94%
Bogusław Sieczkowski	924 384	5,04%	1 474 384	6,58%
Nationale Nederlanden OFE	1 901 000	10,36%	1 901 000	8,48%
AVIVA Investors TFI	1 133 009	6,17%	1 133 009	5,06%
Tadeusz Wesołowski (with Augebit FIZ)	1 132 713	6,17%	1 132 713	5,06%

12. ADDITIONAL INFORMATION

Proceedings pending at court, before an arbitration institution or a public administration authority

Did not occur.

Significant non-arm's length transactions with related entities

Did not occur.

Warranties for loans and borrowings and guarantees granted

Selvita Services sp. z o.o. and Fidelta d.o.o. are guarantors of the facility agreement concluded on December 21, 2020 with Bank Polska Kasa Opieki S.A. with its registered office in Warsaw. The facility agreement contains a mechanism of extending the liability for obligations under it to the Issuer's affiliate, in case the Issuer's and Guarantor's share in the consolidated EBITDA of the Selvita Capital Group fell below 75%.

Other information significant for the assessment of the Issuer's position in the area of human resources, assets, cash flows, financial results and changes thereof and information significant for the assessment of the Issuer's ability to settle its liabilities

Not applicable.

Factors which, in the Issuer's opinion, will affect the results over at least the following quarter

The results of the upcoming quarters will depend mainly on the following factors:

- Sales dynamics, new customers and extending the current offer
- Organic growth and subsequent acquisitions, as well as integration of Fidelta and subsequent acquired entities
- The level of investment in sales and marketing
- The level of investments in laboratory infrastructure, including in particular equipment
- Changes in currency exchange rates, especially EUR / PLN and USD / PLN - the Company incurs most of the costs in Polish zlotys and generates most of its revenues in foreign currencies

Description of factors and events, in particular of an unusual nature, having a significant effect on the financial performance

In the reported period, the Covid-19 pandemic occurred. The Issuer described its effect on its and it's capital group operations under Significant events that occurred in the reporting period.

Explanations regarding the seasonal or cyclical nature of the Issuer's operations in the reported period

Not applicable.

Information on inventory write-downs to the net realizable amount and reversal of such write-downs

Not applicable.

Information on impairment write-downs in respect of financial assets, tangible fixed assets, intangible assets or other assets and the reversal of such write-downs

Information on the changes in impairments is provided in the notes to the consolidated financial statements.

Information on the set-up, increase, utilization and reversal of provisions

Information on the changes in provisions for holidays and bonuses is provided in note 29 to the consolidated financial statements.

Information on deferred income tax provisions and assets

Information on deferred income tax provisions and assets is provided in note 10 to the consolidated financial statements.

Information on significant purchases or disposals of tangible fixed assets

Information on tangible fixed assets is provided in note 12 to the consolidated financial statements.

Information on significant liabilities in respect of purchases of tangible fixed assets

Information on the liabilities in respect of purchases of tangible fixed assets is provided in note 35 to the consolidated financial statements.

Information on significant settlements resulting from court cases

Not applicable.

Error corrections relating to previous periods

Not applicable.

Information on changes in the economic situation and business conditions, which have a significant effect on the fair value of the entity's financial assets and financial liabilities

Not applicable.

Information on the failure to repay a loan or borrowing or a breach of significant terms and conditions of a loan agreement, with respect to which no corrective action had been taken by the end of the reporting period

Not applicable.

Information on changes in the method of valuation of financial instruments measured at the fair value

Not applicable.

Information on changes in the classification of financial assets due to a change in their purpose

Not applicable.

Information on the issue, redemption and repayment of non-equity and equity securities

None.

Information on dividends paid (or declared) in the total amount and per share, divided into ordinary and preference shares

Not applicable.

Events that occurred after the date for which the quarterly financial statements were prepared, not disclosed in these financial statements although they may have a significant effect on the Issuer's future financial results

Information on events that occurred after the date for which the financial statements were prepared is provided in note 42 to the consolidated financial statements.

Information on changes in contingent liabilities or contingent assets that occurred after the end of the last financial year

Information on changes in contingent liabilities or contingent assets is provided in note 36 to the consolidated financial statement.

Other disclosures which may have a material impact on the assessment of the Issuer's financial position and results of operations

Not applicable.

Amounts and types of items affecting the assets, liabilities, equity, net profit/ (loss) or cash flows, which are unusual in terms of type, amount or frequency

Not applicable.

Krakow, November 23, 2021

Signature Not Verified
Dokument podpisany przez Bogusław Stanisław Sieczkowski
Data: 2021.11.23 16:03:08 CET

Bogusław Sieczkowski

President of the Management Board

Signature Not Verified
Dokument podpisany przez Miłosz Kazimierz Gruca
Data: 2021.11.23 10:17:17 CET

Miłosz Gruca

Vice President of the Management Board

Signature Not Verified
Dokument podpisany przez Mirosława Monika Zydroń
Data: 2021.11.23 10:55:32 CET

Mirosława Zydroń

Member of the Management Board

Signature Not Verified
Dokument podpisany przez Edyta Barbara Jaworska
Data: 2021.11.23 12:14:58 CET

Edyta Jaworska

Member of the Management Board

Signature Not Verified
Dokument podpisany przez Dawid Patryk Radziszewski
Data: 2021.11.23 17:10:43 CET

Dawid Radziszewski

Member of the Management Board

Signature Not Verified
Dokument podpisany przez Dariusz Tomasz Kurdas
Data: 2021.11.23 08:07:46 CET

Dariusz Kurdas

Member of the Management Board

Selvita

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