Selvita

SELVITA S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS

Prepared for the period from 01/01/2023 to 31/12/2023

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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Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023

	Note	Year ended 31/12/2023	Year ended 31/12/2022
Continuing operations		**000'PLN**	**000'PLN ***
Sales revenue	5	346,957	360,680
Grant income	5	4,895	3,872
Total revenue		**351,852**	**364,552**
Amortization and depreciation	5.5	(45,452)	(35,480)
Consumption of materials and supplies		(71,158)	(68,065)
External services		(50,626)	(46,443)
Employee benefit expense	5.5	(143,571)	(134,387)
Costs of the incentive program	28	(11,514)	(30,838)
Other expenses		(10,370)	(7,572)
Taxes and charges		(2,115)	(1,894)
Total operating expenses		**(334,807)**	**(324,679)**
Other operating revenue		40	276
Other operating expenses		(339)	(224)
Profit on loss of control	13.1	52,564	-
Operating profit		**69,311**	**39,925**
Financial revenue	7	10,851	4
Financial expenses	7	(11,826)	(4,826)
Share in the profit/loss of associates valued using the equity method	14	(1,132)	-
Profit before income tax		**67,203**	**35,103**
Income tax expense	8	2,675	(6,811)
Net profit on continuing operations		**69,878**	**28,292**
Discontinued operations, including:	6	-	4,316
Net profit from discontinued operations attributable to Parent Company		-	2,017
Net profit from discontinued operations attributable to non-controlling shareholders		-	2,299
NET PROFIT		**69,878**	**32,608**
Net other comprehensive income, which will be reclassified to profit or loss			
Foreign subsidiaries results translation differences		(16,498)	4,068
Total net other comprehensive income		**(16,498)**	**4,068**
TOTAL INCOME FOR THE PERIOD		**53,380**	**36,676**
Net profit/ (loss) attributed to:	9		
Majority shareholders		69,878	30,309
Non-controling shareholders		-	2,299
Total income attributed to:			
Majority shareholders		53,380	34,377
Non-controling shareholders		-	2,299
Earnings per share			
(expressed in PLN per share)	9		
With continuing and discontinued operations:			
Basic		3.8	1.7
Diluted		3.8	1.7
With continued operations:			
Basic		3.8	1.6
Diluted		3.8	1.6

* *restated due to the loss of control over Ardigen S.A., see note 13.1.*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
PREPARED AS AT 31 DECEMBER 2023

	Note	Balance as at 31/12/2023	Balance as at 31/12/2022
		000'PLN	**000'PLN**
ASSETS			
Non-current assets			
Tangible fixed assets	10	207,255	160,909
Right of use assets	10	100,519	96,918
Goodwill	11	72,065	78,057
Other intangible assets	12	29,559	34,791
Investments valued using the equity method	14	63,313	-
Deferred tax asset	8	10,992	10,094
Other financial assets		1,310	1,060
Total non-current assets		**485,014**	**381,829**
Current assets			
Materials		6,540	7,801
Short-term receivables	17	70,228	98,802
Contract assets with customers	5.3	14,755	15,204
Other financial assets		311	2,018
Other assets	16	6,757	5,100
Cash and other monetary assets	26	52,654	74,157
Total current assets		**151,245**	**203,082**
Total assets		**636,260**	**584,911**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	14,684	14,684
Share premium	19	86,448	86,448
Own shares	19	-	-
Reserve capital resulting from the acquisition of OPE	19	22,994	22,994
Other reserve capitals	19	74,058	62,544
Currency differences on translation of foreign operations		(9,812)	6,686
Retained earnings		68,822	38,513
Net profit for the period		69,878	30,309
Equity attributed to majority shareholders		**327,071**	**262,178**
Equity attributed to non-controling shareholders		-	10,983
Total equity		**327,071**	**273,161**
Long-term liabilities			
Credit facilities and loans	20;22.8	112,879	109,088
Lease liabilities	18;22.8	64,973	62,413
Liabilities due to retirement benefits		988	239
Deferred tax provision	8	3,568	6,323
Deferred income	24	33,011	11,020
Total long-term liabilities		**215,419**	**189,083**
Short-term liabilities			
Trade and other liabilities	21	30,590	55,008
Contract liabilities with customers	5.3	2,582	3,351
Lease liabilities	18;22.8	27,207	24,701
Short-term loans and bank credits	20;22.8	19,686	16,763
Current tax liabilities		75	2,493
Employee benefit liabilities	23	9,838	18,231
Deferred income	24	3,791	2,120
Total short-term liabilities		**93,769**	**122,667**
Total liabilities		**309,188**	**311,750**
Total equity and liabilities		**636,260**	**584,911**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE REPORTING PERIOD ENDED 31 DECEMBER 2023

	Note	Share capital	Share premium	Reserve capital resulting from the acquisition of OPE	Other reserve capitals	Own shares	Currency differences on translation of foreign operations	Retained earnings/ Accumulated losses from previous years	Retained earnings	Equity attributed to majority shareholders	Equity attributed to non-controling shareholders	Total equity
		000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN
Balance as at 1 January 2023		**14,684**	**86,448**	**22,994**	**62,544**	**-**	**6,686**	**38,513**	**30,309**	**262,178**	**10,983**	**273,161**
Net profit for the period		-	-	-	-	-	-	-	69,878	69,878	-	69,878
Other comprehensive income		-	-	-	-	-	(16,498)	-	-	(16,498)	-	(16,498)
Creation of reserve capital as part of the incentive program	28	-	-	-	11,514	-	-	-	-	11,514	-	11,514
Transfer of result from previous years		-	-	-	-	-	-	30,309	(30,309)	-	-	-
Cessation of consolidation of Ardigen S.A.	14	-	-	-	-	-	-	-	-	-	(10,983)	(10,983)
Balance as at 31 December 2023		**14,684**	**86,448**	**22,994**	**74,058**	**-**	**(9,812)**	**68,822**	**69,878**	**327,071**	**-**	**327,071**
Balance as at 1 January 2022		**14,684**	**86,448**	**22,994**	**31,706**	**-**	**2,618**	**23,521**	**14,899**	**196,870**	**8,684**	**205,554**
Net profit for the period		-	-	-	-	-	-	-	30,309	30,309	2,299	32,608
Other comprehensive income		-	-	-	-	-	4,068	-	-	4,068	-	4,068
Creation of reserve capital as part of the incentive program	28	-	-	-	30,838	-	-	-	-	30,838	-	30,838
Transfer of result from previous years		-	-	-	-	-	-	14,899	(14,899)	-	-	-
Change of shares to majority shareholders		-	-	-	-	-	-	93	-	93	-	93
Balance as at 31 December 2022		**14,684**	**86,448**	**22,994**	**62,544**	**-**	**6,686**	**38,513**	**30,309**	**262,178**	**10,983**	**273,161**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023

	Note	Year ended 31/12/2023	Year ended 31/12/2022
		000'PLN	000'PLN
Cash flows from operating activities			
Net profit for the period, including:		**69,878**	**32,608**
- from continuing operations		*69,878*	*28,292*
- from discontinued operations		-	*4,316*
Adjustments:			
Amortization and depreciation and impairment losses on fixed assets		45,452	36,828
Exchange gains (losses)		(3,571)	4,068
Interest and profit-sharing (dividends), net		10,840	4,192
Change in receivables	31	14,829	(38,071)
Change in inventory	31	1,261	(5,859)
Change in short-term liabilities and provision excluding credits and loans	31	(3,519)	17,328
Change in deferred income	31	(11,501)	11,811
Profit on loss of control	13.1	(52,564)	-
Share in the profit/loss of associates valued using the equity method	14	1,132	-
Change in provisions	31	1,812	(911)
Change in other assets	31	(5,076)	(8,535)
Valuation of the incentive program	28	11,514	30,838
Corporate income tax paid		(1,507)	(8,867)
Net cash flows from operating activities, including:		**78,980**	**75,430**
- from continuing operations		*78,980*	*71,829*
- from discontinued operations		-	*3,601*
Cash flows from investing activities			
Purchase of tangible and intangible fixed assets		(73,781)	(100,590)
Proceeds from subsidies to fixed assets		25,861	10,376
Return of grants to fixed assets		(153)	(996)
Purchase of other financial assets		(311)	11,417
Cash over which control has been lost in connection with the deconsolidation of Ardigen		(16,833)	-
Interest received		4	4
Net cash flows from investing activities, including:		**(65,213)**	**(79,789)**
- from continuing operations		*(48,380)*	*(77,082)*
- from discontinued operations		*(16,833)*	*(2,707)*
Cash flows from financing activities			
Repayment of finance lease liabilities	18.1	(30,818)	(28,024)
Proceeds from credits and loans	31	24,804	37,844
Repayment of credits and loans		(14,110)	(11,296)
Interest paid	7	(10,844)	(4,196)
Net cash flows from financing activities		**(30,968)**	**(5,672)**
- from continuing operations		*(30,968)*	*(5,372)*
- from discontinued operations		-	*(300)*
Net increase in cash and cash equivalents		(17,200)	(10,031)
Cash and cash equivalents at the beginning of the period		74,157	83,550
Net currency differences on cash and cash equivalents		(4,303)	638
Cash and cash equivalents at the end of the period	26	**52,654**	**74,157**
- from continuing operations		*52,654*	*57,324*
- from discontinued operations		-	*16,833*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED AS AT 31 DECEMBER 2023

1. General information

1.1. The parent company

The parent company of the Selvita Capital Group was established in 2019 on the basis of a notarial deed of 22 March 2019 prepared at B. Lipp's notary office (Rep. A No. 670/2019). The parent company has its registered office in Poland. Currently, the company is registered in the National Court Register in the District Court for the City of Kraków - Śródmieście, 11th Commercial Department under the number KRS 0000779822.
In 2023, the name of the Company was not changed.

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

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

Management Board:

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

Supervisory Board:

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

As at 31 December 2023, the shareholder structure of the parent company was as follows:

	Registered office	Number of shares	Percentage interest in capital	Percentage share in voting rights
			As at 31 December 2023	
Paweł Przewięźlikowski	Poland	2,970,815	16.18%	27.03%
TFI Allianz Polska	Poland	2,015,577	10.98%	9.23%
Nationale -Nederlanden Open-End Pension Fund	Poland	1,901,000	10.36%	8.71%
Bogusław Sieczkowski	Poland	942,417	5.13%	6.83%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	932,713	5.08%	4.27%
Other shareholders (less than 5% of votes at the GM)		9,592,952	52.27%	43.93%
Total		**18,355,474**	**100.00%**	**100.00%**

As at 31 December 2022, 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 2022	
Paweł Przewięźlikowski	Poland	3,052,663	16.63%	27.41%
Nationale -Nederlanden Open-End Pension Fund and Nationale - Nederlanden Voluntary Pension Fund	Poland	1,901,000	10.36%	8.71%
TFI Allianz Polska*	Poland	1,801,928	9.82%	8.25%
Bogusław Sieczkowski	Poland	942,417	5.13%	6.83%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	932,713	5.08%	4.27%
Other shareholders (less than 5% of votes at the GM)		9,724,753	52.99%	44.53%
Total		**18,355,474**	**100.00%**	**100.00%**

** On July 1, 2022, TFI Allianz merged with Aviva Investors Poland TFI, which was reported by the Company in the current report 20/2022 of July 7, 2022.*

1.2. The Capital Group

As at the balance sheet day, the Selvita Capital Group includes Selvita S.A. as the parent company and 4 subsidiaries - Selvita Services Spółka z o.o, Selvita Inc., Selvita Ltd. and Selvita d.o.o. In January 2023, Selvita S.A. lost control over Ardigen S.A. and Ardigen Inc. (details in note 13.1).

	Registered Office	% of capital held	% of voting rights
		As at 31 December 2023	
Selvita Services Spółka z ograniczoną odpowiedzialnością	Poland	100.00%	100.00%
Selvita Inc.	USA	100.00%	100.00%
Selvita Ltd.	UK	100.00%	100.00%
Selvita d.o.o. (previously Fidelta d.o.o.)	Croatia	100.00%	100.00%

The duration of the Capital Group companies is not fixed. The financial statements of all controlled entities have been prepared as af 31 December 2023, using consistent accounting principles.

The calendar year is the financial year of the parent company. The consolidation of subsidiaries covers the period from 01/01/2023 to 31/12/2023, i.e. the period in which the Parent Company had control over these entities. The core activities of the Capital Group include scientific research and development work in the field of biotechnology.

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

1.3. Functional and reporting currency

These consolidated financial statements have been prepared in the Polish zloty (PLN). Figures in the financial statements are expressed in thousand of Polish zlotys unless it is stated otherwise.

2. Information on the principles adopted when preparing the consolidated financial statements

2.1. Statement of compliance, period and scope of the report

These consolidated financial statements for the period from January 1, 2023 to December 31, 2023 are financial statements containing disclosures in accordance with the International Financial Reporting Standards approved by the European Union (hereinafter referred to as "IFRS").

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, 2022.

Approval status of International Financial Reporting Standards on the consolidated financial statements

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 December 31, 2023)

Change to IFRS 16 "Leases"	Impact assessment in progress
Changes to IAS 1 "Presentation of Financial Statements"	Impact assessment in progress
Changes to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: disclosures" - disclosure of information on supplier finance arrangements	Impact assessment in progress
Changes to IAS 21 "The effects of changes in foreign exchange rates"	Impact assessment in progress
IFRS 14 "Regulatory accruals"	No impact
Changes to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures	No impact

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 date of this report. 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.

3.2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for shares in Ardigen S.A., which are valued at fair value at the moment of loss of control.

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

3.3 Revenue recognition

3.3.1 Grants

Subsidies are recognized in accordance with IAS 20. Subsidies are not recognized until there is reasonable certainty that the 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 received: 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 refereed to other receivables (receivables from subsidies). Cash that flows into the bank account is referred to deferred income.

3.3.2 Revenues from contracts for research services concluded with clients

Revenues, except for government 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.

3.4 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.

3.5 Leases

The Group as a lessee

Assets due to the right of use

As a standard, Group signed lease agreements for a period of 5 years. 80% of signed contracts have extension options. Group does not exercise these options. The discount rate in the range from 1.7 to 9.2% was adopted for the valuation of lease liabilities.

Right-of-use assets are depreciated as follows:

- Premises - 5-10 years,
- Technical devices and machines - from 4 to 10 years,
- Means of transport - 5 years.

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.

3.6 Foreign currencies

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

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

	As at 31/12/2023	As at 31/12/2022
EUR / PLN	4.3480	4.6899
USD / PLN	3.9350	4.4018
GBP / PLN	4.9997	5.2957
CHF / PLN	4.6828	4.7679
JPY / PLN	0.0277	0.0333
HRK / PLN	n.a.	0.6224

3.6.1 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.

3.7 Property, plant and equipment

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, which is as follows:
- building, premises, civil and water engineering structures – 10-40 years;
- technical equipment and machines – 3-40 years;
- vehicles – 5 years;
- other fixed assets – 3-20 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.

3.8 Intangible assets

Intangible assets are depreciated on a straight-line basis over the period corresponding to their estimated useful lives or the shorter of their useful lives or the right to use, which is as follows:
- Software - HD - 10 years,
- Other intangible assets - from 2 to 5 years,
- Contractors database - 13.5 years.

3.9 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.

3.10 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.

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. The Management Board makes a judgment for each grant agreement whether it is reasonable assurance that the Group is able to meet all the conditions resulting from the subsidy agreement 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.

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.

As regards the incentive program, detailed judgments and estimates are presented in Note 28.

In terms of goodwill impairment, detailed judgments and estimates are presented in note 11.2.

4.2.1 Provisions for bonuses

Provisions for bonuses are presented in Note 23. 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 3.7 and Note 3.8, 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 3.3, 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 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 estimates of the total costs of project implementation may result in the fact that the stage of completion of the project as at the balance sheet date, and thus the recognized revenue, should be set at a different value. Project costs are updated on an ongoing basis by the project manager, which reduces the risk of large deviations of actual costs from the forecast ones.

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.

Tax relief asset at Selvita d.o.o. it is charged in the amount of 25% of the deductible investment costs incurred. The tax relief can be settled within 10 years.

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.

In accordance with KIMS23, 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 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.

4.2.7 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 3.3.

4.2.8 Recognition of loss of control over Group entities

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

Detailed disclosures regarding the assets of these companies, the circumstances of the loss of control and information on their segment are presented in note 13.1, note 14 and note 6, respectively.

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 2023 to 31 December 2023:

	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	**000'PLN**
Contract research - fixed priced agreements	153,780	143,229
Contract research - FTE agreements	186,387	210,670
Revenues from the sale of administrative services	6,790	6,781
Operating income (excluding grants)	**346,957**	**360,680**

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

5.2. Revenues from subsidies

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

	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	**000'PLN**
Infrastructure subsidies	1,753	243
Grants for research	3,142	3,629
Revenues from subsidies	**4,895**	**3,872**

5.3. Contract assets and liabilities with customers

The scope of changes of contract assets with customers	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Balance at the beginning of the reporting period	15,204	10,319
Revenue accrued in proportion to the costs incurred	51,210	22,797
Invoiced revenues	(51,658)	(17,912)
Balance at the end of the reporting period	**14,755**	**15,204**

The scope of changes of contract liabilities with customers	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Balance at the beginning of the reporting period	3,351	3,621
Invoicing beyond the obligation to provide	6,543	5,315
Execution of contracts without invoicing	(7,311)	(5,585)
Balance at the end of the reporting period	**2,582**	**3,351**

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	
	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
Poland	14,345	13,831
EU members	132,555	136,483
USA	85,873	100,170
Switzerland	35,193	30,087
UK	59,575	60,259
Other countries	19,416	19,850
Total	**346,957**	**360,680**

5.5. Operating expenses

5.5.1 Amortization and impairment	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
Amortization of tangible assets	17,649	11,098
Amortization of equipment usage rights	9,683	7,154
Amortization of rights to use the premises and cars	14,654	13,687
Amortization of intangible assets	678	668
Amortization of contractor base	2,787	2,873
Total amortization expense	**45,452**	**35,480**

5.5.2 Employee benefit expense	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
Salaries and wages	116,808	112,667
Social security charges	18,010	16,635
Medical and other benefits	7,681	4,350
Employee Capital Plans	1,071	735
Employee benefit expense	**143,571**	**134,387**

5.5.3. Research and development costs included in the result when incurred	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
Research and development costs included in the result when incurred	49,076	33,625

* in the consolidated statement of comprehensive income, research and development costs are included in operating expenses

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 two operating segments and third is discontinued operations.

The first segment accounting for the major part of the Group's revenue is the Segment of Services executed in Poland, except for bioinformatics services considered as discontinued operations. 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 and also the integrated research and development projects.

The second segment is Segment of Services executed in Croatia, which provides services to biotechnology and pharmaceutical companies, in particular in the field of integrated research and development projects. The segment includes only the subsidiary Selvita d.o.o.

The third operating segment, constituting discontinued operations, is the Bioinformatics Segment. The segment provides bioinformatics services to external contractors and conducts its own research in the field of bioinformatics. The segment includes the subsidiarie: Ardigen S.A. and Ardigen Inc.

6.2 Segment revenue and profit or loss

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

a) Continuing operations

	Revenue		Operating profit	
	Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN	000'PLN	000'PLN
Segment 1 - Services executed in Poland, including	**220,793**	**220,026**	**5,423**	**13,155**
revenue from external customers (FTE)	121,065	137,638		
revenue from external customers (fixed price)	84,700	68,513		
revenues from sales of administrative services	6,790	6,780		
intersegment revenue	3,309	3,112		
grant income	4,895	3,872		
other operating income	33	111		
Segment 2 - Services executed in Croatia, including	**134,409**	**147,914**	**11,324**	**26,770**
revenue from external customers (FTE)	65,321	73,032		
revenue from external customers (fixed price)	69,080	74,716		
intersegment revenue	-	-		
grant income	-	-		
other operating income	8	166		
Elimination of intersegment revenue	3,309	3,112		
Total from continuing operations	**351,893**	**364,828**	**16,747**	**39,925**

	Expenses	
	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
Segment 1 - Services executed in Poland, including	**215,370**	**206,871**
amortization and depreciation	27,721	18,259
costs of central administration, Management Board remuneration and selling costs	41,783	34,725
intersegment expenses	-	-
Valuation of the incentive program	11,514	30,838
Segment 2 - Services executed in Croatia, including	**123,085**	**121,144**
amortization and depreciation	14,944	14,348
amortization of contractor database	2,787	2,873
costs of central administration, Management Board remuneration and selling costs	28,660	28,974
intersegment expenses	3,309	3,112
Elimination of intersegment expenses	3,309	3,112
Total – continuing operations	**335,145**	**324,903**

b) Discontinued operations

	Revenue		Operating profit	
	Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN	000'PLN	000'PLN
Segment 3 - Bioinformatics, including	**-**	**52,274**	**-**	**4,848**
revenue from external customers (FTE)	-	47,328		
revenues for fixed price clients	-	398		
revenue between segments	-	-		
grant income	-	4,495		
other operating income	-	53		
Total from discontinued operations	**-**	**52,274**	**-**	**4,848**

	Expenses	
	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
Segment 3 - Bioinformatics, including	**-**	**47,426**
amortization and depreciation	-	1,348
costs of central administration, Management Board remuneration and selling costs	-	14,485
intersegment expenses	-	945
Total from discontinued operations	**-**	**47,426**

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

a) Continuing operations

Segments assets	As at 31/12/2023	As at 31/12/2022
	000'PLN	000'PLN
Segment 1		
Services executed in Poland	395,289	290,176
Segment 2		
Services executed in Croatia	240,971	258,644
Total segment assets	**636,260**	**548,820**

Segment liabilities		
Segment 1		
Services executed in Poland	241,308	224,505
Segment 2		
Services executed in Croatia	67,880	73,869
Total segment liabilities	**309,188**	**298,374**

b) Discontinued operations

Segments assets	As at 31/12/2023	As at 31/12/2022
	000'PLN	000'PLN
Segment 3		
Bioinformatics	-	36,091
Total segment assets	**-**	**36,091**

Segment liabilities		
Segment 3		
Bioinformatics	-	13,376
Total segment liabilities	**-**	**13,376**

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	
	Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	**000'PLN**	**000'PLN**	**000'PLN**
Continuing operations:				
Segment 1				
Services executed in Poland	27,721	18,259	78,068	113,771
Segment 2				
Services executed in Croatia	17,731	17,221	18,628	24,257
Discontinued operations:				
Segment 3				
Bioinformatics	-	1,348	-	1,361
Total (Continuing and Discontinued operations)	**45,452**	**36,828**	**96,696**	**139,389**

6.5 Major customers

	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
Continuing operations:		
Segment 2 – Services executed in Croatia		
Customer A	26,556	34,430
Customer B**	13,506	23,965
Customer C***	19,058	13,947
Discontinued operations:		
Segment 3 – Bioinformatics		
Customer D	n/a	8,947
Customer E**	n/a	4,697
Customer F***	n/a	2,759
Total	**59,120**	**88,745**

** The customer did not exceed 10% of the segment's sales in 2023.

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

Customers B,C are customers for which the sales revenue exceeds 10% of segment sales revenue in 2023.

7. Finance cost and revenues

	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	**000'PLN**
Finance cost due to financial instruments	**8,126**	**2,246**
Interest	7,286	2,228
Accrued interest	840	-
Losses on currency differences	-	18
Other finance cost	**3,700**	**2,580**
Interest on leases	3,558	1,968
Other	142	612
Total finance cost	**11,826**	**4,826**

Financial revenues in 2023 result mainly from exchange rate differences in the amount of 000'PLN 10.339 and interest received in the amount of 000'PLN 512.

8. Income taxes on continuing operations

8.1 Income taxes presented in the statement of comprehensive income

	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	**000'PLN**
Current income tax:	1,582	5,224
Current income tax charge	1,582	5,224
Deferred income tax	(4,255)	1,587
Tax charge presented in the statement of comprehensive income	**(2,673)**	**6,811**

8.2 The effective tax rate reconciliation is as follows:

	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	**000'PLN**
Gross profit before tax	**67,203**	**35,103**
Tax at the statutory tax rate applicable in Poland, 19%	12,768	6,670
Tax relief for activities in the economic zone (SEZ)	(2,348)	(1,665)
The tax relief for investments in Croatia	(2,017)	(3,089)
Costs of the incentive program	2,188	5,859
Subsidies costs	925	715
Permanent non-taxable costs (representation costs, PFRON and other NKUP costs)	370	326
Permanent non-taxable income (subsidies)	(925)	(715)
R&D tax relief used in the tax year	-	(3,581)
Change of R&D tax relief	(4,286)	914
Change of the SEZ tax relief	1,655	820
Change of the tax relief for investments in Croatia	(1,851)	841
Profit on loss of control	(9,987)	-
Share in the profit/loss of associates valued using the equity method	215	-
Other (including 18% taxable income in Croatia and 30% in USA)	620	(284)
Tax at the effective tax rate	**(2,673)**	**6,811**

8.3 Deferred income tax

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

	As at 31/12/2023	As at 31/12/2023	As at 31/12/2023	As at 31/12/2022 *
	short-term 000'PLN	long-term 000'PLN	total 000'PLN	000'PLN
Deferred tax asset	8,473	2,519	10,992	10,094
Deferred tax liability	2,368	1,200	3,568	6,323
	6,105	**1,319**	**7,424**	**3,771**

***** *Deferred tax assets for 2022 include the asset relating to Ardigen recognized in 2022.*

Basis for temporary differences – 19% deferred tax on the difference between the tax value and carrying amount of:	DTA as at	DTA as at	Change in DTA recognized in profit and loss account for the period	Change in DTA recognized in equity
	As at 31/12/2023	As at 31/12/2022	from 01/01 to 31/12/2023	from 01/01 to 31/12/2022
- due to SEZ	4,174	5,829	(1,655)	(820)
- settlements on business trips	5	-	5	(2)
- the tax relief for investments in Croatia	1,851	-	1,851	(841)
- trade and other receivables and liabilities (negative FX differences)	323	994	(671)	(212)
- customer contracts	299	1,891	(1,592)	43
- payables for future reserves	251	274	(23)	386
- retirement provision	188	101	87	(101)
- bonus provision	845	1,396	(551)	163
- unused holiday provision	1,024	1,101	(77)	474
- liability under the right of use	8,204	8,423	(219)	(1,654)
- tax losses to be settled in subsequent years	5,256	-	5,256	-
- R&D relief to be settled in the following years	4,590	304	4,286	(914)
Netting	(16,018)	(10,219)	(5,799)	1,795
Total	**10,992**	**10,094**	**898**	**(1,682)**

The SEZ relief can be accounted for through 2026.

The Group has no unrecognized deferred tax asset.

8.4 Tax losses to be used in subsequent periods

Year ended 31/12/2023 Year	Loss amount	Use	Possible to use	Max period of use
2023	5,256	-	5,256	2028

8.5 Accrued R&D relief to be settled

Year ended 31/12/2023 Year	Relief amount	Use	Possible to use	Max period of use
2022	2,667	2,363	304	2028
2023	4,286	-	4,286	2029

8.6 Deferred tax liability

Basis for temporary differences – 19% deferred tax on the 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 31/12/2023	As at 31/12/2022	from 01/01 to 31/12/2023	from 01/01 to 31/12/2022
- fixed assets and intangible assets (excluding leases)	738	205	533	205
- difference between tax and balance sheet depreciation	2,542	842	1,700	-
- trade receivables and liabilities and others (positive exchange differences)	2,051	272	1,780	(67)
- customer contracts	1,160	1,040	120	(448)
- change of company value	-	-	-	(233)
- contractor databases	5,029	6,118	(1,089)	(144)
- right of use assets	8,066	8,066	-	(1,728)
Netting	(16,018)	(10,219)	(5,799)	1,795
Total	**3,568**	**6,323**	**(2,755)**	**(620)**

9. Earnings per share

	Year ended 31/12/2023	Year ended 31/12/2022
	PLN per share	**PLN per share**
Basic earnings per share:		
From continuing operations	3.8	1.6
From discontinued operations	-	0.1
Total basic earnings per share	**3.8**	**1.7**
Diluted earnings per share:		
From continuing operations	3.8	1.6
From discontinued operations	-	0.1
Total diluted earnings per share	**3.8**	**1.7**

9.1 Basic earnings per share

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

	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	**000'PLN**
Current year profit attributable to equity holders of the parent company	69,878	30,309
Current year profit attributable to non-controlling interest	-	2,299
Profit used for calculation of total basic earnings per share	69,878	32,608

	Year ended 31/12/2023	Year ended 31/12/2022
	pcs	**pcs**
Weighted average number of ordinary shares used for calculation of earnings per share	18,355,474	18,355,474

There were no dilutive instruments in 2023 and 2022.

9.2 Dividends paid and proposed

The Management Board of the Parent Company does not recommend the payment of dividend for the period from January 1 to December 31, 2023.

10. Tangible fixed assets and right of use assets

Net carrying amount	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Land	21,207	18,744
Buildings	52,153	6,673
Machinery and equipment	50,317	6,358
Vehicles	113	144
Other tangible assets (including lab equipment)	77,674	43,579
Assets under construction	5,792	85,410
Total fixed assets	**207,255**	**160,909**
Other tangible assets usage rights (including lab equipment)	57,293	54,524
Rights to use the premises	41,963	40,734
Car usage rights	1,263	1,660
Right of use assets	**100,519**	**96,918**

During 2023 the Parent Company continued to build and equip the Laboratory Services Centre with laboratory equipment. The subsidiary Selvita d.o.o. acquired land property for EUR 550 thousand.

In March 2023 the Parent Company began using the Laboratory Services Centre. At the heart of the Parent Company's new facility is a complex of laboratories in the fields of medicinal chemistry, biochemistry, molecular and cellular biology and analytics, among others, reflecting the research process for innovative drugs.

10.1. Changes in the value of fixed assets by type in the current financial period from 1 January to 31 December 2023

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	**18,744**	**8,600**	**15,028**	**307**	**72,044**	**85,410**	**73,889**	**68,797**	**2,915**	**345,735**
Increases in gross value:	**2,463**	**47,094**	**48,671**	**-**	**53,174**	**80,914**	**18,088**	**15,997**	**190**	**266,590**
- Purchases	-	-	-	-	-	80,914	-	14,761	296	95,971
- Transfer from assets under construction	2,463	47,094	48,671	-	43,957	-	18,109	-	-	160,293
- Modification of the lease agreement	-	-	-	-	-	-	(21)	1,236	(106)	1,109
- Modernization	-	-	-	-	33	-	-	-	-	33
- Movement between groups	-	-	-	-	9,184	-	-	-	-	9,184
Decreases in gross value:	**-**	**-**	**3,292**	**53**	**4,171**	**160,532**	**10,584**	**10,774**	**305**	**189,711**
- Transfer from assets under construction	-	-	-	-	-	160,294	-	-	-	160,294
- Disposals	-	-	453	53	1,336	-	-	-	-	1,842
- Liquidation	-	-	-	-	-	-	204	10,074	305	10,583
- Cessation of consolidation of Ardigen S.A.	-	-	2,449	-	469	-	258	-	-	3,176
- Movement between groups	-	-	13	-	770	-	9,171	-	-	9,954
- Exchange differences from the translation of the financial statements of foreign entities	-	-	377	-	1,596	238	951	700	-	3,862
Gross value at the end of the period	**21,207**	**55,694**	**60,407**	**254**	**121,047**	**5,792**	**81,393**	**74,020**	**2,800**	**422,614**
Accumulated depreciation at the beginning of the period	**-**	**1,927**	**8,670**	**163**	**28,465**	**-**	**19,365**	**28,063**	**1,255**	**87,908**
Increases:	**-**	**1,614**	**3,949**	**31**	**16,722**	**-**	**9,683**	**14,068**	**586**	**46,653**
- Depreciation charge for the period	-	1,614	3,949	31	12,055	-	9,683	14,068	586	41,986
- Movement between groups	-	-	-	-	4,667	-	-	-	-	4,667
Decreases:	**-**	**-**	**2,529**	**53**	**1,814**	**-**	**4,948**	**10,074**	**304**	**19,722**
- Disposals	-	-	444	53	1,231	-	-		-	1,728
- Liquidation	-	-	-	-	-	-	204	10,074	304	10,582
- Movement between groups	-	-	13	-	-	-	4,654	-	-	4,667
- Cessation of consolidation of Ardigen S.A.	-	-	2,072	-	583	-	90	-	-	2,745
Accumulated depreciation at the end of the period	**-**	**3,541**	**10,090**	**141**	**43,373**	**-**	**24,100**	**32,057**	**1,537**	**114,839**
Net carrying amount at the beginning of the period	**18,744**	**6,673**	**6,358**	**144**	**43,579**	**85,410**	**54,524**	**40,734**	**1,660**	**257,827**
Net carrying amount at the end of the period	**21,207**	**52,153**	**50,317**	**113**	**77,674**	**5,792**	**57,293**	**41,963**	**1,263**	**307,775**

10.2. Changes in the value of fixed assets by type in the financial period from 1 January to 31 December 2022

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**	**3,234**	**8,480**	**307**	**57,570**	**13,839**	**50,336**	**64,024**	**2,491**	**210,281**
Increases in gross value:	**8,744**	**5,366**	**6,865**	**-**	**18,107**	**125,238**	**25,003**	**4,773**	**424**	**194,521**
- Purchases	8,744	-	-	-	-	125,208	-	4,531	411	138,894
- Transfer from assets under construction	-	5,366	6,780	-	16,518	-	25,003	-	-	53,667
- Modification of the lease agreement	-	-	74	-	1,376	-	-	-	-	1,450
- Exchange differences from the translation of the financial statements of foreign entities	-	-	11	-	213	30	-	242	13	510
Decreases in gross value:	**-**	**-**	**317**	**-**	**3,633**	**53,667**	**1,450**	**-**	**-**	**59,067**
- Disposals	-	-	-	-	382	-	-	-	-	382
- Other - transfer to fixed assets	-	-	-	-	-	53,667	-	-	-	53,667
- Other termination of leasing contracts	-	-	-	-	-	-	1,450	-	-	1,450
- Inventory settlement	-	-	317	-	3,251	-	-	-	-	3,568
Gross value at the end of the period	**18,744**	**8,600**	**15,028**	**307**	**72,044**	**85,410**	**73,889**	**68,797**	**2,915**	**345,735**
Accumulated depreciation at the beginning of the period	**-**	**1,414**	**6,731**	**163**	**23,016**	**-**	**13,593**	**14,373**	**708**	**59,998**
Increases:	**-**	**513**	**2,256**	**-**	**10,458**	**-**	**7,154**	**13,690**	**547**	**34,618**
- Depreciation charge for the period	-	513	2,188	-	9,144	-	7,154	13,690	547	33,236
- Other - transfer to fixed assets	-	-	68	-	1,314	-	-	-	-	1,382
Decreases:	**-**	**-**	**317**	**-**	**5,009**	**-**	**1,382**	**-**	**-**	**6,708**
- Disposals	-	-	-	-	382	-	-	-	-	382
- Other termination of leasing contracts	-	-	-	-	-	-	1,382	-	-	1,382
- Inventory settlement	-	-	317	-	4,627	-	-	-	-	4,944
Accumulated depreciation at the end of the period	**-**	**1,927**	**8,670**	**163**	**28,465**	**-**	**19,365**	**28,063**	**1,255**	**87,908**
Net carrying amount at the beginning of the period	**10,000**	**1,820**	**1,749**	**144**	**34,554**	**13,839**	**36,743**	**49,651**	**1,783**	**150,283**
Net carrying amount at the end of the period	**18,744**	**6,673**	**6,358**	**144**	**43,579**	**85,410**	**54,525**	**40,734**	**1,660**	**257,828**

11. Goodwill

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
At cost	72,065	78,057
Accumulated impairment	-	-
	72,065	**78,057**

11.1 Goodwill from consolidation of subsidiaries in the current reporting period

COMPANY	Goodwill at the beginning of the period	Increase due to acquisition of company	Change in the value due to changes in foreign exchange rates	Change in value due to revaluation of estimated goodwill	Goodwill at the end of the period	Impairment allowances
Selvita Services sp. z o.o.	281	-	-	-	281	-
Selvita d.o.o.	77,776	-	(5,992)	-	71,784	-
Total goodwill	**78,057**	**-**	**(5,992)**	**-**	**72,065**	**-**

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

The goodwill relating to Selvita Services Sp. z o.o. increases the assets of the Services Segment performed in Poland, and the goodwill relating to Selvita d.o.o. increases the assets of the Services Segment performed in Croatia.

	PLN/EUR rate	Valuation of goodwill on Selvita d.o.o.
As at 31/12/2022	4.6899	77,776
As at 31/12/2023	4.348	71,784
Change in the value due to changes in foreign exchange rates recognised in Total net other comprehensive income		**(5,992)**

11.2. Goodwill - impairment test

Goodwill – estimates

Each time an impairment test requires an estimation of the value in use of the cash-generating unit to which goodwill is allocated. Estimating the value in use consists in determining the future cash flows generated by the center and determining the discount rate, which is then used to calculate the present value of these flows.

A company not listed on an active market - Selvita d.o.o.

In the case of Selvita d.o.o., a company not listed on an active market, the recoverable amount is determined based on its value in use, which is estimated using the discounted free cash flow model for equity owners and creditors (FCFF). When calculating Selvita d.o.o.'s value in use, the following assumptions were made:
▪ in the subsidiary, the so-called the business units that together make up the budget and forecasts for the entire subsidiary;
▪ the detailed forecast covers the period of 5 years, during which increases in flows in subsequent years were assumed, for the rest of the operating period of the units, the residual value was calculated with the assumed growth rate of 2.5%;
▪ the assumed increases in cash flows depend on the strategy for the entire Group, tactical plans of the unit and take into account the conditions of individual geographic markets, reflecting the current and potential order portfolio at the same time. The potential order portfolio assumes maintaining current and attracting new customers. Cautious assumptions were made regarding the dynamics of revenue growth achieved in the forecast period, where the cumulative annual revenue growth rate is 8.1% (calculated from 2023 to 2028). In the case of EBITDA profitability, the assumed level for 2024 is 23%, which improves over the forecast period, reaching 31% in 2028.
▪ the discount rate is in line with Selvita d.o.o.'s weighted average cost of capital. The individual components of this rate were estimated on the basis of market data with risk-free rates, the value of the beta coefficient, which was leveraged based on the market debt / equity structure and the value of the expected rate of return from the market.

The performed impairment tests consisting in estimating the value in use using the discounted free cash flow model for owners of equity and creditors (the so-called FCFF) showed that the value in use of Selvita d.o.o. exceeds its book value.

A sensitivity analysis was performed for the impairment test prepared as at December 31, 2023, consisting in the calculation of the value in use. This analysis examined the impact of the change:
▪ the discount rate used in the model,
▪ residual growth rate as a factor affecting the recoverable amount of the cash-generating unit, assuming that other factors remain unchanged,
▪ revenues,
▪ EBITDA profitability.
The aim of the sensitivity analysis was to investigate what value the selected parameters of the model would have to have in order for the estimated value in use of the cash-generating units to be equal to the carrying value of Selvita d.o.o. (called "borderline" in the table). The results of the analysis as at December 31, 2023 are presented in the table below.

	The carrying amount of the center	Discount rate		Cash flow growth rate over the residual period		Cumulative annual revenue growth rate (CAGR)		Average EBITDA profitability	
	000'PLN	used in the model %	borderline %	used in the model %	borderline %	used in the model %	borderline %	used in the model %	borderline %
Selvita d.o.o.	173,091	10.78%	14.78%	2.5%	-4.09%	8.1%	5.82%	27.6%	23.15%

As indicated in the table above, the model adopted for the analysis used a discount rate of 10.78% and the growth rate for the residual period of 2.5%.

The table below presents the sensitivity analysis of the models calculating Selvita d.o.o.'s recoverable amounts to changes in discount rates (the applied discount rate was changed in the range of 1 pp to 2 pp in plus and minus), to the change in the growth rate for the residual period (the applied growth rate was changed in the range of 1 pp. up to 2 pp in plus and in minus), on the change in revenues (the assumed revenue levels were changed in the range of 5% or 10% in plus and in minus) and on the change in the achieved EBITDA profitability (the assumed EBITDA profitability was changed in the range of 5% or 10% of the base percentage in plus and in minus).

Selvita d.o.o.	change in the value of the discount rate (change in percentage points)				
	-2.0%	-1.0%	0%	1.0%	2.0%
Present valeu FCFF (in PLN)	363,228	309,702	269,116	237,289	211,669
Surplus / (deficiency) over the book value of the center (in PLN)	190,137	136,611	96,025	64,198	38,578

Selvita d.o.o.	change in the value of the growth rate (change in percentage points)				
	-2.0%	-1.0%	0%	1.0%	2.0%
Present valeu FCFF (in PLN)	226,926	245,749	269,116	298,898	338,157
Surplus / (deficiency) over the book value of the center (in PLN)	53,835	72,658	96,025	125,807	165,066

Selvita d.o.o.	change in revenue (change by given percentage)				
	-10%	-5%	0%	5%	10%
Present valeu FCFF (in PLN)	172,175	220,765	269,116	317,946	366,536
Surplus / (deficiency) over the book value of the center (in PLN)	(916)	47,674	96,025	144,855	193,445

Selvita d.o.o.	change in achieved EBITDA profitability (change by the given percentage of the base percentage)				
	-10%	-5%	0%	5%	10%
Present valeu FCFF (in PLN)	209,386	239,371	269,116	299,340	329,325
Surplus / (deficiency) over the book value of the center (in PLN)	36,295	66,280	96,025	126,249	156,234

12. Other intangible assets

	As at 31/12/2023	As at 31/12/2022
Carrying amount		
Sotfware - Data Warehouse	253	300
Other intangible assets	1,366	1,310
Contractor database	27,940	33,181
	29,559	**34,791**

The contractors database concerns the contracts and contacts taken over as part of the purchase of the Croatian company Selvita d.o.o. The value of the base was estimated on the basis of the existing parameters of cooperation. The depreciation factor was determined for a period of 13.5 years as the average expected period of cooperation.

Other intangible assets mainly relate to acquired software.

12.1 Changes in the value of intangible assets by type in the financial period from 1 January to 31 December 2023

Item	Contractor database	Other intangible assets	Total
Gross value at the beginning of the period	**38,845**	**3,258**	**42,103**
Increases in gross value:	**(2,454)**	**687**	**(1,767)**
- Purchases	-	725	725
- Exchange differences from the translation of the financial statements of foreign entities	(2,454)	(38)	(2,492)
Decreases in gross value:	**-**	**189**	**189**
- Liquidation	-	189	189
Gross value at the end of the period	**36,391**	**3,756**	**40,147**
Accumulated depreciation at the beginning of the period	**5,664**	**1,648**	**7,312**
Increases:	**2,787**	**678**	**3,465**
- Depreciation charge for the period	2,787	678	3,465
Decreases:	**-**	**189**	**189**
- Liquidation	-	189	189
Accumulated depreciation at the end of the period	**8,451**	**2,137**	**10,588**
Net carrying amount at the beginning of the period	**33,181**	**1,610**	**34,791**
Net carrying amount at the end of the period	**27,940**	**1,619**	**29,559**

12.2 Changes in the value of intangible assets by type in the financial period from 1 January to 31 December 2022

Item	Contractor database	Other intangible assets	Total
Gross value at the beginning of the period	**38,146**	**2,752**	**40,898**
Increases in gross value:	**699**	**506**	**1,205**
- Purchases	-	495	495
- exchange differences from the translation of the financial statements of foreign entities	699	11	710
Gross value at the end of the period	**38,845**	**3,258**	**42,103**
Accumulated depreciation at the beginning of the period	**2,791**	**929**	**3,720**
Increases:	**2,873**	**719**	**3,592**
- Depreciation charge for the period	2,873	719	3,592
Decreases:	**-**	**-**	**-**
Accumulated depreciation at the end of the period	**5,664**	**1,648**	**7,312**
Net carrying amount at the beginning of the period	**35,355**	**1,823**	**37,178**
Net carrying amount at the end of the period	**33,181**	**1,610**	**34,791**

13. Subsidiaries

13.1. Changes in ownership of the Group - shares in subsidiaries

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

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

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

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

In view of the above, on January 17, 2023 Selvita S.A. ceased to be the parent company of Ardigen within the meaning of Art. 4 § 1 point 4 lit. a) of the Code of Commercial Companies. Thus, the Company no longer has control over Ardigen within the meaning of Art. 5-9 of the International Financial Reporting Standard 10 - Consolidated financial statements (IFRS). Taking into account that the loss of control over the investment occurred within a short period of time from the end of 2022 and no events occurred during this period that significantly affected Ardigen's net assets and/or revenues and costs, the Parent Company concluded that this would not significantly affect for the consolidated financial statements for 2023, discontinued the consolidation of Ardigen as a subsidiary as of January 1, 2023.

At the time of loss of control of the subsidiary, the Parent Company recognised a gain on loss of control, which is presented under Gain on loss of control.

Ardigen S.A. including Ardigen Inc.	As at 01/01/2023
	000'PLN
Carrying amount of Ardigen's net assets	23,060
Ardigen's net assets attributable to non-controlling interests	10,983
Amounts reclassified from other comprehensive income	42
Fair value of Ardigen shares held by the Parent Company	64,600
Profit on loss of control	**52,564**

From the date of loss of control, the investment in Ardigen is recognised in the consolidated financial statements as an associate (Note 14) and valuation is carried out according to the equity method.

14. Investments valued using the equity method

Details of associates accounted for using the equity method are as follows:

Name of subsidiary	Core business	Place of registration and operations	Percentage of shares and voting rights held by the Group	Percentage of shares and voting rights held by the Group
			As at 31/12/2023	As at 31/12/2022
Ardigen S.A.	Research and development in the field of other natural and technical sciences	30-394 Kraków ul. Podole 76	46.74% / 46.22%	46.74% / 54.03%
Ardigen Inc.	Research and development in the field of other natural and technical sciences	Stan Delaware w USA	46.74% / 46.22%	46.74% / 54.03%

	As at 31/12/2023	As at 31/12/2022
Carrying amount	**000'PLN**	**000'PLN**
Ardigen S.A	63,313	-
	63,313	**-**

Under the equity method, the investment was initially recognised at a cost equivalent to the determined fair value of the Ardigen shares held by the Parent Company, i.e. PLN 64,600 thousand by an independent expert based on financial forecasts prepared by the Management Board of Ardigen S.A.

The valuation of the fair value of the Ardigen shares was carried out in accordance with the discounted cash flow method.

For the purpose of valuation under the equity method, the Parent Company identified Ardigen's assets and liabilities and measured them at fair value. As a result of the analysis, the following net assets were identified as previously unrecognised: the Order Portfolio, Customer Relationships and the AI Platform.

Asset	Fair value as at 01/01/2023	Fair value attributable to Selvita S.A. as at 01/01/2023	Valuation method
	000'PLN	**000'PLN**	
Order portfolio	2,300	1,075	Operating profit surpluses
Customer relationships	12,200	5,702	Operating profit surpluses
AI platform	7,600	3,552	Replacement costs

Below is a summary of the calculation of the determined goodwill at initial recognition of the investment under the equity method:

Ardigen S.A. including Ardigen Inc.	As at 31/12/2023
	000'PLN
Fair value of Ardigen shares held by Selvita S.A.	64,600
Fair value of identified net assets of Ardigen attributable to Selvita S.A. (46.74%)	19,016
Goodwill	**45,584**

The summary financial information in respect of investments accounted for using the equity method is as follows:

Ardigen S.A. including Ardigen Inc.	As at 31/12/2023
	000'PLN
Total assets	52,017
Total liabilities	14,087
Net assets	**37,930**
Net assets attributable to Selvita S.A. (46.74%)	**17,729**
Goodwill (included in carrying amount of investments)	**45,584**

Ardigen S.A. including Ardigen Inc.	As at 31/12/2023
	000'PLN
Revenue	53,593
Costs	56,989
(Loss) net	(3,396)
(Loss) net	**(2,423)**
(Loss) net attributable to Selvita S.A. (46.74%)	**(1,132)**

Ardigen S.A. including Ardigen Inc.	As at 31/12/2023
	000'PLN
Changes in the value of investments accounted for using the equity method:	
Cost of investment at initial recognition	64,600
Share of profit/(loss)	(1,132)
Other comprehensive income on translation of foreign operation	(154)
Carrying amount of Ardigen S.A. as at 31/12/2023	**63,313**

15. Financial instruments

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, 2023. 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

	31/12/2023		
	carrying amount	*approximate fair value*	*hierarchy level*
Financial assets for which fair value is disclosed:			
Trade receivables and other	54,908	54,908	*P3*
Other short-term financial assets	311	311	*P3*
Financial liabilities for which fair value is disclosed:			
Trade payables	22,305	22,305	*P3*
Investment liabilities	1,123	1,123	*P3*
Interest-bearing loans and credits, including:	132,868	132,868	*P3*
global credit card limit	469	469	*P3*
Current portion of interest-bearing loans and borrowings, including:	19,686	19,686	*P3*
credit card debt	166	166	*P3*

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, 2022. Due to the nature of these items, fair value does not differ significantly from the carrying amount.

	31/12/2022		
	carrying amount	*approximate fair value*	*hierarchy level*
Financial assets for which fair value is disclosed:			
Trade receivables and other	69,447	69,447	*P3*
Other short-term financial assets	2,018	2,018	*P3*
Financial liabilities for which fair value is disclosed:			
Trade payables	31,660	31,660	*P3*
Investment liabilities	10,920	10,920	*P3*
Interest-bearing loans and credits, including:	126,182	126,182	*P3*
global credit card limit	469	469	*P3*
Current portion of interest-bearing loans and borrowings, including:	16,763	16,763	*P3*
credit card debt	138	138	*P3*

16. Other non-financial assets

	As at 31/12/2023	**As at 31/12/2022**
Carrying amount:	**000'PLN**	**000'PLN**
Licenses	2,962	2,651
Insurance	520	460
Equipment qualification	1,943	823
Other	502	354
Deferred expenses	830	812
	6,757	**5,100**

17. Trade and other receivables

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Trade receivables	55,218	69,409
The allowance for expected credit losses	(808)	(458)
	54,410	68,951
Tax (VAT) receivables	15,320	26,316
Other – receivables from employees, security deposits	498	496
Grants due	-	3,039
	70,228	**98,802**

17.1 Trade receivables and contract assets with customers

In regards to trade receivables and contract assets with customers, the Group estimated the expected credit loss as at 31 December 2023 on the basis of a provision matrix defined based on historical data concerning credit losses. It was recognised that receivables and contract assets with customers 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 asssets:

	Year ended 31/12/2023		
	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	53,734	0.04%	22
1-30 days after the deadline	11,492	0.10%	12
31-60 days after the deadline	1,510	0.61%	9
61-90 days after the deadline	1,581	1.21%	19
91-180 days after the deadline	667	5.54%	37
181-365 days after the deadline	309	9.36%	29
More than 365 days after the deadline	680	100.00%	680
Total	**69,973**		**808**

	Year ended 31/12/2022		
	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	71,338	0%	26
1-30 days after the deadline	8,400	0%	10
31-60 days after the deadline	2,897	1%	15
61-90 days after the deadline	554	0%	2
91-180 days after the deadline	863	4%	31
181-365 days after the deadline	200	6%	12
More than 365 days after the deadline	361	100%	361
Total	**84,613**		**458**

The average payment date of trade receivables from January 1, 2023 to December 31, 2023 is 38 days and from January 1, 2022 to December 31, 2022 was 46 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

	Year ended 31/12/2023	Period ended 31/12/2022
	000'PLN	**000'PLN**
Balance at the beginning of the period	**458**	**774**
The allowance for expected credit losses	350	-
Reversal of the allowance for expected credit losses	-	(316)
Balance at the end of the period	**808**	**458**

18. Leases

18.1. 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 4.1).

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 balance sheet values of the right-of-use assets and their changes during the reporting period are shown in note 10.

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

	2023		
	Leases for buildings, premises and vehicles	Leasing of machinery and equipment	Total
As at 1 January	**44,136**	**42,978**	**87,114**
New leases and lease modifications	16,187	22,219	38,406
Revaluation (foreign exchange differences)	(2,863)	(2,180)	(5,043)
Interests	1,537	2,021	3,558
Cessation of consolidation of Ardigen S.A.	(869)	(169)	(1,038)
Payments	(15,777)	(15,041)	(30,818)
As at 31 December	**42,351**	**49,829**	**92,180**
Short-term	12,015	15,192	27,207
Long-term	30,336	34,637	64,973

The carrying amounts of leasing liabilities and their changes during the period from 1 January 2022 to 31 December 2022:

	2022		
	Leases for buildings, premises and vehicles	Leasing of machinery and equipment	Total
As at 1 January	**53,341**	**34,267**	**87,608**
New leases and lease modifications	4,687	25,070	29,757
Revaluation (foreign exchange differences)	76	1,813	1,889
Interests	1,039	929	1,968
Leaseback - secured loans	-	(6,084)	(6,084)
Payments	(15,007)	(13,017)	(28,024)
As at 31 December	**44,136**	**42,978**	**87,114**
Short-term	11,541	13,160	24,701
Long-term	32,595	29,818	62,413

The maturity analysis of leasing liabilities is presented in Note 22.8 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:

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Cost of depreciation of right-of-use assets	(14,654)	(14,237)
Interest costs on lease liabilities	(1,537)	(1,039)
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	2,863	179
The total amount recognized in the consolidated income statement / statement of comprehensive income	**(13,328)**	**(15,097)**

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

	01.01.2023 - 31.12.2023	01.01.2022- 31.12.2022
Depreciation of leased assets	(9,683)	(7,154)
Interest expense on lease liabilities	(2,021)	(929)
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	2,180	(312)
The total amount recognized in the consolidated income statement / statement of comprehensive income	**(9,524)**	**(8,395)**

19. Share capital

	As at 31/12/2023	As at 31/12/2022
	000'PLN	000'PLN
Registered share capital	14,684	14,684
	14,684	**14,684**

19.1 Share capital as at the end of the reporting period

	As at 31/12/2023	As at 31/12/2022
	000'PLN	000'PLN
Number of shares	18,355,474	18,355,474
Par value per share	0.80	0.80
Share capital	**14,684**	**14,684**

Information regarding the ownership structure is described in note 1.1

19.2. Own shares

	As at 31/12/2023 pcs	As at 31/12/2023 000'PLN	As at 31/12/2022 pcs	As at 31/12/2022 000'PLN
Own shares under the Incentive Program	3,559	0	3,381	0
Total	**3,559**	**0**	**3,381**	**0**

As at 31 December 2023, the Company holds own shares resulting from the implementation of the Incentive Scheme (see note 28). In the light of paragraph 33 of IAS 32, taking into account that the acquisition cost of these shares was PLN 0 (received free of charge by the Company as a gift from Mr Paweł Przewięźlikowski), their value as at each balance sheet date is PLN 0.

19.3 Reserve capitals

	As at 31/12/2023	As at 31/12/2022
	000'PLN	000'PLN
Payments for the transfer of shares to employees	237	237
Other - incentive program 2021-2024	73,821	62,307
Total Other Reserve Capitals	**74,058**	**62,544**

In 2021, the Company started the implementation of the incentive program in place in the years 2021-2024. Detailed information is disclosed in note 28.

19.4 Reserve capital

	As at 31/12/2023	As at 31/12/2022
	000'PLN	000'PLN
Share premium	86,448	86,448
Reserve capital created from purchase of OPE	22,994	22,994
Total Reserve Capital	**109,442**	**109,442**

Reserve capital is constituted by :

a) supplementary capital created from the surplus of the issue price of Series C shares,

b) supplementary capital of Subsidiaries acquired under OPE, including the statutory 8% resulting from the Commercial Companies Code.

20. Credit facilities and loans

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Uncollateralized:		
Used credit card limits	166	138
	166	**138**
Collateralized:		
Bank loans (i), including:	123,727	119,629
acquisition loan	*65,839*	*81,923*
construction loan	*57,888*	*37,706*
Finance lease liabilities (ii)	8,672	6,084
	132,399	**125,713**
Total:	**132,565**	**125,851**
Current liabilities	19,686	16,763
Non-current liabilities	112,879	109,088

20.1 Loan agreements

(i) The company has an acquisition loan taken in connection with the acquisition of Selvita 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 December 31, 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 EURIBOR3M 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 EURIBOR3M rate + the bank's margin.

The acquisition loan is secured by:
a) a registered and financial pledge, as well as a power of attorney to manage the Borrower's and Guarantor's (Selvita Services Sp.z o.o.) accounts at Bank Pekao,
b) assignment of rights under selected agreements of the Borrower and the Guarantor (Selvita d.o.o.), including in particular the conditional agreement for the purchase by the Company of 100% shares in Selvita d.o.o.,
c) declaration of submission to enforcement of the Borrower and the Guarantor (Selvita Services Sp.z o.o.) pursuant to art. 777 §1 section 5 of the Code of Civil Procedure,
d) a registered pledge on a set of selected commercial receivables of the Borrower and the Guarantor (Selvita d.o.o.),
e) security on the shares and property of Selvita d.o.o., including in particular a registered pledge for 100% of shares in Selvita d.o.o. and on its fixed assets,
f) agreement under Croatian law regarding pledges on bank accounts maintained with Raiffaisen Bank based in Zagreb (Croatia),
g) assignments of insurance contracts Selvita d.o.o. relating to property secured for the benefit of the bank.
Additionally, the construction loan is secured by a mortgage on real estate located in Krakow at ul. Podole, where the Research and Development Center for Laboratory Services project will be implemented and the assignment of rights under the insurance contract for the construction of the Research and Development Center for laboratory services. Until the conversion into EUR, the loan was secured by a deposit of PLN 2 million. After the conversion of the first tranche, the security was reduced to PLN 311 thousand.

As at December 31, 2023 and December 31, 2022, both loans are in utilised.
Pursuant to the provisions of the loan agreement regarding the above loans, the Group is required to meet the following conditions:
• net debt to EBITDA ratio (without the impact of IFRS 16) cannot be higher than 350%,
• the ratio of cash flows from operating activities to net financial costs, excluding IFRS 16 ("DSCR"), may not be lower than 120%,
• the sum of the achieved EBITDA values (without the impact of IFRS 16) of the Group companies that are guarantors is not to be lower than 75% of the total EBITDA value (without the impact of IFRS 16) of the entire Group.
In the reporting periods of 2023 and 2022, the Group met the financial conditions for debt (see Note 22.1.2 for more information).

(ii) The Company concludes finance leaseback agreements. This form is chosen when it is the most operationally effective form of carrying out the purchase of a fixed asset and obtaining financing for it.

21. Trade and other liabilities

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Trade liabilities	22,305	31,660 *
Liabilities due to taxes, insurance (social security, personal income tax, PFRON)	5,066	10,501
Liabilites due to salaries and wages and other liabilities to employees	1,759	1,779
Investment liabilities	1,123	10,920
Other non-financial liabilities	337	148
	30,590	**55,008**

***** In 2023, the Group changed the presentation of accrued discounts for contractors, which it presents in Trade payables and not in accrued expenses as in 2022.

The average payment term for the purchase of goods and materials is two months on average. After this period, no interest is usually charged on unsettled liabilities. In the case of calculation, the interest rate applicable is the same as for statutory interest.

22. Financial instruments

22.1 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 26,
• equity, including reserve capitals and retained earnings, as disclosed in Note 19.

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.

22.1.1 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 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Debt (i)	309,188	311,750
Cash and cash equivalents	52,654	74,157
Net debt	**256,534**	**237,593**
Equity (ii)	327,071	273,161
Net debt to equity	**0.78**	**0.87**

(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.

22.1.2 Covenants in the loan agreements

During the reporting period, the Group met the restrictive conditions in the loan agreements described in Note 20.1. As at December 31, 2023, the net debt to EBITDA ratio (without the impact of IFRS 16) was 116% (100% as at December 31, 2022), the DSCR ratio was 205% (320% as at December 31, 2022), the share of guarantors accounted for 92% of the Group's EBITDA (without the impact of IFRS 16) as at December 31, 2023 (78% as at December 31, 2022).

22.2 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 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Financial assets		
Financial instruments measured at amortized cost method:	**108,684**	**149,225**
Cash (Note 26)	52,654	74,157
Other long-term assets - deposits	1,310	1,060
Trade and other receivables (Note 17)	54,410	71,990
Other financial assets - bank deposit	311	2,018
Financial liabilities		
Financial instruments measured at amortized cost method:	**247,050**	**244,625**
Interest bearing credit facilities and loans (Note 20)	132,565	125,851
Finance lease liabilities (Note 18)	92,180	87,114
Trade liabilities (Note 21)	22,305	31,660

22.3 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.

22.4 Market risk

The Group's activities expose it to currency risk (see Note 22.5) and interest rate risk (see Note 22.6). 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.

22.5 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 31/12/2023	As at 31/12/2022	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**	**000'PLN**	**000'PLN**
EUR	228,062	175,435	51,969	65,609
USD	1,358	1,463	26,272	36,540
Other	165	154	10,123	9,976

22.5.1 Sensitivity to currency risk

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

Group's sensitivity to maximum of 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 maximum of 15% change in foreign exchange rates (impact of changes in the annual view). 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% with change intervals of 5%. 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 ended 31/12/2023 (for 12 months)	Period ended 31/12/2022 (for 12 months)	Period ended 31/12/2023 (for 12 months)	Period ended 31/12/2022 (for 12 months)
		000'PLN	000'PLN	000'PLN	000'PLN
ASSETS					
Exchange rate increase	15%	7,795	9,841	3,941	5,481
Exchange rate increase	10%	5,197	6,561	2,627	3,654
Exchange rate increase	5%	2,598	3,280	1,314	1,827
Exchange rate decrease	-5%	(2,598)	(3,280)	(1,314)	(1,827)
Exchange rate decrease	-10%	(5,197)	(6,561)	(2,627)	(3,654)
Exchange rate decrease	-15%	(7,795)	(9,841)	(3,941)	(5,481)
LIABILITIES					
Exchange rate increase	15%	34,209	26,315	204	219
Exchange rate increase	10%	22,806	17,544	136	146
Exchange rate increase	5%	11,403	8,772	68	73
Exchange rate decrease	-5%	(11,403)	(8,772)	(68)	(73)
Exchange rate decrease	-10%	(22,806)	(17,544)	(136)	(146)
Exchange rate decrease	-15%	(34,209)	(26,315)	(204)	(219)
EFFECT ON PROFIT					
Exchange rate increase	15%	(26,414)	(16,474)	3,737	5,262
Exchange rate increase	10%	(17,609)	(10,983)	2,491	3,508
Exchange rate increase	5%	(8,805)	(5,491)	1,246	1,754
Exchange rate decrease	-5%	8,805	5,491	(1,246)	(1,754)
Exchange rate decrease	-10%	17,609	10,983	(2,491)	(3,508)
Exchange rate decrease	-15%	26,414	16,474	(3,737)	(5,262)

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.

22.6 Interest rate risk management

The Group is exposed to interest rate risk resulting from floating rate lease agreements and bank loans. 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.

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

In the case of the acquisition bank loan and the construction bank loan whose currency is EUR, the Group estimated the impact of a possible change in the interest rate also by 50 basis points. The analysis of the hypothetical impact of changes in interest rates on the bank loan was assumed to fluctuate at the level of 50 basis points, without taking into account the impact of restrictive clauses on negative interest rates.

	Increase/ decrease by percentage points	Impact on gross profit or loss (for 12 months)
Period ended 31/12/2023		
PLN		
Bank loan (EUR)		
Change in the interest rate	+0,5%	(619)
Change in the interest rate	-0,5%	619
Leasing (EUR)		
Change in the interest rate	+0,5%	(456)
Change in the interest rate	-0,5%	456
Leasing (other currencies)		
Change in the interest rate	+0,5%	(5)
Change in the interest rate	-0,5%	5
Leaseback liability (EUR)		
Change in the interest rate	+0,5%	(42)
Change in the interest rate	-0,5%	42
Leaseback liability (other currencies)		
Change in the interest rate	+0,5%	(1)
Change in the interest rate	-0,5%	1
Total impact		
Change in the interest rate	+0,5%	(1,123)
Change in the interest rate	-0,5%	1,123

22.7 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.

Excludnig 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 17 and data on the contract assets are provided in Note 5.3.

List of banks where the Group has funds on bank accounts:

Bank name	As at 31/12/2023	As at 31/12/2022	Rating	Perpective
	000'PLN	**000'PLN**		
Bank A	77	529	BBB ip	stable
Bank B	5,617	10,559	BBB+	stable
Bank C	13,500	5,670	A- ip.	stable
Bank D	0	5,000	BBB ip.	stable
Bank E	121	80	BBB ip.	stable
Bank F	6,655	10,726	B	stable
Bank G	10,731	18,245	A- ip.	stable
Bank H	696	1,484	A- ip.	stable
Bank I	15,091	21,726	A2	stable
	52,488	**74,019**		

22.7.1 Sensitivity to the expected credit loss rate

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 13.9 thousand, respectively (31 December 2022: PLN 10.8 thousand).

22.8 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 31/12/2023	As at 31/12/2022
Financial assets (+)	**107,374**	**148,165**
Receivables (including trade receivables of disposal groups)	54,410	71,990
Cash	52,654	74,157
Other financial assets	311	2,018
Financial liabilities (-)	**248,173**	**255,545**
Interest bearing credit facilities and loans	132,565	125,851
Finance lease liabilities	92,180	87,114
Trade liabilities	23,428	42,580
Exposure to liquidity risk	**(140,798)**	**(107,380)**

Maturity of the Company's financial liabilities as at 31 December 2023:

Type of liability	Current:				Non-current:			Liabilities – carrying amount
	Not due as at 31/12/2023	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	-	3,962	15,724	**19,686**	89,212	23,667	**112,879**	**132,565**
Finance lease liabilities	-	6,715	20,492	**27,207**	48,934	16,039	**64,973**	**92,180**
Trade liabilities	22,036	1,258	134	**23,428**	-	-	**-**	**23,428**
Total	**22,036**	**11,935**	**36,350**	**70,321**	**138,146**	**39,706**	**177,852**	**248,173**

Maturity of the Company's financial liabilities as at 31 December 2022:

Type of liability	Current:				Non-current:			Liabilities – carrying amount
	Not due as at 31/12/2022	Within 3 months	3-12 months	Total current liabilities	1-5 years	Over 5 years	Total non-current liabilities	
Interest bearing credit facilities and loans	-	4,191	12,572	**16,763**	77,043	32,045	**109,088**	**125,851**
Finance lease liabilities	-	6,089	18,612	**24,701**	46,716	15,697	**62,413**	**87,114**
Trade liabilities	38,105	4,128	347	**42,580**	-	-	**-**	**42,580**
Total	**38,105**	**14,408**	**31,531**	**84,044**	**123,759**	**47,742**	**171,501**	**255,545**

22.8.1 Available external sources of funding

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Collateralized overdraft facilities:		
Amount utilized	166	138
Amount available	303	331
	469	**469**
Collateralized investment facilities		
Amount utilized	132,399	125,713
Amount available	-	27,294
	132,399	**153,007**

23. Employee benefit liabilities

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Accrual for holidays	5,392	5,796
Accrual for bonuses	4,446	12,435
	9,838	**18,231**
Short-term	9,838	18,231
Long-term	-	-

24. Deferred income

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Grants (i) revenue recognition according to IAS 20	35,827	11,845
Advances on services	975	1,295
	36,802	**13,140**
Short-term	3,791	2,120
Long-term	33,011	11,020
	36,802	**13,140**

(i) Grants include payments received resulting from subsidy contracts signed. These are subsidies for fixed assets and are settled over the depreciation period of a given fixed asset. The expected period of settlement of the funds in the subsidy in the Group's revenues is approximately 40 years.

25. 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.

25.1 Commercial transactions

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

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

Sales to related entities include revenues from research services, revenues from administrative services and re-invoicing of incurred costs.
Purchases from related entities include the purchase of research, advisory and administrative services.
In the financial year, the Group identified the following commercial transactions with related parties. Personal connections based on connections between Members of the Management Board and Members of the Supervisory Board.
Binding type:

POA - personal relationship through shares held by the Shareholder
PORN - personal connection by a Member of the Supervisory Board
POZ - personal connection through a Member of the Management Board
JS - associate

	The type of association	Sales of goods and services	Sales of goods and services	Purchases of goods and services	Purchases of goods and services
		Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2023	Year ended 31/12/2022
		000'PLN	000'PLN	000'PLN	000'PLN
Ryvu Therapeutics S.A.	POA	11,025	8,465	657	3,687
Dawid Radziszewski	POZ	5	5	299	209
ALTIUM Piotr Romanowski	PORN	-	-	-	92
Chabasiewicz, Kowalska i Partnerzy Radcowie Prawni	PORN	-	-	19	83
Ardigen S.A.	JS	921	945	-	-
		11,951	**9,415**	**975**	**4,071**

Balances at the end of the reporting period:

	The type of association	Amounts due from related parties	Amounts due from related parties	Amounts due to related parties	Amounts due to related parties
		As at 31/12/2023	As at 31/12/2022	As at 31/12/2023	As at 31/12/2022
		000'PLN	000'PLN	000'PLN	000'PLN
Ryvu Therapeutics S.A.	POA	1,982	4,632	11	323
Dawid Radziszewski	POZ	3	2	31	31
Chabasiewicz, Kowalska i Partnerzy Radcowie Prawni	PORN	-	-	-	22
Ardigen S.A.	JS	257	569	-	-
		2,242	**5,203**	**42**	**376**

25.2 Executive compensation

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

	Year ended 31/12/2023			Year ended 31/12/2022		
	Share-based payment*	Salary**	Total	Share-based payment*	Salary**	Total
	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN
Management Board	**775**	**5,858**	**6,633**	**1,991**	**7,536**	**9,527**
Bogusław Sieczkowski	136	1,101	1,237	509	1,373	1,882
Miłosz Gruca	104	1,092	1,195	388	1,278	1,666
Mirosława Zydroń	97	644	741	364	808	1,172
Edyta Jaworska	0	0	0	0	22	22
Dariusz Kurdas	32	591	623	121	683	804
Dawid Radziszewski	34	373	407	126	543	669
Adrijana Vinter	249	1,456	1,705	322	2,151	2,473
Marija Gradečak Galović	124	602	726	161	678	839
Supervisory Board	**0**	**391**	**391**	**0**	**382**	**382**
Piotr Romanowski	0	79	79	0	71	71
Tadeusz Wesołowski	0	69	69	0	62	62
Paweł Przewięźlikowski	0	61	61	0	84	84
Rafał Chwast	0	61	61	0	55	55
Wojciech Chabasiewicz	0	61	61	0	55	55
Jacek Osowski	0	60	60	0	54	54
	775	**6,249**	**7,024**	**1,991**	**7,918**	**9,909**

* Valuation in accordance with IFRS2

** In this note, the Group presents remuneration based on amounts actually paid (cash approach).

Shares held by Members of the Management Board and Members of the Supervisory Board

	Year ended 31/12/2023		Year ended 31/12/2022	
	Number of shares	Percentage interest in capital	Number of shares	Percentage interest in capital
Management Board				
Bogusław Sieczkowski	942,417	5.13%	942,417	5.13%
Miłosz Gruca	60,760	0.33%	60,760	0.33%
Mirosława Zydroń	42,909	0.23%	42,909	0.23%
Adrijana Vinter	12,000	0.07%	12,000	0.07%
Dawid Radziszewski	4,472	0.02%	4,472	0.02%
Dariusz Kurdas	4,286	0.02%	4,286	0.02%
Supervisory Board				
Paweł Przewięźlikowski	2,970,815	16.18%	3,052,663	16.63%
Tadeusz Wesołowski*	932,713	5.08%	932,713	5.08%
Rafał Chwast	121,115	0.66%	121,115	0.66%
Piotr Romanowski	100,000	0.54%	100,000	0.54%

* directly and through Augebit FIZ

26. 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 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Cash in hand and at bank	52,654	74,157
Credit card limit usage	(166)	(138)
	52,488	**74,019**

As at 31/12/2023, the restricted cash amounted to 000'PLN 825 (31.12.2022: 000'PLN 2,100).

27. Average headcount in the Group

	Year ended 31/12/2023	Period ended 31/12/2022
White collar employees	847	889
Blue collar employees	-	-
Total headcount	**847**	**889**

28. Share-based payments

28.1.1 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.

Recognition of the 'donation' transaction from the Shareholder - founder of the Program.
Taking into account the specificity and legal and formal framework of the Incentive Program and IFRS standards, the Company treated the transaction of free transfer of shares ("donation") from the founder of the program, Paweł Przewięźlikowski, as a separate transaction, which in the light of par. 33 IAS 32, taking into account the acquisition cost of these shares amounting to PLN 0, was not presented in the statement of financial position and the shares received free of charge also had no impact on the statement of comprehensive income, statement of changes in equity or statement of cash flows.

28.1.2 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") Phase I of the program (90% of the pot)	17/05/2021
Date of granting the program ("grant date") Phase II of the program (5% of the pot)	29/03/2022
Date of granting the program ("grant date") Phase III of the program (5% of the pot)	02/06/2023
The maturity date of the program	01/06/2026
Number of shares in the program	1,247,720
Expected number of shares after taking into account employee turnover ratio and available data as at December 31, 2023:	1,107,123

The total cost of the program was estimated on the basis of the estimated value of the shares to which employees will acquire rights during the duration of the program. The fair value of the program was determined using the Black-Scholes-Merton valuation model, taking into account the following parameters:
In case of I Phase of program:
• option exercise date:
09.07.2021 for 650 shares;
09.07.2022 for 481.091 shares;
09.07.2023 for 479.036 shares;
09.07.2024 for 9.706 shares.
• option exercise price: PLN 0.19;
• 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.

In case of II Phase of program:
• option exercise date:
28.03.2023 for 18.574 shares;
28.03.2024 for 18.574 shares;
28.03.2025 for 18.574 shares;
• option exercise price: PLN 0.19;
• share price as at the valuation date: PLN 64.30;
• continuous dividend rate: 0%
• risk-free interest rate in continuous capitalization: 4.82%
• coefficient of variation: 45% - obtained as a standard deviation from a sample of logarithmic changes in historical prices of shares listed on the WSE in the period from October 16, 2019 to the valuation date.

In case of III Phase of program:
• option exercise date:
01.06.2024 for 33.946 shares;
01.06.2025 for 33.946 shares;
01.06.2026 for 13.026 shares;
• option exercise price: PLN 0.19;
• share price as at the valuation date: PLN 70.90;
• continuous dividend rate: 0%
• risk-free interest rate in continuous capitalization: 5.86%
• coefficient of variation: 49% - obtained as a standard deviation from a sample of logarithmic changes in historical prices of shares listed on the WSE in the period from October 16, 2019 to the valuation date.

As at 31 December 2023 the weighted average period remaining until the end of the contractual duration is 3.7 months.

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

Tranche number	Number of shares	Date of purchase of the shares	2021	2022	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023	2024	2025	2026	Total impact
Tranche no 1	650	09/07/2021	**46**	**-**	-	-	-	-	**-**	-	-	-	**46**
Tranche no 2	481,091	09/07/2022	**20,153**	**13,914**	-	-	-	-	**-**	-	-	-	**34,067**
Tranche no 3	479,036	09/07/2023	**11,039**	**15,075**	3,809	3,553	378	-	**7,741**	-	-	-	**33,855**
Tranche no 4	9,706	09/07/2024	**230**	**192**	62	53	54	54	**223**	112	-	-	**757**
Tranche no 5	18,574	28/03/2023	**-**	**904**	287	-	-	-	**287**	-	-	-	**1,191**
Tranche no 6	18,574	28/03/2024	**-**	**452**	147	148	150	150	**596**	144	-	-	**1,191**
Tranche no 7	18,574	28/03/2025	**-**	**301**	98	99	100	100	**397**	398	95	-	**1,190**
Tranche no 8	33,946	01/06/2024	**-**	**-**	-	184	605	605	**1,394**	1,006	-	-	**2,401**
Tranche no 9	33,946	01/06/2025	**-**	**-**	-	92	303	303	**697**	1,204	500	-	**2,401**
Tranche no 10	13,026	01/06/2026	**-**	**-**	-	24	77	77	**178**	308	307	128	**921**
Total	**1,107,123**		**31,469**	**30,838**	**4,403**	**4,154**	**1,668**	**1,289**	**11,514**	**3,171**	**902**	**128**	**78,021**

The valuation of the program, in terms of shares currently issued to employees as at December 31, 2023, showed its total estimated cost at PLN 78,021 thousand, which is recognized in the Group's costs from the second quarter of 2021 until the second quarter of 2026. Impact of the program on the result of the reporting period is PLN 11,514 thousand and this amount reduces the gross result, net result and operating profit in 2023. The estimated impact for the following years is as follows:

- 2024: PLN 3,171 thousand,
- 2025: PLN 902 thousand,
- 2026: PLN 128 thousand.

28.1.4 The recognized costs of the incentive program:

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

	Year ended 31/12/2023	Year ended 31/12/2022
Program costs recognized at fair value	11,514	30,838
	11,514	**30,838**

29. Capital commitments

	As at 31/12/2023	As at 31/12/2022
	000'PLN	**000'PLN**
Commitments to purchase property, plant and equipment	6,224	9,687

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

30. Contingent liabilities

30.1 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 29,806 thousand was credited to the bank accounts for co-financing. As at the balance sheet date, December 31, 2023, the total sum of funds received from the subsidy amounts to PLN 52,286 thousand.

As a result of obtaining a permit to conduct business activity in the special economic zone, Krakowski Park Technologiczny Selvita Services Sp. z o.o. is obliged to incur capital expenditure in the amount of at least PLN 7,320 thousand and to create 150 new jobs by December 2023. By December 31, 2023, PLN 12,895 thousand of the income tax relief was used for operations in the Special Economic Zone.

Selvita d.o.o. granted bank guarantees for the total value of PLN 2,463 thousand. The guarantees concern newly rented laboratory space in Zagreb.

31. 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	Year ended 31/12/2023	Year ended 31/12/2022
	000'PLN	000'PLN
The change in trade receivables and other receivables results from the following items:	**14,829**	**(38,071)**
- change in receivables resulting from discontinued operations	(13,942)	(4,462)
- change in receivables resulting from the balance sheet	28,771	(33,609)
The change in inventory results from the following items:	**1,261**	**(5,859)**
- change in inventory from discontinued operations	-	-
- change in inventory resulting from the balance sheet	1,261	(5,859)
The change in liabilities, except for loans and borrowings, results from the following items:	**(3,519)**	**17,328**
- change in liabilities from discontinued operations	6,959	3,245
- change in investment liabilities	9,797	(8,854)
- change in liabilities due to payments for corporate taxes	1,507	8,867
- change in liabilities resulting from the balance sheet	(21,782)	14,070
Change in deferred income results from the following items:	**(11,501)**	**11,811**
- change in deferred income resulting from the discontinued operations	1,883	(281)
- change in deferred income resulting from the balance sheet	12,324	21,472
- proceeds from subsidies to fixed asset	(25,861)	(10,376)
- return of subsidy to fixed assets	153	996
The change in provisions results from the following items:	**1,812**	**(911)**
- change in provisions resulting from discontinued operations	(44)	426
- change in provisions resulting from the balance sheet	1,856	(1,337)
The change in other assets results from the following items:	**(5,076)**	**(8,535)**
- change in other assets resulting from discontinued operations	(899)	(1,215)
- change in other assets resulting from the balance sheet	(4,177)	(7,320)
Change in credits and loans:	**(14,108)**	**(11,296)**
- change in other assets resulting from discontinued operations	40	-
- change in credits and loans resulting from the balance sheet	6,714	33,660
- exchange differences arising from the valuation of credits and loans	3,942	(7,112)
- proceeds from credits and loans	(24,804)	(37,844)

32. Significant events after the the reporting date

Selvita S.A. expands operations through introduction of new type of services related to the biologic drug discovery and development

The Management Board of Selvita S.A., headquartered in Kraków "Selvita", hereby informs that on March 18, 2024, the Company adopted a resolution regarding the expansion of the Company's operations through introduction of new type of services related to the discovery and development of biologic drugs. The Company's objective is to broaden its services portfolio and create entirely new revenue streams.

The new activity in the field of biologic drugs will enable the Company to address the second-largest segment of the drug discovery market, after small molecule drugs. According to Transparency Market Research data, the biologic drugs market is projected to be worth USD 856 billion by 2031, growing at an average annual rate CAGR of 6.9% from 2023 to 2031.

The Company plans to commence its operations in the biologic drugs field by providing services related to the preclinical development of monoclonal antibodies, which account for a significant portion of the biologic drugs market. Grand View Research data indicates that this market is expected to reach USD 495 billion by 2030 with a CAGR of 11.0% from 2023 to 2030.

In connection with the planned entry into the new service area, Selvita entered into a conditional equipment purchase agreement on March 18, 2024, with Pure Biologics S.A. headquartered in Wrocław, Poland "Seller". Under this agreement for the amount of PLN 1,976,138 net, Selvita will acquire a set of high-quality equipment necessary to provide services related, among others, to the selection and preclinical development of biologic antibodies "Equipment".

The transfer of ownership of the Equipment to Selvita shall occur no later than April 30, 2024, primarily following the condition of obtaining consent for the sale of the Equipment; expressed by the Extraordinary General Meeting of Shareholders of the Seller, along with standard conditions for such transactions. The takeover of the Equipment will be preceded by a technical audit.

On March 15, 2024, the Company also concluded - conditioned by Consent - a 5-year lease agreement “Agreement” for approximately 430 square meters of laboratory space with the space owner in the Business Garden complex in Wrocław, Vastint Poland sp. z o.o. The Agreement allows the possibility of increasing the laboratory space to approximately 800 square meters. Ultimately, this could create jobs for approximately 50 specialists.

Simultaneously, the Company has entered into letters of intent with 16 high-class specialists in the field of biologic drug development, with extensive experience gained, among others, from Pure Biologics S.A., expressing readiness to enter into employment agreements with Selvita.

The commencement of operations related to services in the field of biologic drug development is planned for the first half of April 2024.

The Team, Equipment, and laboratory space are intended to form the foundation for further expansion of Selvita's service portfolio in biologic drugs and the gradual increase in resources in line with the increase of sales in the new area.

In the opinion of the Company, launching such activities in an organic model would entail several times higher financial outlays and would require a time horizon of 12 to24 months.

The Company considers this announcement significant due to the strategic nature of the decision to launch a new service area related to the development of biologic drugs.

33. Approval of the financial statements

The consolidated financial statements were approved by the management board of the parent company on 26 March, 2024.

Dokument
podpisany przez
Elżbieta Kokoć
Data: 2024.03.26
07:28:46 CET

Prepared by: Elżbieta Kokoć

Signatures of Members of the Management Board:

Dokument podpisany przez
Bogusław Stanisław
Sieczkowski
Data: 2024.03.26 10:14:43 CET

Bogusław Sieczkowski - President of the Board

Dokument podpisany przez
Miłosz Kazimierz Gruca
Data: 2024.03.26 10:51:22
CET

Miłosz Gruca - Vice-President of the Board

Dokument podpisany przez
Mirosława Monika Zydroń
Data: 2024.03.26 08:41:14
CET

Mirosława Zydroń - Member of the Board

Dokument podpisany
przez Dariusz Tomasz
Kurdas
Data: 2024.03.26
07:30:43 CET

Dariusz Kurdas - Member of the Board

Dokument podpisany
przez Dawid Patryk
Radziszewski
Data: 2024.03.26
08:15:38 CET

Dawid Radziszewski - Member of the Board

Digitally signed by
Adrijana Vinter
Date: 2024.03.26
09:18:10 CET

Adrijana Vinter - Member of the Board

Cracow, 26 March 2024

CONTACT

INVESTOR RELATIONSHIP
ir@selvita.com

MEDIA
media@selvita.com

Selvita