CONSOLIDATED H1 2021 REPORT

SELVITA CAPITAL GROUP

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1. SELECTED FINANCIAL DATA

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

1.1. Main results achieved in the reporting period

Key impact on the financial results for H1'2021 has the acquisition of 100% shares of Fidelta d.o.o., accomplished on January 4, 2021, in accordance to the Conditional Share Purchase Agreement concluded on November 23, 2020 between the Issuer as a purchaser and Galapagos NV headquartered in Mechelen in Belgium as a seller. The price for shares was estimated at EUR 31.2 million, equivalent of PLN 141,913,200 (at the exchange rate on the transaction day) ("Price for Shares"), was the value before corrections according to the agreement. The transaction included standard in that kind of agreement corrections, such as net cash and working capital adjustments of target company in the amount of EUR 5.9 million which is PLN 26,775,621. The value of the goodwill estimated on June 30, 2021 amounted to HRK 176,407 thousand (which is PLN 106,462 thousand on June 30, 2021).

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

On May 17, 2021, the General Meeting resolved to adopt a non-diluting Incentive Scheme for 2021-2024 for employees in the form of the right to acquire shares in the Company at a preferential price of 0,19 PLN per share. Mr. Paweł Przewięźlikowski - founder, member of the Supervisory Board and main shareholder of the Company, undertook to transfer to the Company, free of charge, the shares constituting the subject of the program with an order to release them to the company's employees in the total number of 1,247,720. The fair value of the granted shares is determined as at the grant date and recognized over the vesting period in remuneration costs in correspondence with the increase in equity at the time of vesting by employees during the program period. The programme's impact on the Q2 and H1 2021 results is PLN 8,519,885 and a detailed description of the program is provided in the Note 34 to the consolidated financial statements. At the same time, it is important to point out that in the analysis of individual operating segments no impact of the valuation of the incentive scheme was taken due to the one-off and non-cash nature of this event.

1.1.1. Consolidated financial data

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

- concerning the consolidated balance sheet:

Selvita S.A. Group	Consolidated data in PLN thousand		Consolidated data in EUR thousand	
Items	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Total assets	**380,494**	**218,796**	**84,165**	**47,412**
Trade and other receivables	54,517	33,998	12,059	7,367
Cash and other monetary assets	60,767	93,005	13,442	20,154
Other financial assets	12,964	10,153	2,868	2,200
Total liabilities	209,016	66,136	46,234	14,331
Long term liabilities	140,323	33,288	31,039	7,213
Short term liabilities	68,693	32,848	15,195	7,118
Equity	**171,478**	**152,660**	**37,931**	**33,081**
Share capital	14,684	14,684	3,248	3,182

- concerning the consolidated profit and loss statement:

Selvita S.A. Group	Consolidated data in PLN thousand				Consolidated data in EUR thousand			
Item	From 01.01.2021 to 30.06.2021	From 01.01.2020 to 30.06.2020	From 01.04.2021 to 30.06.2021	From 01.04.2020 to 30.06.2020	From 01.01.2021 to 30.06.2021	From 01.01.2020 to 30.06.2020	From 01.04.2021 to 30.06.2021	From 01.04.2020 to 30.06.2020
Revenues from sales	**139,240**	**65,149**	**69,819**	**35,424**	**30,621**	**14,669**	**15,439**	**7,896**
Revenues from subsidies	1,927	2,284	1,002	1,159	424	514	222	258
Other operating revenues	483	240	159	94	106	54	35	21
Revenues on operating activities	**141,650**	**67,673**	**70,980**	**36,677**	**31,151**	**15,237**	**15,696**	**8,175**
Operating expenses	-126,602	-57,706	-68,035	-31,191	- 27,842	-12,993	- 15,045	-6,953
Operating expenses (excl. incentive scheme)	-118,082	-57,706	-59,515	-31,191	- 25,968	-12,993	-13,161	-6,953
Depreciation	-11,622	-5,860	-5,943	-3,035	- 2,556	-1,319	-1,314	-677
Depreciation (excl. IFRS 16 impact)	-6,981	-3,845	-3,607	-2,019	-1,535	-866	-798	-450
Incentive program valuation	-8,520	-	-8,520	-	-1,874	-	-1,874	-
Profit on operating activities / EBIT	15,048	9,967	2,945	5,486	3,309	2,244	651	1,223
Profit on operating activities / EBIT (excl. incentive scheme)	**23,568**	**9,967**	**11,465**	**5,486**	**5,183**	**2,244**	**2,535**	**1,223**
Profit before income tax	13,272	9,472	4,170	5,111	2,919	2,133	922	1,139
Net profit	9,825	9,413	2,115	5,746	2,161	2,119	468	1,281
Net profit (excl. incentive scheme)	**18,345**	**9,413**	**10,635**	**5,746**	**4,034**	**2,119**	**2,352**	**1,281**
EBITDA	26,670	15,827	8,888	8,521	5,865	3,564	1,965	1,899
EBITDA (excl. incentive scheme)	**35,190**	**15,827**	**17,408**	**8,521**	**7,739**	**3,564**	**3,849**	**1,899**
Net cash flows from operating activities	25,578	8,697	14,527	1,021	5,625	1,958	3,212	228
Net cash flows from investing activities	-142,137	-3,194	-2,193	-1,459	-31,258	-719	-485	-325
Net cash flows from financing activities	84,081	85,025	-13,048	87,394	18,491	19,144	-2,885	19,480
Total net cash flows	-32,478	90,528	-714	86,956	-7,142	20,383	-158	19,383
Number of shares (weighted average)	18,355,474	16,057,284	18,355,474	16,076,031	18,355,474	16,057,284	18,355,474	16,076,031
Profit (loss) per share (in PLN)	0.49	0.55	-0.02	0.33	0.11	0.12	0.00	0.07
Diluted profit (loss) per share (in PLN)	0.49	0.55	-0.02	0.33	0.11	0.12	0.00	0.07
Book value per share (in PLN)	9.01	8.63	9.01	8.62	1.99	1.93	1.99	1.93
Diluted book value per share (in PLN)	9.01	8.63	9.01	8.62	1.99	1.93	1.99	1.93
Declared or paid dividend per share (in PLN)	-	-	-	-	-	-	-	-

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

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

- for the period from 01/01/2021 to 30/06/2021: PLN 4.5742,
- for the period from 01/04/2021 to 30/06/2021: PLN 4.5222,
- for the period from 01/01/2020 to 30/06/2020: PLN 4.4413,
- for the period from 01/04/2020 to 30/06/2020: PLN 4.4862.

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

- as of 30 June 2021: PLN 4.5208,
- as of 31 December 2020: PLN 4.6148.

2. MANAGEMENT BOARD'S COMMENTS ON FINANCIAL RESULTS

2.1. Consolidated data excluding incentive scheme impact

SELVITA S.A. GROUP				
Data in PLN thousand	From 01.01.2021 to 30.06.2021	From 01.01.2020 to 30.06.2020	From 01.04.2021 to 30.06.2021	From 01.04.2020 to 30.06.2020
Revenue	**141,650**	**67,673**	**70,981**	**36,677**
Segment of Services executed in Poland	68,600	58,149	34,796	31,365
Bioinformatics Segment	13,145	7,146	6,641	4,152
Segment of Services executed in Croatia	59,053	-	29,216	-
Revenues from subsidies	1,927	2,284	1,002	1,159
Other operating revenue	483	240	159	94
Exclusions of revenues between segments	-1,558	-146	-833	-93
EBIT (excl. incentive scheme)	**23,569**	**9,967**	**11,465**	**5,485**
%EBIT (excl. incentive scheme)	17%	15%	16%	15%
EBITDA (acc. to IFRS16 excl. incentive scheme)	**35,190**	**15,827**	**17,408**	**8,520**
%EBITDA (acc. to IFRS16 excl. incentive scheme)	25%	23%	25%	23%
Net profit (excl. incentive scheme)	**18,345**	**9,413**	**10,635**	**5,746**
%Net profit (excl. incentive scheme)	13%	14%	15%	16%
MSSF 16 impact on EBITDA	*4,641*	*2,015*	*2,336*	*1,016*

In the first half of 2021, Selvita S.A. Group recognized total operating revenue of PLN 141,650 thousand, which represents 109% increase compared to the corresponding period in 2020, when the total operating revenue amounted to PLN 67,673 thousand. The net revenue from sales (excluding subsidies) amounted to PLN 139,240 thousand, which represents an increase of 114% (by PLN 74,091 thousand) compared to the corresponding period in 2020 when it amounted to PLN 65.149 thousand. Such a significant increase is mostly due to the acquisition of Fidelta d.o.o., the result of is presented as a separate segment – 'Services executed in Croatia', as well as due to strong organic growth of other Group's operating segments. In the first half of 2021, revenues from subsidies decreased by PLN 357 thousand compared to the same period of the previous year from PLN 2,284 thousand to PLN 1,927 thousand.

In the first half of 2021, after elimination of the incentive scheme impact, the Group reported a profit on the overall activity (net profit) which amounted to PLN 18,345 thousand and increased

by 95% compared to the corresponding period of 2020. EBITDA (excluding the incentive scheme) for the first half of 2021 amounted to 25% and increased by 2 percentage point compared to the corresponding period of the previous year.

SEGMENT OF SERVICES EXECUTED IN POLAND				
Data in PLN thousand	From 01.01.2021 to 30.06.2021	From 01.01.2020 to 30.06.2020	From 01.04.2021 to 30.06.2021	From 01.04.2020 to 30.06.2020
Revenue	**69,356**	**58,987**	**35,143**	**31,701**
Revenues from external customers	65,109	55,434	33,255	30,112
Between segments and to Ryvu	3,490	2,715	1,541	1,253
Revenues from subsidies	504	623	225	249
Other operating revenue	253	215	122	87
EBIT (excl. incentive scheme)	**7,666**	**8,676**	**4,554**	**4,546**
%EBIT (excl. incentive scheme)	11%	15%	13%	14%
EBITDA (acc. to MSSF16) excl. incentive scheme	**14,583**	**14,048**	**8,079**	**7,320**
%EBITDA (acc. to MSSF16) excl. incentive scheme	21%	24%	23%	23%
IFRS16 impact on EBITDA	*2,577*	*1,743*	*1,286*	*879*

In the first half of 2021 Segment of Services executed in Poland recorded continuing growth of revenues from external customers which increased by 17% and amounted to PLN 65,109 thousand compared to PLN 55,434 thousand during the corresponding period in 2020. In the first half of 2021 there were one-off Fidelta d.o.o. acquisition expenses recognized in this segment which amounted to PLN 688 thousand and covering external consultants' services. The cost of depreciation increased significantly by 29% from PLN 5,372 thousand in the first half of 2020 to PLN 6,917 thousand in the corresponding period of 2021 which is the result of increase in the park of laboratory equipment necessary for further development.

EBITDA ratio was at 21%, which is lower when compared to the previous year while its total increased from PLN 14,048 thousand in H1'2020 to PLN 14,583 thousand in H1'2021. It should be noted that the overall profitability has improved due to higher contracting in the regulatory studies during the second quarter of the current year and as a result of closing the period of one-off expenses related to the acquisition and lower intensity of work related to the first phase of Fidelta integration, therefore EBITDA in Q2'2021 was 4 percentage points higher compared to Q1'2021 and achieved the same level as in the second quarter of the previous year.

SEGMENT OF SERVICES EXECUTED IN CROATIA				
Data in PLN thousand	From 01.01.2021 to 30.06.2021	From 01.01.2020 to 30.06.2020	From 01.04.2021 to 30.06.2021	From 01.04.2020 to 30.06.2020
Revenue	**59,246**	**-**	**29,233**	**-**
Revenues from external customers	59,053	-	29,216	-
Other operating revenue	193	-	17	-
EBIT	**13,708**	**-**	**6,304**	**-**
%EBIT	23%	-	22%	-
EBITDA (acc. to MSSF16)	**17,825**	**-**	**8,432**	**-**
%EBITDA (acc. to MSSF16)	30%	-	29%	-
IFRS16 impact on EBITDA	*1,781*	-	*907*	-

'Segment of Services executed in Croatia' has been extracted as a result of the acquisition of Fidelta d.o.o. which is the only legal entity in this operating segment. In the first half of 2021, Fidelta d.o.o. continued the upward trend, achieving a 12% increase in sales compared to the first half of 2020 (based on data in EUR). In H1'2021, Fidelta continued its dynamic development in all areas of the services provided, i.e. in the field of chemistry, ADME / DMPK, *in vitro* research and *in vivo* & toxicology. Long-term contracts with key clients, in particular for integrated drug discovery projects, have been extended and will be continued in the upcoming quarters.

In the first half of 2021 this segment's EBITDA profitability was 30% with operating profit reaching 23%. So good results reported in the first half of the year were achieved largely due to exceptionally good *in vivo* contracting by Fidelta in the first quarter and as a result of dynamic development in other areas in the second quarter.

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

BIOINFORMATICS SEGMENT				
Data in PLN thousand	From 01.01.2021 to 30.06.2021	From 01.01.2020 to 30.06.2020	From 01.04.2021 to 30.06.2021	From 01.04.2020 to 30.06.2020
Revenue	**14,605**	**8,833**	**7,437**	**5,070**
Revenues from external customers	13,145	7,146	6,641	4,152
Revenues from subsidies	1,423	1,662	776	910
Other operating revenue	37	25	20	8
EBIT	**2,194**	**1,291**	**606**	**940**
%EBIT	15%	15%	8%	19%
EBITDA (acc. to MSSF16)	**2,782**	**1,779**	**896**	**1,200**
%EBITDA (acc. to MSSF16)	19%	20%	12%	24%
IFRS16 impact on EBITDA	*283*	*271*	*143*	*136*

Revenue from external customers in bioinformatics segment (i.e. subsidiary Ardigen S.A.) amounted to PLN 13,145 thousand in the first half of 2021, which is an increase of 84% compared to the corresponding period of the previous year of PLN 7,146 thousand. Particularly noteworthy is that in the first half of 2021 bioinformatics segment generated an operating profit of PLN 2,194 thousand, compared to PLN 1,291 thousand in the corresponding period of 2020 which is an increase of approx. 2 times. EBITDA ratio was 19% and remained at the similar level as in the corresponding period of 2020 when it amounted to 20%.

2.2. Contracted (Backlog)

BACKLOG				
Item	**For 2021, as of Sep 16, 2021**	**For 2020, as of Sep 10, 2020**	**Change**	**Change %**
Services executed in Poland	125,510	101,325	24,185	24%
Services executed in Croatia	112,441	- *	112,441	100%
Bioinformatics	28,134	15,229	12,905	85%
Grants	6,051	6,215	-164	-3%
Total Selvita Group	**272,136**	**122,769**	**149,367**	**122%**

**Fidelta d.o.o. considered non-Group entity*

The value of the 2021 contracts portfolio resulting from commercial contracts and grant agreements signed as of September 16, 2021 (backlog) amounts to PLN 272,136 thousand and increased by 122% compared to the 2020 backlog announced in September last year. The most significant part of the increase makes Fidelta's backlog which amounted to PLN 112,441

thousand and which was not included in 2020 as Fidelta was not a part of the Selvita's Capital Group that year. Another significant growth dynamics was recorded by the bioinformatics segment which reported 85% increase compared to the previous year. The Services executed in Poland indicates a solid increase by 24% compared to the previous year.

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

3.1. Consolidated data

As of June 30, 2021, the value of the Selvita Group's assets was PLN 380,494 thousand. At the end of June 2021, the most significant items of current assets are short-term receivables which amounted to PLN 54,517 thousand, cash amounting to PLN 60,767 thousand and other financial assets amounting PLN 12,964 thousand. The increase in short-term receivables is the result of an increase in the scale of the Group's operations. The decrease in cash is mainly due to the purchase of shares in Fidelta d.o.o. namely payment transaction for a part of Price for Shares financed from own cash on January 4, 2021, whereas the total consideration was settled using own cash from the purchase price correction of net cash and working capital as of March 4, 2021.

Fixed assets are mainly laboratory equipment, recognized assets due to the right to use and deferred tax assets in the amount of PLN 16,642 thousand. The total of non-current assets increased in comparison to December 31, 2020, by PLN 161,698 thousand mainly as a result of recognition of goodwill on acquisition of Fidelta d.o.o. of PLN 106,462 thousand. In addition, as a part of Fidelta d.o.o. acquisition, as at 30 June 2021 Selvita S.A. Capital Group consolidated PLN 25,591 thousand of fixed assets and rights to use assets of PLN 22,086 thousand.

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

	30.06.2021	31.12.2020
Current ratio current assets/current liabilities including short-term provisions and deferred revenues (excl. accruals)	2.76	5.73
Quick ratio (current assets-inventory)/current liabilities including short-term provisions and deferred revenues (excl. accruals)	2.72	5.64

The main item in the Selvita Group's equity and liabilities is equity, which amounted to PLN 171,478 thousand as of June 30, 2021. Its increase compared to the end of 2020 is due to net profit generated in 2021 and recognized reserve capitals from incentive scheme valuation of PLN 8,520 thousand.

Another significant source of financing is long term liabilities which amounted to PLN 140,323 thousand at the end of June 2021. The highest value items in the long-term liabilities are credits

and bank loans in total PLN 84,367 thousand which increased as a result of a loan granted for Fidelta d.o.o acquisition on January 4, 2021. Other significant items are lease liabilities in total PLN 46,829 thousand which mainly increased due to consolidating Fidelta's d.o.o. rights to use premises and vehicles in total PLN 18,346 thousand.

Increase of short-term liabilities from PLN 32,848 thousand at the end of 2020 to PLN 68,693 thousand at the end of June 2021 results from increased scale of operations of the Capital Group, consolidation of Fidelta d.o.o. and the loan to finance the acquisition as previously described which splits into short part in total PLN 10,944 thousand.

4. CURRENT AND PROJECTED FINANCIAL CONDITION

The Group's financial position as of the report date is very good. As of June 30, 2021, the value of the Group's cash and other financial assets (mainly deposit with the Bank Pekao in the amount of EUR 2.2 million) amounted to PLN 73,731 thousand, and at September 15, 2021, the total cash of the Selvita S.A. Capital Group together with other financial assets (not yet released deposit with the Bank Pekao in the amount of EUR 2.2 million) amounted to PLN 87,192 thousand.

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

5. SIGNIFICANT OFF-BALANCE SHEET ITEMS

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

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

The Issuer did not publish the financial forecast for 2021.

7. SIGNIFICANT EVENTS IN REPORTING PERIOD

7.1. Significant events in H1 2021

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

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

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

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

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

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

Conclusion of significant purchase orders

On 4th of January 2021 the Issuer also informed about obtaining further orders with a total value of EUR 1,423,293 from a biotechnological company with its registered office in Europe ("Customer"), under the framework agreement concluded between the above-mentioned parties on 1st of February 2018. Orders concern the provision of services consisting in the synthesis of chemical compounds aimed at supporting the development of the Customer's innovative projects. In addition, the Issuer's affiliated company - Fidelta received an order under the contract concluded by Fidelta with the Customer on1st of October 2018, with a value of EUR 2,510,761. The subject of the order are support services of the development of Customer's drug discovery projects in the field of medical chemistry, *in vitro* pharmacology and *in vitro* and *in vivo* DMPK tests.

In view of the above, the total value of services provided by the Issuer's Capital Group to the Customer in 2021 will amount to EUR 3,934,054. Orders are carried out, respectively, in the Issuer's research laboratories in Poland and Fidelta's in Croatia, from January 4, 2021, and the works are planned for the entire period of 2021.

Obtaining a building permit for Selvita Research Centre

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

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

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

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

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

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

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

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

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

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

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

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

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

However, granting of shares, which Company will earlier receive in a form of donation from Mr Paweł Przewięźlikowski, during the course of the Program i.e. between years 2021 and 2024 to the employees, will be recognized, pursuant to IFRS 2, as a non-cash salary expense in Company's consolidated financial statements (therefore it will have an impact on the operating

result, EBITDA and net profit) and in the equity item as its increase in the same amount as the periodic cost. The total equity of the Company will remain unchanged.

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

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

Significant purchase orders

On June 28, 2021, the Issuer announced that it had obtained an order worth $ 1,020,000 (PLN 3,853,356 converted at the rate of USD 1 = PLN 3.7778) from a biotechnology company based in the United States ("Client"), under the agreement framework, which was concluded between the above-mentioned parties on March 17, 2020. The order concerns the implementation of services for the Client consisting in the synthesis of chemical compounds in the field of drug discovery activities, including the synthesis, purification and characterization of organic intermediates and final compounds that will be used by the Client in tests and vitro and *in vivo*.

Moreover, the Issuer's subsidiary – Selvita Inc. ("Company") on June 30, 2021 concluded an agreement with the University of California, San Francisco ("UCSF"), the value of which is USD 4,183,200 (PLN 15,910,801 converted at the rate of USD 1 = PLN 3.8035) ("Agreement"). The contract extends the existing cooperation between the parties, about which the Issuer informed in the current report No. 15/2019 of June 24, 2019. The contract will be implemented for a period of 36 months, starting from July 1, 2021, and its subject matter includes the implementation of support for research projects UCSF in the field of medical chemistry, including chemical synthesis, purification, determination of the structure and purity of compounds with potential application in the treatment of neurodegenerative diseases.

7.2. Events occurred after reporting period

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

"Fast Track", co-financed by the European Regional Development Fund. The Project will enable Company to implement new services for biotech and Pharma clients.

- Project net value: PLN 7 812 900,00;
- Financing granted: PLN 4 660 975,00;
- Project timelines: 2021-2023.

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

7.3. Unusual events occuring in the reporting period (Covid-19)

Covid-19 pandemic, which began in the first quarter of 2020, continued during the whole reported period. In Q 1 2020 the Issuer did not however recorded a negative impact of Covid-19 on operational efficiency and timeliness in terms of the services provided.

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

Taking into account the current state of development of the pandemic and the actions taken to limit it, including the rate of vaccination, the Management Board believes that the restrictions will be slowly loosened, thus limiting the negative effects of the pandemic. In particular, the Management Board of the Company hopes that in thefourth quarter of this year, direct business contacts, physical participation in conferences will be possible again, which is essential for the implementation and provision of the services offered by the Issuer and was the greatest challenge from the Issuer's perspective both in 2020 and in the first quarter of 2021.The Company's Management Board is analysing the Issuer's situation on an ongoing basis. New circumstances, if any, having a significant effect on the Issuer's financial results and business position, will be communicated promptly after their occurrence.

8. MANAGEMENT BOARD'S INFORMATION ON GROUP'S ACTIVITIES

THE AREA OF DRUG DISCOVERY/DRUG DEVELOPMENT

Discovering new drugs is the largest field of SLV activities. The vast majority of Selvita's revenues come from Drug Discovery projects. Most of them are projects carried out based on the FTE (Full Time Equivalent) model, and involve work on one of the stages of the drug discovery process. However, more and more collaborations are structured as integrated drug discovery projects (IDD), combining various aspects of chemistry, biochemistry, biology and analytics.

Our drug discovery services capabilities have significantly expanded with the acquisition of Fidelta which led to an increase in the overall headcount of highly experienced scientists by over 30%. Fidelta's competences in inflammation, fibrosis, and anti-infectives perfectly complement Selvita's fields of expertise in oncology, respiratory diseases and CNS. The scope of services provided by Fidelta will also enable Selvita to build competitive advantage in business areas such as DMPK, *in vivo* pharmacology, and toxicology, as well as to increase its scale of operations within medicinal chemistry and *in vitro* pharmacology. The Management Board believes that having an animal facility with developed animal models will be a significant value driver for the company in a near future and position further Selvita as the leader for drug discovery CRO in the region.

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

Selvita is also organically growing the team of scientists working in the DD area. More and more of Selvita's team members hold a PhD degree. Significant part of Selvita's scientists are foreigners, who bring specialist experience in various therapeutic areas, organic, medicinal, computational and analytical chemistry, biochemistry, molecular and cell biology, and ADME / DMPK, which is essential to ensure the high quality of services required by the clients.

The largest orders obtained in H1 2021 in the area of Drug Discovery involved organic chemistry synthetic support for research projects aimed at developing new therapies. The main task of chemistry teams was the synthesis of a series of libraries of chemical compounds with potential biological activity, their purification and qualitative analysis to support the clients' R&D projects. Collaborations in this area are most often based on long-term relationships with clients and contracts Selvita signed with them in previous years. This is considered an expression of trust in Selvita and a high assessment of the services Selvita provides. The group of this type of contracts includes, among others, the agreements reported in H1 2021:

Current report 19/2021 dated June 30, 2021: extension and expansion of the existing collaboration with the University of California, San Francisco, about which the company informed in the current report 15/2019 dated June 24, 2019 r, with the value of USD 4,183,200 (PLN 15,910,801 converted at the rate 1 USD = 3.8035 PLN),

Current report 16/2021 dated June 28, 2021 contract with a biotech located in the US, with the value of $1,020,000 (3,853,356 PLN converted at the rate 1 USD = 3,7778 PLN),

Current report 3/2021 dated January 4, 2021 (reference to the current report No. 25/2020 dated July 4, 2020, published by Selvita SA) – additional purchase orders with a total value of EUR 1.423.293 (PLN 6.473.847 converted at the rate EUR 1 = PLN 4.5485) from an European biotechnological company under the framework agreement which was concluded between the above-mentioned parties on February 01, 2018. It is one of several similar contracts. The fact of expanding cooperation with each of the major clients is important from the point of view of the further development of the Company's operations.

In H1 2021, Selvita continued working on the IDD projects (mainly for European clients), at the same time building the necessary resources in the area of medicinal chemistry. In this area. apart from having the knowledge and experience in the fields of typical organic and computational chemistry, it is essential to be able to interpret the ADME parameters, to evaluate biological data coming from *in vitro* pharmacological studies, and to predict stability of the compounds in animal and human organisms. Selvita scientists have worked on improving the physicochemical properties and activities of new compounds with promising pharmacological profile. One of the main tasks for our medicinal chemists was to design new scaffolds - molecular skeletons around which small libraries of compounds could be built in order to validate the biological hypothesis of the project to enable the project to move to the next stage of development. Medicinal chemists were responsible for studying the structure-activity relationship (SAR) and designing new, more biologically active compounds using appropriate synthetic strategy.

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

In H1 2021 the activities of scientists from the Department of Molecular and Cell Biology (CMBD) were focused on two types of projects. The first projects were devoted to the SAR (Structure-Activity Relationship) analyses. The scientists from CMBD focused on the establishment and optimisation of biochemical and cellular assays to characterize the activity, efficacy and the mechanism of action of new molecules of potential therapeutic importance. Altogether, 30% of the department's scientists were involved in the FTE projects devoted to the development of new biologically active substances under contracts with biotechnology and pharmaceutical companies from Europe and the US. It is worth noting that in H1 2021 CMBD initiated drug discovery collaborations with several UK and US clients. Thanks to this the US has become the second largest revenue source for this department.

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

Computational chemists supported the IDD projects by analysing the data available in the public domain, tracking the SAR for the duration of the projects, by designing next-generation structures

using virtual techniques based on the protein structure, such as virtual screening or focused docking, to identify key ligand-protein interactions. Recently, Selvita has increased the range of available modelling tools and put significant emphasis on the application of the artificial intelligence approaches to drug discovery by employing experienced specialists. Selvita expects AI to become an area of dynamic growth within the DD business.

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

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

In H1 2021, on top of the revenue generated by organic chemistry and integrated projects, a large part of the Drug Discovery area's income came from the production and purification of recombinant proteins and the structural analysis of protein-ligand complexes, in which the Biochemistry Department specializes. High-quality recombinant proteins were produced using both bacterial and eukaryotic expression systems, which enable the production of a wide variety of proteins, including these very difficult to obtain.

Furthermore, the Biochemistry Laboratory is continuing the project co-financed by the Lesser Poland Center of Entrepreneurship. The project aims to further broaden our experience with crystallography and structural analysis of proteins by implementing and developing methods to produce and crystallize a variety of protein classes as molecular targets that may be of great importance in the drug discovery process. These research projects were carried out for European and US clients representing global pharmaceutical and biotechnology companies, as well as smaller firms involved in the development of new drugs. The continuing high number of projects completed at the Biochemistry Laboratory in H1 2021 is undoubtedly associated with the growing recognition of the service offer and the strengthening of the Selvita's Protein Production Services. This, in turn, allows for the dynamic development of the Biochemistry Laboratory, which is manifested in the increase in employment of experienced scientists and the continuous improvement of the laboratory infrastructure.

Furthermore, over that period, scientists from the Department of Molecular and Cell Biology executed project: "HiScAI - Development of a phenotypic research platform, based on high-content screening technology, with analysis using artificial intelligence algorithms for the discovery of new drugs in neuroinflammatory and fibrotic diseases", which was implemented together with scientists from Ardigen, the work on experimental protocols continued to enable multi-parameter analysis of phenotypic changes in cells with the use of HCS technology and artificial intelligence algorithms. At this stage of the project, scientists from the Department of Molecular and Cell Biology are focusing on optimizing the tests aimed at assessing the activity of drugs in neuroinflammatory diseases.

Finally, the construction of High-Throughput Screening (HTS) Platform was successfully finished in Q1. We believe that the platform will enable more efficient and faster execution of integrated drug discovery projects at the stage of hit identification (identification of active compounds).

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

FIDELTA

General/Introduction

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

In Q2 2021 Fidelta continued trend of growth in all areas, working both on integrated projects as well as on projects based on standalone packages. In the existing collaborations Fidelta has increased the volume of provided services but also acquired new clients for all of business areas. Majority of the projects are currently longer term and higher volume involving numerous FTEs, either department specific or integrated through several scientific departments. Fidela pursues several integrated projects for clients in Europe and US with the aim of yielding new clinical candidates. In aforementioned projects Fidelta is running Hit to Lead and Lead Optimisation strategy which includes compounds design and synthesis, exploration of structure-activity relationship and designing *in vitro* and *in vivo* screening cascade. In later phases of these projects we are optimising synthesis for scale up, characterising molecules using analytical and solid-state techniques as well as utilising translational strategies with patient samples studies to get effective and safe, fully profiled clinical candidates.

The vast majority of Fidelta's Chemistry department are working on 5 major integrated projects in therapeutic areas including inflammatory, respiratory and oncological diseases. The successful

delivery and progression of the projects within a number of these collaborations has resulted in an increase in headcount.

During 2021 the analytical team have focussed on adding GMP services to their offering and as well investing in new equipment to improve productivity and to be able to support synthetic chemistry in even faster way in IDD projects.

Fidelta's ADME/DMPK department has continued providing both standalone screening services as well as integrated projects. The Company's clients include biotech companies and large pharma organisations and the services we provide include; a full suite of standard *in vitro* ADME assays required to progress discovery projects; *in vivo* rodent PK; and GLP bioanalytical support (both pre-clinical and clinical). Following completion of the Selvita acquisition in Q1 2021 it is anticipated that new revenue opportunities will begin to emerge in H2 2021 as the combined offers begin to deliver synergistic opportunities to sell our services, especially for IDD projects.

Fidelta's Pharmacology and Translational Research has continued to prosecute IDD projects and integrated pharmacology projects, as well as stand-alone services for its clients during Q2 2021.

***In vitro* pharmacology** group has continued to support hit and lead identification and optimization on various drug discovery projects, either by *in vitro* compound testing or *ex vivo* analysis of animal samples from *in vivo* studies. Furthermore, a testing of drug candidates, translational research, biomarker exploration and analysis were performed on collected human tissues for several clients. Successful development of assays for researching human corona viruses in BLS2 conditions was presented at American Thoracic Society (ATS) meeting in May and a promising data related to the identified potential drug candidates was published by one of the clients in their press release.

In Q2 2021, the majority of the work performed in ***In vivo* pharmacology** group was focused on bacterial and viral infections, fibrosis, gastro-intestinal, inflammation and immuno-inflammation. In addition to performing of compound testing in number of studies across different animal models, a group has put significant focus on developing novel offerings in the areas of infection and inflammation. Company's lupus erythematosus model was presented to the broad external audience through the webinar held in June. In addition to large number of returning clients, a significant number of novel clients have contacted Fidelta with the requests for *in vivo* studies creating significant potential for the future growth.

Fidelta has a continuous AAALAC-I accreditation status since 2008 that enables the Company to perform *in vivo* experiments in State-of-the-Art animal facility. In May 2021, Fidelta has successfully undergone the inspection for renewing AAALAC accreditation.

Both Selvita's and Fidelta's Sales and Marketing teams have worked together in cross-selling activities and organisation of different marketing campaign in order to help clients to find appropriate scientific solutions for their drug discovery projects. In Q2 2021 we were actively participating on many virtual scientific and partnering conferences. The Company has presented several scientific posters during these events. Together with Selvita and Ardigen, Fidelta have organised two scientific webinars. Macrocyclic chemistry is a particular forte of Fidelta and its macrocyclic platfom FideltaMacro™ is an ideal starting point for drug discovery project. Recent scientific discoveries indicate that macrocyclic bundles bind efficiently to target proteins

characterized by large and flexible binding regions (such as GPCR receptors and protein complexes), although proteins with extensive intellectual property protection (proteases and phosphatases) may also be targets for these compounds. class. Fidelta has extensive knowledge and experience in the use of macrocyclic compounds and carries out projects to generate high-quality active compounds derived from completely new starting structures. Depending on project's specific requirements, Fidelta's chemistry division can produce and the pharmacology division can profile the compounds using the cascade designed to complement client's portfolio. Fidelta has also received US patent for macrocyclic platform and further work with clients to initiate new projects in this area.

Currently Fidelta employs 197 people, out of which more than 170 scientists. In Q2 Fidelta employed 13 new people and by the end of 2021 it is planned to employ additional 10 people.

The company is in the process of adapting a new leased facility for *in vitro* biology and DMPK departments in Zagreb (Hondlova ulica) that will assure more than 2500 m2 of new lab and office space for further growth. The project is planned to be finished in Q3 and it is expected that the movement and initiation of lab activities will be done by the end of the year. The increased capacity in new Hondlova facility located in Zagreb will allow continued growth of Fidelta over next years.

REGULATORY STUDIES

In the first half of 2021 Selvita Analytical Laboratory carried out projects aimed mainly at pharmaceutical and agrochemical clients. Research efforts related to the development of methods, their optimization, and identification of active compounds and impurities were carried out in the FTE format, while orders related to the validation and transfer of analytical methods according to the *fee for service* approach. In H1 2021, the work was carried out mainly for our regular customers.

A large CMC (Chemistry, Manufacturing and Control(s) project for a global pharmaceutical company involving comprehensive analytical support for the compound synthesis process entered the regulatory phase, including stability studies, and has been carried out in this form this year. For the same client, compounds from the pharmaceutical product development stage were also tested for their nitrosamines content. Cooperation of similar scope, but for a new molecule, will also continue in the following quarters of the year. A project related to the transfer, validation, and stability studies of two biological products was also initiated for this client in Q2. To implement this project, the laboratory was equipped with additional spectrometers and detectors. For a new large pharmaceutical client, a project was also carried out to identify impurities using high-resolution mass spectrometry. Now the work has entered the stage of optimization of the identification method and the introduction of complementary methods confirming the identity of the compounds. In the field of nitrosamines analysis, new projects were started, the completion of which is planned by the end of the year. These projects will be implemented with the use of another LCMS-type equipment purchased in the middle of the year.

In the area of regulatory studies, certification of active substances, as well as biological and low-molecular-weight finished products, was performed for several pharmaceutical companies, including one of the largest global companies belonging to the "big pharma" group, with which the

initial cooperation concerned only research and validation projects. In the Q1, the first series for three products were certified, and a significant increase in the scale of these tests is planned for the near future.

For agrochemical companies, work was carried out in the field of method validation, certification of active compounds and impurities, and 5Batch testing in the GLP system. Further orders from a global agrochemical company for physicochemical analyses were also received and the work started.

Cell and Molecular Biology laboratory performed transfers of bioanalytical methods as well as batch release and stability testing of several biological drugs from various classes for European, US and Australian clients. These analyzes were carried out in the Good Manufacturing Practice (GMP) standard. It should be emphasized that in H1 2021 CMBD started the execution of three new projects for a European customer. Projects concern the development of biological assays to assess the activity of peptide vaccines for the treatment of patients suffering from unresectable/metastatic melanoma.

During H1 2021 the first regulatory project for a South Korean client was initiated. Additionally a number of genotoxicity analyses was conducted for agrochemical clients from Europe, including Poland. These analyses were performed according to the GLP standard.

It is worth noting that in Q2 2021 the grant project *'Development of an in vitro research platform for biosimilar therapeutic antibodies*' was successfully completed and the research team involved has developed a series of biophysical, biochemical and cellular *in vitro* tests to compare the affinity and activity of monoclonal antibodies from the group of TNFα and VEGF inhibitors. The above platform will be of similar character to the platform for comparative research of biosimilar insulins and their analogues, which was developed by the team over the previous years.

R&D/RESEARCH AND DEVELOPMENT

In addition to the revenues generated within the Drug Discovery and Regulatory areas, in H1 2021 some services revenues came from R&D projects.

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

In H1 2021, Selvita scientists also worked on contract synthesis of pharmaceutical and chemical compounds on a scale from mg to kg – providing the customers with active substances, intermediates, impurities and degradation products.

Based on a broad offer of chemical, bioanalytical and proteomic analyses the Selvita Analytical Laboratory carried out R&D projects for clients with whom collaboration had been established in previous years, as well as with new ones, that were acquired thanks to the constantly expanding package of tests.

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

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

ARDIGEN S.A.

In the first six months of 2021 the Company implemented the strategy of maintaining and strengthening the position of a global leader in the service provider segment on the attractive and rapidly developing AI in Drug Discovery market.

In the first half of the year we focused on sales aimed at acquiring new clients and scientific partners as well as on building brand recognition. The company's offer was presented as consisting of two parts:

The first are general services (Digital CRO) i.e. the provision of the necessary competences that allow the Company's clients, pharmaceutical and biotechnology companies to implement the Data-Driven or AI-Driven strategy. They will allow to build the foundation that is necessary for these companies to develop their strategies with an AI component. This concept is based on the integration of biological, bioinformatics, data science and software engineering competences.

The second part consists of specialized services implemented with proprietary, technologically advanced AI Platforms. In this case, the Company solves problems for which the currently available methods are very time-consuming and costly or even ineffective. The value provided by Ardigen is primarily to increase the probability of success and shorten the time of a single drug development programme. The services offered focus on three specialized fields: Immunology, the Microbiome and Biomedical Imaging.

IMMUNOLOGY

In the field of immunology, the Company focuses on the development of two advanced platforms: ArdImmuneVax and TCRact, which significantly cut down on time, reduce costs and increase the safety of novel cancer immunotherapies.

In the second quarter, the collection and analysis of data from lung cancer patients as part of an observational clinical trial (NCT04145232) continued. These data will allow to confirm the effectiveness of the developed algorithms assessing the chances of successful immunotherapy in cancer patients.

As part of the development of the TCRact platform and experimental confirmation of the effectiveness of the ArdImmuneVax platform, the Company obtained the consent of the bioethics committee to conduct an observational clinical trial, which will allow to obtain the data needed to

develop the planned artificial intelligence algorithms. A number of complex laboratory experiments are planned on the collected data, commissioned, among others, by to the Danish company ImmuMap. The project aims to develop the TCRact technology to support the development of therapies based on T lymphocyte receptors (TCR).

Intense development work was done on an innovative approach to mitigate potential serious side effects of immunotherapy that are difficult to detect prior to clinical trials. The results of scientific papers on this subject were presented in the form of two posters at prestigious scientific conferences: CIMT (Europe's Cancer Immunotherapy Meeting) and ISCT International Society for Cellular Therapy Annual Meeting.

The company also continued to establish cooperation with European and American academic centres which will contribute to faster development of Ardigen technology platforms.

THE MICROBIOME

In the microbiome field, the Company focuses on supporting the development of both novel therapies and diagnostic methods by identifying bacteria or compounds produced by bacteria (postbiotics) that are active in this context. The use of Artificial Intelligence methods in combination with bioinformatics and knowledge of biology enables research in the very complex world of the microbiome and its interactions with man. This approach is the foundation of the technology platform developed at Ardigen.

In the first half of 2021, the Company continued the development of the AI Ardigen Microbiome Translational Platform designed for functional microbiome analysis based on the full available metagenomic and metabolomic information.

The company worked with a large pharmaceutical company in a commercial project using the above-mentioned platforms. The project on using the potential of the environmental microbiome in forensics was continued. The work is carried out in a consortium with the Central Forensic Laboratory of the Police and the Jagiellonian University.

In the first half of the year, a patent application was submitted in cooperation with The Institute of Bioorganic Chemistry of the Polish Academy of Sciences in Poznań as part of the Map of the Polish Microbiome.

Due to the ongoing pandemic, in the first half of 2021, virtual microbiome conferences were attended. In addition, the Company was involved in marketing on the Internet, including: mailing campaigns, webinars, posting short thematic films, interviews and publishing blog posts. Ardigen also featured in the Microbiome Times report as one of the leading companies in the microbiome area.

In the first half of the year, Ardigen continued active membership in the Pharmabiotic Research Institute, an organization which brings together leading companies in the world developing LBP class therapies.

In the first half of 2021, intensive sales operations aimed at acquiring new customers were also carried out, and talks were continued with potential scientific and business partners. The company held meetings with numerous prospective clients, submitting many offers, which should translate

into the conclusion of contracts in the following quarters. A significant global increase in interest in conducting research in the field of the microbiome has been observed.

BIOMEDICAL IMAGING

In the first half of 2021, intensive sales and marketing took place in the field of biomedical imaging. New marketing materials were developed (leaflets and a subpage) to present the Ardigen offer in the field of Biomedical Imaging. Remote attendance at a number of industry conferences (Q1: SLAS 2021 Conference, AI in Healthcare & Pharma Virtual Summit, Spatial Biology Europe, High Content Imaging Conference, AI Medicine & Drug Target Discovery, Drug Discovery and Development 2021, AI in Drug Discovery Conference; Q2: SLAS Europe 2021, Pharma R&D Week Virtual, Biomarkers Week, 2nd annual AI Pharma Summit, Spatial Biology Europe, Precision in Drug Discovery & Preclinical Virtual Summit) made it possible to present the Ardigen offer to potential clients.

As a result of intensive sales operations in the first half of 2021, five contracts were signed.

In the first quarter, further work was carried out with a pharmaceutical company ranked among the top ten. The project focuses on the area of phenotypic screening and is aimed at developing algorithms that allow to predict the properties of small molecule compounds on the basis of an image. An important event in the second quarter of 2021 was the signing of a contract to continue this project.

DIGITAL CRO

The first half of 2021 was devoted to intense marketing and sales operations. The second quarter meant intensive verification of the refreshed offer. In Q1, representatives of Digital CRO took part in virtual industry conferences, while in Q2, in addition to virtual meetings, the BioTrinity conference was held in London, where representatives of Ardigen were present in person. In H1 2021, constant interest in services from current clients, recommendations to new companies, and establishing new business contacts translated into 21 contracts signed in H1 2021. Two more large pharmaceutical companies have joined the client portfolio. Further increasing the number of clients in this segment is an important strategic goal of the Company.

9. THE CAPITAL GROUP STRUCTURE

PARENT ENTITY

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

AFFILIATES

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

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

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

Business name	Fidelta d.o.o.
Registered office	Prilaz brauna Filipovića 29, HR-10000 Zagreb, Croatia
Shareholders	100% of shares held by Selvita S.A.
Share capital	HRK 100.000.000

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

10. ISSUER'S CORPORATE BODIES

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

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

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

RENUMERATION COMMITEE
Paweł Przewięźlikowski – Chairman of Renumeration Committee
Jacek Osowski – Renumeration Committee Member
Piotr Romanowski – Renumeration Committee Member

During the reporting period H1 2021, as well as after it ended, there were not changes in composition in Issuer's corporate bodies.

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

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

Shareholder	Series A*	Series B	No. of shares	% of share capital	No. of votes	% votes at GM
Management Board						
Bogusław Sieczkowski	550 000	374 384	**924 384**	5,04%	**1 474 384**	6,58%
Miłosz Gruca	-	47 000	**47 000**	0,26%	**47 000**	0,21%
Mirosława Zydroń	-	30 000	**30 000**	0,16%	**30 000**	0,13%
Edyta Jaworska	-	10 000	**10 000**	0,05%	**10 000**	0,04%
Supervisory board						
Paweł Przewięźlikowski	3 500 000	1 490 880	**4 990 880**	27,19%	**8 490 880**	37,9%
Tadeusz Wesołowski (indirectly)	-	92 975	**92 975**	0,51%	**92 975**	0,41%
Tadeusz Wesołowski (through Augebit FIZ)	-	1 039 738	**1 039 738**	5,66%	**1 039 738**	4,64%
Piotr Romanowski	-	250 000	**250 000**	1,36%	**250 000**	1,12%
Rafał Chwast	-	121 115	**121 115**	0,66%	**121 115**	0,54%

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

In the reporting period, since the last periodic report, there has been a change resulting from the sale of 16.000 shares by Mr. Piotr Romanowski, about which the Issuer informed in the current report No. 20/2021 of July 2, 2021. Before the transaction, Mr. Romanowski owned 250.000 shares entitling to the same number of votes at the Issuer's general meeting, which constituted 1.36% of shares in the share capital and 1.12% of votes, respectively. After the transaction, Mr. Piotr Romanowski holds 234.000 shares entitling to the same number of votes (1,27% in the share capital and 1,04% of votes, respectively).

Moreover, in the reporting period, there was a change resulting from the transfer of series B shares by Mr. Paweł Przewięźlikowski in the implementation of the Stock Grant Program for the years 2021-2024 in the Company. The Company informed about the conclusion of the share donation agreement between the Company and Mr. Paweł Przewięźlikowski - the founder, President of the Management Board and the main shareholder of the Company in the current report No. 21/2021 of July 8, 2021 and the current report No.

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

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

Shareholder	Shares	% shares	Votes	% votes
Paweł Przewięźlikowski	4 990 880	27,19%	8 490 880	37,90%
Bogusław Sieczkowski	924 384	5,04%	1 474 384	6,58%
Nationale Nederlanden OFE	1 900 000	10,35%	1 900 0000	8,48%
AVIVA Investors TFI	1 133 009	6,17%	1 133 009	5,06%

SHARES HELD BY SIGNIFICANT SHAREHOLDERS OF THE COMPANY as of the Report publication day

Shareholder	Shares	% shares	Votes	% votes
Paweł Przewięźlikowski	3 880 663	21,14%	7 380 663	32,94%
Bogusław Sieczkowski	942 417	5,13%	1 492 417	6,66%
Nationale Nederlanden OFE	1 901 000	10,36%	1 901 0000	8,48%
AVIVA Investors TFI	1 133 009	6,17%	1 133 009	5,06%

12. ADDITIONAL INFORMATION

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

Did not occur.

Significant non-arm's length transactions with related entities

Did not occur.

Warranties for loans and borrowings and guarantees granted

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

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

Not applicable.

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

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

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

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

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

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

Not applicable.

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

Not applicable.

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

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

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

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

Information on deferred income tax provisions and assets

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

Information on significant purchases or disposals of tangible fixed assets

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

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

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

Information on significant settlements resulting from court cases

Not applicable.

Error corrections relating to previous periods

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

None.

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

Not applicable.

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

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

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

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

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

Not applicable.

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

Not applicable.

Cracow, September, 21 2021

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

Selvita

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