INTERIM FINANCIAL STATEMENTS RYVU THERAPEUTICS S.A.

prepared for the period from 1 January 2021 to 30 September 2021

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

It is the translation of Polish original document

Table of Contents

Notes to the Interim Financial Statements

INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021

	Note	Period ended 30/09/2021	From 01/07/2021 To 30/09/2021	Period ended 30/09/2020	From 01/07/2020 To 30/09/2020
		PLN	PLN	PLN	PLN
Continuing operations					
Sales revenue	5.1	1,030,599	289,236	15,164,807	449,469
Grant income	5.2	18,193,199	6,872,349	14,502,460	4,897,886
Total operating revenue		**19,223,798**	**7,161,585**	**29,667,267**	**5,347,355**
Amortization and depreciation	5.5	(9,116,426)	(3,191,119)	(7,996,463)	(3,132,462)
Consumption of materials and supplies		(9,224,964)	(3,138,430)	(6,804,643)	(2,092,774)
External services	5.5	(22,447,342)	(7,139,367)	(18,260,847)	(6,370,527)
Employee benefit expense	5.5	(24,298,782)	(8,656,506)	(19,665,859)	(5,844,601)
Employee Capital Plans		(243,470)	(72,723)	(260,177)	(112,829)
Valuation of the incentive program	36	(14,995,292)	(8,129,000)	-	-
Other expenses		(431,075)	(244,329)	(770,987)	(154,479)
Taxes and charges		(409,393)	(257,388)	(409,203)	(156,299)
Loss from impairment of trade receivables	22	-	-	-	-
Total operating expenses		**(81,166,744)**	**(30,828,862)**	**(54,168,179)**	**(17,863,971)**
Other operating revenue	9	405,163	245,287	312,423	160,129
Other operating expenses	9	(73,892)	(67,138)	(6,000)	(600)
Operating (loss)		**(61,611,675)**	**(23,489,128)**	**(24,194,489)**	**(12,357,087)**
Financial revenue	7	508,373	359,931	218,850	(100,192)
Financial expenses	8	(473,070)	(94,044)	(312,319)	(37,112)
(Loss) on business activities		**(61,576,372)**	**(23,223,241)**	**(24,287,958)**	**(12,494,391)**
Valuation of shares in Nodthera	17	1,319,559	588,299	4,361,540	402,222
(Loss) before income tax		**(60,256,813)**	**(22,634,942)**	**(19,926,418)**	**(12,092,169)**
Income tax expense	10	(368,199)	(182,472)	(818,774)	(44,138)
Net (loss) on continuing operations		**(60,625,012)**	**(22,817,414)**	**(20,745,192)**	**(12,136,307)**
NET (LOSS)		**(60,625,012)**	**(22,817,414)**	**(20,745,192)**	**(12,136,307)**
TOTAL INCOME FOR THE PERIOD		**(60,625,012)**	**(22,817,414)**	**(20,745,192)**	**(12,136,307)**
Earnings per share					
(expressed in PLN cents per share)	12				
From continued and discontinued operations:					
Basic		(330.3)	(124.3)	(127.8)	(72.5)
Diluted		(330.3)	(124.3)	(127.8)	(72.5)
From continued operations:					
Basic		(330.3)	(124.3)	(127.8)	(72.5)
Diluted		(330.3)	(124.3)	(127.8)	(72.5)

INTERIM STATEMENT OF FINANCIAL POSITION
PREPARED AS AT 30 SEPTEMBER 2021

	Note	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
ASSETS			
Non-current assets			
Tangible fixed assets	13	89,346,065	86,672,136
Lease assets	23;13	3,499,149	4,490,175
Intangible fixed assets	14	2,860,154	2,318,534
Deferred tax asset	10	566,576	593,525
Investment in subsidiaries	15	-	-
Financial assets-Shares in Nodthera	17	30,437,787	29,118,228
Other financial assets	20	619,717	85,194
Total non-current assets		**127,329,448**	**123,277,792**
Current assets			
Inventory	21	3,180,298	1,675,712
Short-term receivables	22	9,517,751	7,948,038
Contract assets	5.3	-	-
Other financial assets	20	9,990,035	24,969,465
Other non-financial assets	19	2,859,602	1,551,023
Cash and other monetary assets	34	81,018,790	136,218,238
Total current assets		106,566,476	172,362,476
Total assets		**233,895,924**	**295,640,268**
EQUITY AND LIABILITIES			
Equity			
Share capital	24	7,342,190	7,342,190
Share premium	24	279,063,058	279,063,058
Capital resulting from the split	16	(14,418,357)	(14,418,357)
Capital resulting from the spin-off	16	(320,977,452)	(320,977,452)
Other reserve capitals	24	26,404,360	11,172,000
Retained earnings / Accumulated losses		261,539,320	293,226,908
(Loss) / net result for the period		(60,625,012)	(31,687,588)
Total equity		**178,328,107**	**223,720,759**
Long-term liabilities			
Bank loans and credits	25	944,873	1,552,237
Lease liabilities	23	2,036,328	2,774,589
Retirement provision	28	153,171	234,966
Deferred tax liability	10	6,410,038	6,042,042
Deferred income	31	22,269,725	27,502,625
Other liabilities	27	60,134	-
Total long-term liabilities		**31,874,269**	**38,106,459**
Short-term liabilities			
Trade and other liabilities	27	10,370,732	11,528,432
Contract liabilities	5.3	-	-
Bank loans and credits	25	840,925	814,465
Lease liabilities	23	2,013,880	2,267,960
Accrued expenses	30	5,773,205	4,643,230
Deferred income	31	4,694,806	14,558,963
Total short-term liabilities		**23,693,548**	**33,813,050**
Total liabilities		**55,567,817**	**71,919,509**
Total equity and liabilities		**233,895,924**	**295,640,268**

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

	Note	Share capital	Share premium	Capital resulting from the split	Capital resulting from the spin-off	Other reserve capitals	Retained earnings / Accumulated losses	(Loss) / net result for the period	Total
		PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Balance as at 1 January 2020		**6,388,492**	**145,188,585**	**(14,418,357)**	**(320,977,452)**	**11,172,000**	**7,586,898**	**285,640,010**	**120,580,176**
Net loss for the period		-	-	-	-	-	-	(20,745,192)	(20,745,192)
Other comprehensive income		-	-	-	-	-	-	-	-
Allocation of the result from previous year		-	-	-	-	-	285,640,010	(285,640,010)	-
Issue of shares		953,698	133,888,379	-	-	-	-	-	134,842,077
Balance as at 30 September 2020		**7,342,190**	**279,076,964**	**(14,418,357)**	**(320,977,452)**	**11,172,000**	**293,226,908**	**(20,745,192)**	**234,677,061**
Balance as at 1 January 2020		**6,388,492**	**145,188,585**	**(14,418,357)**	**(320,977,452)**	**11,172,000**	**7,586,898**	**285,640,010**	**120,580,176**
Net loss for the period		-	-	-	-	-	-	(31,687,588)	(31,687,588)
Other comprehensive income		-	-	-	-	-	-	-	-
Allocation of the result from previous year		-	-	-	-	-	285,640,010	(285,640,010)	-
Issue of shares		953,698	133,874,473	-	-	-	-	-	134,828,171
Balance as at 31 December 2020		**7,342,190**	**279,063,058**	**(14,418,357)**	**(320,977,452)**	**11,172,000**	**293,226,908**	**(31,687,588)**	**223,720,759**
Net loss for the period		-	-	-	-	-	-	(60,625,012)	(60,625,012)
Payments for the transfer of shares to employees		-	-	-	-	237,068	-	-	237,068
Creation of reserve capital as part of the incentive program	36	-	-	-	-	14,995,292	-	-	14,995,292
Allocation of the result from previous year		-	-	-	-	-	(31,687,588)	31,687,588	-
Balance as at 30 September 2021		**7,342,190**	**279,063,058**	**(14,418,357)**	**(320,977,452)**	**26,404,360**	**261,539,320**	**(60,625,012)**	**178,328,107**

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

	Note	Period ended 30/09/2021	Period ended 30/09/2020
		PLN	PLN
Cash flows from operating activities			
(Loss) for the period		**(60,625,012)**	**(20,745,192)**
Adjustments:			
Valuation of shares in Nodthera		(1,319,559)	(4,361,540)
Amortization and depreciation and impairment losses on fixed assets		9,116,426	7,996,463
Interest and profit-sharing (dividends), net		(202,099)	(338,188)
Change in receivables	40	(1,569,713)	6,502,708
Change in inventories	40	(1,504,586)	682,435
Change in short-term liabilities and provision excluding credits and loans	40	(1,638,975)	(11,669,731)
Change in deferred income	40	(13,967,082)	9,143,489
Change in deferred tax	40	367,996	666,774
Change in other assets	40	(1,816,153)	1,123,256
Valuation of the incentive program	36	14,995,292	-
Net cash flows from operating activities		**(58,163,464)**	**(10,999,525)**
Cash flows from investing activities			
Purchase of tangible and intangible fixed assets	13	(9,922,835)	(28,201,657)
Disposal of other financial assets	20	(9,990,035)	
Purchase of other financial assets	20	24,969,465	-
Dividends received		-	-
Interest received		57,651	218,850
Repayment of loans		-	-
Loans granted		-	-
Net cash flows from investing activities		**5,114,246**	**(27,982,807)**
Cash flows from financing activities			
Proceeds from the transfer of shares		237,068	143,054,700
Issue costs		-	(8,212,623)
Repayment of finance lease liabilities	23.1	(1,661,946)	(3,036,593)
Proceeds from credits and loans		-	24,135
Repayment of credits and loans	40	(580,904)	(597,660)
Interest paid		(144,448)	(119,338)
Net cash flows from financing activities		**(2,150,230)**	**131,112,621**
Net increase / (decrease) in cash and cash equivalents		(55,199,448)	92,130,289
Cash and cash equivalents at the beginning of the period		136,218,238	72,106,927
The impact of changes in exchange rates on the balance of cash in foreign currencies		-	-
Cash and cash equivalents at the end of the period	34	**81,018,790**	**164,237,216**

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

1. General information

1.1. The company

Ryvu Therapeutics S.A. was established as a result of the transformation of Selvita Spółka z o.o. in a joint-stock company based on the Notarial Deed of August 20, 2010 prepared at the notary's office A. Deflorian, D. Jastrzębska-Kwiecień Spółka Cywilna (Rep. No. 3222/2010). The registered office of the company is in Poland, Cracow, Bobrzyńskiego Street 4. Currently, the Company is registered in the Register of Entrepreneurs of the National Court Register at the District Court for the city of Kraków - Śródmieście - XI Economic Department under the KRS number 0000367359.

Composition of the management and supervisory bodies as at the date of these financial statements:

Management Board:

Paweł Tadeusz Przewięźlikowski	-	President of the Management Board
Krzysztof Daniel Brzózka	-	Vice-President of the Management Board
Kamil Sebastian Sitarz	-	Member of the Management Board

Supervisory Board:

Piotr Romanowski	-	Chairman
Tadeusz Wesołowski	-	Vice- Chairman
Rafał Piotr Chwast	-	Member
Axel Glasmacher	-	Member
Colin Goddard	-	Member
Jarl Jungnelius	-	Member
Thomas Turalski	-	Member

As at September 30, 2021 the shareholder structure of the company is as follows:

	Registered office	Number of shares	Percentage interest in capital	Percentage share in voting rights
Paweł Tadeusz Przewięźlikowski	Poland	3,949,517	21.52%	33.25%
Bogusław Stanisław Sieczkowski	Poland	924,384	5.04%	6.58%
Nationale -Nederlanden Open-End Pension Fund and Nationale - Nederlanden Voluntary Pension Fund	Poland	1,771,000	9.65%	7.90%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	1,132,713	6.17%	5.06%
Aviva OFE Santander	Poland	1,122,859	6.12%	5.01%
Other shareholders (less than 5% of votes at the GM)		9,455,001	51.51%	42.20%
Total		**18,355,474**	**100.00%**	**100.00%**

As of December 31, 2020, the shareholding structure of the Company was as follows:

	Registered office	Number of shares	Percentage interest in capital	Percentage share in voting rights
Paweł Tadeusz Przewięźlikowski	Poland	4,990,880	27.19%	37.90%
Bogusław Stanisław Sieczkowski	Poland	924,384	5.04%	6.58%
Nationale -Nederlanden Open-End Pension Fund and Nationale - Nederlanden Voluntary Pension Fund *	Poland	1,132,713	8.68%	7.11%
Other shareholders (less than 5% of votes at the GM)		10,845,461	59.09%	48.41%
Total		**17,893,438**	**100.00%**	**100.00%**

** the state resulting from the subscription to the Ordinary General Meeting of the Issuer, which took place on August 31, 2020.*

The duration of the Company is not fixed.

The calendar year is the financial year of the Company.

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

1.2. Going concern assumption

The Company's financial statements have been prepared on the assumption that the Company will continue as a going concern for at least 12 months after the balance sheet date, i.e. after September 30, 2021.

Covid-19 pandemic, which began in the first quarter of 2020, continued during the whole reported period. Because of that, already in 2020 the Issuer implemented, and during the reported period still followed, all of the recommendations given by the Chief Sanitary Inspectorate and other government institutions in connection with the epidemiological threat, including the implementation of remote work and ensuring safe working conditions for stationary employees. Moreover, most business trips have been suspended. The Issuer used remote communication in its business contacts. Furthermore, the Issuer appointed a working team consisting of the representatives of various organizational units, whose task was to respond to the situation on an ongoing basis and mitigate any adverse effects of the spread of the epidemic on the Issuer. The Company also developed its internal policy for preventing the spread of the coronavirus and taking actions aimed at ensuring appropriate health and safety conditions at work. Internal policies are constantly updated to the latest guidelines and changing conditions.

During the previous reporting periods, the pandemic significantly affected the progress of the Issuer's fully owned clinical trial - CLI120-001 (RVU120 AML/HR-MDS) study, and the impact of pandemic to some extent, has also continued in Q3 2021.
More information on the research and development activities conducted by the Issuer and their current status is disclosed in point 3 of the Management Report on the activities of Ryvu Therapeutics S.A. for the period ending September 30, 2021.

The Company's Management Board is analyzing the Issuer's situation on an on-going basis. New circumstances, if any, having a significant effect on the Issuer's financial results and business position, will be communicated promptly in the individual current reports.

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

1.3. Functional and reporting currency

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

2. International Financial Reporting Standards

2.1. Statement of compliance

These interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting" endorsed by the EU ("IAS 34").

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

2.1.1. Reporting period and scope

The Company's financial statements cover the financial period from 1 January 2021 to 30 September 2021 and contain comparative data that constitute data for the financial period from 1 January 2020 to 30 September 2020. The statement of financial position and explanatory notes to this report also contain comparative data as at December 31, 2020.

Status of IFRS endorsement by the EU

2.2. The following standards and interpretations have been published by the International Accounting Standards Board, but they do not apply to these financial statements (i.e. for 9-months financial statements ended September 30, 2021)

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

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

3. Summary of significant accounting policies

3.1. Going concern

The financial statements have been prepared on the assumption that the company will continue as a going concern in the 12 months following the end of the reported period, i.e. September 30, 2021. The issue of going concern was presented in Note 1.2.

3.2. Basis of preparation

The financial statements have been prepared in accordance with the historical cost concept, except for shares in Nodthera, which are measured at fair value.

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

3.3. Investments in associates

Not applicable.

3.4. Interests in joint ventures

Not applicable.

3.5. Non-current assets held for sale

Not applicable.

3.6. Revenue recognition

3.6.1. Grants

Subsidies are recognized in accordance with IAS 20. Subsidies are not recognized until there is reasonable certainty that the Company 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 Company recognizes expenses as costs, the compensation of which is to be a subsidy.

If the subsidy relates to an asset, then its fair value is recognized as deferred income, and then gradually, through equal annual write-offs, recognized in the income from the subsidy over the estimated useful life of the related asset.

Two types of subsidy are awarded: research subsidies and infrastructure subsidies.
In research grants, eligible costs may be the remuneration of employees related to co-financed projects, external services, depreciation of equipment, etc. Revenue from subsidies is calculated in proportion to the eligible costs incurred, the co-financing ratio in accordance with the signed grant agreement.If, under the subsidy, the Company is entitled to a bonus, e.g. due to publication of the results of work, the Management Board of the Company each time assesses whether there is reasonable certainty that the conditions for obtaining the bonus are met, and if there is such justified certainty, it recognizes the revenue from the subsidy, taking into account the Company's right.
The purchase of fixed assets is co-financed in infrastructural subsidies. Revenue from subsidies is calculated in proportion to the depreciation costs, co-financing rate in accordance with the signed subsidy agreement. Accrued income from subsidies is refereed to other receivables (receivables from subsidies). Cash that flows into the bank account is referred to deferred income.

3.6.2. Sales of goods and services

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

The standard introduced the following unified 5-stage revenue recognition model:
- Stage 1: Identification of the contract with the client,
- Stage 2: Identification of the performance obligations contained in the contract,
- Stage 3: Determining the transaction price,
- Stage 4: Allocation of the transaction price to the performance obligations contained in the contract,
- Stage 5: Income recognition when the performance obligation is met (or being met).

Pursuant to IFRS 15, the Company recognizes revenue when the performance obligation is met (or being met), i.e. when the control over the goods or services that are the subject of the obligation is transferred to the customer. Revenues are recognized as amounts equal to the transaction price that has been assigned to the given performance obligation.

The Company transfers control over a good or service over time and thus meets the obligation to provide a service and recognizes revenue over time if one of the following conditions is met:
- the customer simultaneously receives and receives benefits from the service as it is performed,
- an asset is created or improved as a result of the performance of the service, and the control over that asset - as the customer creates or improves it,
- as a result of the performance of the service, no alternative component is created for the Company, and the Company has an enforceable right to pay for the service performed so far.

To measure the degree of total fulfillment of the obligation to perform the performance met over time the Company uses a results-based method, i.e. it recognizes revenues on the basis of a direct measurement of the value for the client of goods and services that have so far been transferred to the client, in relation to the other goods or services promised in the contract, by assessing the results achieved and the stages.

When it is probable that total contract costs exceed total contract revenue, the expected loss is recognized immediately in costs and accounted for in accordance with IAS 37.

The amounts received before carrying out the works to which they relate are recognized in the statement of financial position in liabilities as liabilities under contracts. The amounts invoiced for completed works, but not yet paid by customers, are recognized in the statement of financial position in trade receivables and in net profit.

The Company receives part of the remuneration in advance when signing the contract due to the signed contracts for the sale of R&D projects, and is also authorized to receive further payments in the event of successful development and commercialization of a potential drug that will be created based on the results of cooperation. In addition, the Company is guaranteed royalties on the sale of products developed as a result of cooperation.

3.7. Interest and dividend income

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

3.8. Leases

The Company as a lessee

Assets due to the right of use

The Company recognizes assets due to the right to use on the lease commencement date (ie the date when the underlying asset is available for use). Assets under the right to use are valued at cost, less total depreciation and impairment losses, adjusted for any revaluation of lease liabilities. The cost of assets due to the right to use includes the amount of lease liabilities recognized, initial direct costs incurred and any lease payments paid on or before the start date, less any leasing incentives received. Unless the Company has sufficient assurance that it will obtain ownership of the subject of the lease at the end of the lease period, the recognized rights under usufruct rights are amortized using the straight-line method over the shorter of the two periods: estimated useful life or lease period. Assets under the right to use are subject to impairment.

Lease liabilities

At the start of the lease, the Company measures the lease liabilities in the amount of the current value of the lease payments remaining on that date. Leasing fees include fixed fees (including essentially fixed leasing fees) less any leasing incentives due, variable fees that depend on the index or rate, and amounts expected to be paid under the guaranteed final value. Lease payments also include the price of the call option if it can be assumed with sufficient certainty that the Company will exercise it and payment of fines for termination of the lease, if the lease conditions provide for the possibility of the lease being terminated by the Company. Variable lease payments that do not depend on an index or rate are recognized as costs in the period in which the event or condition giving rise to the payment occurs.

When calculating the current value of lease payments, the Company uses the lessee's marginal interest rate on the day the lease starts, if the leasing interest rate cannot be easily determined. After the start date, the amount of the lease liability is increased to reflect interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if the lease period changes, the lease payments change substantially or the judgment regarding the purchase of underlying assets changes.

Short-term leasing and leasing of low-value assets

The Company 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 Company 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 were described in the Note 4.1.

3.9. 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.

	Balance as at 30/09/2021	Balance as at 31/12/2020	Balance as at 30/09/2020
EUR / PLN	4.6329	4.6148	4.5268
USD / PLN	3.9925	3.7584	3.8658
GBP / PLN	5.3653	5.1327	4.9560
CHF / PLN	4.2725	4.2641	4.1878
JPY / PLN	0.0357	0.0365	0.0366
SEK / PLN	0.4543	0.4598	0.4296

3.10. Borrowing costs

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

Revenue from investments obtained as a result of short-term investment of acquired external funds allocated directly to finance the purchase or production of assets reduce the value of borrowing costs subject to capitalization. In the reporting period, the issue did not occur.

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

3.11. Costs of employee benefits and contract termination

Provisions for employee benefits, i.e. retirement benefits, are estimated at the end of each reporting period using simplified methods similar to actuarial ones.

3.12. Taxes

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

3.12.1. Current tax

The current tax liability is measured on the basis of the taxable profit or loss (tax base) for the reporting period. The taxable profit (loss) differs from the accounting profit (loss) due to elimination of revenue that is temporarily not taxable and temporarily non-deductible expenses as well as expenses and revenue which will never be subject to tax. The tax charge is determined using the tax rates effective in the financial year.

3.12.2. Deferred tax

Deferred tax is recognized with respect to temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for purposes of calculation of taxable profit, as well as unused tax losses and unused tax credits. As a rule, the deferred tax liability is recognized for all temporary taxable differences. A deferred tax asset is recognized with respect to all temporary deductible differences insofar as it is probable that the entity will generate taxable profit against which such differences may be offset. Such deferred tax asset and liability is not recognized if the temporary differences arise from goodwill or from initial recognition (except business combinations) of other assets and liabilities in a transaction which does not affect the tax or accounting profit.

The value of the deferred tax asset is reviewed at the end of each reporting period and if the expected future taxable profit is insufficient to realize the asset or its part, an impairment loss is recognized as appropriate.

Deferred tax is calculated using tax rates that will apply when the asset is realized or the liability becomes due. The valuation of deferred tax reserves and deferred tax assets reflects the tax consequences that will occur in line with the manner of implementation or settlement of balance sheet assets and liabilities as forecast by the Company. A significant part of the recognized deferred tax asset is expected to be realized over the next 12 months (as it relates to short-term provisions).

In the area of income tax, the Company is subject to general provisions in this area, these are basically the Polish provisions of the CIT Act and associated provisions. The company is not a tax capital Company. The tax and balance sheet years coincide with the calendar year.

The company recognizes a deferred tax asset that is used to carry over unused tax losses to the extent that it is probable that future taxable income will be available against which unused tax losses can be deducted. In assessing whether it is likely that the future taxable income available will be sufficient, the Company takes into account the nature, origin and timing of such income and ensures that convincing evidence is collected. The company assesses the realizability of the deferred tax asset as at each balance sheet date. This assessment requires the involvement of professional judgment and estimates, including regarding future tax results. An unrecognized deferred tax asset is subject to reassessment at each balance sheet date and is recognized up to the amount that reflects the probability of achieving taxable income in the future that will allow recovery of that asset.

Uncertainty associated with the recognition of income tax

Pursuant to IFRIC 23, if in the Company's opinion it is likely that the Company's approach to a tax issue or Company of tax issues will be accepted by the tax authority, the Company determines taxable income (tax loss), tax base, unused tax losses, unused tax credits and rates tax including the approach to taxation planned or used in your tax return. Assessing this probability, the Company assumes that the tax authorities authorized to inspect and challenge the tax treatment will carry out such an inspection and will have access to all information. If the Company determines that it is not probable that the tax authority will accept the Company's approach to a tax issue or Company of tax issues, then the Company reflects the effects of uncertainty in accounting terms of tax in the period in which it determined it. Therefore, the company 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 company determines the most likely scenario - this is a single amount among the possible outcomes or
- The company recognizes the expected value - it is the sum of probability weighted amounts among the possible results.

3.12.3. Current and deferred tax for the period

The current and deferred tax is recognized in profit or loss, except for items recognized in other comprehensive income or directly in equity. In such a case, the current and deferred tax is also charged to other comprehensive income or equity, respectively. If the current or deferred tax results from initial recognition of a business combination, the tax effect is taken into consideration in the subsequent entries related to that business combination.

3.13. Property, plant and equipment

Fixed assets are measured at cost or revalued amounts less depreciation and impairment losses.
Costs incurred after a fixed asset has been commissioned, such as costs of repairs, inspections or maintenance fees, are recognized in profit or loss for the period during which they were incurred. However, where it may be proven that the said costs resulted in an increase of the expected future economic benefits related to holding the asset above those assumed initially, they increase the initial value of the fixed asset. Where the payment for fixed assets purchased by the Company is made in a foreign currency, the initial value is not increased by exchange differences.

Fixed assets under construction are measured at total cost related directly to their acquisition or manufacturing, including financial expenses, less impairment losses. Fixed assets under construction include payments of patent fees related to research.

Fixed assets, except land and the right of perpetual usufruct of land, are depreciated on a straight-line basis over the period of their estimated useful life or the shorter of the useful life or the period of the right to use the assets, which is as follows:
- building, premises, civil and water engineering structures – from 10 to 40 years;
- technical equipment and machines – 3-10 years;
- vehicles – 5 years;
- other fixed assets – 3-5 years.

Machines and equipment are recognized at cost less depreciation and accumulated impairment losses.

Depreciation is recognized so as to reduce the cost or the measurement of an asset (other than land and fixed assets under construction) to its residual value using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period (with prospective application of all changes in estimates).

An item of property, plant and equipment is derecognized from the balance sheet upon its disposal or when it is expected that no further economic benefits will flow to the entity in relation to its use. Any gains or losses resulting from disposal of an item of property, plant and equipment or its decommissioning are charged to profit or loss for the period when the item was derecognized (calculated as the difference between proceeds from sale and the carrying amount of the asset).

3.14. Intangible assets

3.14.1. Intangible assets

Intangible assets with fixed useful life, purchased by the Company, are recognized at cost less amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period and the effects of changes in the estimates are accounted for prospectively. Intangible assets with indefinite useful life, purchased by the Company, are recognized at cost less accumulated impairment losses.

3.14.2. Intangible assets developed internally – R&D cost

R&D cost is recognized in profit or loss when incurred.

Intangible assets developed as a result of R&D work are recognized in the statement of financial position only if the Company has:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- knowledge of how the intangible asset will generate future economic benefits;
- access to adequate technical and financial resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The initial value of internally developed intangible assets is the total of expenses incurred from the date at which the asset satisfied the above recognition criteria for the first time. If internal R&D cost cannot be recognized on the balance sheet, it is charged to profit or loss for the period in which it was incurred.

After initial recognition, an intangible asset developed internally is carried at cost less accumulated amortization and accumulated impairment losses, in line with the principles applicable to intangible assets purchased by the entity.

3.14.3. Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from derecognition of an intangible asset from the balance sheet (determined as the difference between proceeds from sale and the carrying amount of the asset) are recognized in profit or loss for the period when the asset was derecognized.

3.15. Impairment of property, plant and equipment and intangible assets, except goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets in order to determine whether there are any indications of impairment. If such indications are identified, the recoverable amount of the asset is estimated in order to determine the value of the potential impairment loss. Where the recoverable amount of an asset may not be estimated, an analysis of the recoverable amount is performed for the cash generating unit which the asset has been allocated to. Where a reliable and consistent basis for allocation can be identified, the Company's non-current assets are allocated to individual cash generating units or to the smallest Companys of cash generating units for which a reliable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives or those which have not been commissioned yet are tested for impairment annually and additionally whenever indications of their impairment are identified.

The recoverable amount is determined as the higher of the fair value less costs to sell or the value in use. The value in use is the present value of the projected future cash flows discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash generating unit) is lower than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss of the period in which impairment was identified.

Where an impairment loss is subsequently reversed, the net value of the asset (or a cash generating unit) is increased to the revised estimate of the recoverable amount, which, however, may not exceed the carrying amount of the asset which would have been determined had an impairment loss of the asset/cash generating unit not been recognized in previous years. Reversal of an impairment loss is recognized immediately in profit or loss.

3.16. 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 Company's inventories are reagents and laboratory materials used in research.

3.17. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the amount required to fulfil the present obligation at the end of the reporting period, taking into account the risks and uncertainties related to the obligation. Where a provision is measured using the method of projected cash flows required to fulfil the present obligation, the carrying amount corresponds to the present value of such cash flows (if the effect of the time value of money is material).

When some or all of the economic benefits required to settle the provision are expected to be recovered from a third party, the amount due is recognized as an asset if it is almost certain that the amount will be recovered and it can be measured reliably.

3.17.1. Onerous contracts

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

3.17.2. Restructuring

A restructuring reserve is recognized only where the Company has developed a detailed and formal restructuring plan and announced its intention to implement the plan or achieve its key objectives to all the parties concerned. The restructuring reserve comprises only direct restructuring costs, that is such amounts as may be necessary to carry out the restructuring project, which are not related to the day-to-day running of the business.

3.18. 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 statement of cash flows consists of the above-mentioned cash and cash equivalents, less outstanding loans in current accounts.
The Company has no balance on split payment accounts as at the balance sheet dates.

3.19. Financial instruments

3.19.1. Classification and initial recognition of financial instruments

The Company assigns financial instruments in accordance with the IFRS 9 to one of three categories:
• measured on the basis of the amortized cost,
• measured at fair value through other total income,
• measured at fair value through profit or loss.
The classification depends on the business model used by an entity with respect to financial asset management and on whether cash flows arising from the contracts include solely the payments of principal and interest ('SPPI').
• If a financial instrument is maintained in order to generate cash flow, it is classified as measured based on the amortised cost, provided that it meets the SPPI requirement.
• Debt instruments meeting the SPPI requirement, maintained both in order to generate contractual cash flows arising from assets and to sell assets, are classified as measured at fair value through other total income.
• All other debt instruments are measured at fair value, where the results of measurement are recognised in the financial result.
Financial liabilities and financial assets, excluding trade receivables which do not contain a significant financing component, are measured at fair value during the initial recognition.
Trade receivables that do not contain a significant financing component are measured at the transaction value during the initial recognition.

Cessation of recognition
Financial assets are excluded from the books of accounts when:
• the rights to obtain cash flows from financial assets have expired, or
• the rights to obtain cash flows from financial assets have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Valuation after initial recognition
For the purpose of valuation after initial recognition, financial assets are classified into one of four categories:
• debt instruments measured at amortized cost,
• debt instruments measured at fair value through other comprehensive income,
• equity instruments measured at fair value through other comprehensive income,
• financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:
(a) the financial asset is held in accordance with a business model whose purpose is to hold financial assets for obtaining contractual cash flows, and
(b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.
The Company classifies into the category of financial assets measured at amortized cost:
• trade receivables,
• loans granted that meet the SPPI classification test and which, according to the business model, are shown as held to obtain cash flows,
• cash and cash equivalents,
• bonds issued by renowned Polish financial entities.

Trade and other receivables and other receivable*s*

Receivables from sales of goods and services are recognized and disclosed according to the initially invoiced amounts, taking into account the write-down for expected credit losses in the entire lifetime.
If the effect of the time value of money is material, the value of receivables is determined by discounting the projected future cash flows to the present value using a discount rate that reflects current market assessments of the time value of money. If the discounting method was used, the increase in receivables due to the passage of time is recognized as financial income.

Other receivables include, in particular, advance payments for future purchases of property, plant and equipment, intangible assets and inventories. Advances are presented in accordance with the nature of the assets to which they relate - as fixed or current assets, respectively. Advances as non-monetary assets are not discounted.
Budget receivables are presented as other non-financial assets, with the exception of corporate income tax receivables, which constitute a separate item on the balance sheet.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:
(a) the financial asset is held in accordance with a business model whose purpose is both to receive contractual cash flows and to sell financial assets; and
(b) the terms of the contract relating to the financial asset give rise to cash flows on certain dates that are only repayment of principal and interest on the principal amount outstanding.
Interest income, exchange rate differences and impairment gains and losses are recognized in profit or loss and calculated in the same way as for financial assets measured at amortized cost. Other changes in fair value are recognized in other comprehensive income. When the financial asset is discontinued, the total profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.
Interest income is calculated using the effective interest method and is recognized in the statement of comprehensive income under 'Interest income'.
The Company classifies listed debt instruments to the category of debt instruments valued at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income

At the time of initial recognition, the Company may make an irrevocable choice regarding the recognition in subsequent comprehensive income of subsequent changes in the fair value of an investment in an equity instrument that is not held for trading or is not a conditional consideration recognized by the acquirer in a business combination to which IFRS 3 applies. Such selection is made separately for each equity instrument. Accumulated gains or losses previously recognized in other comprehensive income are not reclassified to profit or loss. Dividends are recognized in the statement of comprehensive income when the entity's entitlement to receive dividends arises, unless those dividends are obviously recovering part of the investment costs.
The Company classifies unlisted equity instruments as equity instruments measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.
The Company classifies listed equity instruments as financial assets at fair value through profit or loss.
Profit or loss on the measurement of these assets at fair value is recognized in profit or loss.
Dividends are recognized in the statement of comprehensive income when the entity's entitlement to receive dividends arises.

Trade and other liabilities

Short-term liabilities due to deliveries and services are shown in the amount requiring payment.
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially classified as at fair value through profit or loss. Financial liabilities are classified as held for trading if they were acquired for the purpose of sale in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are recognized as effective hedging instruments.

As at September 30, 2021, no financial liabilities have been classified as measured at fair value through profit or loss.
Financial liabilities measured at fair value through profit or loss are measured at fair value, taking into account their market value as at the balance sheet date, excluding sales transaction costs. Changes in the fair value of these instruments are recognized in profit or loss as financial costs or revenues, except for changes due to own credit risk for financial liabilities initially classified as at fair value through profit or loss, which is recognized in other comprehensive income.
Other financial liabilities that are not financial instruments at fair value through profit or loss are measured at amortized cost using the effective interest method.
The company excludes from its balance sheet a financial liability when the liability has expired - that is, when the obligation specified in the contract has been fulfilled, canceled or has expired.
Other non-financial liabilities include, in particular, liabilities to the tax office due to value added tax and liabilities due to advance payments received, which will be settled by the delivery of goods, services or fixed assets. Other non-financial liabilities are recognized at the amount requiring payment.

Interest-bearing bank loans, loans and debt securities

At initial recognition, all bank loans, borrowings and debt securities are recognized at fair value, less costs associated with obtaining the loan.

After initial recognition, interest-bearing loans, borrowings and debt securities are measured at amortized cost using the effective interest method.

When determining the amortized cost, account is taken of the costs associated with obtaining the loan or borrowing as well as discounts or premiums obtained in connection with the liability.

Income and expenses are recognized in profit or loss when the liability is removed from the balance sheet, as well as as a result of settlement using the effective interest rate method.

3.19.2. Impairment of financial instruments

At the end of each fiscal year, the Company carries out the analysis of financial instruments in order to determine their impairment and prepare an impairment loss.
To this end, the Company applies the impairment model based on expected credit losses, as a result of which the impairment loss is recognised before the occurrence of credit loss. This model requires taking into account both the current conditions as well as reasonable and documented information concerning the future, available without excessive costs and efforts, in the process of calculating the expected credit loss.
Two approaches are used for the estimation of financial instrument impairment losses:
• General approach – applied to financial assets measured at fair value through other total income and to financial assets measured at the amortised cost, excluding trade receivables.
• Simplified approach – applied to trade receivables and contract assets that do not include a significant financing element. The Company calculates the expected credit loss in the entire life cycle for this category of assets with the use of a provision matrix. The calculation is based on the historic loss rate calculated on the basis of data on the payment of trade receivables in the period of 4 years corrected, in use, for future information. The rate calculated this way is referred to balances of unpaid trade receivables recognised as at the balance sheet date, within ranges defined in the ageing analysis.

3.19.3. Hedge accounting

The Company companies do not use hedge accounting.

4. Significant accounting judgements and estimates

When applying the accounting policies adopted by the Company, the Management Board 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

In connection with the subsidies received, the Company is obliged to fulfill the conditions arising from the subsidy agreements signed (including result and product indicators). In the opinion of the Parent's Management Board, the potential risk of return is low.
In addition, if the Company fails to use the granted funds within the period specified in the contractual terms, they are refundable and remain for use in subsequent periods.

Recognition of patents

The Company capitalizes the costs of patents that serve to protect the rights used in the course of research (not generating revenues), as well as those that generate revenues from research and development cooperation agreements. During the periodic review of the project portfolio, the Management Board makes a significant judgment related to the possibility of generating economic benefits by certain patents in the future.

Leasing - the Company 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.

4.2.1. Provisions for bonuses

Provisions for bonuses are presented in Note 30. Provisions for bonuses are estimated in line with an algorithm based on a margin achieved and realized on individual projects or project Companys. 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 Company. Bonuses are discretionary.

4.2.2. Useful lives of property, plant and equipment

As described in Note 3.13 and in Note 3.14, the Company 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 3.6, the Company determines the stage of completion of contracts with clients by determining the proportion of the project costs incurred so far to the total estimated project costs. Due to the nature of the projects being carried out, as well as the possibility of the occurrence of previously unforeseen difficulties associated with the implementation of the project, it may turn out that the actual total costs of project implementation will differ from the estimates made. A change in the estimated total costs of project implementation may cause that the project progress level 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.

4.2.4. Deferred tax asset

The Company 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 Company 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 Company 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 Company makes a decision on calculating the deferred tax asset.

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 Company.

The Company 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 Company, it is likely that the Company's approach to the tax issue or Company of tax issues will be accepted by the tax authority, the Company 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 Company assumes that the tax authorities authorized to audit and challenge the tax treatment will carry out such control and will have access to all information.

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

4.2.6. Fair value of financial instruments

The fair value of financial instruments for which there is no active market is determined using appropriate valuation techniques. When selecting the appropriate methods and assumptions, the Company is guided by professional judgment. The method of determining the fair value of individual financial instruments is presented in Note 18.

4.2.7. Impairment of trade receivables and contract assets

The company uses reserve matrices to value the write-down for expected credit losses in relation to trade receivables and assets under the contract. In order to determine the expected loan losses, trade receivables and contract assets were Companyed based on the similarity of the credit risk characteristics. The company uses its historical data on credit losses, adjusted, where appropriate, by the impact of future information. An increase or decrease in the adjustment regarding the impact of future factors used to estimate the expected loan losses by 10% would result in an increase or decrease in write-offs for credit losses by PLN 970, respectively.

4.2.8. Revenue recognition

Judgments made by the Company that significantly affect the determination of the amount and timing of obtaining revenues from contracts with clients are presented in Note 3.6.

5. Sales revenue

5.1. Revenues

The sales revenues obtained by the Company can be divided into 3 types. The main type of contracts is the sale of R&D projects, while the "fixed price" and FTE contracts were implemented by a separate service segment and are being terminated.

1. Agreements based on the fixed price model.

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

3. Sale of R&D projects

The company concludes research and development cooperation agreements. The subject of cooperation is the discovery and development of innovative small molecule compounds with potential therapeutic use in inflammatory diseases. The cooperation agreement specifies the division and scope of responsibility between the Company and the partner. At the time of signing the contract, the Company receives payment in advance, which is a remuneration for access to the existing test results. Other revenues depend on the achievement of specific scientific and clinical research progress, the success of the registration process, the so-called 'milestones', and the level of revenue from the sale of a potential drug achieved by the partner. The Company receives contractual remuneration for the defined 'milestone' achieved. In addition, the Company is guaranteed royalties on the sale of products developed as a result of cooperation.

The Company does not have sufficient information and has no influence on the pace of work performed by the project partner to be able to precisely determine when the conditions resulting in payments to the Company within the agreed, defined 'milestones' will be fulfilled, therefore the recognized revenue relates only to these revenues for which the milestone has been reached. Then the recognized revenue corresponds to the remuneration for the achieved milestone.

The breakdown of the Company's sales revenues for continuing operations is as follows:

	Period ended 30/09/2021	From 01/07/2021 To 30/09/2021	Period ended 30/09/2020	From 01/07/2020 To 30/09/2020
	PLN	PLN	PLN	PLN
Contract research - fixed priced agreements	-	-	25,998	-
Lease of employees - FTE agreements	555,080	130,898	725,459	351,469
Sale of R&D projects	-	-	14,315,350	-
Rent revenue	475,519	158,338	98,000	98,000
Operating income	**1,030,599**	**289,236**	**15,164,807**	**449,469**

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

5.2. Revenues from subsidies

	Period ended 30/09/2021	From 01/07/2021 To 30/09/2021	Period ended 30/09/2020	From 01/07/2020 To 30/09/2020
Infrastructure subsidies	2,811,193	1,016,647	1,889,728	827,873
Grants for research	15,382,006	5,855,702	12,612,732	4,070,013
	18,193,199	**6,872,349**	**14,502,460**	**4,897,886**

5.3. Contract assets and liabilities

The scope of changes of contract assets	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
Contracts at the beginning of the reporting period	-	360,205
Revenue accrued in proportion to the costs incurred	-	-
Invoiced revenues	-	(360,205)
Contracts assets at the end of the reporting period	-	-

The scope of changes of contract liabilities	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
Contracts at the beginning of the reporting period	-	-
Revenue accrued in proportion to the costs incurred	-	-
Invoiced revenues	-	-
Contracts liabilities at the end of the reporting period	-	-

5.4. Geographical information

The Company operates in Europe.

Company's revenue from external customers by geographical area:

	Revenue from external customers			
	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Poland	504,981	159,661	102,425	99,536
EU members	525,618	129,575	15,062,382	349,933
Other countries	-	-	-	-
Total	**1,030,599**	**289,236**	**15,164,807**	**449,469**

5.5. Operating expenses

5.5.1. Amortization and impairment	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Depreciation of tangible asstes	7,492,410	2,619,677	5,453,773	2,428,051
Depreciation of the rights to use machines and equipment	809,293	269,764	1,228,326	344,718
Depreciation of rights to use of buildings	517,363	172,736	1,036,932	259,561
Depreciation of rights to use of cars	95,440	38,512	74,399	24,799
Amortization of intangible assets and liquidation of patents	201,920	90,430	203,033	75,333
Total amortization expense	**9,116,426**	**3,191,119**	**7,996,463**	**3,132,462**

5.5.2. Employee benefit expense	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Salaries and wages	19,645,005	7,066,380	17,070,676	5,077,566
Social security charges	3,338,347	1,114,156	2,045,015	524,817
Medical and other benefits	687,639	282,175	307,475	102,358
Trainings	458,784	104,900	103,550	32,115
Workwear	169,007	88,895	139,143	107,745
Employee benefit expense	**24,298,782**	**8,656,506**	**19,665,859**	**5,844,601**

5.5.3. External services	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
B2C Services*	9,026,998	1,931,924	1,842,466	666,285
Administrative services	3,082,435	206,629	4,144,372	1,324,372
IT services, databases	1,347,742	423,257	1,038,933	368,937
Research Services	8,595,833	4,410,665	10,985,742	3,891,131
Transportation services	394,334	166,892	249,334	119,802
Total external services	**22,447,342**	**7,139,367**	**18,260,847**	**6,370,527**

** B2C costs include costs of outsourcing human resources and costs of subcontractors used in research projects in the amount of PLN 579.5 thousand in the period ended September 30, 2021 and PLN 421 thousand in the same period of 2020.*

6. Operating segments

Currently, we deal with one operating and reporting segment and the Management Board monitors both the operating results and financing of the Company and income tax at the level of the entire Company in order to make decisions regarding the allocation of resources, assess the effects of this allocation and the results of operations.

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

Currently, the only operating segment is Innovation (continuing operations). The company conducts research and development works in which it focuses on developing innovative, small-molecule pharmacological compounds that are intended for commercialization at a later stage of the development of new drugs.

Before the split, the Company also had a Services segment in which it provided services through two main departments: Contract Chemistry Department and Contract Biology Department. Upon the completion of the division process, the Company ceased operations in this segment.

6.2. Segment revenue and profit or loss

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

a) Continued operations

	Revenue				Operating profit			
	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Segment 1 - Innovations, including	**19,628,961**	**7,406,872**	**29,979,690**	**5,507,484**	**(61,611,675)**	**(23,489,128)**	**(24,194,489)**	**(12,357,087)**
revenue from external customers	1,030,599	289,236	15,164,807	449,469				
grant income	18,193,199	6,872,349	14,502,460	4,897,886				
other operating income	405,163	245,287	312,423	160,129				
Total from continued operations	**19,628,961**	**7,406,872**	**29,979,690**	**5,507,484**	**(61,611,675)**	**(23,489,128)**	**(24,194,489)**	**(12,357,087)**

	Expenses			
	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Segment 1 - Innovations, including	**81,240,636**	**30,896,000**	**54,174,179**	**17,864,571**
amortization and depreciation	9,116,426	3,191,119	7,996,463	3,132,462
Valuation of the incentive program	14,995,292	8,128,500	-	-

6.3. Segment assets and liabilities

Continued operations

	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
Segments assets		
Segment I		
Innovations	233,895,924	295,640,268
Total segment assets	**233,895,924**	**295,640,268**
Segment liabilities		
Segment I		
Innovations	55,567,817	71,919,509
Total segment liabilities	**55,567,817**	**71,919,509**

For purposes of monitoring segment performance and allocating resources:

- reporting segments include: goodwill, unfinished development, shares in associates, long-term receivables, cash and cash equivalents, property, plant and equipment, inventories, trade receivables, subsidies, assets under long-term contracts, deferred tax asset,
- unallocated assets include: unallocated tangible assets, other intangible assets, public-law and employee receivables, other assets.
- reporting segments include trade payables, trade payables, provisions for liabilities, deferred income, financial liabilities

6.4. Other segment information

	Depreciation and amortization				Fixed assets additions			
	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Segment 1 *Innovations*	9,116,426	3,191,119	7,996,463	3,132,462	13,306,762	3,477,406	30,927,401	9,412,810
Total from continued operations	**9,116,426**	**3,191,119**	**7,996,463**	**3,132,462**	**13,306,762**	**3,477,406**	**30,927,401**	**9,412,810**

6.5. Major customers

	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Segment 1 - Innovations				
Customer A	525,618	101,436	8,296,435	349,933
Customer B	479,519	162,338	-	-
Customer C	-	-	6,791,400	-

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

7. Finance income

	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Financial revenue due to financial instruments	**508,373**	**359,931**	**218,850**	**(100,192)**
Interest received	57,651	32,584	218,850	417
Gains / losses on fx differences	450,722	327,347	-	(100,609)
Total finance income	**508,373**	**359,931**	**218,850**	**(100,192)**

8. Finance cost

	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Finance cost due to financial instruments	**142,419**	**52,537**	**156,721**	**(35,476)**
Interest	77,690	39,231	119,338	41,244
Gains / losses on fx differences	64,729	13,306	37,383	(76,720)
Other finance cost	**330,651**	**41,507**	**155,598**	**72,588**
Interest on leases	66,758	22,434	155,598	72,588
Others	263,893	19,073	-	-
Total finance cost	**473,070**	**94,044**	**312,319**	**37,112**

9. Other operating income and expenses

9.1. Other operating income

	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Gain on disposal of property, plant and equipment	-	-	-	-
Other operating income:	**405,163**	**245,287**	**312,423**	**160,129**
Penalties, fines and damages received	1,900	-	-	-
Income from the sale of fixed assets	48,441	48,441	-	-
Liabilities canceled	8,155	8,155	-	-
Other - sales of services to employees (benefits)	346,667	188,691	312,423	160,129
Total other operating income	**405,163**	**245,287**	**312,423**	**160,129**

9.2. Other operating expenses

	Period ended 30/09/2021	From 01/07/2021 to 30/09/2021	Period ended 30/09/2020	From 01/07/2020 to 30/09/2020
	PLN	PLN	PLN	PLN
Loss on disposal of property, plant and equipment	-	-	-	-
Revaluation of non-financial assets	-	-	-	-
Other operating expenses:	**73,892**	**67,138**	**6,000**	**600**
Costs of selling fixed assets	48,441	48,441	-	-
Cost refund to employees – prescription glasses	1,600	800	1,000	600
Donations	-	-	5,000	-
Other	23,851	17,897	-	-
Total other operating expenses	**73,892**	**67,138**	**6,000**	**600**

10. Income taxes on continuing operations

10.1. Income taxes presented in the statement of comprehensive income

	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN
Current income tax:	-	-
Current income tax expense	-	-
Corrections relating to previous years	-	-
Deferred income tax	(368,199)	(818,774)
Tax charge presented in the statement of comprehensive income	**(368,199)**	**(818,774)**

10.2. Reconciliation of the tax profit to the accounting profit

	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN
Recorded revenue and profit	**21,456,893**	**34,560,080**
Non-taxable and tax-exempt income, including:	**20,916,265**	**20,049,303**
Fx differences	1,500,462	1,206,946
Revenue of next month	(96,955)	(321,484)
Grant income	18,193,199	14,802,301
Other - valuation of shares in Nodthera	1,319,559	4,361,540
Tax revenues, other than accounting revenues:	-	-
Long-term contracts	-	-
Total taxable income (1-2+3)	**540,628**	**14,510,777**
Recorded expenses and losses	**81,713,706**	**54,486,498**
Expenses and losses classified permanently as non-deductible:	**33,393,517**	**15,033,889**
PFRON	98,700	151,515
Business entertainment costs	24,912	22,255
Incentive program costs	14,995,292	-
Subsidized costs	18,193,199	14,802,301
Other non-deductible expenses	81,414	57,818
Expenses and losses classified temporarily as non-deductible:	**(1,929,819)**	**3,063,169**
Recognized accruals for bonus and unused holiday	1,129,975	1,596,618
Recognized other accruals	(4,308,871)	108,611
Exchange differences	1,236,414	1,307,129
Outstanding salaries, wages and social security	2,177	18,433
Other non-deductible expenses	10,486	32,378
Tax costs, other than accounting costs:	-	-
Share issue costs	-	-
CBR costs	-	-
Difference in the balance sheet and tax depreciation of fixed assets and intangible assets	-	-
Total deductible expenses	**50,250,008**	**36,389,440**
Taxable Income / (Loss)	**(49,709,380)**	**(21,878,663)**
Tax-exempt income ("+")	-	-
Deductions from income ("+")	-	-
Income tax at the applicable rate	-	-
Deductions from income tax		
Income tax due	-	-

The tax charge is determined using the tax rates effective in the financial year. Since 2004, under the amended legislation, the CIT rate has been 19%.

10.3. The effective tax rate reconciliation is as follows:

	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN
Gross (Loss) before tax	**(60,256,813)**	**(19,926,418)**
Tax at the statutory tax rate applicable in Poland, 19%	(11,448,794)	(3,786,019)
Permanent non-taxable costs	6,344,768	2,856,439
Permanent non-taxable income	(3,456,708)	(2,812,437)
Others (e.g.: unrecognized deferred tax asset)	8,192,535	2,923,244
Tax at the effective tax rate	(368,199)	(818,774)

10.4. Current tax asset and liabilities

	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN
Current tax asset		
Tax refund due	-	-
	-	-
Current tax liabilities		
Income taxes due	-	-
	-	-

10.5. Deferred income tax

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

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Deferred tax asset	566,576	593,525
Deferred tax liability	6,410,038	6,042,042
	(5,843,462)	**(5,448,517)**

Basis for temporary differences – difference between the tax value and carrying amount of:	DTA as at		Change in DTA recognized in profit and loss account for the period		Change in DTA recognized in equity	
	Balance as at 30/09/2021	Balance as at 31/12/2020	From 01/01 to 30/09/2021	From 01/01 to 31/12/2020	From 01/01 to 30/09/2021	From 01/01 to 31/12/2020
- fixed assets and intangible assets (excluding leases)	-	-	-	(7,828)	-	-
- fixed assets and intangible assets - leases	264,997	269,426	(4,429)	(73,109)	-	-
- personnel related accruals	29,102	-	29,102	(112,545)	-	-
- other provisions	37,558	-	37,558	-	-	-
- trade and other receivables and payables (negative foreign exchange)	234,919	324,099	(89,180)	86,217	-	-
Total	**566,576**	**593,525**	**(26,949)**	**(107,265)**	**-**	**-**

10.6. Unrecognized deferred tax asset and unused tax credits

	Balance as at 30/09/2021	Balance as at 31/12/2020
Recognized tax assets	**566,576**	**593,525**
As at the end of the reporting period, the following items of the deferred tax asset remained unrecognized:		
Tax losses	18,941,919	9,497,137
Other accruals	369,041	332,027
Accruals for bonuses and unused holidays	1,096,909	882,214
Course costs	-	13,553
Total unrecognized deferred tax asset	20,407,869	10,724,930
Total (recognized and unrecognized) deferred tax asset	**20,974,445**	**11,318,455**

DTA computation method has been described in note 4.2.4.

Unrecognized assets due to unused tax losses concern the years 2016, 2019, 2020 and 2021 and may be settled by 2026.

10.7. Deferred tax liability

Basis for temporary differences – difference between the tax value and carrying amount of:	DTL		Change in DTL recognized in profit and loss account for the period		Change in DTL recognized in equity	
	Balance as at 30/09/2021	Balance as at 31/12/2020	From 01/01 to 30/09/2021	From 01/01 to 31/12/2020	From 01/01 to 30/09/2021	From 01/01 to 31/12/2020
- fixed assets and intangible assets (excluding leases)	-	-	-	-	-	-
- fixed assets and intangible assets - leases	297,454	322,301	(24,847)	105,638	-	-
- trade and other receivables (exchange differences)	458,398	289,187	169,211	36,388	-	-
- contracts with clients	-	27,084	(27,084)	(67,758)	-	-
- revaluation of shares in Nodthera	5,654,186	5,403,470	250,716	1,019,155	-	-
Total	**6,410,038**	**6,042,042**	**367,996**	**1,093,423**	**-**	**-**

11. Non-current assets held for sale

None.

12. Earnings per share

	Period ended 30/09/2021	Period ended 30/09/2020
	PLN/100 per share	PLN/100 per share
Basic earnings per share:	**(330.3)**	**(127.8)**
From continuing operations	(330.3)	(127.8)
From spin-off operations	n.a.	n.a.
Total basic earnings per share	(330.3)	(127.8)
Diluted earnings per share:	**(330.3)**	**(127.8)**
From continuing operations	(330.3)	(127.8)
From spin-off operations	n.a.	n.a.
Total diluted earnings per share	(330.3)	(127.8)

12.1. Basic earnings per share

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

	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN
Profit used to calculate the total basic earnings per share	(60,625,012)	(20,745,192)
Profit used to calculate basic earnings per share from spin-off operations	-	-
Profit used to calculate basic earnings per share from continuing operations	(60,625,012)	(20,745,192)

	Period ended 30/09/2021	Period ended 30/09/2020
	quantity	**quantity**
Weighted average number of ordinary shares used to calculate diluted earnings per share	18,355,474	16,232,278

13. Tangible fixed assets

Net carrying amount:	**Balance as at 30/09/2021**	**Balance as at 31/12/2020**
	PLN	**PLN**
Land	7,468,450	7,468,450
Buildings	49,656,725	46,198,885
Machinery and equipment	10,948,505	10,982,466
Vehicles	-	-
Other tangible assets (including lab equipment)	20,872,906	17,437,776
Rights to use other fixed assets (including laboratory equipment)	2,120,641	2,929,934
Rights to use the premises	869,602	1,377,651
Rights to use cars	508,906	182,590
Assets under construction	399,479	4,584,559
Advances for assets under construction	-	-
	92,845,214	**91,162,311**

In the periods covered by the financial statements, the Company did not make revaluation write-offs for fixed assets.

The company reviewed the premises for impairment of property, plant and equipment. Given that the most important items are new or almost new assets or relate to fixed assets under construction (newly built Innovative Medicines Research and Development Center), the Company's Management Board decided that the fair value of these assets less selling costs is equal to or greater than the book value of the assets. Moreover, the Management Board took into account the level of the company's capitalization as at 30/09/2021 and as at the date of approval of these financial statements and due to the surplus of capitalization over the company's net assets at the level of approximately PLN 914m, the Management Board concluded that there are no indications of impairment. and therefore the Management Board does not see the need to recognize an impairment loss as at 30/09/2021.

In 2021, the Company plans expenditures on non-financial fixed assets in the amount of PLN 19,300 thousand which are related to the completion of equipping the newly built Research and Development Center of Innovative Medicines with laboratory equipment. The company does not plan to incur expenses for environmental protection.

Liabilities secured on the entity's assets

Type of security	As at 30/09/2021		As at 31/12/2020		Nature and form of security
	Value of liability	Value of security	Value of liability	Value of security	
Mortgage	**1,785,798.00**	**8,403,000.00**	**2,362,057.00**	**8,403,000.00**	The property located in Krakow at ul. Sternbach, consisting of registration plots located within 38 with numbers: 81/21, 81/26, 195/11, 195/16, 210/24, 210/9, 210/8, 210/19, 210/3, 210/2
Pledges, incl.:	**2,468,527.00**	**2,912,261.00**	**3,330,094.00**	**3,330,094.00**	
machinery - leasing	2,468,527.00	2,912,261.00	3,330,094.00	3,330,094.00	laboratory equipment
Promissory note, incl.:	**1,785,798.00**	**1,785,798.00**	**2,362,057.00**	**2,362,057.00**	
Promissory note	1,785,798.00	1,785,798.00	2,362,057.00	2,362,057.00	cash on bank accounts
Contractual right to set off the claim against the account holder's claim	**1,785,798.00**	**1,785,798.00**	**2,362,057.00**	**2,362,057.00**	cash on bank accounts
TOTAL	**7,825,921.00**	**14,886,857.00**	**10,416,265.00**	**16,457,208.00**	

13.1. Changes in the value of fixed assets by type in the current reporting period

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Rights to use other fixed assets (including laboratory equipment)	Rights to use the premises	Rights to use cars	Total
Gross value as at 01.01.2021	**7,468,450**	**48,328,399**	**13,109,093**	**-**	**38,171,188**	**4,584,559**	**9,034,946**	**4,265,918**	**380,988**	**125,343,541**
Increases in gross value:	**-**	**4,667,516**	**659,858**	**-**	**10,987,273**	**10,322,315**	**-**	**9,314**	**421,756**	**27,068,032**
- Purchases	-	-	-	-	1,914,786	10,322,315	-	-	424,341	12,661,442
- Transfer from assets under construction	-	4,667,516	659,858	-	9,072,487	-	-	-	-	14,399,861
- Other, changes to the contracts	-	-	-	-	-	-	-	9,314	(2,585)	6,729
Decreases in gross value:	**-**	**-**	-	**-**	**1,591,315**	**14,507,395**	**1,914,786**	**-**	**-**	**18,013,496**
- Other, transfer to FA	-	-	-	-	-	14,399,861	1,914,786	-	-	16,314,647
- Other, low value assets	-	-	-	-	1,591,315	-	-	-	-	1,591,315
- Other, transfer to the IA	-	-	-	-	-	107,534	-	-	-	107,534
Gross value as at 30.09.2021	**7,468,450**	**52,995,915**	**13,768,951**	**-**	**47,567,146**	**399,479**	**7,120,160**	**4,275,232**	**802,744**	**134,398,077**
Accumulated depreciation as at 01.01.2021	**-**	**2,129,514**	**2,126,627**	**-**	**20,733,412**	**-**	**6,105,012**	**2,888,267**	**198,398**	**34,181,230**
Inceases in accumulated depreciation:	**-**	**1,209,676**	**693,819**	**-**	**7,503,701**	**-**	**809,293**	**517,363**	**95,440**	**10,829,292**
- Depreciation charge for the period	-	1,209,676	693,819	-	5,588,915	-	809,293	517,363	95,440	8,914,506
- Other - buyout from leasing	-	-	,	-	1,914,786	-	-	-	-	1,914,786
Decreases in accumulated depreciation:	**-**	**-**	-	**-**	**1,542,873**	**-**	**1,914,786**	**-**	**-**	**3,457,659**
- Other - buyout from leasing	-	-	-	-	-	-	1,914,786	-	-	1,914,786
- Other, low value assets	-	-	-	-	1,542,873	-	-	-	-	1,542,873
Accumulated depreciation as at 30.09.2021	**-**	**3,339,190**	**2,820,446**	**-**	**26,694,240**	**-**	**4,999,519**	**3,405,630**	**293,838**	**41,552,863**
Net carrying amount as at 01.01.2021	**7,468,450**	**46,198,885**	**10,982,466**	**-**	**17,437,776**	**4,584,559**	**2,929,934**	**1,377,651**	**182,590**	**91,162,311**
Net carrying amount as at 30.09.2021	**7,468,450**	**49,656,725**	**10,948,505**	**-**	**20,872,906**	**399,479**	**2,120,641**	**869,602**	**508,906**	**92,845,214**

13.2. Changes in the value of fixed assets by type from 01.01.2020 to 31.12.2020

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Rights to use other fixed assets (including laboratory equipment)	Rights to use the premises	Rights to use cars	Total
Gross value as at 01.01.2020	**7,468,450**	**1,889,677**	**1,939,317**	**-**	**29,490,785**	**36,937,340**	**8,791,485**	**3,104,380**	**380,988**	**90,002,422**
Increases in gross value:	**-**	**46,438,722**	**11,169,776**	**-**	**8,680,403**	**34,179,581**	**243,461**	**1,161,538**	**-**	**101,873,481**
- Acquisition	-	-	-	-	-	34,179,581	-	-	-	34,179,581
- Transfer from assets under construction	-	46,438,722	11,169,776	-	8,680,403	-	243,461	-	-	66,532,362
- Other, changes to the contracts	-	-	-	-	-	-	-	1,161,538	-	1,161,538
Decreases in gross value:	**-**	**-**	**-**	**-**	**-**	**66,532,362**	**-**	**-**	**-**	**66,532,362**
- Other, transfer from assets under construction	-	-	-	-	-	66,532,362	-	-	-	66,532,362
Gross value as at 31.12.2020	**7,468,450**	**48,328,399**	**13,109,093**	**-**	**38,171,188**	**4,584,559**	**9,034,946**	**4,265,918**	**380,988**	**125,343,541**
Accumulated depreciation 01.01.2020	**-**	**1,181,644**	**1,712,406**	**-**	**14,551,866**	**-**	**4,587,958**	**1,679,868**	**99,199**	**23,812,941**
Inceases in accumulated depreciation:	**-**	**947,870**	**414,221**	**-**	**6,181,546**	**-**	**1,517,054**	**1,208,399**	**99,199**	**10,368,289**
- Depreciation charge for the period	-	947,870	414,221	-	6,181,546	-	1,517,054	1,208,399	99,199	10,368,289
Decreases in accumulated depreciation:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Liquidation	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31.12.2020	**-**	**2,129,514**	**2,126,627**	**-**	**20,733,412**	**-**	**6,105,012**	**2,888,267**	**198,398**	**34,181,230**
Net carrying amount as at 01.01.2020	**7,468,450**	**708,033**	**226,911**	**-**	**14,938,919**	**36,937,340**	**4,203,527**	**1,424,512**	**281,789**	**66,189,481**
Net carrying amount as at 31.12.2020	**7,468,450**	**46,198,885**	**10,982,466**	**-**	**17,437,776**	**4,584,559**	**2,929,934**	**1,377,651**	**182,590**	**91,162,311**

13.3. Changes in the value of fixed assets by type from 01.01.2020 to 30.09.2020

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Rights to use other fixed assets (including laboratory equipment)	Rights to use the premises	Rights to use cars	Total
Gross value as at 01.01.2020	**7,468,450**	**1,889,677**	**1,939,317**	**-**	**27,688,469**	**36,937,340**	**11,215,502**	**3,104,330**	**262,699**	**90,505,784**
Increases in gross value:	**-**	**45,922,774**	**9,637,994**	**-**	**8,940,486**	**28,201,657**	**205,514**	**1,773,168**	**118,292**	**94,799,885**
- Acquisition	-	-	-	-	-	28,201,657	205,514	1,773,168	118,292	30,298,631
- Transfer from assets under construction	-	45,922,774	9,637,994	-	8,940,486	-	-	-	-	64,501,254
- Other, changes to the contracts	-	-	-	-	-	-	-	-	-	-
Decreases in gross value:	**-**	**-**	**-**	**-**	**4,511,626**	**64,501,254**	**-**	**-**	**-**	**69,012,880**
- Other, transfer from assets under construction	-	-	-	-	4,511,626	64,501,254	-	-	-	69,012,880
Gross value as at 30.09.2020	**7,468,450**	**47,812,451**	**11,577,311**	**-**	**32,117,329**	**637,743**	**11,421,016**	**4,877,498**	**380,991**	**116,292,789**
Accumulated depreciation 01.01.2020	**-**	**1,181,644**	**1,712,406**	**-**	**10,780,006**	**-**	**4,587,958**	**1,679,868**	**99,199**	**20,041,081**
Increases in accumulated depreciation:	**-**	**555,265**	**458,456**	**-**	**4,440,052**	**-**	**1,228,326**	**1,036,932**	**74,399**	**7,793,430**
- Depreciation charge for the period	-	555,265	458,456	-	4,440,052	-	1,228,326	1,036,932	74,399	7,793,430
Decreases in accummulated depreciation:	-	-	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30.09.2020	**-**	**1,736,909**	**2,170,862**	**-**	**15,220,058**	**-**	**5,816,284**	**2,716,800**	**173,598**	**27,834,511**
Net carrying amount as at 01.01.2020	**7,468,450**	**708,033**	**226,911**	**-**	**16,908,463**	**36,937,340**	**6,627,544**	**1,424,462**	**163,500**	**70,464,703**
Net carrying amount as at 30.09.2020	**7,468,450**	**46,075,542**	**9,406,449**	**-**	**16,897,271**	**637,743**	**5,604,732**	**2,160,698**	**207,393**	**88,458,278**

In 2020, the Company completed the construction of the Research and Development Center of Innovative Medicines. The heart of the new facility of the Company is a complex of laboratories in the field of, inter alia, medical chemistry, biochemistry, molecular and cell biology and analytics, reflecting the course of research on innovative drugs. Its launch will allow to increase the scale of projects implemented by the Company. The building consists of 6 floors with a total area of approx. 10 thousand m2, including over 8 thousand m2 of usable space for both laboratories and offices:

- laboratory area: approx. 3 thousand m2,
- office space: approx. 1 thousand m2 (including offices and conference rooms),
- technical and social rooms: approx. 1.3 thousand m2,
- others: parking, communication: approx. 2.9 thousand m2.

The facility was put into operation in June 2020 and consists of the following components:

Name	Balance sheet value
The building at ul. Strenbacha 2 in Krakow	47,146,466
Installation of ventilation and air conditioning	10,362,927
Sprinkler installations	1,283,453
Installation of technical gases	1,243,000
Access roads and greenery	1,135,911
Total	**61,171,757**

For each of the separated components, the economic useful life was individually estimated.

14. Intangible assets

Carrying amount	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Patents*	2,324,858	2,217,715
Software	535,296	100,819
Other intangible assets	-	-
	2,860,154	**2,318,534**

* Patents protect rights that are currently at the research level and do not generate revenue, but also those that generate revenue from partnering agreements.

The Company does not use any intangible assets under lease agreements.

14.1. Changes in the value of intangible assets by type in the current reporting period

Item	Other intangible assets	Total
Gross value as at 01.01.2021	**3,570,449**	**3,570,449**
Increases in gross value:	**743,540**	**743,540**
- Purchases	636,006	636,006
- Transfer from fixed assets under construction	107,534	107,534
Decreases in gross value:	-	-
Gross value as at 30.09.2021	**4,313,989**	**4,313,989**
Accumulated depreciation as at 01.01.2021	**1,251,915**	**1,251,915**
Inceases in accumulated depreciation:	**201,920**	**201,920**
- Depreciation charge for the period	201,920	201,920
Decreases in accumulated depreciation:	-	-
Accumulated depreciation as at 30.09.2021	**1,453,835**	**1,453,835**
Net carrying amount as at 01.01.2021	**2,318,534**	**2,318,534**
Net carrying amount as at 30.09.2021	**2,860,154**	**2,860,154**

The Company decided to liquidate the patents in connection with abandonment of work on related projects.

14.2 Changes in the value of intangible assets by type in period from 01.01.2020 to 31.12.2020

Item	Other intangible assets	Total
Gross value as at 01.01.2020	**4,038,550**	**4,038,550**
Increases in gross value:	**1,391,531**	**1,391,531**
- Purchases	1,391,531	1,391,531
Decreases in gross value:	**1,859,632**	**1,859,632**
- Liquidation	1,851,815	1,851,815
Gross value as at 31.12.2020	**3,570,449**	**3,570,449**
Accumulated depreciation 01.01.2020	**1,114,896**	**1,114,896**
Inceases in accumulated depreciation:	**277,956**	**277,956**
- Depreciation charge for the period	277,956	277,956
Decreases in accumulated depreciation:	**140,937**	**140,937**
- Liquidation	140,937	140,937
Accumulated depreciation as at 31.12.2020	**1,251,915**	**1,251,915**
Net carrying amount as at 01.01.2020	**2,923,654**	**2,923,654**
Net carrying amount as at 31.12.2020	**2,318,534**	**2,318,534**

14.3 Changes in the value of intangible assets by type in period from 01.01.2020 to 30.09.2020

Item	Other intangible assets	Total
Gross value as at 01.01.2020	**4,038,550**	**4,038,550**
Increases in gross value:	**952,576**	**952,576**
- Purchases	952,576	952,576
Gross value reductions (titles):	-	-
Gross value as at 30.09.2020	**4,991,126**	**4,991,126**
Accumulated depreciation 01.01.2020	**1,114,896**	**1,114,896**
Inceases in accumulated depreciation:	**203,033**	**203,033**
- Depreciation charge for the period	203,033	203,033
- depreciation / amortization write-offs	-	-
Accumulated depreciation as at 30.09.2020	**1,317,929**	**1,317,929**
Net carrying amount as at 01.01.2020	**2,923,654**	**2,923,654**
Net carrying amount as at 30.09.2020	**3,673,197**	**3,673,197**

15. Subsidiaries

The company has no subsidiaries neither as at September 30, 2021 nor December 31, 2020.

16. Split of the Company

There was no such issue in the period covered by the financial statements.

17. Valuation of shares in Nodthera

As at September 30, 2021, the Company held shares in NodThera Ltd.

- Reconciliation of the financial data to the carrying amount of shares in NodThera Ltd. recognized in the Company's financial statements as at December 31, 2019 (after another increase in the share capital at an issue price identical to the earlier increase in capital in March 2018):

In October 2019, another increase in the share capital of Nodthera took place confirming the above valuation at fair value. As a result of this event, the Company's share in the share capital is 8.6%.

value of shares in the balance sheet as at December 31, 2019	**23,754,255**
change in valuation - impact on the result	928,380
due to revaluation	-
due to changes in the PLN / GBP exchange rate	*928,380*

On June 3, 2020, the Company's Management Board received information about the acquisition by NodThera Ltd. of financing in connection with the issue of new series B shares with a total value of GBP 44.5 million, which will be taken up by prestigious global biotechnology funds, the so-called blue chips investors, including new investors: Novo Holdings A/S (the investment arm of the pharmaceutical concern Novo Nordisk), Cowen Healthcare Investments and Sanofi Ventures (fund of the pharmaceutical concern Sanofi), as well as its current shareholders 5AM Ventures, F-Prime Capital Partners, Sofinnova Partners and Epidarex Capital. One of the shareholders in Epidarex Capital is Eli Lilly, a global pharmaceutical company that is also a direct shareholder in NodThera.

The financing was divided into two tranches, funds in the amount of GBP 20.2 million were transferred to Nodthera Ltd., in accordance with the share capital increase registered on June 2, 2020. The Series B Shares were acquired at an issue price of GBP 2.9702 per share. The remaining part of the financing, in the amount of GBP 24.3 million, was to be brought by the Investors after the milestones in the development of the company's research projects were reached, as set out in the investment agreement.

In connection with the annexation of the investment agreement in April this year (to which the Company is not a party), the Investors decided that the first tranche of financing will be increased by GBP 12.1 million and its issue will be covered at the current price. However, the original second tranche of financing will be truncated to GBP 12.1 million and will be credited to the company once certain milestones have been reached, no later than October 1, 2022. The issue price of the second tranche was set at 3.1191 per share.

The amount of financing under the extended first tranche of 12.1 mGBP was flow to the company in September 2021 due to the achievement of scientific milestones in the development of the company's research program in accordance with the annexed investment agreement. After this increase, the Issuer's share in the share capital of NodThera Ltd. amounted to 5.24%. After closing the second tranche of financing, the Issuer's share in the share capital of NodThera will amount to 4.63%.

As at the date of this Report, the Issuer holds 5.24% of shares in NodThera Ltd.

The above issue, in the opinion of the Management Board, confirms the valuation as at the balance sheet date adopted at the price of 1 share in the amount of GBP 2.9702 / share.

Reconciliation of the financial data to the carrying amount of shares in NodThera Ltd. included in the Company's financial statements as at September 30, 2021:

new share issue price (in GBP)	2.9702
average NBP exchange rate of September 30, 2021	5.3653
new share issue price (in PLN)	15.94
number of Company's shares in Nodthera Ltd.	1,910,000
value of shares in the balance sheet as at September 30, 2021	**30,437,787**
change in valuation - impact on the result	1,319,559
due to revaluation	-
due to changes in the PLN / GBP exchange rate	*1,319,559*

As at September 30, 2021, the Company's share in Nodthera's share capital is 5.24%.

	Balance as at 30/09/2021	Balance as at 31/12/2020
Carrying amount of the Company's shares in Nodthera Ltd.	30,437,787	29,118,228

Fair value of shares in Ryvu Therapeutics S.A. in NodThera Ltd. was determined on the basis of other data that can be observed directly or indirectly (so-called Tier 2).

The Management Board analyzes the factors that may affect the fair value valuation of shares in NodThera on an ongoing basis by analyzing the progress of research work, assessing the Company's competitive environment, as well as the financial and liquidity situation. On this basis, the Management Board of the Company believes that the valuation of the shares held by the Company in NodThera should remain unchanged at the level of the last closed round of financing.

18. Financial assets

The table below presents the individual classes of financial assets and liabilities broken down into levels of the fair value hierarchy as at June 30, 2021. Due to the nature of these items, fair value does not differ significantly from the carrying amount.

P1 - Quotes from active markets
P2 - Significant Observable Data
P3 - Relevant data unobservable

	30/09/2021		
	carrying amount	fair value	hierarchy level
Financial assets measured at fair value:			
Financial Assets-Nodthera Shares	30,437,787	30,437,787	P2
Financial assets for which fair value is disclosed:			
Trade and other receivables	830,349	n.a.	n.a.
Other short-term financial assets	9,990,035	n.a.	n.a.
Financial liabilities at fair value:			
n.a.			
Financial liabilities for which fair value is disclosed:			
Liabilities from deliveries and services	9,303,820	n.a.	n.a.
Investment liabilities	399,480	n.a.	n.a.
Interest-bearing loans and credits, including:	1,785,798	n.a.	n.a.
global credit card limit	400,000	n.a.	n.a.
Current portion of interest-bearing loans and borrowings, including:	31,105	n.a.	n.a.
credit card debt	31,105	n.a.	n.a.
Leasing liabilities	4,050,208	n.a.	n.a.

	31/12/2020		
	carrying amount	fair value	hierarchy level
Financial assets measured at fair value:			
Financial Assets-Nodthera Shares	29,118,228	29,118,228	P2
Financial assets for which fair value is disclosed:			
Trade and other receivables	2,369,939	n.a.	n.a.
Other short-term financial assets	24,969,465	n.a.	n.a.
Financial liabilities at fair value:		n.a.	n.a.
n.a.			
Financial liabilities for which fair value is disclosed:			
Liabilities from deliveries and services	6,277,329	n.a.	n.a.
Investment liabilities	4,584,560	n.a.	n.a.
Interest-bearing loans and credits, including:	2,366,702	n.a.	n.a.
global credit card limit	400,000	n.a.	n.a.
Current portion of interest-bearing loans and borrowings, including:	4,645	n.a.	n.a.
credit card debt	4,645	n.a.	n.a.
Leasing liabilities	5,042,549	n.a.	n.a.

19. Other non-financial assets

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Carrying amount:		
Licenses	785,764	687,915
Insurance	82,016	92,012
Costs related to subsequent year	1,781,881	446,714
Devices qualification	-	57,421
Magazines	212	597
Stock exchange fee	17,500	5,833
Property tax	58,956	2,150
Market research costs	-	28,738
Other	133,273	229,643
	2,859,602	**1,551,023**

20. Other financial assets

Long term financial assets	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Security deposits	91,894	85,194
Deposit	527,823	-
	619,717	**85,194**

Short term financial assets	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Bonds	9,990,035	24,969,465
	9,990,035	**24,969,465**

Bonds issued by Pekao Leasing S.A. guaranteed by Bank PeKaO S.A. with the maturity date on November 2, 2021.	4,996,215
Bonds issued by Pekao Leasing S.A. guaranteed by Bank PeKaO S.A. with the maturity date on March 1, 2022.	4,993,820
	9,990,035

21. Inventories

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Materials	3,180,298	1,675,712
Total	**3,180,298**	**1,675,712**

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

22. Trade and other receivables

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Trade receivables	607,023	2,226,901
The allowance for expected credit losses	(9,829)	(27,321)
	597,194	2,199,580
Tax (VAT) receivables	3,292,192	4,363,033
Other – receivables from employees, security deposits	233,155	170,359
Grants due	5,395,210	1,215,066
	9,517,751	**7,948,038**

22.1. The allowance for expected credit losses on trade receivables and contract assets

In regards to trade receivables and contract assets, the Company estimated the expected credit loss as at 30 September 2021 on the basis of a provision matrix defined based on historical data concerning credit losses. It was recognised that receivables and contract assets of particular customers are characterised by a similar level of risk, they were not divided into groups.

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

	Period ended 30/09/2021		
	Balance of unpaid receivables as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	553,106	1.08%	5,990
1-90 days after the deadline	53,796	6.91%	3,718
91-180 days after the deadline	-	0.00%	0
181-365 days after the deadline	-	0.00%	0
More than 365 days after the deadline	121	100.00%	121
Total	**607,023**		**9,829**

	Period ended 31/12/2020		
	Balance of unpaid receivables as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	1,190,967	0.04%	508
1-90 days after the deadline	601,794	0.64%	3,868
91-180 days after the deadline	452,574	2.72%	12,322
181-365 days after the deadline	123,994	8.47%	10,502
More than 365 days after the deadline	121	100.00%	121
Total	**2,369,450**		**27,321**

The average payment date of overdue trade receivables in the period 01/01/2021 till 30/09/2021 is 7 days and in the period from 01/01/2020 till 31/12/2020 it was 16 days. A new customer's creditworthiness is analysed prior to the entry into a relevant contract. Due to its business profile, the Company cooperates with entities that are known in the industry, which also affects their creditworthiness. The payment terms are set in the offers made to contracting parties.

The allowance for expected credit losses

	Period ended 30/09/2021	Period ended 31/12/2020
	PLN	PLN
Balance at the beginning of the period	**27,321**	**574**
The allowance for expected credit losses	-	26,747
The allowance related to spin-off operations	-	-
Amounts recovered during the year	(17,492)	-
Balance at the end of the period	**9,829**	**27,321**

23. Leases

23.1. The Company as a lessee

The Company 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 Company also concludes contracts for an indefinite period. The management board makes a judgment to determine the period over which it can be assumed with reasonable certainty that such contracts will continue (see note 3.8).

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

The Company's liabilities under the lease contracts are secured by the lessor's ownership of the subject of the lease. In general, the Company is not entitled to transfer leased assets in subleasing or to assign rights it is entitled to under lease contracts. Some contracts contain requirements for the levels of certain financial indicators.

The following are carrying amounts of the assets due to the right of use (lease agreement) and their changes in the reporting period:

Period ended 30 September 2021	Buildings and premises	Equipment	Vehicles	Total
As at 1 January 2021	**1,377,651**	**2,929,934**	**182,590**	**4,490,175**
Purchases (new lease agreements)	-	-	424,341	424,341
Changes in lease agreements	9,314	-	(2,585)	6,729
Depreciation	(517,363)	(809,293)	(95,440)	(1,422,096)
As at 30 September 2021	**869,602**	**2,120,641**	**508,906**	**3,499,149**

Year ended 31 December 2020	Buildings and premises	Equipment	Vehicles	Total
As at 1 January 2020	**1,424,512**	**4,203,527**	**281,789**	**5,909,828**
Purchases (new lease agreements)	-	243,461	-	243,461
Changes in lease agreements	1,161,538	-	-	1,161,538
Depreciation	(1,208,399)	(1,517,054)	(99,199)	(2,824,652)
As at 31 December 2020	**1,377,651**	**2,929,934**	**182,590**	**4,490,175**

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

	2021
As at 1 January 2021	5,042,549
Purchases (new lease agreements)	424,341
Changes in lease agreements	6,729
Revaluation	171,777
Interest	66,758
Payments	(1,661,946)
As at 30 September 2021	4,050,208
Short-term	2,013,880
Long-term	2,036,328

	2020
As at 1 January 2020	6,030,953
Purchases (new lease agreements)	243,461
Changes in lease agreements	1,161,538
Revaluation	579,352
Interest	158,559
Payments	(3,131,314)
As at 31 December 2020	5,042,549
Short-term	2,267,960
Long-term	2,774,589

	01.01.2020-30.09.2020
As at 1 January 2020	6,030,953
Purchases (new lease agreements)	243,461
Changes in lease agreements	-
Revaluation	579,352
Interest	158,559
Payments	(2,580,902)
As at 30 September 2020	4,431,423
Short-term	2,406,034
Long-term	3,186,927

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

	01.01.2021-30.09.2021
Depreciation of leased assets	(612,803)
Interest costs on lease liabilities	(19,954)
Other operating income due to changes in leasing agreements	-
Total amount recognized in the income statement / statement of comprehensive income	**(632,757)**

	01.01.2020-31.12.2020
Depreciation of leased assets	(1,307,598)
Interest costs on lease liabilities	(39,333)
Other operating income due to changes in leasing agreements	53,692
Total amount recognized in the income statement / statement of comprehensive income	**(1,293,239)**

	01.01.2020-30.09.2020
Depreciation of leased assets	(1,111,331)
Interest costs on lease liabilities	(32,077)
Other operating income due to changes in leasing agreements	53,692
Total amount recognized in the income statement / statement of comprehensive income	**(1,089,716)**

The total outflow of cash from leases (relating to buildings, premises and cars) amounted to PLN 646.818 in 9 months of 2021 and PLN 1,428,050 throughout 2020 and PLN 1.217.048 in 9 months of 2020.

Below are the amounts of revenues, costs, profits and losses resulting from leasing (concerning machines and devices) included in the profit and loss account / statement of comprehensive income:

	01.01.2021-30.09.2021
Depreciation of leased assets	(809,293)
Interest costs on lease liabilities	(46,804)
Other operating income due to changes in leasing agreements	-
Total amount recognized in the income statement / statement of comprehensive income	**(856,097)**

	01.01.2020-31.12.2020
Depreciation of leased assets	(1,517,054)
Interest costs on lease liabilities	(119,226)
Other operating income from changes to lease agreements	1,924
Total amount recognized in the income statement / statement of comprehensive income	**(1,634,356)**

	01.01.2020-30.09.2020
Depreciation of leased assets	(1,228,326)
Interest costs on lease liabilities	(121,130)
Total amount recognized in the income statement / statement of comprehensive income	**(1,349,456)**

The total outflow of cash from leases (concerning machines and equipment) amounted to PLN 1.015.128 in 9 months of 2021 and PLN 1,774,495 in the entire year 2020 and PLN 1,819.545 in the 9 months of 2020.

24. Share capital

	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
Registered share capital	7,342,190	7,342,190
	7,342,190	7,342,190

24.1. Share capital as at the end of the reporting period

	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
Number of shares	18,355,474	18,355,474
Par value per share	0.40	0.40
Share capital	7,342,190	7,342,190

Share capital structure as at 30 September 2021

Series / issue Type of shares (ordinary / registered)	Type of preference	Number of shares	Par value of series / issue
Registered “A” shares	2 votes / 1 share	4,050,000	1,620,000
Ordinary "B" shares	none	1,329,500	531,800
Ordinary "C" shares	none	1,833,000	733,200
Ordinary "D" shares	none	551,066	220,426
Ordinary "E" shares	none	2,700,000	1,080,000
Ordinary "F" shares	none	2,651,891	1,060,756
Ordinary "G1" shares	none	327,886	131,154
Ordinary "G2" shares	none	327,886	131,154
Ordinary "H" shares	none	2,200,000	880,000
Ordinary "I" shares	none	2,384,245	953,698
Total		**18,355,474**	**7,342,190**

Share capital structure as at 31 December 2020

Series / issue Type of shares (ordinary / registered)	Type of preference	Number of shares	Par value of series / issue
Registered “A” shares	2 votes / 1 share	4,050,000	1,620,000
Ordinary "B" shares	none	1,329,500	531,800
Ordinary "C" shares	none	1,833,000	733,200
Ordinary "D" shares	none	551,066	220,426
Ordinary "E" shares	none	2,700,000	1,080,000
Ordinary "F" shares	none	2,651,891	1,060,756
Ordinary "G1" shares	none	327,886	131,154
Ordinary "G2" shares	none	327,886	131,154
Ordinary "H" shares	none	2,200,000	880,000
Ordinary "I" shares	none	2,384,245	953,698
Total		**18,355,474**	**7,342,190**

The company issued series I shares pursuant to Resolution No. 4 of the Extraordinary General Meeting of the Company of July 13, 2020 on increasing the share capital by issuing series I ordinary bearer shares with the exclusion of the subscription right of the existing shareholders in full, on the dematerialisation of the Company's shares series I and rights to those shares (PDA), applying for admission and introduction to trading on the regulated market of the Company's series I shares and rights to these shares (PDA), and on amendments to the Company's Articles of Association, on the basis of which the Company's share capital was increased from the amount PLN 6,388,491.60 (six million three hundred and eighty-eight thousand four hundred and ninety-one PLN 60/100) to the amount of PLN 7,342,189.60 (seven million three hundred and forty-two thousand one hundred eighty-nine PLN 60/100) through the issue of ordinary shares for series I bearer of the Company with a nominal value of PLN 0.40 each. On August 18, 2020, the increase of the Company's share capital was registered by the District Court for Kraków-Śródmieście in Kraków, 11th Commercial Division of the National Court Register.
Series I shares were offered by the Company by way of private subscription within the meaning of Art. 431 § 2 item 1) of the Commercial Companies Code, as part of a public offering as defined in Art. 2 lit. d) Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in connection with a public offering of securities or their admission to trading on a regulated market and repealing Directive 2003/71/EC, exempt from the obligation to draw up and publish a prospectus or other information (offering) document.
The public offer was addressed to:
1) qualified investors within the meaning of Art. 2 lit. e) the Prospectus Regulation, and
2) investors who are not qualified investors who took up Series I Shares with a total value of at least the equivalent of EUR 100,000 (one hundred thousand euro) per investor for each separate offer,
and therefore the Public Offer did not require the preparation and publication of an issue prospectus, pursuant to Art. 1 clause 4 lit. a) and d) in connection with with art. 1 clause 6 of the Prospectus Regulation.
The issue price of the Series I Shares was set at PLN 60 per share, therefore the total proceeds from the issue, understood as the product of the number of shares covered by the offering and the issue price, amounted to PLN 143,054,700, and the total costs of the offering were PLN 8,226,529. Series I shares

Shareholder structure

Balance as at 30/09/2021

Shareholder	Number of shares	Percentage interest in share capital	Number of votes	Percentage share of voting rights
Paweł Tadeusz Przewięźlikowski	3,949,517	21.52%	7,449,517	33.25%
Bogusław Stanisław Sieczkowski	924,384	5.04%	1,474,384	6.58%
Nationale Nederlanden PTE S.A.	1,771,000	9.65%	1,771,000	7.90%
Tadeusz Wesołowski (with Augebit FIZ)	1,132,713	6.17%	1,132,713	5.06%
Aviva OFE Santander	1,122,859	6.12%	1,122,859	5.01%
Other shareholders	9,455,001	51.51%	9,455,001	42.20%
Total	**18,355,474**	**100.00%**	**22,405,474**	**100.00%**

Balance as at 31/12/2020

Shareholder	Number of shares	Percentage interest in share capital	Number of votes	Percentage share of voting rights
Paweł Tadeusz Przewięźlikowski	4,990,880	27.19%	8,490,880	37.90%
Bogusław Stanisław Sieczkowski	924,384	5.04%	1,474,384	6.58%
Nationale Nederlanden PTE S.A.	1,771,000	9.65%	1,771,000	7.90%
Other shareholders	10,669,210	58.12%	10,669,210	47.62%
Total	**18,355,474**	**100.00%**	**22,405,474**	**100.00%**

24.2. Revaluation reserve

The Company did not create the revaluation reserve in the period presented in the financial statements.

24.3. Other reserve capitals

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Others - 2015-2017 incentive program	11,172,000	11,172,000
Payments for the transfer of shares to employees	237,068	-
Others - 2021-2024 incentive program	14,995,292	-
Total	**26,404,360**	**11,172,000**

In 2017, the Company completed the implementation of the incentive program.

Detailed conditions of the incentive program were determined by the Supervisory Board by resolution of September 17, 2015. The company has issued registered bearer subscription warrants. Each subscription warrant was exchangeable for one ordinary share of the Company. The number of warrants in the incentive program was 627,814 shares. The receiving warrant did not pay or receive any monetary amounts. The rights to subscribe for shares arising from the warrants were exercised on two dates, i.e. until February 29, 2016 and February 28, 2017.

In 2021, the Company started the implementation of the incentive program valid in 2021-2024. Detailed information is disclosed in note 36.

24.4. Share premium

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Share premium	159,680,803	159,680,803
including the surplus on the issue of shares above their nominal value, "H" series ordinary shares	134,200	134,200
including issue costs, "H" series ordinary shares	(4,295,093)	(4,295,093)
including surplus from issue of shares above their nominal value "I" series ordinary shares	142,101,002	142,101,002
including issue costs, "I" series ordinary shares	(8,226,529)	(8,226,529)
Transfer of result from previous years due to the split	(10,331,325)	(10,331,325)
Total Reserve Capital	**279,063,058**	**279,063,058**

25. Credit facilities and loans and other sources of financing

	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
Uncollateralized:		
Overdraft facilities (i)	-	-
Used credit card limits (ii)	31,105	4,645
	31,105	4,645
Collateralized:		
Bank loans (iii)	1,754,693	2,362,057
	1,754,693	2,362,057
Total:	**1,785,798**	**2,366,702**
Current liabilities	840,925	814,465
Non-current liabilities	944,873	1,552,237
	1,785,798	**2,366,702**

25.1. Loan agreements

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

(ii) The balance of debt as at 30/09/2021 results from the use of the limit on credit cards in the amount of PLN 31.105

(iii) The company has a mortgage loan for the purchase of a construction plot in Bank PKO BP. The loan was concluded on December 13, 2016 for a period of 7 years.

The interest rate is variable and is formed as the sum of WIBOR1M + bank margin.

The loan is secured by a mortgage entry in the amount of PLN 8,403,000, a blank promissory note for PLN 1,785,798 and a contractual right of set-off to PLN 1,785,798.

25.2. Breaches of covenants

None.

26. Provisions

None.

27. Trade and other liabilities

	Balance as at 30/09/2021 PLN	Balance as at 31/12/2020 PLN
Trade liabilities	7,270,932	6,260,821
Investment liabilities	399,480	4,584,560
Liabilities due to taxes, insurance (social security, personal income tax, PFRON)	667,432	666,543
CIT liability	-	-
Liabilites due to salaries and wages and other liabilities to employees	465	54
Other non-financial liabilities	2,032,423	16,454
Warranty deposit	60,134	-
	10,430,866	**11,528,432**

The average payment term for purchases of goods and materials is two months. Following its due date, interest usually are not accrued on outstanding liabilities.The Company has a financial risk management policy in place, ensuring that its liabilities are paid on time.

28. Liabilities due to retirement benefits

Balance as at 30/09/2021

Item	Provisions for retirement benefits	Total
Provisions at the beginning of the period	234,966	234,966
Increases:	-	-
- provisions recognized in profit and loss account in current period	-	-
Reduction in reserves:	**81,795**	**81,795**
- provinions released during the period included in the profit and loss account	81,795	81,795
Provisions at the end of the period, including:	**153,171**	**153,171**
- long-term	153,171	153,171
- short-term	-	-

Balance as at 31/12/2020

Item	Provisions for retirement benefits	Total
Provisions at the beginning of the period	188,159	188,159
Increases:	**46,807**	**46,807**
- provisions recognized in profit and loss account in current period	46,807	46,807
Provisions at the end of the period, including:	**234,966**	**234,966**
- long-term	234,966	234,966
- short-term	-	-

29. Financial instruments

29.1. 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 34,
• equity, including reserve capitals and retained earnings, as disclosed in Note 24.
The Company 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.

29.1.1. 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.

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Debt (i)	(55,567,817)	(71,919,509)
Cash and cash equivalents	81,018,790	136,218,238
Net debt	**25,450,973**	**64,298,729**
Equity (ii)	178,328,107	223,720,759
Net debt to equity	**0.14**	**0.29**

(i) Debt comprises long- and short-term debt.
(ii) Equity comprises the equity presented in the statement of financial position.

The achieved debt ratio is within the limits expected and accepted by the Management Board.
Additionally, it should be remembered that the Company has short-term investments presented in the item Other financial assets (Note 20), which concern funds invested in liquid financial instruments issued by leading financial institutions from the Polish market.

29.2. Categories of financial instruments

The company is exposed to risks related to financial instruments. The risks to which it is exposed are:
- market risk including currency risk and interest rate risk,
- credit risk and
- liquidity risk.

Individual types of risk are discussed in the following Notes.

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Financial assets		
Financial instruments measured at amortized cost method:	**97,093,123**	**164,687,543**
Other short term financial assets (Note 20)	9,990,035	24,969,465
Other financial asets - deposits (Note 20)	91,894	85,194
Cash (Note 34)	81,018,790	136,218,238
Trade and other receivables (Note 22)	5,992,404	3,414,646
Financial assets at fair value through profit or loss	**30,437,787**	**29,118,228**
Other financial assets - Nodthera shares (Note 17)	30,437,787	29,118,228
Financial liabilities		
Financial instruments measured at amortized cost method:	**13,506,418**	**18,254,632**
Interest bearing credit facilities and loans (Note 25)	1,785,798	2,366,702
Finance lease liabilities (Note 29.8)	4,050,208	5,042,549
Trade and other liabilities (Note 27)	7,670,412	10,845,381

29.3. Financial risk management objectives

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

29.4. Market risk

The Company's activities expose it to currency risk (see Note 29.5) and interest rate risk (see Note 29.6). The Company 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.

29.5. Foreign currency risk management

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

	Liabilities		Assets	
	Balance as at 30/09/2021	Balance as at 31/12/2020	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN	PLN	PLN
EUR	3,855,253	4,124,574	676,627	9,043,845
USD	1,137,452	342,910	10,251,526	14,409,699
Other	138,181	263,812	272,037	710,949

29.5.1. Sensitivity to currency risk

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

The degree of sensitivity of the Company to a 15% increase and decrease of the PLN exchange rate for foreign currencies is presented in the table below. 15% is the sensitivity rate used in internal currency risk analyzes for top management and reflects management's assessment of possible changes in foreign exchange rates. The sensitivity analysis covers only unsettled monetary items denominated in foreign currencies and corrects the currency conversion at the end of the accounting period by a 15% change in exchange rates. A positive value in the table below indicates an increase in profit and an increase in equity accompanying the strengthening of the PLN exchange rate for foreign currencies by 15%. In the case of a 15% weakening of PLN against a given foreign currency, this value would be negative, and the impact on profit and equity would be the opposite.

		EUR Effect		USD Effect	
		Balance as at 30/09/2021	Balance as at 31/12/2020	Balance as at 30/09/2021	Balance as at 31/12/2020
		PLN	PLN	PLN	PLN
ASSETS					
Exchange rate increase	15%	101,494	1,356,577	1,537,729	2,161,455
Exchange rate increase	10%	67,663	904,384	1,025,153	1,440,970
Exchange rate increase	5%	33,831	452,192	512,576	720,485
Exchange rate decrease	-5%	(33,831)	(452,192)	(512,576)	(720,485)
Exchange rate decrease	-10%	(67,663)	(904,384)	(1,025,153)	(1,440,970)
Exchange rate decrease	-15%	(101,494)	(1,356,577)	(1,537,729)	(2,161,455)
LIABILITIES					
Exchange rate increase	15%	578,288	618,686	170,618	51,437
Exchange rate increase	10%	385,525	412,457	113,745	34,291
Exchange rate increase	5%	192,763	206,229	56,873	17,146
Exchange rate decrease	-5%	(192,763)	(206,229)	(56,873)	(17,146)
Exchange rate decrease	-10%	(385,525)	(412,457)	(113,745)	(34,291)
Exchange rate decrease	-15%	(578,288)	(618,686)	(170,618)	(51,437)
EFFECT ON PROFIT					
Exchange rate increase	15%	(476,794)	737,891	1,367,111	2,110,018
Exchange rate increase	10%	(317,863)	491,927	911,407	1,406,679
Exchange rate increase	5%	(158,931)	245,964	455,704	703,339
Exchange rate decrease	-5%	158,931	(245,964)	(455,704)	(703,339)
Exchange rate decrease	-10%	317,863	(491,927)	(911,407)	(1,406,679)
Exchange rate decrease	-15%	476,794	(737,891)	(1,367,111)	(2,110,018)

The Company'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.

29.6. Interest rate risk management

The Company is exposed to interest rate risk resulting from floating rate lease agreements. Hedging activities are subject to regular reviews so that they are brought into line with the current interest rate situation and predefined risk appetite, and to ensure that an optimum hedging strategy is in place.

29.6.1. Sensitivity to changes in interest rates

The sensitivity analyzes presented below are based on the degree of exposure to interest rate risk of financial instruments (liabilities arising from leasing and loan agreements) as at the balance sheet date. In the case of liabilities with a variable interest rate, it is assumed for the purposes of the analysis that the amount of unpaid liabilities at the balance sheet date was unpaid for the whole year. Internal analyzes of interest rate risk for key management members use up and down fluctuations of 50 basis points, which reflects management's assessment of the likely change in interest rates.

30 September 2021

	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Lease liabilities	2,013,880	1,268,770	518,509	148,116	100,933	-	4,050,208
Bank loan for the amount of PLN 5,601 thousand	840,925	809,820	135,053	-	-	-	1,785,798

	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash	81,018,790						81,018,790

31 December 2020

	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Lease liabilities	2,267,960	1,774,649	797,623	202,317	-	-	5,042,549
Bank loan for the amount of PLN 5,601 thousand	809,820	809,820	742,417	-	-	-	2,362,057

	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash	136,218,238						136,218,238

The interest rate on financial instruments with a variable interest rate is updated in periods of less than one year. Interest on financial instruments with a fixed interest rate is constant throughout the period until the maturity / maturity of these instruments. Other financial instruments of the Company which are not included in the above tables are not interest bearing and are therefore not subject to interest rate risk.

Interest rate risk - sensitivity to changes

The table below presents the sensitivity of gross profit (loss) to reasonably possible changes in interest rates, assuming that other factors remain unchanged (in connection with liabilities with a variable interest rate). No impact on equity or total comprehensive income of the Company was presented.

	Increase / decrease by percentage points	Impact on gross profit or loss
As at 30 September 2021		
PLN	+0,5%	(9,374)
EUR	+0,5%	(14,883)
USD	+0,5%	(380)
PLN	-0,5%	9,374
EUR	-0,5%	14,883
USD	-0,5%	380
As at 31 December 2020		
PLN	+0,5%	(18,486)
EUR	+0,5%	(25,488)
USD	+0,5%	(695)
PLN	-0,5%	18,486
EUR	-0,5%	25,488
USD	-0,5%	695

29.7. Credit risk management

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

Excludnig the Company's major customers (information on revenue has been presented in Note 6.5), the Company 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 Company'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 22 and data on the contracted asset are provided in Note 5.3.

The credit risk related to cash is limited as the Company's counterparties are banks with high credit ratings awarded by international rating agencies.

29.8. 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 Company's liquidity management consists in maintaining the reserve capital at an appropriate level, keeping stand-by lines of credit, ongoing monitoring of projected and actual cash flows and alignment of the maturity of financial assets with that of financial liabilities.

	As at 30/09/2021	As at 31/12/2020
Financial assets (+)	**97,001,229**	**164,602,349**
Receivables (including trade receivables of disposal groups)	5,992,404	3,414,646
Cash	81,018,790	136,218,238
Other financial assets	9,990,035	24,969,465
Financial liabilities (-)	**(13,506,418)**	**(18,249,987)**
Interest bearing credit facilities and loans	(1,785,798)	(2,362,057)
Finance lease liabilities	(4,050,208)	(5,042,549)
Trade liabilities	(7,270,932)	(6,260,821)
Investment liabilities	(399,480)	(4,584,560)
Exposure to liquidity risk	**83,494,811**	**146,352,362**

As at the balance sheet date, September 30, 2021, the company's financial liabilities were within the following maturity ranges:

Type of liability	Current:				Non-current:			Liabilities – carrying amount
	Not overdue as at 30/09/2021	within 3 months	3-12 months	Total current liabilities	1-5 years	over 5 years	Total non-current liabilities	
Interest bearing credit facilities and loans	-	202,455	638,470	840,925	944,873	-	944,873	1,785,798
Finance lease liabilities	-	289,270	1,724,610	2,013,880	2,036,328	-	2,036,328	4,050,208
Trade liabilities	7,074,419	503,530	92,463	7,670,412	-	-	-	7,670,412
Total	**7,074,419**	**995,255**	**2,455,543**	**10,525,217**	**2,981,201**	**-**	**2,981,201**	**13,506,418**

As at the balance sheet date, December 31, 2020, the company's financial liabilities were within the following maturity ranges:

Type of liability	Current:				Non-current:			Liabilities – carrying amount
	Not overdue as at 31/12/2020	within 3 months	3-12 months	Total current liabilities	1-5 years	over 5 years	Total non-current liabilities	
Interest bearing credit facilities and loans	-	202,455	607,365	809,820	1,552,237	-	1,552,237	2,362,057
Finance lease liabilities	-	661,991	1,605,969	2,267,960	2,774,589	-	2,774,589	5,042,549
Trade liabilities	9,611,123	1,185,089	49,169	10,845,381	-	-	-	10,845,381
Total	**9,611,123**	**2,049,535**	**2,262,503**	**13,923,161**	**4,326,826**	**-**	**4,326,826**	**18,249,987**

29.8.1 Available external sources of funding

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Collateralized overdraft facilities:		
Amount used	31,105	4,645
Amount available	368,895	395,355
	400,000	**400,000**

30. Accrued costs

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Unused holiday accrual	1,196,716	1,185,204
Bonuses	4,576,489	3,458,026
	5,773,205	**4,643,230**
Short-term	5,773,205	4,643,230
Long-term	-	-
	5,773,205	**4,643,230**

31. Deferred income

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Payments from Partners (i) revenues recognized in accordance with IFRS 15	-	-
Government subsidies (ii) revenues recognized in accordance with IAS 20	26,964,531	42,061,588
	26,964,531	**42,061,588**
Short-term	4,694,806	14,558,963
Long-term	22,269,725	27,502,625
	26,964,531	**42,061,588**
Government subsidies (ii) revenues recognized in accordance with IAS 20		
Infrastructure subsidies, including:	24,562,661	27,791,084
- Short-term	*2,321,668*	*2,968,894*
Research subsidies, including:	2,401,870	14,270,504
- Short-term	*2,373,138*	*11,590,069*
	26,964,531	**42,061,588**

(i) Payments from partners include advance payments from contractors to cover part of the costs associated with the services performed.

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

32. Related party transactions

32.1. Commercial transactions

In the financial year, the Company concluded the following commercial transactions with related parties (including in person):

	Sales of goods and services		Purchases of goods and services	
	Period ended 30/09/2021	Period ended 30/09/2020	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN	PLN	PLN
Selvita S.A.	1,568,262	809,982	3,318,169	2,530,400
Selvita Services Sp. z o.o.	-	-	1,022,932	1,545,858
Ardigen S.A.	-	-	-	-
Selvita Inc.	-	917	676,668	-
Selvita Ltd.	-	334,207	-	-
ALTIUM Piotr Romanowski	-	-	3,194	17,822
Chabasiewicz, Kowalska i Partnerzy Radcowie Prawni	-	-	2,310	19,978
	1,568,262	**1,145,106**	**5,023,273**	**4,114,058**

Balances at the end of the reporting period:

	Amounts due from related parties		Amounts due to related parties	
	Balance as at 30/09/2021	Balance as at 31/12/2020	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN	PLN	PLN
Selvita S.A.	380,985	1,568,851	837,971	803,959
Selvita Services Sp. z o.o.	-	546	373,224	495,675
Ardigen S.A.	-	-	-	-
Selvita Inc.	-	-	272,461	-
Selvita Ltd.	-	350,794	-	-
	380,985	**1,920,191**	**1,483,656**	**1,299,634**

Transactions with related entities were made using market prices.

32.2. Loans to related parties

None.

32.3. Loans from related parties

None.

32.4. Executive compensation

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

	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN
Management Board	**2,806,186**	**2,424,374**
Paweł Tadeusz Przewięźlikowski	644,928	496,635
Krzysztof Daniel Brzózka	802,753	634,768
Setareh Gharayagh Shamsili	1,012,728	1,292,971
Kamil Sitarz	345,777	-
Supervisory Board	**759,701**	**773,906**
Piotr Romanowski	109,683	106,591
Tadeusz Wesołowski	108,067	105,027
Rafał Piotr Chwast	109,683	106,591
Axel Glasmacher	108,067	105,027
Colin Goddard	108,067	105,027
Jarl Jungnelius	108,067	105,027
Thomas Turalski	108,067	140,616
	3,565,887	**3,198,280**

32.5. Loans and similar benefits granted to members of management, supervisory and administration bodies of the Company

None.

33. Business combinations

None.

34. 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 statement of cash flows, can be reconciled with the 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.

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Cash in hand and at bank	81,018,790	93,068,338
Overdraft facilities	-	-
	81,018,790	93,068,338
Cash and cash equivalents - bank deposits	-	43,149,900
	81,018,790	136,218,238

35. Average headcount in the Company

	Period ended 30/09/2021	Period ended 30/09/2020
White collar employees	180	158
Blue collar employees	-	-
Total headcount	**180**	**158**

36. Share-based payments

36.1 Employee incentive program

36.1.1 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 Ryvu S.A. which will be 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.

36.1.2 The fair value of the share options granted during the year

The fair value of the options granted is determined as at the grant date and recognized over the vesting period in remuneration costs in correspondence with the increase in equity at the time of vesting by employees during the program period.
Summary of data about the program:

Date of granting the program ("grant date")	17.05.2021
The maturity date of the program	09.07.2024
Number of shares in the program	1,247,720
Expected number of shares after taking into account employee turnover ratio and available data as at September 30, 2021:	976,679

The total cost of the program was estimated on the basis of the estimated value of the shares to which employees will acquire rights during the duration of the program. The fair value of the program was determined using the Black-Scholes-Merton valuation model, taking into account the following parameters:

• option exercise date:
09.07.2021 for 20.383 shares;
09.07.2022 for 463.743 shares;
09.07.2023 for 463.743 shares;
09.07.2024 for 22.431 shares;
30.06.2025 for 6.379 shares.
• option exercise price: PLN 52.8;
• share price as at the valuation date: PLN 53;
• continuous dividend rate: 0%
• risk-free interest rate in continuous capitalization: 1.96%
• coefficient of variation: 72% - 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 September 30, 2021 the weighted average period remaining until the end of the contractual duration is 16 months.

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

Tranche number	Number of shares	Date of purchase of the shares	2021 Q2	2021 Q3	2021 Q4	2021	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022	2023	2024	2025	Total discharge
Tranche No. 1	20,383	09/07/2021	951	126		**1,076**					-				**1,076**
Tranche No. 2	463,743	09/07/2022	3,768	5,098	5,098	**13,964**	4,987	5,043	499		**10,528**				**24,492**
Tranche No. 3	463,743	09/07/2023	2,064	2,792	2,793	**7,649**	2,732	2,762	2,792	2,792	**11,078**	5,767			**24,494**
Tranche No. 4	22,431	09/07/2024	69	93	93	**255**	91	92	93	93	**369**	369	193		**1,185**
Tranche No. 5	6,379	30/06/2025	15	20	21	**56**	20	20	20	20	**80**	80	81	40	**337**
Total	**976,679**		**6,866**	**8,129**	**8,004**	**22,999**	**7,830**	**7,917**	**3,404**	**2,906**	**22,056**	**6,216**	**274**	**40**	**51,584**

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

	Balance as at 30/09/2021	Balance as at 31/12/2020
Program costs recognized at fair value	14,995,292	-
	14,995,292	-

37. Capital commitments

	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Commitments to purchase property, plant and equipment	540,528	7,241,227

Obligations to purchase property, plant and equipment result from subsidy agreements signed by the Company for the creation and increase of the potential of laboratories.

38. Contingent liabilities and assets

38.1. Contingent liabilities

In the periods covered by the financial statements, the Company incurred contingent liabilities necessary to receive a subsidy and a loan.
Contingent liabilities include:
- promissory note liabilities - covering the amount of co-financing granted with interest in the amount specified as for tax arrears calculated from the date of transferring funds for the account to the date of return. In the period covered by the report, PLN 3,068,458, was credited to the bank accounts for co-financing. As at the balance sheet date, 30/09/2021, the sum of cash received under the subsidy is PLN 164,742,341.

On August 7, 2017, the Management Board of Ryvu Therapeutics S.A. (formerly Selvity S.A.) has concluded an agreement with Leukemia & Lymphoma Society regarding cooperation in further research of the preclinical phase and the first clinical phase of the SEL120 molecule. Pursuant to the provisions of the Agreement, LLS undertook to provide the Company with financial support of up to USD 3.25 million. In exchange for the financial support provided, LLS will be entitled, after successful development of SEL120 and leading to the commencement of clinical phase III, to receive payments for obtaining milestones, and after commercialization of SEL120 or to the market by the Company also to royalties. The total value of payments for LLS will not exceed seven times the grant awarded. From the date of signing the agreement until 30/09/2021, the Company received in total USD 1.75 million. As at 30/09/2021, the Company does not recognize an obligation due to funds received from LLS due to the early stage of project implementation and the related low probability of repayment.

38.2. Contingent assets

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

39. Significant events of the reporting period

Coronavirus (COVID-19)

Covid-19 pandemic, which began in the first quarter of 2020, continued during the whole reported period. Because of that, already in 2020 the Issuer implemented, and during the reported period still followed, all of the recommendations given by the Chief Sanitary Inspectorate and other government institutions in connection with the epidemiological threat, including the implementation of remote work and ensuring safe working conditions for stationary employees. Moreover, most business trips have been suspended. The Issuer used remote communication in its business contacts. Furthermore, the Issuer appointed a working team consisting of the representatives of various organizational units, whose task was to respond to the situation on an ongoing basis and mitigate any adverse effects of the spread of the epidemic on the Issuer. The Company also developed its internal policy for preventing the spread of the coronavirus and taking actions aimed at ensuring appropriate health and safety conditions at work. Internal policies are constantly updated to the latest guidelines and changing conditions.

During the previous reporting periods, the pandemic significantly affected the progress of the Issuer's fully owned clinical trial - CLI120-001 (RVU120 AML/HR-MDS) study, and the impact of pandemic to some extent, has also continued in Q3 2021. Due to the onset of Covid-19 pandemic, all RVU120 clinical sites have maintained additional safety measures and risk management processes which limited possibility of in person site monitoring as well as have impacted the ability of some patients to participate in the clinical studies. This applies also to relapsed, refractory AML patients who are frequently immunocompromised and very ill. Also, many patients themselves decided to limit their contacts with various healthcare facilities to minimize the possibility of coronavirus exposure. An additional new pandemic induced risk to cancer clinical trial enrolments was the start-up of COVID19 vaccination campaigns, which affects eligibility of

The Management Board of the Company analyzes the situation related to the spread of the coronavirus pandemic on an on-going basis and implements adequate safety measures. Additionally, in connection with the launch of the national vaccination program against COVID-19, Ryvu is supporting employees in taking part in the above-mentioned program.

The Company's Management Board is analyzing the Issuer's situation on an on-going basis. New circumstances, if any, having a significant effect on the Issuer's financial results and business position, will be communicated promptly in the individual current reports.

40. Notes to the cash flow statement

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 cash flow statement:

Item	Period ended 30/09/2021	Period ended 30/09/2020
	PLN	PLN
Change in trade and other receivables:	**(1,569,713)**	**6,502,708**
- change in trade and other receivables resulting from the balance sheet	(1,569,713)	6,502,708
Change in inventory:	**(1,504,586)**	**682,435**
- change in inventory resulting from the balance sheet	(1,504,586)	682,435
Change in liabilities, except for loans and borrowings:	**(1,638,975)**	**(11,669,731)**
- change in liabilities resulting from the balance sheet	(1,239,495)	(11,669,731)
- change in liabilities related to purchase of fixed asssets	(399,480)	-
Change in deferred income:	**(13,967,082)**	**9,143,489**
- change in deferred income resulting from the balance sheet	(13,967,082)	9,143,489
Change in provisions:	**367,996**	**666,774**
- change in provisions resulting from the balance sheet	367,996	666,774
Change in other assets:	**(1,816,153)**	**1,123,256**
- change in the balance of other assets resulting from the sale of financial assets	-	-
- change in other assets resulting from the balance sheet	(1,816,153)	1,123,256
Change in loans:	**(580,904)**	**(597,660)**
- change in long-term loans resulting from the balance sheet	(607,364)	(607,365)
- change in in short-term loans resulting from the balance sheet	26,460	9,705

41. Remuneration of the statutory auditor or audit company

Item	Balance as at 30/09/2021	Balance as at 31/12/2020
	PLN	PLN
Obligatory audit of the annual financial statements	67,000	105,000
Other advisory services	-	90,000
Other	-	-
Total remuneration	**67,000**	**195,000**

42. Agreements entered into by the Company and not presented on the balance sheet

None.

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

None.

44. Major events after the end of the reporting period which have not been presented in the financial statements

None.

45. Subsequent events

None.

46. Approval of the financial statements

The financial statements were approved by the Company's management board on September 9, 2021.

Prepared by: Elżbieta Kokoć

Signature Not Verified
Dokument podpisany przez Elżbieta Kokoć
Data: 2021.11.09 07:21:26 CET

Signature Not Verified
Dokument podpisany przez PAWEŁ TADEUSZ PRZEWIĘŹLIKOWSKI
Data: 2021.11.09 09:14:38 CET

Signatures of members of the Management Board:

Paweł Tadeusz Przewięźlikowski - President of the Board

Dokument podpisany przez Krzysztof Daniel Brzózka
Data: 2021.11.09 11:50:58 CET

Krzysztof Daniel Brzózka - V-ce President

Dokument podpisany przez Kamil Sitarz
Data: 2021.11.09 17:08:24 CET

Kamil Sebastian Sitarz - Member of the Board

Cracow, 9 November 2021

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GENERAL INQUIRIES

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RYVU THERAPEUTICS