SELVITA S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS

Prepared for the period from 01/01/2024 to 31/12/2024

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

It is the translation of Polish original document

Selvita

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Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2024 TO 31 DECEMBER 2024

	Note	Year ended 31/12/2024	Year ended 31/12/2023
Continuing operations		**000'PLN**	**000'PLN**
Sales revenue	5	342,194	346,957
Grant income	5	3,569	4,895
Total revenue		**345,763**	**351,852**
Amortization and depreciation	5.5	(53,099)	(45,452)
Consumption of materials and supplies		(74,190)	(71,158)
External services		(54,419)	(50,626)
Employee benefit expense	5.5	(147,982)	(143,571)
Costs of the incentive program	28	(3,189)	(11,514)
Other expenses		(10,923)	(10,370)
Taxes and charges		(2,441)	(2,115)
Total operating expenses		**(346,242)**	**(334,807)**
Other operating revenue		491	40
Other operating expenses		(499)	(339)
Profit from loss of control	13.1	-	52,564
Operating (loss)/profit		**(487)**	**69,311**
Financial revenue	7	3,670	10,851
Financial expenses	7	(12,444)	(11,826)
Share in the profit/loss of associates valued using the equity method	14	(1,194)	(1,132)
(Loss)/Profit before income tax		**(10,454)**	**67,203**
Income tax expense	8	4,356	2,675
Net (loss)/profit		**(6,098)**	**69,878**
Net other comprehensive income, which will be reclassified to profit or loss			
Foreign subsidiaries results translation differences		(2,285)	(16,498)
Total net other comprehensive income		**(2,285)**	**(16,498)**
TOTAL INCOME FOR THE PERIOD		**(8,383)**	**53,380**
Net profit/loss attributed to:			
Majority shareholders	9	(6,098)	69,878
Non-controling shareholders		-	-
Total income attributed to:			
Majority shareholders		(8,383)	53,380
Non-controling shareholders		-	-
Earnings per share			
(expressed in PLN cents per share)	9		
With continued operations:			
Basic		(0.3)	3.8
Diluted		(0.3)	3.8

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
PREPARED AS AT 31 DECEMBER 2024

	Note	Balance as at 31/12/2024	Balance as at 31/12/2023
		000'PLN	000'PLN
ASSETS			
Non-current assets			
Tangible fixed assets	10	198,812	207,255
Right of use assets	10	121,590	100,519
Goodwill	11	89,638	72,065
Other intangible assets	12	26,949	29,559
Investments valued using the equity method	14	62,119	63,313
Deferred tax asset	8	16,750	10,992
Other financial assets		1,679	1,310
Total non-current assets		**517,538**	**485,014**
Current assets			
Inventory		6,855	6,540
Short-term receivables	17	79,454	70,228
Contract assets with customers	5.3	9,472	14,755
Other financial assets		-	311
Other assets	16	6,258	6,757
Cash and other monetary assets	26	22,512	52,654
Total current assets		**124,551**	**151,245**
Total assets		**642,089**	**636,260**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	14,684	14,684
Share premium	19	86,448	86,448
Own shares	19	-	-
Reserve capital resulting from the acquisition of OPE	19	22,994	22,994
Other reserve capitals	19	77,247	74,058
Currency differences on translation of foreign operations		(12,097)	(9,812)
Retained earnings		138,700	68,822
Net (loss)/profit for the period		(6,098)	69,878
Total equity		**321,877**	**327,071**
Long-term liabilities			
Credit facilities and loans	20;22.8	7,472	112,879
Lease liabilities	18;22.8	68,352	64,973
Liabilities due to retirement benefits		811	988
Deferred tax provision	8	3,289	3,568
Deferred income	24	34,708	33,011
Total long-term liabilities		**114,632**	**215,419**
Short-term liabilities			
Trade and other liabilities	21	46,051	30,590
Contract liabilities with customers	5.3	4,187	2,582
Lease liabilities	18;22.8	31,148	27,207
Short-term loans and bank credits	20;20.8	111,565	19,686
Current tax liabilities		283	75
Employee benefit liabilities	23	9,357	9,838
Deferred income	24	2,991	3,791
Total short-term liabilities		**205,581**	**93,769**
Total liabilities		**320,213**	**309,188**
Total equity and liabilities		**642,089**	**636,260**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE REPORTING PERIOD ENDED 31 DECEMBER 2024

	Note	Share capital	Share premium	Reserve capital resulting from the acquisition of OPE	Other reserve capitals	Own shares	Currency differences on translation of foreign operations	Retained earnings/ Accumulated losses from previous years	Retained earnings	Equity attributed to majority shareholders	Equity attributed to non-controling shareholders	Total equity
		000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN
Balance as at 1 January 2024		**14,684**	**86,448**	**22,994**	**74,058**	**-**	**(9,812)**	**68,822**	**69,878**	**327,071**	**-**	**327,071**
Net (loss) for the period		-	-	-	-	-	-	-	(6,098)	(6,098)	-	(6,098)
Other comprehensive income		-	-	-	-	-	(2,285)	-	-	(2,285)	-	(2,285)
Creation of reserve capital as part of the incentive program	28	-	-	-	3,189	-	-	-	-	3,189	-	3,189
Transfer of result from previous years		-	-	-	-	-	-	69,878	(69,878)	-	-	-
Balance as at 31 December 2024		**14,684**	**86,448**	**22,994**	**77,247**	**-**	**(12,097)**	**138,700**	**(6,098)**	**321,877**	**-**	**321,877**
Balance as at 1 January 2023		**14,684**	**86,448**	**22,994**	**62,544**	**-**	**6,686**	**38,513**	**30,309**	**262,178**	**10,983**	**273,161**
Net profit for the period		-	-	-	-	-	-	-	69,878	69,878	-	69,878
Other comprehensive income		-	-	-	-	-	(16,498)	-	-	(16,498)	-	(16,498)
Creation of reserve capital as part of the incentive program	28	-	-	-	11,514	-	-	-	-	11,514	-	11,514
Transfer of result from previous years		-	-	-	-	-	-	30,309	(30,309)	-	-	-
Cessation of consolidation of Ardigen S.A.		-	-	-	-	-	-	-	-	-	(10,983)	(10,983)
Balance as at 31 December 2023		**14,684**	**86,448**	**22,994**	**74,058**	**-**	**(9,812)**	**68,822**	**69,878**	**327,071**	**-**	**327,071**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2024 TO 31 DECEMBER 2024

	Note	Year ended 31/12/2024	Year ended 31/12/2023
		000'PLN	000'PLN
Cash flows from operating activities			
Net (loss)/profit for the period, including:		**(6,098)**	**69,878**
- from continuing operations		*(6,098)*	*69,878*
- from discontinued operations		-	-
Adjustments:			
Amortization and depreciation and impairment losses on fixed assets		53,099	45,452
Exchange gains (losses)		(2,845)	(3,571)
Interest and profit-sharing (dividends), net		12,266	10,840
Change in receivables	31	(1,445)	14,829
Change in inventory		(315)	1,261
Change in short-term liabilities and provision excluding credits and loans	31	15,336	(3,519)
Change in deferred income and employee benefit liabilities	31	(3,486)	(11,501)
Profit from loss of control	13.1	-	(52,564)
Share in the profit/loss of associates valued using the equity method	14	1,194	1,132
Change in provisions	31	(606)	1,812
Change in other assets	31	(5,223)	(5,076)
Costs of the incentive program	28	3,189	11,514
Corporate income tax paid		(996)	(1,507)
Net cash flows from operating activities, including:		**64,069**	**78,980**
- from continuing operations		*64,069*	*78,980*
- from discontinued operations		-	-
Cash flows from investing activities			
Purchase of tangible and intangible fixed assets		(18,710)	(73,781)
Proceeds from subsidies to fixed assets		3,559	25,861
Return of grants to fixed assets		-	(153)
Purchase of other financial assets		311	(311)
Acquisition of shares in Pozlab sp. z o.o after taking into account the acquired cash		(22,033)	-
Cash over which control has been lost		-	(16,833)
Interest received		-	4
Net cash flows from investing activities, including:		**(36,873)**	**(65,213)**
- from continuing operations		*(36,873)*	*(48,380)*
- from discontinued operations		-	*(16,833)*
Cash flows from financing activities			
Repayment of finance lease liabilities	18.1	(34,065)	(30,818)
Proceeds from credits and loans	31	10,298	24,804
Repayment of credits and loans		(20,837)	(14,110)
Interest paid	7	(12,738)	(10,844)
Net cash flows from financing activities		**(57,342)**	**(30,968)**
- from continuing operations		*(57,342)*	*(30,968)*
- from discontinued operations		-	-
Net increase in cash and cash equivalents		(30,147)	(17,200)
Cash and cash equivalents at the beginning of the period		52,654	74,157
Net currency differences on cash and cash equivalents		5	(4,303)
Cash and cash equivalents at the end of the period	26	**22,512**	**52,654**
- from continuing operations		*22,512*	*52,654*
- from discontinued operations		-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED AS AT 31 DECEMBER 2024

1. General information

1.1. The parent company

The parent company of the Selvita Capital Group was established in 2019 on the basis of a notarial deed of 22 March 2019 prepared at B. Lipp's notary office (Rep. A No. 670/2019). The parent company has its registered office in Poland. Currently, the company is registered in the National Court Register in the District Court for the City of Kraków - Śródmieście, 11th Commercial Department under the number KRS 0000779822.
In 2024, the name of the Company was not changed.

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

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

Management Board:

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

Supervisory Board:

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

As at 31 December 2024, the shareholder structure of the parent company was as follows:

	Registered office	Number of shares	Percentage interest in capital	Percentage share in voting rights
			As at 31 December 2024	
Paweł Przewięźlikowski	Poland	2,943,150	16.03%	26.90%
TFI Allianz Polska	Poland	2,093,826	11.41%	9.59%
Nationale -Nederlanden Open-End Pension Fund	Poland	1,901,959	10.36%	8.71%
Bogusław Sieczkowski	Poland	942,417	5.13%	6.83%
Tadeusz Wesołowski (with Augebit FIZ)	Poland	932,713	5.08%	4.27%
Other shareholders (less than 5% of votes at the GM)		9,541,409	51.98%	43.69%
Total		**18,355,474**	**100.00%**	**100.00%**

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

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

1.2. The Capital Group

As of the balance sheet date, Selvita S.A. Capital Group consists of Selvita S.A. as the parent entity and 5 subsidiaries - Selvita Services Spółka z o.o., Selvita Inc., Selvita Ltd., Selvita d.o.o. and Pozlab Sp. z o.o. In January 2023, Selvita S.A. lost control over Ardigen S.A. and Ardigen Inc. In May 2024, Selvita S.A. acquired shares in Pozlab Sp. z o.o. (details in the Note 13.1).

	Registered Office	% of capital held	% of voting rights
		As at 31 December 2024	
Selvita Services Spółka z ograniczoną odpowiedzialnością	Poland	100.00%	100.00%
Selvita Inc.	USA	100.00%	100.00%
Selvita Ltd.	UK	100.00%	100.00%
Selvita d.o.o.	Croatia	100.00%	100.00%
Pozlab Sp. z o.o.	Poland	100.00%	100.00%

The duration of the Capital Group companies is not fixed. The financial statements of all controlled entities have been prepared as af 31 December 2024, using consistent accounting principles.

The Parent Company's financial year is the calendar year. Consolidation of subsidiaries covers the period from 01.01.2024 to 31.12.2024, i.e. the period in which the Parent Company had control over these entities, excluding Pozlab Sp. z o.o., which is subject to consolidation from May 2024, i.e. from the beginning of the month in which control was acquired.

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

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

1.3. Functional and reporting currency

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

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

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union ("IFRS EU").

These consolidated financial statements for the period from January 1, 2024 to December 31, 2024 are financial statements containing disclosures in accordance with the International Financial Reporting Standards approved by the European Union (hereinafter referred to as "IFRS").

Impact of International Financial Reporting Standards on the consolidated financial statements

2.2. Changes in the applied accounting principles

The accounting principles (policies) applied to prepare the consolidated financial statements are consistent with those applied to prepare the annual consolidated financial statements of the Group for the period ended 31 December 2023.

2.3. The following standards and interpretations were published by the International Accounting Standards Board, but are not applicable to these financial statements (i.e. for the financial statements for the period ended December 31, 2024)

a) Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates
The published changes apply to financial statements for periods beginning on or after 1 January 2025.

b) Changes in the classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7.
The published changes apply to financial statements for periods beginning on or after 1 January 2026.
As at the date of these financial statements, these changes have not yet been approved by the European Union.

(c) Annual amendments to IFRS
The Annual Amendments to IFRS amend IFRS 1 Application of International Financial Reporting Standards for the First Time, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows.
As at the date of these financial statements, these changes have not yet been approved by the European Union.

d) Agreements relating to electricity dependent on natural factors: Amendments to IFRS 9 and IFRS 7.
In December 2024. The Board published amendments to help companies better capture the financial impact of contracts relating to naturally dependent electricity, which often take the form of power purchase agreements (PPAs).

(e) IFRS 18 Presentation and Disclosures in Financial Statements
In April 2024. The Governing Board published a new standard IFRS 18 "Presentation and disclosures in financial statements". The Standard is intended to replace IAS 1 – Presentation of Financial Statements and will be effective from 1 January 2027. The changes from the replaced standard mainly concern three issues: the statement of profit or loss, the required disclosures regarding performance measures, and issues related to the aggregation and disaggregation of information contained in financial statements.
The published standard will apply to financial statements for periods beginning on or after 1 January 2027.
As at the date of these financial statements, these changes have not yet been approved by the European Union

(f) IFRS 19 Non-Governmental Subsidiaries: Disclosures
In May 2024. The Board issued a new accounting standard, IFRS 19, which can be adopted by certain subsidiaries that use IFRS to improve the effectiveness of disclosures in their financial statements. The new standard introduces simplified and reduced disclosure requirements. As a result, the qualifying subsidiary applies the requirements of other IFRS accounting standards except for the disclosure requirements and instead applies the limited disclosure requirements set out in IFRS 19.
As at the date of these financial statements, these changes have not yet been approved by the European Union.

(g) IFRS 14 Regulatory Accruals
This standard allows entities that prepare financial statements in accordance with IFRS for the first time (on or after 1 January 2016) to recognize amounts arising from regulated pricing activities, in accordance with the accounting policies applied so far.
IFRS 14 will not be approved by the European Union.

h) Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures. The amendments address the current inconsistency between IFRS 10 and IAS 28. Accounting treatment depends on whether the non monetary assets sold or contributed to an associate or joint venture constitute a 'business'. The changes were published on September 11, 2014. As at the date of these financial statements, the approval of this amendment is deferred by the European Union.

The Company decided not to take advantage of the possibility of early application of the above changes. As at the date of approval of these financial statements for publication, the Management Board does not expect that their introduction will have a material impact on the accounting policies.

3. Summary of significant accounting policies

3.1. Going concern

The financial statements have been prepared on the assumption of continuing operations for a period of at least 12 months following the date of signing these consolidated financial statements. As at the date of preparation of the consolidated financial statements, there are no circumstances indicating a threat to the continuation of business operations by the Group Entities.

In connection with exceeding the base level of one of the indicators contained in the credit agreement concerning acquisition and construction loans as at 31.12.2024, excluding its adjusted level confirmed with the bank in the Letter of Arrangements dated 17.02.2025 (see note 20.1), the Group included as at 31.12.2024 the long-term part of these bank loans in the amount of PLN 87,235 thousand in short-term liabilities in accordance with the requirements of EU IFRS.

The applicable repayment schedule for the aforementioned bank loans has not changed and the amount of PLN 87,235 thousand is still payable by the bank in periods exceeding 1 year.

In addition, the Group received the bank's consent to extend the current current account loans (totaling EUR 3.1 million) from the end of June 2025 to the end of January 2026. These loans constitute additional liquidity security for the Group.

3.2. Basis of preparation

The consolidated financial statements have been prepared in accordance with the historical cost concept, with the exception of shares in Ardigen S.A., which are valued at fair value at the time of loss of control, and as of December 31, 2024, using the equity method.

The most important accounting policies applied by the Group are presented below.

3.3. Revenue recognition

3.3.1 Grants

Subsidies are recognized in accordance with IAS 20. Subsidies are not recognized until there is reasonable certainty that the Group will meet the necessary conditions and will receive such subsidies, government subsidies are recognized at their fair value as deferred income.

Government subsidies for a given cost item are recognized as revenue from subsidies systematically, for each period in which the Group recognizes expenses as costs, the compensation of which is to be a subsidy.

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

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

3.3.2 Revenues from research service contracts concluded with clients

Revenues, except for government grants, are recognized in accordance with IFRS 15. The Group recognizes revenue in a way that represents the transaction of transferring promised goods or services to the customer, in an amount that reflects the value of the consideration that the Company expects in exchange for those goods or services. In view of the above, it is crucial to correctly determine the moment and amount of revenue recognized by the Company.

3.4 Interest and dividend income

Dividend income is recognised when the shareholder's right to receive it is established (provided that it is probable that the Group will obtain economic benefits and that the amount of the income can be reliably measured).

Interest income is settled over time in relation to the outstanding principal amount and using the effective interest rate, which is the rate that discounts future cash flows forecasted over the economic useful life of the financial asset to the carrying amount of the asset at initial recognition.

3.5 Leases

The Group as a lessee

Assets due to the right of use

The Group has signed lease agreements for a standard period of 5 years. 80% of the signed contracts have extension options. The Group does not use these options. When valuing lease liabilities, a discount rate of 2.1% to 8.9% was adopted. Assets resulting from the right of use are depreciated as follows:
- Premises – 5-10 years,
- Other fixed assets – from 4 to 10 years,
- Means of transport – 5 years.

Short-term leases and leases of low-value assets

The Group applies the short-term lease exemption to its short-term leases (i.e. leases with a lease term of 12 months or less from the commencement date and no purchase option). The Group also applies the exemption to the recognition of leases of low-value assets, i.e.: up to an amount of less than USD 5 thousand. Lease payments for short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgements and estimates relating to leases are described in Note 4.1.

3.6 Foreign currencies

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

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

	As at 31/12/2024	As at 31/12/2023
EUR / PLN	4.2730	4.3480
USD / PLN	4.1012	3.9350
GBP / PLN	5.1488	4.9997
CHF / PLN	4.5371	4.6828
JPY / PLN	0.0262	0.0277

3.6.1 Exchange differences from translation of foreign operations

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

3.7 Tangible assets

Fixed assets, except land, are depreciated on a straight-line basis over a period corresponding to their estimated useful economic life, which is as follows:

• Buildings, premises and civil and water engineering structures – from 10 to 40 years,
• Technical equipment and machinery – from 3 to 40 years,
• Means of transport – 5 years,
• Other fixed assets – from 3 to 20 years.

Machinery and equipment are recorded at purchase price less depreciation and total impairment losses.

Depreciation is recorded in such a way as to write off the cost or valuation of an asset (other than land and fixed assets under construction) to its residual value using the straight-line method.

3.8 Intangible assets

Intangible assets are depreciated on a straight-line basis over the period corresponding to their estimated useful life or over the shorter of the two periods: useful life or right of use, which is as follows:
• Software - HD - 10 years,
• Other intangible assets - from 1.5 to 5 years,
• Customer base - 13.5 years

3.9 Stocks

Inventories are valued at the lower of cost or realizable value. Inventory costs are determined using the FIFO method. Realizable value is the estimated selling price of inventories reduced by any estimated costs of completing production/providing services and costs necessary to make the sale effective.

Purchased materials are included directly in operating costs and are valued at the balance sheet date according to the above principles based on the inventory carried out.

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

3.10 Cash and cash equivalents

Cash and short-term deposits shown in the balance sheet include cash at bank and in hand, cash in split payment accounts and short-term deposits with an original maturity of three months or less.

The cash and cash equivalents balance shown in the consolidated cash flow statement consists of the cash and cash equivalents specified above, less outstanding overdrafts.

4. Significant accounting judgements and estimates

When applying the accounting policies adopted by the Group, the Management Board of the parent is obliged to make estimates, judgments and assumptions regarding measurement of individual assets and liabilities. Estimates and the related assumptions are based on past experience and other factors which are considered to be material. The actual figures may be different from the adopted estimates.

The estimates and the underlying assumptions are subject to ongoing review. Changes in estimates are recognized in the period of review if they apply to that period only, or in the current and future periods if the changes apply equally to such periods.

4.1 Professional judgment in accounting

The key judgments other than those related to estimates (see Note 4.2) made by the Management Board in the process of application of the entity's accounting policies, having the most significant effect on the amounts recognized in the financial statements, are presented below.

Recognition of grants

The Group recognizes revenue from subsidies from the commencement of work related to a given subsidy agreement. The Management Board makes a judgment for each grant agreement whether it is reasonable assurance that the Group is able to meet all the conditions resulting from the subsidy agreement and will not be obliged to return received subsidies. Revenues from subsidies are recognized over time in the period of works related to the subsidy.

Leasing - the Group as a lessee

The Company applied the following judgments and estimates:

Lease period for contracts with extension options

The Company determines the lease term as an irrevocable lease period, including periods covered by the option to extend the lease, if it can be assumed with sufficient certainty that the option will be exercised, and periods covered by the option to terminate the lease, if it can be assumed with sufficient certainty that the option will not be exercised.

The Company has the option, under some lease contracts, to extend the duration of the asset lease. The Company applies a judgment when assessing whether there is sufficient certainty about using the extension option. This means that it takes into account all relevant facts and circumstances that constitute an economic incentive to extend it or an economic penalty for not extending it. After the commencement date, the Company reassess the lease period if there is a significant event or change in circumstances under its control and affects its ability to exercise (or not exercise) the extension option (e.g. change of business strategy).

The Company has included the extension period as part of the leasing period for the leasing of business premises and parking spaces due to the importance of these assets for operations.

Lease period for contracts of unlimited duration

The Company has lease contracts concluded for an indefinite period and contracts that have evolved into indefinite contracts in the situations provided for in the Civil Code, in which both parties have the option to terminate. When determining the leasing period, the Company determines the period of contract enforceability. Leasing ceases to be enforceable when both the lessee and the lessor have the right to terminate the contract without having to obtain permission from the other party without incurring more than insignificant penalties. The Company assesses the significance of broadly understood penalties, i.e. apart from strictly contractual or financial matters, it takes into account all other significant economic factors discouraging the termination of the contract (e.g. significant investments in leasing, availability of alternative solutions, relocation costs). If neither the Company as the lessee nor the lessor incurs a significant penalty for termination (broadly understood), leasing ceases to be enforceable and its period constitutes the notice period. However, in a situation where either party - in accordance with professional judgment - incurs a significant penalty for termination (broadly understood), the Company determines the leasing period as sufficiently reliable (i.e. the period for which it can be assumed with sufficient certainty that the contract will last).

Lessee's marginal interest rate

The Company is not able to easily determine the interest rate for leasing contracts, which is why it uses the lessee's marginal interest rate when measuring the leasing liability. This is the interest rate that the Company would have to pay to borrow for a similar period, in the same currency and with similar collateral, the funds necessary to purchase an asset with a similar value as the asset due to the right to use in a similar economic environment.

4.2 Uncertainty of estimates

Presented below are the main assumptions concerning the future and other uncertainties as at the end of the reporting period, which pose a considerable risk of material adjustments to the carrying amounts of assets and liabilities in the following financial year.

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

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

4.2.1 Provisions for bonuses

Provisions for bonuses are presented in Note 23. Provisions for bonuses are estimated in line with an algorithm based on the obtained and realized margin and revenue in individual departments and segments. The Management Board estimates the value of bonuses to be paid on the basis of the results of the aforesaid calculations. The Management Board considers numerous factors, such as the current and anticipated economic and financial position of the Group. Bonuses are discretionary.

4.2.2 Useful lives of property, plant and equipment

As described in Note 3.7 and Note 3.8, the Group reviews the estimated useful lives of items of property, plant and equipment and intangible assets at the end of each annual reporting period. In the current financial year, the Management Board did not identify the necessity to reduce the value in use of any assets.

4.2.3 Accounting for long-term contracts using the estimated stage-of-completion method

As described in Note 3.3.2, the Group determines the stage of completion of long-term contracts by comparing the project costs incurred thus far with the total estimated project costs. Due the nature of the Group's projects and the possibility of unexpected difficulties in project completion, it may turn out that the total actual project costs differ from the estimates. A change in the estimates of the total costs of project implementation may result in the fact that the stage of completion of the project as at the balance sheet date, and thus the recognized revenue, should be set at a different value. Project costs are updated on an ongoing basis by the project manager, which reduces the risk of large deviations of actual costs from the forecast ones.

4.2.4 Deferred tax asset

The Group recognizes a deferred tax asset based on the assumption that a tax profit will be available in the future to allow its use. Deterioration of tax results in the future could cause that this assumption would become unjustified.

The Group carefully assesses the nature and extent of evidence justifying the conclusion that it is probable that future taxable income will be sufficient to deduct the unused tax losses, unused tax credits or other negative temporary differences.

When assessing whether it is probable that future taxable profit will be achieved (probability above 50%), the Group shall take into account all available evidence, both confirming the existence of probability and evidence of its absence.

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

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

4.2.5 Tax settlements

Regulations regarding value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in a lack of well-established benchmarks, inconsistent interpretations, and few precedents established that could apply. There are no explicit interventions clearly defining tax regulations and relations between both state authorities as well as state authorities and enterprises.

Tax settlements and other areas of activity may be subject to control by authorities that are entitled to impose penalties and fines, and any additional tax obligations resulting from the control must be paid together with interest. These conditions cause increased tax risk.

Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the tax inspection authority.

On July 15, 2016, the Tax Code was amended to take into account the provisions of the General Fraud Prevention Clause (GAAR). GAAR is to prevent the emergence and use of artificial legal structures created to avoid payment of tax in Poland. GAAR defines tax avoidance as an act performed primarily to achieve a tax benefit, which is in conflict with the subject and purpose of the provisions of the Tax Act. According to GAAR, this does not result in a tax benefit if the method of operation was artificial. Any occurrence of (i) unjustified division of operations, (ii) the involvement of intermediaries despite the lack of economic or economic justification, (iii) elements that mutually abolish or compensate each other, and (iv) other activities similar to those mentioned above, may be treated as a premise for existence artificial activities subject to GAAR. The new regulations will require much more judgment when assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and to transactions that were carried out before the GAAR clause entered into force, but for which benefits were or are still being achieved after the date of entry into force of the clause. The implementation of the above provisions will enable Polish tax inspection authorities to question the legal arrangements and agreements implemented by taxpayers, such as the restructuring and reorganization of the group.

The Group recognizes and measures current or deferred tax assets or liabilities using the requirements of IAS 12 Income tax based on profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the uncertainty associated with settlements tax.

If, in the opinion of the Group, it is likely that the Group's approach to the tax issue or group of tax issues will be accepted by the tax authority, the Group determines taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into account the approach to taxation planned or applied in your tax return. Assessing this probability, the Group assumes that the tax authorities authorized to audit and challenge the tax treatment will carry out such control and will have access to all information.

If the Group determines that it is not probable that the tax authority will accept the Group's approach to the tax issue or group of tax issues, then the Group reflects the effects of uncertainty in accounting terms of tax during the period in which it determined it. The Group recognizes an income tax liability using one of the following two methods, depending on which of them better reflects the way in which uncertainty can materialize:

· The Group determines the most likely scenario - this is a single amount among the possible outcomes or

· The Group recognizes the expected value - it is the sum of probability weighted amounts among the possible results.

4.2.6 Impairment of trade receivables and contract assets

The Group uses reserve matrices to value the write-down for expected credit losses in relation to trade receivables and contract assets. In order to determine the expected loan losses, trade receivables and contract assets were grouped based on the similarity of the credit risk characteristics. The Group uses its historical data on credit losses, adjusted, where appropriate, by the impact of future information.

4.2.7 Revenue recognition

Judgments made by the Group that significantly affect the determination of the amount and timing of obtaining revenues from contracts with clients are presented in note 3.3.2.

4.2.8 Recognition of loss of control over Group entities

As of December 31, 2023, the operating segment called Bioinformatics (constituting Ardigen S.A. and Ardigen Inc.), was a discontinued operations.

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

5. Sales revenue

5.1. Revenues

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

1. Agreements based on the fixed price model.

In the "fixed price" model under the concluded contract, the Group provides specific services for a specific amount of remuneration. In such cases, invoicing usually takes place in the following pattern: a certain percentage of the advance (the so-called upfront payment) and the remainder at the time of the contract.

In accordance with the Group's policy, some of this type of contracts were measured in accordance with the cost-advanced method as long-term contracts. These types of contracts is considered individually in the context of the moment of fulfilling the obligation to perform the service and thus the impact on the moment of recognition of revenues.

2. Agreements based on the FTE (Full-Time Equivalent) model

Under the contract, the Group provides appropriately qualified employees. Revenue is defined as the working time of employees of the Group measured at the rate from the contract. Invoices in accordance with the contract are issued at the end of the set settlement period (usually monthly). The Group's obligation to perform the service is therefore met at the time the employees render the service.

3. Sale of administrative services

The Group provides administrative services for Ryvu Therapeutics S.A. (the scope of which was limited during 2024) and Ardigen S.A.

Analysis of the Group’s sales revenue for the period from 1 January 2024 to 31 December 2024:

	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	**000'PLN**
Contract research - fixed priced agreements	163,743	153,543
Contract research - FTE agreements	175,430	186,387
Revenues from the sale of administrative services	2,834	6,790
Other income	*187*	*238*
Operating income (excluding grants)	**342,194**	**346,957**

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

5.2. Revenues from subsidies

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

	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	**000'PLN**
Infrastructure subsidies	2,480	1,753
Grants for research	1,089	3,142
Revenues from subsidies	**3,569**	**4,895**

5.3. Contract assets and liabilities with customers

The scope of changes of contract assets with customers	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Balance at the beginning of the reporting period	14,755	15,204
Revenue accrued in proportion to the costs incurred	112,768	51,210
Invoiced revenues	(118,051)	(51,658)
Balance at the end of the reporting period	**9,472**	**14,755**

The scope of changes of contract liabilities with customers	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Balance at the beginning of the reporting period	2,582	3,351
Contracts acquired as part of the Pozlab purchase	571	-
Invoicing beyond the obligation to provide	8,256	6,543
Execution of contracts without invoicing	(7,223)	(7,311)
Balance at the end of the reporting period	**4,187**	**2,582**

5.4 Geographical information

The Group operates in two major geographical regions – in Poland, where its registered office is located, and in Europe. In regards to other countries, the United States are a major market.

Group's revenue from external customers by geographical area:

	Revenue from external customers	
	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	000'PLN
Poland	14,593	14,345
EU members	126,782	132,555
USA	92,053	85,873
Switzerland	49,373	35,193
UK	45,294	59,575
Other countries	14,099	19,416
Total	**342,194**	**346,957**

5.5. Operating expenses

Amortization and impairment	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	000'PLN
Amortization of tangible assets	25,715	17,649
Amortization of equipment usage rights	7,801	9,683
Amortization of rights to use the premises and cars	16,086	14,654
Amortization of intangible assets	861	679
Amortization of contractor base	2,636	2,787
Total amortization expense	**53,099**	**45,452**

Employee benefit expense	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	000'PLN
Salaries and wages	121,734	116,808
Social security charges	19,820	18,010
Medical and other benefits	5,340	7,681
PPK	1,088	1,071
Employee benefit expense	**147,982**	**143,571**

Research and development costs included in the result when incurred	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	000'PLN
Research and development costs included in the result when incurred*	44,343	49,076

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

6. Operating segments

The Management Board monitors separately segment operating results to take appropriate decisions concerning resources allocation, to assess results of resource allocation and segment performance results. The basis for the assessment is segment operating profit or loss. Group financing (including finance costs and finance income) and deferred tax are monitored at the level of the Group and are not allocated to individual segments. In the case of subsidiaries assigned entirely to a given segment, the allocation of their statement of financial position items is made to all their assets and liabilities.

Changes to operating segments

Following the increase of importance within the Group and significant revenue growth in 2023 and the expected acquisition in related or similar areas concerning analytical and regulatory research services within the Group, the Group decided to change the operating segments starting from January 1st, 2024.
The Management Board determined that the provision of financial information by Drug Discovery and Drug Development is more meaningful to the readers of the consolidated financial statements because it believes that these two areas where the Group operates should be the main business performance differentiator going forward.
For the sake of comparability, historical periods have been restated.

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

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

The first segment accounting for the major part of the Group's revenue is the Segment of Drug Discovery. Services provided to external contractors are in the field of chemistry, biochemistry, DMPK, in-vivo and in-vitro, and also integrated research and development projects.

The second segment is the Segment of Drug Development, which provides services in the fields of analytics, regulatory, and, after the acquisition of Pozlab Sp. z o.o., pharmaceutical product development, including manufacturing of medicinal products, quality control, and microbiological testing, including biological drugs.

6.2 Segment revenue and profit or loss

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

	Revenue		Operating profit	
	Year ended 31/12/2024	Year ended 31/12/2023	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	000'PLN	000'PLN	000'PLN
Segment 1 - Drug Discovery, including	**260,731**	**277,567**	**(8,607)**	**6,330**
revenue from external customers (FTE)	160,855	177,620		
revenue from external customers (fixed price)	96,533	95,192		
intersegment revenue	2	-		
grant income	3,236	4,597		
other operating income	105	158		
Segment 2 - Drug Development, including	**82,016**	**67,164**	**8,120**	**10,417**
revenue from external customers (FTE)	14,575	8,766		
revenue from external customers (fixed price)	67,211	58,350		
intersegment revenue	5	-		
grant income	82	48		
other operating income	143	-		
Unallocated revenues, including:	3,515	7,161		
revenues from sales of administrative services	*2,834*	*6,790*		
other revenues (including subsidies)	*681*	*371*		
Elimination of intersegment revenue	6	-		
Total from continuing operations	**346,254**	**351,892**	**(487)**	**16,747**

	Expenses	
	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	000'PLN
Segment 1 - Drug Discovery, including	**269,338**	**271,237**
amortization and depreciation	37,780	34,869
depreciation of the customer base	2,636	2,787
costs of central administration, Management Board remuneration and selling costs	61,038	59,174
intersegment expenses	5	-
Valuation of the incentive program	2,020	8,462
Segment 2 - Drug Development, including	**73,896**	**56,747**
amortization and depreciation	12,683	7,796
costs of central administration, Management Board remuneration and selling costs	13,150	11,269
intersegment expenses	2	-
Valuation of the incentive program	1,169	3,052
Unallocated revenues, including:	3,515	7,161
revenues from sales of administrative services	*2,834*	*6,790*
other revenues (including subsidies)	*681*	*371*
Elimination of intersegment expenses	6	-
Total from continuing operations	**346,741**	**335,145**

Administrative costs arise in individual administrative units assigned to individual segments. The allocation of costs to individual segments remains at the level of individual subsidiaries or various allocation keys based on, among others, sales markets, the number of operational employees.

The accounting principles applied to the operating segments are the same as the Group's accounting policies presented in Note 3. Segment profit is profit generated by individual segments after the allocation of the costs of central administration and the remuneration of the management as well as the selling costs. This result does not include other profits and losses as well as revenues and financial costs. This information is provided to persons deciding about the allocation of resources and assessing the financial results of the segment. The transaction prices used in transactions between operating segments are established on an arm's length basis, as in transactions with unrelated parties.

6.3 Segment assets and liabilities

Segments assets	As at 31/12/2024	As at 31/12/2023
	000'PLN	000'PLN
Segment 1		
segment name Drug Discovery	410,781	460,230
Segment 2		
segment name Drug Development	142,732	88,914
Total segment assets	**553,513**	**549,144**
not allocated	88,576	87,116
Total assets	**642,089**	**636,260**
Segment liabilities		
Segment 1		
segment name Drug Discovery	143,300	138,665
Segment 2		
segment name Drug Development	61,497	39,328
Total segment liabilities	**204,797**	**177,993**
not allocated	115,416	131,195
Total liabilities	**320,213**	**309,188**

For purposes of monitoring segment performance and allocating resources:

- in the first step, in the case of all assets and liabilities of Selvita d.o.o. they are fully assigned to the Drug Discovery,
- in the next step, the remaining items are assigned to the operating segments:
  - goodwill, non-current receivables, cash and cash equivalents, property, plant and equipment, inventories, trade receivables, trade receivables and assets arising from long-term contractcs;
  - trade liabilities, liabilities under long-term contracts, provisions for liabilities and financial leases;
- in the last step, other assets and liabilities are assigned using the direct allocation method in the case of use by a specific segment or using a cost allocation key.

Unallocated assets include: investment in Ardigen S.A., and not allocated in the previous steps: deferred tax assets and public law receivables.

Unallocated liabilities include: loans, and not allocated in the previous steps: deferred tax provision and public law liabilities.

6.4 Other segment information

	Depreciation and amortization		Fixed assets additions	
	Year ended 31/12/2024	Year ended 31/12/2023	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	**000'PLN**	**000'PLN**	**000'PLN**
Continuing operations:				
Segment 1 *segment name Drug Discovery*	40,416	37,656	23,170	80,621
Segment 2 *segment name Drug Development*	12,683	7,796	33,417	16,075
Total (Continuing and Discontinued operations)	**53,099**	**45,452**	**56,587**	**96,696**

6.5 Major customers

	Year ended 31/12/2024 000'PLN	Year ended 31/12/2023 000'PLN
Segment I - Drug discovery		
Customer A**	34,995	19,058
Customer B*	16,073	26,556
Segment II - Drug development		
Customer C	17,356	8,319
Customer D*	7,600	11,677
Total	**76,024**	**65,610**

* The client did not exceed 10% of the segment's sales revenue in 2024.

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

7. Finance cost

	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	**000'PLN**
Finance cost due to financial instruments	**6,877**	**8,126**
Interest	7,265	7,286
Amortized cost valuation	(388)	840
Other finance cost	**5,567**	**3,700**
Interest on leases	5,390	3,558
Other	177	142
Total finance cost	**12,444**	**11,826**

Financial income in 2024 results mainly from exchange rate differences in the amount of PLN 3,653 thousand. In 2023, it mainly concerned exchange rate differences in the amount of PLN 10,339 thousand and interest received in the amount of PLN 103 thousand.

8. Income taxes on continuing operations

8.1 Income taxes presented in the statement of comprehensive income

	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	**000'PLN**
Current income tax:	1,682	1,582
Current income tax charge	*1,579*	*1,582*
Income tax for 2023 paid in Croatia	*103*	-
Deferred income tax	(6,038)	(4,255)
Tax charge presented in the statement of comprehensive income	**(4,356)**	**(2,673)**

8.2 The effective tax rate reconciliation is as follows:

	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	**000'PLN**
Gross profit before tax	**(10,454)**	**67,203**
Tax at the statutory tax rate applicable in Poland, 19%	(1,986)	12,768
Tax relief for activities in the economic zone	-	(2,348)
The tax relief for investments in Croatia	(368)	(2,017)
Costs of the incentive program	606	2,188
Subsidies costs	534	925
Permanent non-taxable costs (representation costs, PFRON and other NKUP costs)	561	370
Permanent non-taxable income (subsidies)	(534)	(925)
Change of R&D tax relief	(4,970)	(4,286)
Change of the SEZ tax relief	(329)	1,655
Change of the tax relief for investments in Croatia	400	(1,851)
Profit from loss of control	-	(9,987)
Share in the profit/loss of associates valued using the equity method	227	215
Tax relief used in Croatia	(381)	
Loss on capital gains in Poland	735	
Tax paid in Croatia for 2023	103	-
Minimum tax paid in Poland	283	-
Tax from dividend paid in USA	581	
Other (including the difference in tax rates of 18% in Croatia and 30% in the USA)	183	620
Tax at the effective tax rate	**(4,356)**	**(2,673)**

8.3 Deferred income tax

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

	As at 31/12/2024 short-term 000'PLN	As at 31/12/2024 long-term 000'PLN	As at 31/12/2024 total 000'PLN	As at 31/12/2023 000'PLN
Deferred tax asset	12,248	4,503	16,751	10,992
Deferred tax liability	587	2,702	3,289	3,568
	11,661	**1,801**	**13,462**	**7,424**

Basis for temporary differences – 19% deferred tax on the difference between the tax value and carrying amount of:	DTA as at	DTA as at	Change in DTA recognized in profit and loss account for the period	Change in DTA recognized in equity
	As at 31/12/2024	As at 31/12/2023	from 01/01 to 31/12/2024	from 01/01 to 31/12/2023
- fixed assets and intangible assets (excluding leasing)	27	-	27	-
- due to SEZ	4,503	4,174	329	(1,655)
- the tax relief for investments in Croatia	1,451	1,851	(400)	1,851
- trade and other receivables and liabilities (negative FX differences)	106	323	(217)	(671)
- customer contracts	626	299	327	(1,592)
- payables for future reserves	630	251	379	(23)
- retirement provision	71	188	(117)	87
- bonus provision	617	845	(228)	(551)
- unused holiday provision	725	1,024	(299)	(77)
- liability under the right of use	9,799	8,204	1,595	(219)
- R&D relief to be settled in the following years	9,560	4,590	4,970	4,286
- other	782	5	777	5
- tax losses to be settled in subsequent years	7,451	5,256	2,195	5,256
Netting	(19,597)	(16,018)	(3,579)	(5,799)
Total	**16,751**	**10,992**	**5,759**	**898**

The SEZ relief can be accounted for through 2026.

Tax relief for investments made in Croatia can be settled until 2032.

The Group did not recognize a deferred tax asset of PLN 1,515 thousand for losses on capital gains in Poland.

8.4 Tax losses to be used in subsequent periods

Year ended 31/12/2024 Year	Loss amount	Use	Possible to use	Max period of use
2023	5,256	-	2,628	2027
			2,628	2028
2024	2,195	-	1,098	2028
			1,097	2029

8.5 Accrued R&D relief to be settled

Year ended 31/12/2024 Year	Relief amount	Use	Possible to use	Max period of use
2022	2,667	2,363	304	2028
2023	4,286	-	4,286	2029
2024	4,970	-	4,970	2030

8.6 Deferred tax liability

Basis for temporary differences – 19% deferred tax on the difference between the tax value and carrying amount of:	DTL	DTL	Change in DTL recognized in profit and loss account for the period	Change in DTL recognized in equity
	As at 31/12/2024	As at 31/12/2023	from 01/01 to 31/12/2024	from 01/01 to 31/12/2023
- fixed assets and intangible assets (excluding leases)	247	738	(491)	533
- trade receivables and liabilities and others (positive exchange differences)	1,427	2,051	(624)	1,780
- difference between tax and balance sheet depreciation	6,210	2,542	3,668	1,700
- customer contracts	359	1,160	(801)	120
- right of use assets	10,201	8,066	2,135	-
- contractor databases	4,442	5,029	(587)	(1,089)
Netting	(19,597)	(16,018)	(3,579)	(5,799)
Total	**3,289**	**3,568**	**(279)**	**(2,755)**

9. Earnings per share

	Year ended 31/12/2024	Year ended 31/12/2023
	PLN per share	**PLN per share**
Basic earnings per share:		
From continuing operations	(0.3)	3.8
From discontinued operations	-	-
Total basic earnings per share	**(0.3)**	**3.8**
Diluted earnings per share:		
From continuing operations	(0.3)	3.8
From discontinued operations	-	-
Total diluted earnings per share	**(0.3)**	**3.8**

9.1 Basic earnings per share

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

	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	**000'PLN**
Current year (loss)/profit attributable to equity holders of the parent company	(4,570)	69,878
Current year profit attributable to non-controlling interest	-	-
(Loss)/Profit used for calculation of total basic earnings per share	(4,570)	69,878

	Year ended 31/12/2024	Year ended 31/12/2023
	pcs	**pcs**
Weighted average number of ordinary shares used for calculation of earnings per share	18,355,474	18,355,474

There will be no dilutive instruments in 2024 or 2023.

9.2 Dividends paid and proposed

The Management Board of the parent company is not recommended to pay dividends for period from 1 January to 31 December 2024.

10. Tangible fixed assets and right of use assets

Net carrying amount	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Land	21,165	21,207
Buildings	51,291	52,153
Machinery and equipment	47,714	50,317
Vehicles	84	113
Other tangible assets (including lab equipment)	76,516	77,674
Assets under construction	2,043	5,792
Total fixed assets	**198,812**	**207,255**
Other tangible assets usage rights (including lab equipment)	69,805	57,293
Rights to use the premises	50,636	41,963
Car usage rights	1,149	1,263
Right of use assets	**121,590**	**100,519**

The increase in rights to use other fixed assets at the end of December 2024 compared to the end of 2023 results from the purchase and acceptance into the register of laboratory equipment, including the acquisition of Pozlab Sp. z o.o. On the other hand, the increase in rights to use premises results mainly from the acquisition of Pozlab Sp. z o.o. together with lease agreements for laboratory space in which the company conducted its operations and from the opening of a new location in Wrocław (as part of the expansion of the Parent Entity's operations by launching a new area of services related to the discovery and development of biological drugs).

10.1. Changes in the value of fixed assets by type in the current financial period from 1 January to 31 December 2024

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Other tangible assets usage rights (including lab equipment)	Rights to use the premises	Car usage rights	Total
Gross value at the beginning of the period	**21,207**	**55,694**	**60,407**	**254**	**121,047**	**5,792**	**81,393**	**74,020**	**2,800**	**422,615**
Increases in gross value:	**-**	**1,176**	**3,669**	**146**	**33,107**	**38,703**	**28,254**	**24,273**	**455**	**129,783**
- Purchases	-	-	-	-	-	38,703	-	16,460	439	55,602
- Transfer from assets under construction	-	1,136	2,792	146	18,494	-	19,449	-	-	42,017
- Modification of the lease agreement	-	-	-	-	-	-	137	(876)	16	(723)
- Acquisition of Pozlab Sp. z o.o.	-	-	877	-	-	-	3,694	8,689	-	13,260
- Movement between groups	-	40	-	-	14,613	-	4,974	-	-	19,627
Decreases in gross value:	**42**	**-**	**5,287**	**146**	**10,740**	**42,453**	**12,038**	**83**	**-**	**70,788**
- Transfer from assets under construction	-	-	-	-	-	42,017	-	-	-	42,017
- Disposals	-	-	-	146	5,760	-	-	-	-	5,906
- Liquidation	-	-	2,314	-	-	-	-	-	-	2,314
- Movement between groups	-	-	2,750	-	4,629	345	11,903	-	-	19,627
- Exchange differences from the translation of the financial statements of foreign entities	42	-	223	-	350	91	135	83	-	924
Gross value at the end of the period	**21,165**	**56,870**	**58,790**	**254**	**143,414**	**2,042**	**97,609**	**98,211**	**3,255**	**481,610**
Accumulated depreciation at the beginning of the period	**-**	**3,541**	**10,090**	**141**	**43,373**	**-**	**24,100**	**32,057**	**1,537**	**114,839**
Increases:	**-**	**2,038**	**5,176**	**29**	**25,224**	**-**	**7,801**	**15,517**	**569**	**56,354**
- Depreciation charge for the period	-	2,002	5,176	29	18,508	-	7,801	15,517	569	49,602
- Movement between groups	-	36	-	-	6,716	-	-	-	-	6,752
Decreases:	**-**	**-**	**4,190**	**-**	**1,698**	**-**	**4,098**	**-**	**-**	**9,986**
- Disposals	-	-	-	-	1,698	-	-	-	-	1,698
- Liquidation	-	-	1,536	-	-	-	-	-	-	1,536
- Movement between groups	-	-	2,654	-	-	-	4,098	-	-	6,752
Accumulated depreciation at the end of the period	**-**	**5,579**	**11,076**	**170**	**66,899**	**-**	**27,804**	**47,574**	**2,106**	**161,208**
Net carrying amount at the beginning of the period	**21,207**	**52,153**	**50,317**	**113**	**77,674**	**5,792**	**57,293**	**41,963**	**1,263**	**307,776**
Net carrying amount at the end of the period	**21,165**	**51,291**	**47,714**	**84**	**76,516**	**2,042**	**69,805**	**50,636**	**1,149**	**320,402**

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

Item	Land	Buildings	Machinery and equipment	Vehicles	Other tangible assets (including lab equipment)	Assets under construction	Other tangible assets usage rights (including lab equipment)	Rights to use the premises	Car usage rights	Total
Gross value at the beginning of the period	**18,744**	**8,600**	**15,028**	**307**	**72,044**	**85,410**	**73,889**	**68,797**	**2,915**	**345,735**
Increases in gross value:	**2,463**	**47,094**	**48,671**	**-**	**53,174**	**80,914**	**18,088**	**15,997**	**190**	**266,591**
- Purchases	-	-	-	-	-	80,914	-	14,761	296	95,971
- Transfer from assets under construction	2,463	47,094	48,671	-	43,957	-	18,109	-	-	160,294
- Modification of the lease agreement	-	-	-	-	-	-	(21)	1,236	(106)	1,109
- Modernization	-	-	-	-	33	-	-	-	-	33
- Movement between groups	-	-	-	-	9,184	-	-	-	-	9,184
Decreases in gross value:	**-**	**-**	**3,292**	**53**	**4,171**	**160,532**	**10,584**	**10,774**	**305**	**189,711**
- Transfer from assets under construction	-	-	-	-	-	160,294	-	-	-	160,294
- Disposals	-	-	453	53	1,336	-	-	-	-	1,842
- Liquidation	-	-	-	-	-	-	204	10,074	305	10,583
- Movement between groups	-	-	13		770	-	9,171	-	-	9,954
- Exclusion Ardigen S.A.	-	-	2,449	-	469	-	258	-	-	3,176
- Exchange differences from the translation of the financial statements of foreign entities	-	-	377	-	1,596	238	951	700	-	3,862
Gross value at the end of the period	**21,207**	**55,694**	**60,407**	**254**	**121,047**	**5,792**	**81,393**	**74,020**	**2,800**	**422,615**
Accumulated depreciation at the beginning of the period	**-**	**1,927**	**8,670**	**163**	**28,465**	**-**	**19,365**	**28,063**	**1,255**	**87,908**
Increases:	**-**	**1,614**	**3,949**	**31**	**16,722**	**-**	**9,683**	**14,068**	**586**	**46,653**
- Depreciation charge for the period	-	1,614	3,949	31	12,055	-	9,683	14,068	586	41,986
- Movement between groups	-	-	-	-	4,667	-	-	-	-	4,667
Decreases:	**-**	**-**	**2,529**	**53**	**1,814**	**-**	**4,948**	**10,074**	**304**	**19,722**
- Disposals	-	-	444	53	1,231	-	-	-	-	1,728
- Liquidation	-	-	-	-	-	-	204	10,074	304	10,582
- Movement between groups	-	-	13	-	-	-	4,654	-	-	4,667
- Exclusion Ardigen S.A.	-	-	2,072	-	583	-	90	-	-	2,745
Accumulated depreciation at the end of the period	**-**	**3,541**	**10,090**	**141**	**43,373**	**-**	**24,100**	**32,057**	**1,537**	**114,839**
Net carrying amount at the beginning of the period	**18,744**	**6,673**	**6,358**	**144**	**43,579**	**85,410**	**54,524**	**40,734**	**1,660**	**257,827**
Net carrying amount at the end of the period	**21,207**	**52,153**	**50,317**	**113**	**77,674**	**5,792**	**57,293**	**41,963**	**1,263**	**307,776**

11. Goodwill

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
At cost	89,638	72,065
Accumulated impairment	-	-
	89,638	**72,065**

11.1 Goodwill from consolidation of subsidiaries in the current reporting period

COMPANY	Goodwill at the beginning of the period	Increase due to acquisition of company	Change in the value due to changes in foreign exchange rates	Change in value due to revaluation of estimated goodwill	Goodwill at the end of the period	Impairment allowances
Selvita Services sp. z o.o.	281	-	-	-	281	-
Selvita d.o.o.	71,784	-	(1,238)	-	70,546	-
Pozlab Sp. z o. o.	-	18,811			18,811	
Total goodwill	**72,065**	**18,811**	**(1,238)**	**-**	**89,638**	**-**

The goodwill of Selvita d.o.o. based in Croatia was created as a result of the acquisition of that company on January 4, 2021 from Galapagos NV based in Belgium and increases the assets of the Drug Discovery segment.

	PLN/EUR rate	Valuation of goodwill on Selvita d.o.o.
As at 31/12/2023	4.348	71,784
As at 31/12/2024	4.273	70,546
Change in value due to changes in exchange rates recognized in		**(1,238)**

On May 6, 2024, the Parent Company, as the buyer, concluded an agreement with Younick Technology Park sp. z o.o. with its registered office in Złotniki as the seller to acquire 100% of shares ("Shares") in PozLab sp. z o.o. with its registered office in Poznań ("PozLab"), in view of the fulfillment of all conditions precedent indicated in the preliminary conditional sale agreement concluded on March 27, 2024.

Selvita S.A. acquired the PozLab Shares for a total price of PLN 25 million, whereby on May 6, 2024, it paid the amount of PLN 21 million. The remaining amount (PLN 4 million) was retained by Selvita S.A. for a period of up to 12 months from the date of acquisition of the Shares as security for any potential, enumerated in the preliminary agreement, events or claims of third parties against PozLab and securing settlements related to the price adjustment procedure. The price for the Shares was covered from Selvita S.A.'s own funds.

On August 9, 2024, the amount of the price adjustment was agreed, which was set at PLN (3,068) thousand (the amount reducing the amount of the contractual price).

As of December 31, 2024, the remaining retained amount is PLN 1,500 thousand.

PozLab was established in 2010 on the grounds of the closed research and development branch of the GlaxoSmithKline concern in Poznań. The company has built competences and an offer in three main segments: development of pharmaceutical products (including the production of medicinal products), quality control and microbiological tests (including biological drugs). It has approx. 1,700 m2 of high-class laboratories in the YouNick Technology Park in Złotniki near Poznań. It employs over 80 people.

The acquisition of the CDMO (Contract Development and Manufacturing Organisation) company will significantly expand the Group's offer in the development of small-molecule drugs, and will also allow it to enter a completely new, very attractive area related to the production of drugs for the needs of early clinical trials.

Pozlab is reported within the Drug Development segment.

As part of the acquisition settlement, the Group allocated the entire excess of the price paid over the value of the acquired net assets to goodwill.

The fair values of the company's identifiable assets and liabilities as of the date of acquisition of control are as follows:

	As at 06/05/2024 000'PLN
Acquired assets	
Tangible fixed assets	877
Right-of-use assets	12,383
Other intangible assets	13
Other intangible assets (backlog)	346
Trade and other receivables	2,866
Other non-financial assets	36
Cash and cash equivalents	7
Total assets	**16,528**
Acquired liabilities	
Deferred tax provision	126
Pension benefit liabilities	23
Employee benefit liabilities	343
Lease liabilities	9,840
Trade and other liabilities	1,891
Contract liabilities	571
Bank loans and credits	613
Total liabilities	**13,407**
Net assets	**3,121**
Acquired percentage of share capital	100%
Purchase price (Price for Shares)	25,000
Purchase price adjustment due to net cash and working capital paid on August 9, 2024	(3,068)
Estimated value of the company as at the date of taking over control, i.e.: 06/05/2024	**18,811**

11.2. Goodwill - impairment test

Goodwill – estimates

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

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

In the case of Selvita d.o.o., a company not listed on an active market, the recoverable amount is determined based on its value in use, which is estimated using the discounted free cash flow model for equity owners and creditors (FCFF). When calculating Selvita d.o.o.'s value in use, the following assumptions were made:
▪ in the subsidiary, the so-called the business units that together make up the budget and forecasts for the entire subsidiary;
▪ the detailed forecast covers the period of 5 years, during which increases in flows in subsequent years were assumed, for the rest of the operating period of the units, the residual value was calculated with the assumed growth rate of 2.5%;
▪ the assumed increases in cash flows depend on the strategy for the entire Group, tactical plans of the unit and take into account the conditions of individual geographic markets, reflecting the current and potential order portfolio at the same time. The potential order portfolio assumes maintaining current and attracting new customers. Conservative assumptions were made regarding the dynamics of revenue growth achieved in the forecast period, where the cumulative annual revenue growth rate is 9.15% (calculated from 2024 to 2029). In the case of EBITDA profitability, its level of 18.65% was assumed for 2025, which improves over the forecast period, reaching 28.85% in 2029.
▪ the discount rate is in line with Selvita d.o.o.'s weighted average cost of capital. The individual components of this rate were estimated on the basis of market data with risk-free rates, the value of the beta coefficient, which was leveraged based on the market debt / equity structure and the value of the expected rate of return from the market.

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

A sensitivity analysis was performed for the impairment test prepared as at December 31, 2024, consisting in the calculation of the value in use. This analysis examined the impact of the change:
▪ the discount rate used in the model;
▪ residual growth rate as a factor affecting the recoverable amount of the cash-generating unit;
▪ revenues;
▪ EBITDA profitability;
assuming that other factors remain unchanged.
The aim of the sensitivity analysis was to investigate what value the selected parameters of the model would have to have in order for the estimated value in use of the cash-generating units to be equal to the carrying value of Selvita d.o.o. (called "borderline" in the table). The results of the analysis as at December 31, 2024 are presented in the table below.

	The carrying amount of the center	Discount rate		Cash flow growth rate over the residual period		Cumulative annual growth rate revenue		Average profitability EBITDA	
	PLN	used in the model %	borderline %	used in the model %	borderline %	used in the model %	borderline %	used in the model %	borderline %
Selvita d.o.o.	140,173	9.50%	13.24%	2.5%	-3.5%	9.15%	7.4%	24.83%	21.39%

As indicated in the table above, the model adopted for the analysis used a discount rate of 9.5% and the growth rate for the residual period of 2.5%.

The table below presents the sensitivity analysis of the models calculating Selvita d.o.o.'s recoverable amounts to changes in discount rates (the applied discount rate was changed in the range of 0.5 pp to 1 pp in plus and minus), to changes in the growth rate for the residual period (the applied growth rate was changed in the range of 0.5 pp. up to 1 pp in plus and in minus) and on the change in revenues (the adopted revenue levels were changed by 5% or 10% plus or minus) and on the change in the achieved EBITDA profitability (the adopted EBITDA profitability was changed by 5% or 10% of the base percentage value plus or minus).

Selvita d.o.o.	change in the discount rate (change in percentage points)				
	-1.0%	-0.5%	0%	+0.5%	+1%
Present value FCFF (in PLN)	268,517	246,257	227,149	210,564	196,030
Surplus / Deficiency over the book value of the center (in PLN)	128,343	106,084	86,976	70,391	55,857

Selvita d.o.o.	change in growth rate (change in percentage points)				
	-1.0%	-0.5%	0%	+0.5%	+1%
Present value FCFF (in PLN)	203,607	214,593	227,149	241,637	258,539
Surplus / Deficiency over the book value of the center (in PLN)	63,433	74,420	86,976	101,463	118,366

Selvita d.o.o.	change in revenue (change by the given percentage)				
	-10%	-5%	0%	+5%	+10%
Present value FCFF (in PLN)	117,743	172,462	227,149	181,902	336,622
Surplus / Deficiency over the book value of the center (in PLN)	(22,431)	32,289	86,976	141,729	196,449

Selvita d.o.o.	change in achieved EBITDA profitability (change by the given percentage of the base percentage)				
	-10%	-5%	0%	+5%	+10%
Present value FCFF (in PLN)	164,513	195,847	227,149	258,517	289,852
Surplus / Deficiency over the book value of the center (in PLN)	24,339	55,674	86,976	118,344	149,678

Drug Development Segment, which includes Pozlab sp. z o.o.

In the case of the Drug Development segment, the recoverable value is determined based on its value in use, which is estimated using the discounted free cash flow model for owners of equity and creditors (FCFF). In calculating the value in use of this segment, the following assumptions were made:
▪ the so-called business units were analyzed, which together constitute the budget and forecasts of the entire Drug Development segment;
▪ the detailed forecast covered a 5-year period, during which increases in cash flows were assumed in the following years, for the rest of the segment's period of operation the residual value was calculated at an assumed growth rate of 2.5%;
▪ the assumed cash flow increases depend on the strategy for the entire Group, the segment's tactical plans and take into account the conditions of individual geographic markets, while reflecting the current and potential order portfolio. The potential order portfolio assumes the maintenance of current and acquisition of new customers. Conservative assumptions were made regarding the dynamics of revenue growth achieved in the forecast period, where the cumulative annual revenue growth rate is 15.32% (calculated from 2024 to 2029). In the case of EBITDA profitability, its level of 27.24% was assumed for 2025, which is improving in the forecast period, reaching 31.40% in 2029.
▪ the discount rate is consistent with the weighted average cost of capital of the Selvita S.A. Capital Group. The individual components of this rate were estimated based on market data on risk-free rates, the value of the beta coefficient, which was leveraged based on the market debt/equity structure and the value of the expected rate of return from the market.

The impairment tests performed, consisting in estimating the value in use using the discounted free cash flow to equity owners and creditors (FCFF) model, showed that the value in use of the Drug Discovery segment exceeds its book value.

For the impairment test prepared as of December 31, 2024, consisting in calculating the value in use, a sensitivity analysis was performed. This analysis examined the impact of changes in:
▪ the discount rate used in the model;
▪ the cash flow growth rate in the residual period, as a factor influencing the recoverable value of the cash-generating unit;
▪ revenues;
▪ EBITDA profitability;
assuming that other factors remain unchanged.
The purpose of the sensitivity analysis was to examine the value selected model parameters would have to take in order for the estimated value in use of the cash-generating units to equal the carrying value of the Drug Development segment (referred to as the "limit" value in the table). The results of the analysis as of December 31, 2024 are presented in the table below.

	The carrying amount of the center	Discount rate		Cash flow growth rate over the residual period		Cumulative annual growth rate revenue		Average profitability EBITDA	
	PLN	used in the model %	borderline %	used in the model %	borderline %	used in the model %	borderline %	used in the model %	borderline %
Drug Development Segment	82,399	11.73%	20.08%	2.50%	-19.35%	15.32%	13.11%	29.59%	24.06%

As indicated in the table above, the model adopted for the analysis used a discount rate of 11.73% and a growth rate for the residual period of 2.5%.

The table below presents the sensitivity analysis of the models calculating Drug Development's recoverable amounts to changes in discount rates (the applied discount rate was changed in the range of 0.5 pp to 1 pp in plus and minus), to changes in the growth rate for the residual period (the applied growth rate was changed in the range of 0.5 pp. up to 1 pp in plus and in minus) and on the change in revenues (the adopted revenue levels were changed by 5% or 10% plus or minus) and on the change in the achieved EBITDA profitability (the adopted EBITDA profitability was changed by 5% or 10% of the base percentage value plus or minus).

Drug Development Segment	**change in the discount rate (change in percentage points)**				
	-1.0%	**-0.5%**	**0%**	**+0.5%**	**+1%**
Present value FCFF (in PLN)	186,499	175,481	165,633	156,775	148,762
Surplus / Deficiency over the book value of the center (in PLN)	104,100	93,082	83,234	74,376	66,363

Drug Development Segment	**change in growth rate (change in percentage points)**				
	-1.0%	**-0.5%**	**0%**	**+0.5%**	**+1%**
Present value FCFF (in PLN)	144,550	154,061	165,633	180,017	198,380
Surplus / Deficiency over the book value of the center (in PLN)	62,151	71,662	83,234	97,618	115,981

Drug Development Segment	**change in revenue (change by the given percentage)**				
	-10%	**-5%**	**0%**	**+5%**	**+10%**
Present value FCFF (in PLN)	75,413	120,523	165,633	210,744	255,854
Surplus / Deficiency over the book value of the center (in PLN)	(6,986)	38,124	83,234	128,345	173,455

Drug Development Segment	**change in achieved EBITDA profitability (change by the given percentage of the base percentage)**				
	-10%	**-5%**	**0%**	**+5%**	**+10%**
Present value FCFF (in PLN)	121,110	143,372	165,633	187,895	210,157
Surplus / Deficiency over the book value of the center (in PLN)	38,711	60,973	83,234	105,496	127,758

12. Other intangible assets

	As at 31/12/2024	As at 31/12/2022
Carrying amount		
Sotfware - Data Warehouse	210	253
Other intangible assets (including backlog)	1,896	1,366
Contractor database	24,843	27,940
	26,949	**29,559**

The contractor database concerns contacts acquired as part of the purchase of the Croatian company Selvita d.o.o. The value of the database was estimated based on the previous cooperation parameters. The depreciation coefficient was set at 13.5 years as the average expected period of cooperation.

Other intangible assets mainly concern acquired software and the backlog identified at the time of taking control over Pozlab Sp. z o.o.

12.1 Changes in the value of intangible assets by type in the financial period from 1 January to 31 December 2024

Item	Contractor database	Other intangible assets	Total
Gross value at the beginning of the period	**36,391**	**3,756**	**40,147**
Increases in gross value:	**(461)**	**1,348**	**887**
- Purchases	-	985	985
- Acquisition of Pozlab Sp. z o.o.	-	346	346
- Exchange differences from the translation of the financial statements of foreign entities	(461)	17	(444)
Decreases in gross value:	**-**	**221**	**221**
- Liquidation	-	221	221
Gross value at the end of the period	**35,930**	**4,882**	**40,812**
Accumulated depreciation at the beginning of the period	**8,451**	**2,137**	**10,588**
Increases:	**2,636**	**861**	**3,497**
- Depreciation charge for the period	2,636	861	3,496
Decreases:	**-**	**221**	**221**
- Liquidation	-	221	221
Accumulated depreciation at the end of the period	**11,087**	**2,776**	**13,863**
Net carrying amount at the beginning of the period	**27,940**	**1,619**	**29,559**
Net carrying amount at the end of the period	**24,843**	**2,106**	**26,949**

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

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

13. Subsidiaries

13.1 Changes in the Group's ownership - shares in subsidiaries

In 2024, the Group acquired 100% of shares in Pozlab Sp. z o.o. (Note 11.1).

As of January 17, 2023, Selvita S.A. ceased to be the parent company of Ardigen within the meaning of Article 4 § 1 item 4 letter a) of the Commercial Companies Code. Thus, the Parent Entity assessed that it no longer had control over Ardigen within the meaning of Article 5-9 of International Financial Reporting Standard 10 - Consolidated Financial Statements. Considering that the loss of control over the investment occurred within a short period of time from the end of 2022 and that no events occurred during this period that significantly affected the net assets and/or revenues and costs of Ardigen, the Parent Entity, considering that this would not significantly affect the consolidated financial statements for 2023, discontinued consolidation of Ardigen as a subsidiary as of 1 January 2023.

At the time of loss of control over the subsidiary, the Parent Entity recognized a gain on loss of control, which was presented in the item Gain on loss of control in 2023.

Ardigen S.A. including Ardigen Inc.	As at 01/01/2023
	000'PLN
Carrying amount of Ardigen's net assets	23,060
Ardigen's net assets attributable to non-controlling interests	10,983
Amounts reclassified from other comprehensive income	41
Fair value of Ardigen shares held by the Parent Company	64,600
Gain on loss of control	**52,564**

From the date of loss of control, the investment in Ardigen is recognised in the consolidated financial statements as an associated entity (Note 14) and is valued using the equity method.

14. Investments valued using the equity method

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

Name of subsidiary	Core business	Place of registration and operations	Profit (loss) allocated to non-controlling interests	Cumulative value of non-controlling interest
			As at 31/12/2024	As at 31/12/2023
Ardigen S.A.	Research and development in the field of other natural and technical sciences	30-394 Kraków ul. Sternbacha 1	46.74% / 46.22%	46.74% / 46,22%
Ardigen Inc.	Research and development in the field of other natural and technical sciences	Stan Delaware w USA	46.74% / 46.22%	46.74% / 46,22%

	As at 31/12/2024	As at 31/12/2023
Carrying amount	**000'PLN**	**000'PLN**
Ardigen S.A	62,119	63,313
	62,119	**63,313**

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

Ardigen S.A.	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Total assets	48,788	52,017
Total liabilities	13,410	14,087
Net assets	**35,378**	**37,930**
Net assets attributable to Selvita S.A. (46.74%)	**16,535**	**17,729**
Goodwill (included in carrying amount of investments)	**45,584**	**45,584**

Ardigen S.A.	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Revenue	49,923	53,593
Costs	51,337	56,989
(Loss) net	(1,414)	(3,396)
(Loss) net	**(2,554)**	**(2,423)**
(Loss) net attributable to Selvita S.A. (46.74%)	**(1,194)**	**(1,132)**

Ardigen S.A.	
	000'PLN
Changes in the value of investments accounted for using the equity method:	
Investment cost at initial recognition	64,600
Share of profit/(loss) in 2023	(1,132)
Other comprehensive income from foreign translation	(154)
Carrying amount of Ardigen S.A. as at 31/12/2023	**63,313**
Share of profit/(loss) in 2024	(1,194)
Carrying amount of Ardigen S.A. as at 31/12/2024	**62,119**

15. Financial instruments

The table below presents the individual classes of financial assets and liabilities broken down into levels of the fair value hierarchy as at December 31, 2024. Due to the nature of these items, fair value does not differ significantly from the carrying amount.

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

	31/12/2024		
	carrying amount	*fair value*	*hierarchy level*
Financial assets for which fair value is disclosed:			
Trade and other receivables	70,092	70,092	*P3*
Other short-term financial assets	-	-	*P3*
Financial liabilities for which fair value is disclosed:			
Trade payables	32,260	32,260	*P3*
Investment liabilities	2,524	2,524	*P3*
Interest-bearing loans and credits, including:	119,365	119,365	*P3*
global credit card limit	469	469	*P3*
Current portion of interest-bearing loans and borrowings, including:	111,565	111,565	*P3*
credit card debt	140	140	*P3*

The table below presents the individual classes of financial assets and liabilities broken down into levels of the fair value hierarchy as at December 31, 2023. Due to the nature of these items, fair value does not differ significantly from the carrying amount.

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

16. Other non-financial assets

	As at 31/12/2024	As at 31/12/2023
Carrying amount:	**000'PLN**	**000'PLN**
Licenses	2,068	2,962
Insurance	355	520
Equipment qualification	1,726	1,943
Other	1,567	502
Deferred expenses	542	830
	6,258	**6,757**

17. Trade and other receivables

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Trade receivables	70,549	55,218
The allowance for expected credit losses	(863)	(808)
	69,686	54,410
Tax (VAT) receivables	9,362	15,320
Other – receivables from employees, security deposits	406	498
	79,454	**70,228**

17.1 Trade receivables and contract assets with customers

In regards to trade receivables and contract assets with customers, the Group estimated the expected credit loss as at 31 December 2024 on the basis of a provision matrix defined based on historical data concerning credit losses. It was recognised that receivables and contract assets with customers of particular customers are characterised by a similar level of risk, they were not divided into groups.

The Company creates a 100% allowance for the expected credit losses when the receivables are brought to court or when it obtains information about the possible bankruptcy of the client.

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

	Year ended 31/12/2024		
	Balance of unpaid receivables and contract assets as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	67,630	0.22%	147
1-30 days after the deadline	10,158	1.00%	102
31-60 days after the deadline	1,108	1.00%	11
61-90 days after the deadline	119	2.00%	2
91-180 days after the deadline	432	6.00%	26
181-365 days after the deadline	257	100.00%	257
More than 365 days after the deadline	318	100.00%	318
Total	**80,021**		**863**

	Year ended 31/12/2023		
	Balance of unpaid receivables and contract assets as at the balance sheet date	The rate of expected credit losses (adjusted)	The amount of the allowance for expected credit losses
Overdue	53,734	0.04%	22
1-30 days after the deadline	11,492	0.10%	12
31-60 days after the deadline	1,510	0.61%	9
61-90 days after the deadline	1,581	1.21%	19
91-180 days after the deadline	667	5.54%	37
181-365 days after the deadline	309	9.36%	29
More than 365 days after the deadline	680	100.00%	680
Total	**69,973**		**808**

The average repayment period for receivables from the sale of goods and services in the period from 1 January 2024 to 31 December 2024 is 29 days, and in the period from 1 January 2023 to 31 December 2023 it was 38 days. Before accepting a new customer, the Group assesses their creditworthiness. Due to the specific nature of its operations, the Group cooperates with entities known in the industry, which affects the credit risk assessment. Payment terms are an element of the offer presented to the contractor.

The allowance for expected credit losses

	Year ended 31/12/2024	Period ended 31/12/2023
	000'PLN	**000'PLN**
Balance at the beginning of the period	**808**	**458**
The allowance for expected credit losses	55	350
Reversal of the allowance for expected credit losses	-	-
Balance at the end of the period	**863**	**808**

18. Leases

18.1. The Group as a lessee

The Group has lease agreements for office premises and laboratories, machinery and equipment, office equipment and cars. The leasing period is on average 60 months, except for office equipment, which qualifies as short-term leasing or as low-value contracts.

Some leases include options to extend or terminate the lease. The Group also concludes contracts for an indefinite period. The management board makes a judgment to determine the period over which it can be assumed with reasonable certainty that such contracts will continue (see note 3.5).

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

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

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

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

	2024		
	Leases for buildings, premises and vehicles	Leasing of machinery and equipment	Total
As at 1 January	**42,351**	**49,828**	**92,179**
New leases and lease modifications	15,956	16,144	32,100
Increases as a result of the purchase of the company Pozlab Sp. z o.o.	8,689	1,151	9,840
Revaluation (foreign exchange differences)	(175)	(380)	(555)
Interests	2,857	2,533	5,390
Payments	(18,106)	(21,349)	(39,455)
As at 31 December	**51,572**	**47,928**	**99,500**
Short-term	15,561	15,587	31,148
Long-term	36,011	32,341	68,352

The carrying amounts of leasing liabilities and their changes during the period from 1 January 2023 to 31 December 2023:

	2023		
	Leases for buildings, premises and vehicles	Leasing of machinery and equipment	Total
As at 1 January	**44,136**	**42,978**	**87,114**
New leases and lease modifications	16,187	22,219	38,406
Revaluation (foreign exchange differences)	(2,863)	(2,180)	(5,043)
Interests	1,537	2,021	3,558
Cessation of consolidation of Ardigen S.A.	(869)	(169)	(1,038)
Payments	(15,777)	(15,041)	(30,818)
As at 31 December	**42,351**	**49,828**	**92,179**
Short-term	12,015	15,192	27,207
Long-term	30,336	34,637	64,973

The maturity analysis of leasing liabilities is presented in Note 22.8 Liquidity risk.

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

	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Cost of depreciation of right-of-use assets	(16,086)	(14,654)
Interest costs on lease liabilities	(2,857)	(1,537)
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	175	2,863
The total amount recognized in the consolidated income statement / statement of comprehensive income	**(18,768)**	**(13,328)**

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

	01.01.2024 - 31.12.2024	01.01.2023- 31.12.2023
Depreciation of leased assets	(7,801)	(9,683)
Interest expense on lease liabilities	(2,533)	(2,021)
Costs of negative exchange differences due to balance sheet valuation of lease liabilities	380	2,180
The total amount recognized in the consolidated income statement / statement of comprehensive income	**(9,954)**	**(9,524)**

19. Share capital

	As at 31/12/2024	As at 31/12/2023
	000'PLN	000'PLN
Registered share capital	14,684	14,684
	14,684	**14,684**

19.1 Share capital as at the end of the reporting period

	As at 31/12/2024	As at 31/12/2023
	000'PLN	000'PLN
Number of shares	18,355,474	18,355,474
Par value per share	0.80	0.80
Share capital	**14,684**	**14,684**

Information on the ownership structure is described in note 1.1.

19.2. Own shares

	As at 31/12/2024 pcs	As at 31/12/2024 000'PLN	As at 31/12/2023 pcs	As at 31/12/2023 000'PLN
Own shares under the Incentive Program	0	0	3,559	0
Total	**0**	**0**	**3,559**	**0**

As of December 31, 2024, the Company does not hold any treasury shares. The treasury shares held at the end of 2023 resulted from the implementation of the Incentive Program (see note 28). In light of paragraph 33 of IAS 32, considering that the cost of acquiring these shares was zero zlotys (received free of charge by the Company as a donation from Mr. Paweł Przewięźlikowski), their value as of the balance sheet date was zero zlotys.

19.3 Reserve capitals

	As at 31/12/2024	As at 31/12/2023
	000'PLN	000'PLN
Payments for the transfer of shares to employees	237	237
Other - incentive program 2021-2024	77,010	73,821
Total Other Reserve Capitals	**77,247**	**74,058**

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

19.4 Reserve capital

	As at 31/12/2024	As at 31/12/2023
	000'PLN	000'PLN
Share premium	86,448	86,448
Reserve capital created from purchase of OPE	22,994	22,994
Total Reserve Capital	**109,442**	**109,442**

Reserve capital is constituted by :

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

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

20. Credit facilities and loans

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Uncollateralized:		
Used credit card limits (ii)	4,275	-
Credit card limit usage	140	166
	4,415	**166**
Collateralized:		
Bank loans (i), including:	104,265	123,727
*acquisition loan**	*54,237*	*65,839*
*construction loan**	*50,028*	*57,888*
Finance lease liabilities (iii)	10,356	8,672
	114,621	**132,399**
Total:	**119,036**	**132,565**
Current liabilities	111,565	19,686
Non-current liabilities*	7,472	112,879

* Due to the exceedance of the base level of one of the indicators contained in the credit agreement (covenants) as of 31.12.2024, excluding its adjusted level confirmed in the Letter regarding Arrangements dated 17.02.2025 (see note 20.1), the Group included the long-term part of bank loans in the amount of PLN 87,235 thousand in current liabilities as of 31.12.2024.

20.1 Loan agreements

(i) The Company has an acquisition loan taken out in connection with the acquisition of Selvita d.o.o. in the total amount of EUR 21.84 million and a construction loan for the implementation of the investment "Research and Development Center for Laboratory Services" in Bank Pekao S.A. in the maximum amount of PLN 65 million, which were concluded in the form of a single credit agreement on December 21, 2020.
The acquisition loan was granted for 7 years, and it consists of loan A in the amount of EUR 16.34 million granted until December 31, 2027 and loan B in the amount of EUR 5.5 million granted until December 31, 2027. The interest rate on these loans is variable and is the sum of the EURIBOR3M rate + bank margin.
The construction loan was granted for 7 years starting from the end of the utilization period, but no later than until December 31, 2029. The interest rate of this loan is variable and is the sum of the EURIBOR3M rate + bank margin.

The acquisition loan is secured by:
a) registered and financial pledge, as well as power of attorney to dispose of the accounts of the Borrower and the Guarantor (Selvita Services Sp. z o.o.) in Bank Pekao,
b) assignment of rights from selected agreements of the Borrower and the Guarantors (Selvita Services Sp. z o.o. and Selvita d.o.o.), including in particular the conditional agreement for the acquisition by the Company of 100% of shares in Selvita d.o.o.,
c) declaration of submission to enforcement by the Borrower and the Guarantor (Selvita Services Sp. z o.o.) pursuant to Article 777 §1 sec. 5 of the Code of Civil Procedure,
d) registered pledge on a set of selected commercial receivables of the Borrower and the Guarantor (Selvita d.o.o.),
e) security on shares and assets of Selvita d.o.o., including in particular a registered pledge on 100% of shares in Selvita d.o.o. and on its fixed assets,
f) an agreement under Croatian law concerning pledges on bank accounts held at Raiffeisen Bank with its registered office in Zagreb (Croatia),
g) assignment of Selvita d.o.o. insurance agreements concerning the secured assets in favour of the bank.
In addition, the construction loan is secured by a mortgage on real estate located in Krakow at ul. Podole, where the Research and Development Center for Laboratory Services project will be implemented and assignment of rights from the insurance contract of the Research and Development Center for Laboratory Services. Until conversion to EUR, the loan was secured by a deposit of PLN 2 million. After conversion of the first tranche the security was reduced to PLN 311 thousand and returned in 2024.

In accordance with the provisions of the credit agreement concerning the above loans, the Group is required to meet the following conditions (base level of indicators):
• the net debt to EBITDA ratio (excluding the impact of IFRS 16) cannot be higher than 350%,
• the ratio of cash flows from operating activities to net financial costs excluding IFRS 16 ("DSCR") cannot be lower than 120%,
• the sum of the achieved EBITDA values (excluding the impact of IFRS 16) of the Group companies that are guarantors must be no lower than 75% of the total EBITDA value (excluding the impact of IFRS 16) of the entire Group.

On 17 February 2025, the Group signed a Letter of Understanding with the bank (see note 32) regarding the level of the indicators contained in the credit agreement (covenants), which were increased to the following levels:
• not higher than 430% as of 31 December 2024, 400% as of 31 March 2025 and 380% as of 30 June 2025 for the net debt to EBITDA ratio,
• and not lower than 100% as of 31 December 2024, 31 March 2025 and 30 June 2025 for the DSCR. In 2023, the Group met all financial indicators for debt specified in the credit agreement.

However, as at 31.12.2024, the permissible base level of one of the indicators was exceeded (for more information, see note 22.1.2).

(ii) On 26 June 2024, Selvita Services Sp. z o.o. signed a current account credit agreement for up to EUR 1.9 million for the period ending on 26 June 2025.

On 24 May 2024, Selvita d.o.o. signed a current account credit agreement for up to EUR 1.2 million for the period ending on 30 June 2025.

The interest rate on these loans is variable and is the sum of the EURIBOR1M rate + bank margin. Both loans 49 are secured by issued bills of exchange. In addition, the loan granted to Selvita Services Sp. z o.o. is additionally guaranteed by Selvita S.A., and the bank has been granted a power of attorney to debit all bank accounts in order to make a possible repayment of the receivables. Both loans do not have restrictive conditions.

As of December 31, 2024, there is an unpaid balance of PLN 4,275 thousand in Selvita Services Sp. z o.o., and there is no unpaid balance in Selvita d.o.o.

(iii) The Company concludes secured loans (financial leaseback agreements). This form is selected in a situation where it is the most operationally efficient form of carrying out a transaction to purchase a fixed asset and obtain financing for it.

21. Trade and other liabilities

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Trade liabilities	32,260	22,305
Liabilities due to taxes, insurance (social security, personal income tax, PFRON)	4,636	5,066
Liabilites due to salaries and wages and other liabilities to employees	6,631	1,759
Investment liabilities	2,524	1,123
Other non-financial liabilities	-	337
	46,051	**30,590**

The average payment term for the purchase of goods and materials is approximately 29 days. After this term, interest is not usually charged on unpaid liabilities. In the event of charging, the interest rate is applied as for statutory interest.

22. Financial instruments

22.1 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing its profitability through optimization of the debt to equity ratio.
The capital structure as well as the level and maturity of liabilities are reviewed on a regular basis. The said reviews comprise analyses of the cost of capital and the risk associated with its individual categories.

The key items analysed by the Company are:
• cash and cash equivalents, as disclosed in Note 26,
• equity, including reserve capitals and retained earnings, as disclosed in Note 19.

The Group is not subject to any external capital requirements except for the one imposed by Article 396 §1 of the Code of Commercial Companies, which the parent is obliged to comply with, whereby supplementary capital has to be created for purposes of offsetting losses. No less than 8% of the profit for the financial year has to be transferred to the supplementary capital until its value reaches at least one third of the share capital. That part of the supplementary capital (retained earnings) may not be distributed to the shareholders.

22.1.1 Net debt to equity ratio

The Company reviews its capital structure periodically. The said reviews comprise analyses of the cost of capital and the risks associated with each category of capital.

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Debt (i)	320,213	309,188
Cash and cash equivalents	22,512	52,654
Net debt	**297,701**	**256,534**
Equity (ii)	321,877	327,071
Net debt to equity	**0.92**	**0.78**

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

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

22.1.2 Covenants in the loan agreements

Until the third quarter of 2024, the Group complied with the restrictive covenants in the loan agreements described in note 20.1. As of 31.12.2024, the Group did not meet the net debt to EBITDA ratio at its base level of no more than 350%, but did not exceed its increased level of no more than 430%, agreed with the bank in a letter dated 17.02.2025.

As of 31 December 2024, the net debt to EBITDA ratio (excluding the impact of IFRS 16) was 364% (116% as of 31 December 2023) and the DSCR ratio was 139% (205% as of 31 December 2023), and the guarantors' share was 106% of the Group's EBITDA (excluding the impact of IFRS 16) as of 31 December 2024 (92% as of 31 December 2023).

22.2 Categories of financial instruments

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

Selvita Group is exposed on financial instruments risks, which includes:
- market risk comprising currency risk and interest rate risk;
- credit risk; and
- liquidity risk.

Each risk has been presented in the following notes.

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Financial assets		
Financial instruments measured at amortized cost method:	**93,877**	**108,685**
Cash (Note 26)	22,512	52,654
Other long-term assets - deposits	1,679	1,310
Trade and other receivables (Note 17)	69,686	54,410
Other financial assets - bank deposit	-	311
Financial liabilities		
Financial instruments measured at amortized cost method:	**250,796**	**247,050**
Interest bearing credit facilities and loans (Note 20)	119,036	132,565
Finance lease liabilities (Note 18)	99,500	92,180
Trade and other liabilities (Note 21)	32,260	22,305

22.3 Financial risk management objectives

Credit, liquidity and market risks (including mainly currency risk and interest rate risk) occur in the ordinary course of the Group's business. Financial risk management at the Group is primarily aimed to minimize the effect of market factors, such as foreign exchange and interest rates, on the key financial parameters approved in the Group's budget for the year (profit and cash flows) with the use of natural hedges.

22.4 Market risk

The Group's activities expose it to currency risk (see Note 22.5) and interest rate risk (see Note 22.6). The Group does not use any derivative instruments for purposes of currency or interest rate risk management as natural hedges are sufficient to minimize the risk it is exposed to.
Exposure to all market risk categories is measured by means of a sensitivity analysis.

22.5 Foreign currency risk management

The Group enters into certain transactions denominated in foreign currencies. Hence, it is exposed to the risk of changes in foreign exchange rates.

The said risk is managed by means of natural hedges.

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

	Liabilities	Liabilities	Assets	Assets
	As at 31/12/2024	As at 31/12/2023	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**	**000'PLN**	**000'PLN**
EUR	213,697	228,062	55,002	51,969
USD	2,982	1,358	9,348	26,272
Other	264	165	2,011	10,123

22.5.1 Sensitivity to currency risk

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

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

		Effect of EUR	Effect of EUR	Effect of USD	Effect of USD
		Period ended 31/12/2024 (for 12 months)	Period ended 31/12/2023 (for 12 months)	Period ended 31/12/2024 (for 12 months)	Period ended 31/12/2023 (for 12 months)
		000'PLN	000'PLN	000'PLN	000'PLN
ASSETS					
Exchange rate increase	15%	8,250	7,795	1,402	3,941
Exchange rate increase	10%	5,500	5,197	935	2,627
Exchange rate increase	5%	2,750	2,598	467	1,314
Exchange rate decrease	-5%	(2,750)	(2,598)	(467)	(1,314)
Exchange rate decrease	-10%	(5,500)	(5,197)	(935)	(2,627)
Exchange rate decrease	-15%	(8,250)	(7,795)	(1,402)	(3,941)
LIABILITIES					
Exchange rate increase	15%	32,055	34,209	447	204
Exchange rate increase	10%	21,370	22,806	298	136
Exchange rate increase	5%	10,685	11,403	149	68
Exchange rate decrease	-5%	(10,685)	(11,403)	(149)	(68)
Exchange rate decrease	-10%	(21,370)	(22,806)	(298)	(136)
Exchange rate decrease	-15%	(32,055)	(34,209)	(447)	(204)
EFFECT ON PROFIT					
Exchange rate increase	15%	(23,804)	(26,414)	955	3,737
Exchange rate increase	10%	(15,869)	(17,609)	637	2,491
Exchange rate increase	5%	(7,935)	(8,805)	318	1,246
Exchange rate decrease	-5%	7,935	8,805	(318)	(1,246)
Exchange rate decrease	-10%	15,869	17,609	(637)	(2,491)
Exchange rate decrease	-15%	23,804	26,414	(955)	(3,737)

The Group's exposure to currency risk changes throughout the year depending on the volume of foreign currency transactions. Nevertheless, the above sensitivity analysis may be regarded as representative for determination of the currency risk exposure.

22.6 Interest rate risk management

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

22.6.1 Sensitivity to changes in interest rates

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

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

In the case of the acquisition bank loan and the construction bank loan (from the moment of completion of construction when it was converted to EUR from PLN), the currency of which is EUR, the Group estimated the impact of a potential change in the interest rate also by 50 basis points. As in the case of leasing agreements, in the analysis of the hypothetical impact of a change in interest rates on the bank loan balance, a fluctuation of 50 basis points was assumed, without taking into account the impact of limiting clauses concerning negative interest rates.

	Increase/ decrease by percentage points	Impact on gross profit or loss (for 12 months)
Period ended 31/12/2024		
PLN		
Bank loan (EUR)		
Change in the interest rate	+0,5%	(521)
Change in the interest rate	-0,5%	521
Overdrafts (EUR)		
Change in the interest rate	+0,5%	(21)
Change in the interest rate	-0,5%	21
Leasing (EUR)		
Change in the interest rate	+0,5%	(437)
Change in the interest rate	-0,5%	437
Leasing (other currencies)		
Change in the interest rate	+0,5%	(60)
Change in the interest rate	-0,5%	60
Leaseback liability (EUR)		
Change in the interest rate	+0,5%	(51)
Change in the interest rate	-0,5%	51
Leaseback liability (other currencies)		
Change in the interest rate	+0,5%	(1)
Change in the interest rate	-0,5%	1
Total impact		
Change in the interest rate	+0,5%	(1,091)
Change in the interest rate	-0,5%	1,091

22.7 Credit risk management

Credit risk is the risk that a contracting party will default on its contractual obligations, resulting in the Group's financial losses. The Group enters into transactions only with creditworthy contracting parties. If necessary, the risk of financial losses due to default is reduced by collateral. While assessing its major customers, the Group also uses other publicly available financial information and internal transaction data. The Group's exposure to counterparty credit risk is monitored on an ongoing basis and the aggregate value of concluded transactions is distributed over approved contracting parties.

Trade receivables comprise amounts due from a number of customers operating in different industries and geographies. Regular credit analyses are also performed considering the status of receivables.

Excludnig the Group's major customers (information on revenue has been presented in Note 6.5), the Group is not exposed to considerable credit risk with respect to a single counterparty. Each of these customers is an international company with a stable financial position, which considerably reduces credit risk. The concentration of credit risk with respect to other customers does not exceed 10% of gross monetary assets during the year.

Credit risk related to liquid assets is limited as the Group's contracting parties are banks with a high credit rating assigned by international rating agencies. Data on receivables as at the balance sheet date can be found in Note 17 and data on the contract assets are provided in Note 5.3.

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

Bank name	As at 31/12/2024	As at 31/12/2023	Rating	Perpective
	000'PLN	**000'PLN**		
Bank A	75	77	BBB ip.	stable
Bank B	4,553	5,617	BBB+	stable
Bank C	711	13,500	A- ip.	stable
Bank D	152	121	BBB ip.	stable
Bank E	1,344	6,655	B	stable
Bank F	10,779	10,731	A- ip.	stable
Bank G	1,364	696	A- ip.	stable
Bank H	3,489	15,091	A2	stable
Bank I	45	0	BBB+	stable
	22,512	**52,488**		

22.7.1 Sensitivity to the expected credit loss rate

An increase or decrease in the adjustment for the impact of future factors used to estimate expected credit losses by 10% would result in an increase or decrease, respectively, in the allowance for credit losses by PLN 21.8 thousand (31.12.2023: PLN 13.9 thousand).

22.8 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Management Board, which has developed a suitable management system for short-, medium- and long-term funding and liquidity requirements. The Group's liquidity management consists in maintaining the reserve capital at an appropriate level, keeping stand-by lines of credit, ongoing monitoring of projected and actual cash flows and alignment of the maturity of financial assets with that of financial liabilities.

	As at 31/12/2024	As at 31/12/2023
Financial assets (+)	**92,198**	**107,375**
Receivables	69,686	54,410
Cash	22,512	52,654
Other financial assets	-	311
Financial liabilities (-)	**253,320**	**248,173**
Interest bearing credit facilities and loans	119,036	132,565
Finance lease liabilities	99,500	92,180
Trade liabilities	34,784	23,428
Exposure to liquidity risk	**(161,122)**	**(140,798)**

Maturity of the Company's financial liabilities as at 31 December 2024:

Type of liability	Overdue up to 3 months	Overdue from 3 to 12 months	Not due as at 31/12/2024	Current:			Non-current:			Liabilities – carrying amount
				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*	-	-	119,036	109,368	2,196	**111,564**	7,472	-	**7,472**	**119,036**
Finance lease liabilities	-	-	99,500	6,802	24,346	**31,148**	51,264	17,088	**68,352**	**99,500**
Trade liabilities	7,026	533	27,225	27,225	-	**34,784**	-	-	**-**	**34,784**
Total	**7,026**	**533**	**245,761**	**143,395**	**26,542**	**177,496**	**58,736**	**17,088**	**75,824**	**253,320**

* Due to the exceedance of the base level of indicators contained in the credit agreement (covenants) as at 31.12.2024, excluding their adjusted levels confirmed in the Letter of Arrangements dated 17.02.2025 (see note 20.1), the Group included the long-term part of bank loans in the amount of PLN 87,235 thousand as at 31.12.2024 to short-term liabilities due within 3 months.

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

Type of liability	Overdue up to 3 months	Overdue from 3 to 12 months	Not due as at 31/12/2023	Current:			Non-current:			Liabilities – carrying amount
				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	-	-	132,565	3,962	15,724	**19,686**	89,212	23,667	**112,879**	**132,565**
Finance lease liabilities	-	-	92,180	6,715	20,492	**27,207**	48,934	16,039	**64,973**	**92,180**
Trade liabilities	1,258	134	22,036	22,036	-	**23,428**	-	-	**-**	**23,428**
Total	**1,258**	**134**	**246,781**	**32,713**	**36,216**	**70,321**	**138,146**	**39,706**	**177,852**	**248,173**

22.8.1 Available external sources of funding

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Unsecured overdrafts payable on demand		
Amount utilized	4,275	-
Amount available	8,971	-
	13,246	**-**
Unsecured credit card overdraft limits		
Amount utilized	140	166
Amount available	329	303
	469	**469**
Collateralized investment facilities		
Amount utilized	114,621	132,399
Amount available	-	-
	114,621	**132,399**

23. Employee benefit liabilities

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Accrual for holidays	5,116	5,392
Accrual for bonuses	4,241	4,446
	9,357	**9,838**
Short-term	9,357	9,838
Long-term	-	-

24. Deferred income

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Grants (i) revenue recognition according to IAS 20	37,648	35,827
Advances on services	51	975
	37,699	**36,802**
Short-term	2,991	3,791
Long-term	34,708	33,011
	37,699	**36,802**

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

25. Related party transactions

Transactions concluded between the Company and its subsidiaries being related parties were eliminated in the course of consolidation and have not been presented in this note. Detailed information regarding transactions between the Group and other related parties (including those related personally) is presented below.

25.1 Commercial transactions

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

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

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

	The type of association	Sales of goods and services	Sales of goods and services	Purchases of goods and services	Purchases of goods and services
		Year ended 31/12/2024	Year ended 31/12/2023	Year ended 31/12/2024	Year ended 31/12/2023
		000'PLN	000'PLN	000'PLN	000'PLN
Ryvu Therapeutics S.A.	POA	4,943	11,025	88	657
Dawid Radziszewski	POZ	5	5	299	299
Chabasiewicz, Kowalska i Partnerzy Radcowie Prawni	PORN	-	-	20	19
Ardigen S.A.	JS	852	921	-	-
		5,800	**11,951**	**407**	**975**

Balances at the end of the reporting period:

	The type of association	Amounts due from related parties	Amounts due from related parties	Amounts due to related parties	Amounts due to related parties
		As at 31/12/2024	As at 31/12/2023	As at 31/12/2024	As at 31/12/2023
		000'PLN	000'PLN	000'PLN	000'PLN
Ryvu Therapeutics S.A.	POA	1,618	1,982	43	11
Dawid Radziszewski	POZ	3	3	31	31
Ardigen S.A.	JS	314	257	-	-
		1,935	**2,242**	**74**	**42**

25.2 Executive compensation

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

	Year ended 31/12/2024			Year ended 31/12/2023		
	Share-Based Payments	Salary**	Total	Share-Based Payments	Salary**	Total
	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN	000'PLN
Management Board	**157**	**5,451**	**5,609**	**775**	**5,858**	**6,633**
Bogusław Sieczkowski	-	921	921	136	1,101	1,237
Miłosz Gruca	-	1,087	1,087	104	1,092	1,195
Mirosława Zydroń	-	611	611	97	644	741
Dariusz Kurdas	-	518	518	32	591	623
Dawid Radziszewski	-	349	349	34	373	407
Anna Leja	-	126	126	-	-	-
Natalia Walas - Marcinek	-	15	15	-	-	-
Tomasz Narojczyk	-	42	42	-	-	-
Adrijana Vinter	105	1,259	1,364	249	1,456	1,705
Marija Gradečak Galović	52	524	576	124	602	726
Supervisory Board	**0**	**360**	**360**	**0**	**391**	**391**
Piotr Romanowski	-	73	73	-	79	79
Tadeusz Wesołowski	-	63	63	-	69	69
Paweł Przewięźlikowski	-	56	56	-	61	61
Rafał Chwast	-	57	57	-	61	61
Wojciech Chabasiewicz	-	56	56	-	61	61
Jacek Osowski	-	55	55	-	60	60
	157	**5,811**	**5,968**	**775**	**6,249**	**7,024**

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

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

	Year ended 31/12/2024		Year ended 31/12/2023	
	Number of shares	% of capital held	Number of shares	% of capital held
Management Board				
Bogusław Sieczkowski	942,417	5.13%	942,417	5.13%
Miłosz Gruca	60,760	0.33%	60,760	0.33%
Mirosława Zydroń	42,909	0.23%	42,909	0.23%
Adrijana Vinter	12,000	0.07%	12,000	0.07%
Dawid Radziszewski	4,472	0.02%	4,472	0.02%
Dariusz Kurdas	4,286	0.02%	4,286	0.02%
Supervisory Board				
Paweł Przewięźlikowski	2,943,150	16.03%	2,970,815	16.18%
Tadeusz Wesołowski*	932,713	5.08%	932,713	5.08%
Rafał Chwast	121,115	0.66%	121,115	0.66%
Piotr Romanowski	100,000	0.54%	100,000	0.54%

**directly and via Augebit FIZ*

26. Cash and cash equivalents

For purposes of preparation of the statement of cash flows, cash and cash equivalents consist of cash in hand and cash at bank, including open overdraft facilities. Cash and cash equivalents at the end of the financial year, presented in the consolidated statement of cash flows, can be reconciled with the consolidated balance sheet items in the following manner:

At the balance sheet date, funds collected on bank accounts are not adjusted due to risk of impairment as these funds are accumulated in banks belonging to large capital groups with an established market position.

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Cash in hand and at bank	22,512	52,654
Credit card limit usage	(140)	(166)
Overdraft facilities	(4,275)	-
	18,097	**52,488**

As of 31.12.2024, restricted cash amounted to PLN 554 thousand (31.12.2023: PLN 825 thousand).

As of the balance sheet date, cash accumulated in bank accounts is not adjusted for the risk of impairment, because it is accumulated in banks belonging to large capital groups with an established market position.

27. Average headcount in the Group

	Year ended 31/12/2024	Period ended 31/12/2023
White collar employees	897	847
Blue collar employees	-	-
Total headcount	**897**	**847**

28. Share-based payments

28.1.1 Detailed description of the incentive program based on subscription warrants

On May 17, 2021, the General Meeting resolved to adopt an Incentive Scheme for employees in the form of the right to purchase shares at a preferential price. The program covers a total of 1,247,720 ordinary shares of Selvita S.A. provided free of charge by Paweł Przewięźlikowski, owned by him and constituting a total of 25% of the Company's shares held by him. The scheme provides employees with the right to acquire shares at a preferential price of PLN 0.19 per share. Employees who have a business relationship with the company are eligible to participate in the program. The eligible persons are required to remain in a business relationship with the company and not to dispose of the shares granted under the scheme, for a period not shorter than 12 months and not longer than 36 months from the date of acquiring the shares, subject to exceptional circumstances when the employee may be released from these obligations.

Purpose of the Program

The purpose of implementing the universal incentive program as proposed will be:
i) ensuring optimal conditions for the long-term increase in the value of the Company by creating a general employee shareholding structure;
ii) creating an incentive that will motivate employees to act even more actively in the interest of the Company and its shareholders, and encourage them to stay in a long-term relationship with the Company;
iii) building a modern organization in which the increase in the value of the Company will translate directly into the increase in the wealth of the employees and associates of the Company.

Recognition of the 'donation' transaction from the Shareholder - founder of the Program.

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

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

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

Date of granting the program ("grant date") Phase I of the program (90% of the pot)	17/05/2021
Date of granting the program ("grant date") Phase II of the program (5% of the pot)	29/03/2022
Date of granting the program ("grant date") Phase III of the program (5% of the pot)	02/06/2023
Date of granting the program ("grant date") Phase IV of the program (5% of the pot)	07/10/2024
The maturity date of the program	07/10/2026
Number of shares in the program	1,247,720
Expected number of shares after taking into account employee turnover ratio and available data as at December 31, 2024:	1,131,981

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

In case of I Phase of program:
• option exercise date:
09.07.2021 for 650 shares;
09.07.2022 for 481.091 shares;
09.07.2023 for 479.036 shares;
09.07.2024 for 8.305 shares.
• option exercise price: PLN 0.19;
• share price as at the valuation date: PLN 71;
• continuous dividend rate: 0%
• risk-free interest rate in continuous capitalization: 1.96%
• coefficient of variation: 75% - obtained as a standard deviation from a sample of logarithmic changes in historical prices of shares listed on the WSE in the period from October 16, 2019 to the valuation date.

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

In case of III Phase of program:
• option exercise date:
01.06.2024 for 33.121 shares;
01.06.2025 for 32.186 shares;
01.06.2026 for 12.313 shares;
• option exercise price: PLN 0.19;
• share price as at the valuation date: PLN 70.90;
• continuous dividend rate: 0%
• risk-free interest rate in continuous capitalization: 5.86%
• coefficient of variation: 49% - obtained as a standard deviation from a sample of logarithmic changes in historical prices of shares listed on the WSE in the period from October 16, 2019 to the valuation date.

In the case of Phase IV of the program:
• option exercise date:
07.10.2025 for 14,778 shares;
07.10.2026 for 14,778 shares.
• option exercise price: PLN 0.19;
• share price on the valuation date: PLN 58;
• continuous dividend rate: 0%;
• risk-free interest rate in continuous capitalization: 4.93%;
• coefficient of variation: 44.7% - obtained as the standard deviation from the sample of logarithmic changes in historical share prices listed on the WSE in the period from 16.10.2019 to the valuation date.

As at 31 December 2024 the weighted average period remaining until the end of the contractual duration is 2.1 months.

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

Tranche number	Number of shares	Date of purchase of the shares	2021	2022	2023	2024	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025	2026	Total impact
Tranche no 1	650	09/07/2021	**46**	**-**	**-**	**-**	-	-	-	-	**-**	**-**	**46**
Tranche no 2	481,091	09/07/2022	**20,153**	**13,914**	**-**	**-**	-	-	-	-	**-**	**-**	**34,067**
Tranche no 3	479,036	09/07/2023	**11,039**	**15,075**	**7,741**	**-**	-	-	-	-	**-**	**-**	**33,855**
Tranche no 4	8,305	09/07/2024	**230**	**192**	**223**	**112**	-	-	-	-	**-**	**-**	**757**
Tranche no 5	18,574	29/03/2023	**-**	**904**	**287**	**-**	-	-	-	-	**-**	**-**	**1,191**
Tranche no 6	18,574	28/03/2024	**-**	**452**	**596**	**144**	-	-	-	-	**-**	**-**	**1,191**
Tranche no 7	18,574	28/03/2025	**-**	**301**	**397**	**398**	95	-	-	-	**95**	**-**	**1,191**
Tranche no 8	33,121	01/06/2024	**-**	**-**	**1,394**	**1,006**	-	-	-	-	**-**	**-**	**2,401**
Tranche no 9	32,186	01/06/2025	**-**	**-**	**697**	**926**	281	193	-	-	**474**	**-**	**2,097**
Tranche no 10	12,313	01/06/2025	**-**	**-**	**178**	**304**	72	72	73	73	**290**	**121**	**894**
Tranche no 9	14,778	07/10/2025	**-**	**-**	**-**	**199**	211	213	215	16	**655**	**-**	**854**
Tranche no 10	14,778	07/10/2026	**-**	**-**	**-**	**100**	105	107	108	108	**427**	**328**	**855**
Total	**1,131,981**		**31,469**	**30,838**	**11,514**	**3,189**	**763**	**585**	**396**	**197**	**1,941**	**449**	**79,399**

The valuation of the program, in terms of shares currently issued to employees as at 31.12.2024, showed its total estimated cost at PLN 79,399 thousand, which is included in the Group's costs starting from the second quarter of 2021 until the second quarter of 2026. The impact of the program on the result of the reporting period is PLN 3,189 thousand and this amount reduces the gross result, net result and profit on operating activities in the entire year 2024. The estimated impact for subsequent years is as follows:

- 2025: PLN 1,941 thousand,
- 2026: PLN 449 thousand.

28.1.4 The recognized costs of the incentive program:

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

	Year ended 31/12/2024	Year ended 31/12/2023
Program costs recognized at fair value	3,189	11,514
	3,189	**11,514**

29. Capital commitments

	As at 31/12/2024	As at 31/12/2023
	000'PLN	**000'PLN**
Commitments to purchase property, plant and equipment	3,176	6,224

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

30. Contingent liabilities

30.1 Contingent liabilities

In the period covered by the financial statements, the Group incurred contingent liabilities necessary to receive the subsidy and the loan taken out.

Contingent liabilities consist of:
- bills of exchange liabilities - covering the amount of the granted subsidy together with interest in the amount specified as for tax arrears calculated from the date of transfer of funds to the account until the date of repayment. In the period covered by the statement, the amount of PLN 4,622 thousand was transferred to bank accounts from the subsidy. As of the balance sheet date 31.12.2024, the total amount of cash received from the subsidy amounts to PLN 56,908 thousand.

Selvita Services Sp. z o.o. obtained permits to conduct business activity in the special economic zone Kraków Technology Park. The Company incurred the investment expenditure required in the permit in the amount of over PLN 7,320 thousand and created the required new jobs. The company is obliged to maintain 30 new jobs created by 31.12.2022 until 31.12.2025 and to maintain 15 new jobs created by 30.06.2023 until 30.06.2026. As of 31.12.2024, PLN 12,895 thousand of income tax relief was used for operations in the Special Economic Zone.

Selvita d.o.o. has provided bank guarantees for a total amount of PLN 2,647 thousand. The guarantees apply to newly rented laboratory premises in Zagreb

31. Notes on the consolidated statement of cash flow

Explanation of the reasons for significant differences between changes in certain items in the balance sheet and changes in the same items disclosed in the the consolidated statement of cash flow:

Items	Year ended 31/12/2024	Year ended 31/12/2023
	000'PLN	000'PLN
The change in trade receivables and other receivables results from the following items:	**(1,445)**	**14,829**
- change in receivables resulting from discontinued operations	-	(13,942)
- change in receivables from deliveries and services resulting from the purchase of Pozlab Sp. z o.o.	2,865	-
- change in receivables from deliveries and services and other receivables, assets from contracts with customers and other assets resulting from the balance sheet	(4,310)	28,771
The change in liabilities, except for loans and borrowings, results from the following items:	**15,336**	**(3,519)**
- change in liabilities from discontinued operations	-	6,959
- change in liabilities resulting from the purchase of Pozlab Sp. z o. o.	(2,462)	-
- change in income tax liabilities	996	1,507
- reclassification of Pozlab loan	941	-
- change in liabilities resulting from the balance sheet	17,273	(21,782)
- change in investment commitments	88	9,797
- change in liabilities arising from settlements of the purchase price of Pozlab Sp. z o.o.	(1,500)	-
Change in deferred income and employee benefit liabilities results from the following items:	**(3,486)**	**(11,501)**
- change in deferred income resulting from discontinued operations	-	1,883
- change in employee benefit liabilities resulting from the purchase of Pozlab Sp. z o.o.	(343)	-
- change in the balance of deferred income and employee benefit liabilities resulting from the balance sheet	416	12,324
- revenues from subsidies for fixed assets	(3,559)	(25,861)
- return of subsidies for fixed assets	-	153
The change in provisions results from the following items:	**(606)**	**1,812**
- change in pension benefit liabilities and deferred tax provision resulting from discontinued operations	-	(44)
- change in pension benefit liabilities and deferred tax provision resulting from the purchase of Pozlab Sp. z o.o.	(149)	-
- change in pension benefit liabilities and deferred tax provision resulting from the balance sheet	(457)	1,856
The change in other assets results from the following items:	**(5,223)**	**(5,076)**
- change in other financial and non-financial assets and deferred tax assets resulting from discontinued operations	-	(899)
- change in other non-financial assets resulting from the purchase of Pozlab Sp. z o.o.	36	-
- change in other financial and non-financial assets and deferred tax assets resulting from the balance sheet	(5,259)	(4,177)
Change in credit and loan status:	**(20,837)**	**(14,110)**
- change in credits and loans resulting from discontinued operations	-	40
- change in credits and loans resulting from the purchase of Pozlab Sp. z o.o.	(613)	-
- change in credits and loans resulting from the balance sheet	(13,528)	6,714
- exchange rate differences resulting from the valuation of credits and loans	2,544	3,942
- unpaid IRR interest on the loan	399	-
- reclassification of Pozlab loan	659	-
- inflows from credits and loans	(10,298)	(24,804)

32. Significant events after the end of the financial year until the date of approval of the consolidated financial statements

Letter regarding Arrangements

On 17.02.2025, the Group signed a Letter regarding Arrangements with Pekao S.A. bank regarding:
- the level of indicators included in the credit agreement (covenants), which were increased to the levels:
• not higher than 430% as of 31.12.2024, 400% as of 31.03.2025 and 380% as of 30.06.2025 for the net debt to EBITDA ratio,
• and not lower than 100% as of 31.12.2024, 31.03.2025 and 30.06.2025 for DSCR.
- consent to extend the current account facilities held by Selvita Services sp. z o.o. and Selvita d.o.o., maturing in June 2025 for the period until the end of January 2026.

33. Approval of the financial statements

The consolidated financial statements were approved by the management board of the parent company on 26 March, 2025.

Dokument
podpisany przez
Elżbieta Kokoć
Data: 2025.03.26
11:45:20 CET

Prepared by: Elżbieta Kokoć

Signatures of Members of the Management Board:

Dokument podpisany
przez Bogusław
Sieczkowski
Data: 2025.03.26
14:54:26 CET

Bogusław Sieczkowski - President of the Board

Dokument podpisany
przez Miłosz
Kazimierz Gruca
Data: 2025.03.26
14:47:42 CET

Miłosz Gruca - Vice-President of the Board

Dokument podpisany
przez Mirosława
Monika Zydroń
Data: 2025.03.26
14:09:27 CET

Mirosława Zydroń - Member of the Board

Dokument podpisany
przez Dariusz Kurdas
Data: 2025.03.26
12:14:56 CET

Dariusz Kurdas - Member of the Board

Dokument podpisany
przez Dawid Patryk
Radziszewski
Data: 2025.03.26
13:32:30 CET

Dawid Radziszewski - Member of the Board

Digitally signed by
Adrijana Vinter
Date: 2025.03.26
13:53:13 CET

Adrijana Vinter - Member of the Board

Cracow, 26 March 2025

CONTACT

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Selvita