



SELVITA S.A.  
CONSOLIDATED QUARTERLY  
REPORT (SUMMARY)

Q3  
2015

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5 November 2015

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## BASIC INFORMATION ON THE CAPITAL GROUP

### Parent Entity

<b>Business name of the Company</b>	Selvita Spółka Akcyjna
<b>Registered office</b>	ul. Bobrzyńskiego 14, 30-348 Kraków
<b>Company ID (REGON)</b>	120515330
<b>Tax ID (NIP)</b>	679-29-42-955
<b>Legal form</b>	Joint-Stock Company
<b>Website</b>	<a href="http://www.selvita.com">www.selvita.com</a>

### Related Entities as of 2 November 2015

<b>Business name of the Company</b>	BioCentrum spółka z ograniczoną odpowiedzialnością
<b>Registered office</b>	ul. Bobrzyńskiego 14, 30-348 Kraków
<b>Company ID (REGON)</b>	356815670
<b>Tax ID (NIP)</b>	676-226-47-81
<b>Legal form</b>	Limited Liability Company
<b>Website</b>	<a href="http://www.biocentrum.com.pl">www.biocentrum.com.pl</a>
<b>Shareholders</b>	100% shares held by Selvita S.A.

<b>Business name of the Company</b>	Selvita Services spółka z ograniczoną odpowiedzialnością
<b>Registered office</b>	ul. Bobrzyńskiego 14, 30-348 Kraków
<b>Company ID (REGON)</b>	122456205
<b>Tax ID (NIP)</b>	676-245-16-49
<b>Legal form</b>	Limited Liability Company
<b>Shareholders</b>	100% shares held by Selvita S.A.

<b>Business name of the Company</b>	Selvita Inc.
<b>Registered office</b>	Wilmington, Delaware, USA
<b>Company File No.</b>	5700516
<b>Legal form</b>	Corporation
<b>Shareholders</b>	100% shares held by Selvita S.A.

<b>Business name of the Company</b>	Selvita Ltd
<b>Registered office</b>	Cambridge, Great Britain
<b>Company No.</b>	9553918
<b>Legal form</b>	Limited Liability Company
<b>Shareholders</b>	100% shares held by Selvita S.A.

<b>Business name of the Company</b>	Ardigen Spółka Akcyjna
<b>Registered office</b>	ul. Bobrzyńskiego 14, 30-348 Kraków
<b>Company ID (REGON)</b>	-
<b>Tax ID (NIP)</b>	-
<b>Legal form</b>	Joint-Stock Company
<b>Shareholders</b>	Selvita S.A. holds 60.01% of shares and 63.13% votes at the shareholder meeting

All entities within the Selvita Group are consolidated.

## The Core Business of the Capital Group

The activities of the Capital Group cover two main business segments:

- **Innovative segment** – research and development activities implemented through in-house research projects on innovative drugs,
- **Service segment** – R&D services provided to external clients, in particular to pharmaceutical and biotechnology industry and implementation of bioinformatics systems.

## FINANCIAL HIGHLIGHTS

Selvita S.A. Capital Group – consolidated data		in PLN thousand				
Item	Q3 2015			Q1-Q3 2015		
	From 01.07.2015 to 30.09.2015	From 01.07.2015 to 30.09.2015 excl. incentive programme	From 01.07.2014 to 30.09.2014	From 01.01.2015 to 30.09.2015	From 01.01.2015 to 30.09.2015 excl. incentive programme	From 01.01.2014 to 30.09.2014
Net revenues from sales of products, goods and materials	10 318	10 318	7 516	27 562	27 562	20 102
Revenues from subsidiaries	3 693	3 693	3 186	10 990	10 990	8 935
<b>Total revenues from sales and subsidiaries</b>	<b>14 011</b>	<b>14 011</b>	<b>10 702</b>	<b>38 552</b>	<b>38 552</b>	<b>29 037</b>
Operating expenses	12 649	12 271	9 199	34 348	33 970	25 309
Depreciation	1 011	1 011	609	2 660	2 660	1 584
<b>Profit/loss on operating activities (EBIT)</b>	<b>1 446</b>	<b>1 824</b>	<b>1 586</b>	<b>4 446</b>	<b>4 824</b>	<b>3 903</b>
Profit/loss before income tax	1 575	1 953	1 647	4 942	5 320	3 988
<b>Net profit/loss</b>	<b>1 582</b>	<b>1 960</b>	<b>1 673</b>	<b>4 914</b>	<b>5 292</b>	<b>3 981</b>
<b>EBITDA</b>	<b>2 457</b>	<b>2 835</b>	<b>2 195</b>	<b>7 106</b>	<b>7 484</b>	<b>5 487</b>
Net cash flow from operating activities	-4 463	-4 463	-2 722	-9 892	-9 892	-4 908
Net cash flows from investing activities	-812	-812	-866	-1 935	-1 935	-2 051
Net cash flows from financing activities	3 771	3 771	2 538	42 713	42 713	7 418
<b>Total net cash flow</b>	<b>-1 504</b>	<b>-1 504</b>	<b>-1 050</b>	<b>30 886</b>	<b>30 886</b>	<b>459</b>
Number of shares	13 115 457	13 115 457	10 463 566	13 115 457	13 115 457	10 463 566
Profit (loss) per share (in PLN/EUR)	0.12	0.15	0.16	0.37	0.40	0.38
Diluted profit (loss) per share (in PLN/EUR)	0.12	0.15	0.16	0.37	0.40	0.38
Book value per share (PLN/EUR)	3.12	3.12	0.71	3.12	3.12	0.71
Diluted book value per share (PLN/EUR)	3.12	3.12	0.71	3.12	3.12	0.71
Declared or paid dividend per share (PLN/EUR)	-	-	-	-	-	-

Selvita S.A. Capital Group – consolidated data		in EUR thousand				
Item	Q3 2015			Q1-Q3 2015		
	From 01.07.2015 to 30.09.2015	From 01.07.2015 to 30.09.2015 excl. incentive programme	From 01.07.2014 to 30.09.2014	From 01.01.2015 to 30.09.2015	From 01.01.2015 to 30.09.2015 excl. incentive programme	From 01.01.2014 to 30.09.2014
Net revenues from sales of products, goods and materials	2 464	2 464	1 800	6 629	6 629	4 814
Revenues from subsidiaries	882	882	763	2 643	2 643	2 140
Total revenues from sales and subsidiaries	3 346	3 346	2 563	9 273	9 273	6 954
Operating expenses	3 020	2 930	2 203	8 262	8 171	6 061
Depreciation	241	241	146	640	640	379
Profit/loss on operating activities (EBIT)	345	436	380	1 069	1 160	935
Profit/loss before income tax	376	466	394	1 189	1 280	955
Net profit/loss	378	468	401	1 182	1 273	953
EBITDA	587	677	526	1 709	1 800	1 314
Net cash flow from operating activities	-1 066	-1 066	-652	-2 379	-2 379	-1 175
Net cash flows from investing activities	-194	-194	-207	-465	-465	-491
Net cash flows from financing activities	900	900	608	10 274	10 274	1 776
Total net cash flow	-359	-359	-251	7 429	7 429	110
Number of shares	13 115 457	13 115 457	10 463 566	13 115 457	13 115 457	10 463 566
Profit (loss) per share (in PLN/EUR)	0.03	0.04	0.04	0.09	0.10	0.09
Diluted profit (loss) per share (in PLN/EUR)	0.03	0.04	0.04	0.09	0.10	0.09
Book value per share (PLN/EUR)	0.74	0.74	0.17	0.75	0.75	0.17
Diluted book value per share (PLN/EUR)	0.74	0.74	0.17	0.75	0.75	0.17
Declared or paid dividend per share (PLN/EUR)	-	-	-	-	-	-

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

- Items relating to the profit and loss statement, and the cash flow statement were converted according to the exchange rate constituting the arithmetic mean, applicable as of the last day of every month in the given period, based on the information published by the National Bank of Poland (NBP):
  - for the period from 01/01/2014 – 30/09/2014: PLN 4.1757;
  - for the period from 01/01/2015 – 30/09/2015: PLN 4.1575.
- Balance sheet items were converted according to the average exchange rate announced by the NBP, applicable as at the balance sheet date; this exchange rate amounted to:
  - as at 30 September 2014: PLN 4.1755;
  - as at 31 December 2014: PLN 4.2623;
  - as at 30 September 2015: PLN 4.2386.

## MANAGEMENT BOARD'S COMMENTS ON FACTORS AND EVENTS AFFECTING THE FINANCIAL RESULTS

### Increase and Dynamics of Revenues and Financial Results

The third quarter of 2015 is the eighth consecutive quarter in which Selvita Group achieved an operational profit. Additionally, it has been two years since the time when, after a period of incubation and intense company growth, Selvita has become profitable while maintaining a high rate of development.

In order to safeguard the possibility of further dynamic development, on 2 September 2015, the Extraordinary General Meeting of Shareholders approved the incentive program ('Program') to issue warrants to be converted into Company shares. International Accounting Standards, which are the basis for the Company reporting, require the cost of the incentive program to be recognized in the profit and loss account during the course of the program; therefore, in subsequent reporting periods, program costs shall also be included under the heading 'Employee Benefits Costs'. This cost is the accrual basis cost and does not involve the Company's cash expenditures. For the sake of clarity, financial data will also be presented without including Program costs for the duration of the Program.

In order to maintain the comparability of financial data for the current period with previous periods, the commentary below is based on data excluding the cost of the Program in Q3 2015 in the amount of PLN 0.378m.

In Q3 2015 Selvita Group recorded net profit in the amount of PLN 1.96m, compared with PLN 1.673m in Q3 2014. Net profit margin (calculated as net profit to total revenue) amounted to 14%. Net profit for the first three quarters of 2015 amounted to PLN 5.292m and was 32.9% higher than in the same period of the previous year (PLN 3.981m). In the reported period, Selvita Group consistently carried out intensive research work within the programs commenced in the previous years, most of which, in accordance with the accepted accounting policies, is directly included in the costs.

In Q3 2015 Selvita Group recorded total revenue of PLN 14.011m, a 30.9% growth compared with PLN 10.702m in Q3 2014. The cumulative year-to-date revenue from sales and grants totaled PLN 38.552m respectively and was 32.8% higher than last year's year-to-date revenue (PLN 29.037m). Net sales revenue (exclusive of grants) was up to PLN 10.318m in Q3 2015, reflecting 37.3% dynamics compared to Q3 2014, when net sales were PLN 7.516m. Cumulative growth of net sales revenue since the beginning of the year has reached a very similar level (37.1%), rising gradually from PLN 20.102m in the corresponding period of the previous year to PLN 27.562m in Q3 2015.

In the service segment, in 2015 Selvita Group primarily focused on intensive growth by expanding the scope of activities and penetrating new markets. The profitable and dynamically growing service segment provides a solid foundation for the growth of the Group – service revenue for Q3 2015 amounted to PLN 6.389m, which indicates a 55% increase compared with the corresponding period of the previous year, when the revenue amounted to PLN 4.109m. Cumulated revenue in the service segment for the three quarters of 2015 totaled PLN 16.491m and was 53% higher compared with the corresponding period of the previous year.

In recent months, Selvita Group has signed further agreements with international pharmaceutical companies for advanced research work. Since early 2015, the Group has been implementing a plan of setting up foreign

branches. The third quarter of 2015 witnessed the official opening of the Boston branch, created on the basis of a subsidiary in the USA - Selvita Inc. The branch is located within the world's largest area of concentration for biotechnological companies, in the Greater Boston area. Its scope of responsibility includes supporting ongoing projects carried out for US clients, acquiring further partners for research & development projects in oncology and the provision of services. In April 2015 a sister company, Selvita Ltd., was set up in Cambridge, UK. The British market is the third biggest in the world in terms of pharma and biotech R&D expenditures (after the US and Japan).

Revenue generated by the innovation segment of Selvita Group amounted to PLN 3.931m, which indicates a growth of 15% compared to Q3 2014 when revenue amounted to PLN 3.407m. The innovation segment revenue has been growing gradually since the beginning of the year, amounting to PLN 11.071m and was 19% higher compared with the corresponding period of the previous year.

In Q3 2015, revenue from grants increased by 15.9% compared to the same period of the previous year - from PLN 3.186m to PLN 3.693m. Since the beginning of 2015 the cumulative revenue from grants totaled PLN 10.99m and was 23% higher compared to revenue for the three quarters of the previous year. The revenue from grants for the first three quarters of 2015 does not include the amount of PLN 2.495m, which has been included in liabilities on the balance sheet parallel to the capitalized development costs. The growth in revenue from grants is primarily due to the previously planned increased expenditure towards the implementation of the SEL300 project, as well as the continuous write-off as revenues of the infrastructure grants received, included in the deferred revenue.

The value of the 2015 order book including commercial contracts signed, as of the publication date of this report, and grants (backlog) totals PLN 53.199m, including:

- Services            PLN 24.605m
- Innovation        PLN 14.343m
- Grants             PLN 14 251m

and has increased compared to the backlog announced in November 2014 by 32.8%. Particularly noteworthy is the 62.9% growth of order book value in services. The grants backlog is exclusive of PLN 4.668m, the amount representing revenue from grants to be included in the balance sheet alongside the activated costs of development activity.

The development of Selvita Group is also reflected by a consistently increasing employment level, which has increased from 218 employees in November 2014, to 288 in November 2015 (equivalent to 285.50 full-time positions).

### **The Group's Assets and the Structure of Assets and Liabilities**

The value of the Group's assets as of the end of Q3 2015 totaled PLN 58.879m and increased by PLN 32.076m, i.e. by 119.7% compared to the end of 2014 (PLN 26.803m). The increase resulted primarily from the increase in the cash balance amount, resulting mainly from the issuance of shares.

As of the end of Q3 2015 the most significant items of fixed assets are fixed assets amounting to PLN 7.741m, including mostly the laboratory equipment, and deferred income tax assets amounting to PLN 2.104m. Compared with the status on 31 December 2014, the value of fixed assets increased by PLN 1.982m. For the

most part, this is the effect of new acquisitions of fixed assets (partially balanced by planned depreciation of assets) and capitalisation of the development work carried out within the KIND-P1 project. By the end of 2014 all investment in innovative projects was included directly in the costs. Since the beginning of 2015, the criteria have been met to allow capitalisation in the balance sheet assets of the KIND-P1 project expenditure as development costs. The value of these assets at the end of Q3 2015 amounted to PLN 3.622m and is presented under the heading 'Unfinished Development Activities' in the amount of PLN 1.127m, which is reduced by PLN 2.495m i.e. the value of the activated grant revenue proportional to the activated costs.

The assets structure testifies to the high liquidity of the Group and its improvement in comparison with the previous year, which is confirmed by the following indicators:

	30/09/2015	31/12/2014
<b>Liquidity indicator</b>		
current assets/short-term liabilities including short-term provisions and accrued expenses	3.03	1.13
<b>Increased liquidity indicator</b>		
(current assets/short-term liabilities including short-term provisions and accrued expenses)	2.98	1.09

The cash surplus not used in operating activities is invested in secure financial instruments - bank deposits.

The highest value in the liabilities of the balance sheet value is shareholder's equity which, as of 30 September 2015, amounted to PLN 41.194m, an increase compared to 31 December 2014 of PLN 31.940m. The increase mainly arises from a court-registered increase in share capital as a result of the issuance of shares in 2014.

The second largest source of funding is short-term liabilities which, together with the reserves, amounted to PLN 17.685 at the end of Q3 2015. The major items presented in liabilities include trade and other payables, deferred income (most of which are grants received, subject to future settlement), and short-term provisions.

### Current and Foreseen Financial Situation

The financial situation of the Group as of the publication date of this report is very good.

As of the publication date of this report, Selvita Group's cash balance totals PLN 31.374m. The significant cash increase compared with 31 December 2014 was primarily the result of raising funds through the issue of shares.

Both in innovations and services the Group recorded profitability. R&D is financed with revenue from customers, supplemented by research grants and funds raised through share issue. A further growth in revenue from services and commercialization of the subsequent research projects is expected in the coming quarters, as well as profitability in both segments.

The Company is up to date on meeting its obligations and maintains a sustainable cash flow ensuring its liquidity. Incoming funds from share issuance and cash generated from operations allow the Company to go ahead with its planned investment, in particular the development of innovation projects, laboratory infrastructure and setting up subsidiaries abroad to support business growth.



## INFORMATION FROM THE MANAGEMENT BOARD ON THE ACTIVITIES IN SPECIFIC BUSINESS DEVELOPMENT AREAS

### R&D Activities (Innovative Segment)

In Q3 2015, the Selvita Group successfully continued all research projects, both from the internal pipeline, as well as projects performed in cooperation with external partners i.e.: the Kinase Platform in cooperation with H3 Biomedicine, the Cancer Cell Metabolism Platform in cooperation with Merck Serono, and the Cancer Chemical Resistance Platform in cooperation with FeliciteX Therapeutics.

#### SEL24

The aim of SEL24 project is development of the innovative anti-cancer therapy based on selective destruction of cancer cells – especially acute myeloid leukemia (AML), but also other hematological malignancies such as non-Hodgkin lymphoma and multiple myeloma. Previously selected preclinical CRP APTUIT has developed scaled up process for synthesis which was positively tested in kilogram scale. Currently synthesis of a batch in GMP (Good Manufacturing Standard) which will be used in clinical trials is in progress. Selvita also initiated GLP toxicology studies for the clinical candidate. In this quarter Selvita concentrated also on preparation for phase I clinical trials. The process of selection of the clinical CRO to support phase clinical trials is at the final stages. Perspectives of therapeutic usage of SEL24 were presented at Polish Society of Hematologists and Transfusiologists Congress.

#### SEL120

SEL120 project is focused on development of CDK8 kinase inhibitors. The candidate compound SEL120-34A has completed a series of non-GLP mice toxicity studies and will progress into further studies in cynomolgus monkeys. There is an ongoing work on the selection of biomarkers strengthening clinical responder non-responder hypothesis with a particular focus on hematological malignancies which were recently identified to be sensitive to the selective inhibition of CDK8.

#### SEL201

SEL201 is focused on development of selective MNK1/2 inhibitors. Lead to candidate development has resulted in a series of compounds with improved selectivity and optimized cellular activity. Preliminary in vivo assessment indicated very good safety during chronic administration in mice. Currently a major focus is on the analysis of mechanism of action for identified inhibitors and conformation of responder-non responder hypothesis in vitro and in vivo. Additional studies indicated high potential of novel inhibitors as modulators of cytokine production in autoimmune disorders.

#### KINASE INHIBITORS PLATFORM

A strategic partnership with H3 Biomedicine, part of the kinase platform at Selvita, aims to develop an innovative anticancer therapy. The novel low molecular weight compounds designed within the collaboration modulate new targets associated with the oncogenic kinase signaling.

The development strategy in Q3 2015 brought a series of advanced leads with superior cytotoxicity in cellular models to known reference compounds in pair with fine-tuned ADME and physico-chemical properties, an unique chemotype and free IP space. Additional in vitro counter assays provided excellent positioning of the compounds developed within the collaboration against the known competitor's molecules. In Q3 2015 both companies announced that they have extended their strategic collaboration to develop breakthrough precision medicines for cancers through September 2016. Details of this communication can be found under following

link: <http://www.selvita.com/news-events/news-releases/h3-biomedicine-and-selvita-extend-precision-cancer-medicines-collaboration>

The collaborative research investigations proceed according to schedule. Further details cannot be disclosed due to confidentiality restrictions.

#### **CANCER METABOLISM PLATFORM**

The aim of the SEL300 project (a partnership with Merck Serono since October 2013) is the development of new cancer drugs targeting proteins associated with aberrant metabolic pathways in tumor cells (cancer metabolism). Dependence on specific metabolic pathways (e.g. glutaminolysis or glycolysis) is a feature of many types of cancer, and drugs targeting cancer metabolism have potentially wide applicability. In cooperation with a partner we have selected three biological targets (undisclosed), which are now in various stages of development. Most promising chemical series have already been covered by IP protection (three patent applications filed). In addition to project funding, Selvita is receiving substantial infrastructural and scientific support from the partner, which is one of the top 25 global pharmaceutical companies.

The collaborative research investigations proceed according to schedule. Further details cannot be disclosed due to confidentiality restrictions.

#### **CANCER QUIESCENCE PLATFORM**

The project is partnered with FeliciteX Therapeutics, Boston (USA). The aim of the project is to develop innovative anticancer drugs targeting cancer quiescence mechanism. In Q3 2015 work concentrated on development of two previously identified two groups of compounds presenting desired activity. Main area of optimization covered several physicochemical parameters. Additionally company started to prepare first group of derivatives which will be tested in vivo.

The collaborative research investigations proceed according to schedule. Further details cannot be disclosed due to confidentiality restrictions.

#### **OTHER PROJECTS**

Apart from the aforementioned projects, Selvita Group also carries out other research and development projects, however their details and the current progress of work is confidential.

### **Service Segment**

#### **BIOLOGY DEPARTMENT**

In Q3 2015, Selvita Biology Department recorded an increase in commercial revenues resulting from the completion of new projects in the analytical, protein chemistry and molecular biology laboratories. This is the result of signing contracts with new pharmaceutical and agrochemical sector clients. A key event for the Biology Department in this quarter was the extension of a cooperation agreement with a Swiss pharmaceutical company and obtaining further contracts carried out for local companies from this sector.

In Q3 2015 the Analytical Laboratory implemented commercial projects for regular and newly acquired customers from the pharmaceutical sector. The main areas of activity here were method development and validation, often within entire packages, for a given product or API. In addition, a CMC project within the FTE system has been launched. Projects of this kind are particularly important for maintaining the continuity of cooperation with clients due to their long-term nature; these are often followed by stability studies, which are

currently carried out in one of the Selvita contractual laboratories. Both method validation and the CMC testing package shall require further expansion of equipment base and employment of new personnel - this process will also continue in Q4. A new area of the laboratory activity are services provided for the agrochemical sector. In Q3 the following analyses have been launched in this area: five-batch analysis, GLP compound certification, and validation of analytical methods.

In the Protein Chemistry Laboratory, the third quarter resulted in an increase of orders for both the production of recombinant proteins in a bacterial system and in the insect cell system. Due to the growing demand for proteins produced in eukaryotic systems, the next laboratory module has been developed, dedicated solely to work with insect cells. Along with the development of the laboratory, expansion of equipment base is needed, with the intent to produce proteins in said system.

In Q3 2015 the Cell and Molecular and Biology Laboratory continued implementation of further research projects regarding *in vitro* genotoxicity of substances used in plant cultivation for a key client in the agriculture and agribusiness sector. In addition, projects launched included bioanalytical method validation, development of new functional cell tests and photo-toxicity analyses for Polish and foreign clients. It is worth noting that in Q3 2015, initial organizational activities were launched related to the expansion of the laboratory infrastructure, which is a consequence of the continued development of the laboratory scientific team.

#### **CHEMISTRY DEPARTMENT**

In the third quarter of 2015 the Contract Chemistry Department continued its upward trend.

On 6 July 2015 a framework cooperation agreement was signed for the services in the area of exploring new drugs with a Danish pharmaceutical company, and Selvita received the first order for the amount of EUR 1,688,400 (PLN 7,089,591.60 converted at the rate of 1 EUR = 4.1990 PLN).

The order is the largest service contract obtained by the Selvita Group since the beginning of its operations, and the contract services will be implemented from 1 August 2015 until 31 July 2018. This is the first service contract which Selvita Group has signed for three consecutive years. This is additional proof of the growing awareness of Selvita's presence on the global research services outsourcing market, as well as confidence in our services.

In addition, we continued cooperation with existing business partners and gained contracts from new clients: pharmaceutical, biotech, and chemical, operating on the global market, increasing total revenue derived from contract chemistry services.

At the same time, we continue to maintain a high proportion of FTE projects and cooperation based on a series of fixed-price projects obtained from regular clients in the total revenue of the Department. Moreover, we continue to widen the scope of co-operation, winning fixed-price and FTE contracts from new customers.

In the third quarter of 2015 we opened additional, fully equipped chemical laboratories and greatly increased our team of researchers in the Contract Chemistry Department. Recently the Group also invested in specialized equipment supporting R&D work related to projects in the area of discovering new molecules and synthetic process optimization, obtaining in this way increased work efficiency and research capabilities, thus broadening the base of contracted projects.

We also continued intensive sales activities in the United States, Europe and in Israel, aimed at winning new customers in those markets. Alongside standard sales activity, customer visits to Selvita and Selvita's representative visits to customers, in Q3 2015 we took part in the following prestigious industry conferences:

- 18th SCI/RSC Medicinal Chemistry Symposium, 13-15 September 2015, Cambridge, UK,
- Frontiers in Medicinal Chemistry 2015, 14-16 September, Antwerp, Belgium,
- ChemOutsourcing, September 14-17, 2015, NJ, USA,
- Biotech Outsourcing Strategies 2015 (Discovery/Early Development & Clinical Outsourcing Tracks), 22 September 2015, London, UK,
- MIP Tec Discovery, 22-24 September 2015, Basel, Switzerland.

Participation in these conferences not only offered an opportunity to meet existing business partners, but also resulted in new commercially interesting contacts. We intend to maintain similar levels of activity and efficiency in winning contracts in the last quarter of 2015. This will allow us to expect consistent growth of the Contract Chemistry Department.

### **BIOINFORMATICS SECTOR**

In the third quarter the Company has entered a number of agreements for the sale of licenses for STARLIMS, laboratory information management software, maintenance and service agreements with current customers, agreements for the supply of solutions for sequencing nucleic acids and CLC bio proteins. The company also won new contracts for software development services on new foreign EU markets.

In July 2015 the Company concluded a contract for the supply and installation of specialized LIMS-class software for management of information, data, resources, activities and equipment in laboratories along with DB software and biobank equipment. The LIMS-class system to be supplied will support the daily work of laboratories and of a new biobank on the Polish market, operating in one of the leading academic centers in Poland.

In July 2015 Selvita expanded the existing cooperation with the manufacturer of the highest quality building materials of polyvinyl chloride and polyethylene, intended mainly for infrastructure construction and public utilities. The company has entered into a long-term service contract implemented by our LIMS-class system and gained new orders for the training package.

In September 2015 the company received an order for the supply of IT services for a foreign client operating across the EU, in France, etc. Our employees are involved in international projects for the implementation of LIMS systems and provide support in the development of laboratory information management systems. The Company is planning further broadening of activities in this area.

Selvita has begun full implementation of the STARLIMS system for a market leader and renowned manufacturer of cosmetic products in Poland. They carry out research in various areas, and their cosmetics are based on their own original formulas. Their products are sold with success in more than ten countries worldwide. It is expected that offering and implementing the STARLIMS laboratory information management systems, for example to the Polish cosmetics industry, will in the coming years become for the Bioinformatics division one of the main goals in its sales of LIMS-class systems in Poland.

In the third quarter of 2015 the Company also entered into a new agreement for the supply of innovative bioinformatics products for sequencing nucleic acids and proteins. The list of new Selvita clients for the specialized CLC bio software now includes another Polish academic establishment operating in the medical field.

On September 24, Selvita S.A. created a subsidiary, Ardigen S.A., which has taken over the existing activities of Selvita's Bioinformatics Department, strengthening the existing competencies in the area of the laboratory information management systems, and will extend the offer of customized bioinformatics projects and services in the area of personalized medicine. The co-founder and the person who heads Ardigen, is Janusz Homa, an experienced manager, co-founder and former CEO of Software Mind, providing innovative solutions and IT services to clients from the IT, financial and banking sector, as well as modern media industries. Janusz Homa was also Vice President of Comarch Telecom, and co-creator of BillBird and Moje Rachunki ('My Bills') system operator, the first alternative payment network in Poland, enabling bill payment at retailers' cash registers. The position of Ardigen Operations Vice President and director responsible for IT and LIM systems for laboratories has been assumed by Sebastian Kwaśny, a member of the Board of Directors and Bioinformatics Department Director at Selvita S.A. The project has also involved other Selvita key managers, and Paweł Przewięźlikowski, Selvita S.A.'s CEO, became Ardigen's Chairman of the Supervisory Board.

Thanks to Selvita service division operations and development of bioinformatics services, Ardigen S.A. has a stable position on the market, as well as the access to a wide customer base from various industries including, among others, biotech, pharmaceutical, and medical industries (including biobanks) as well as chemical, food, cosmetics, mining, and energy sectors, in addition to collaborating with the contract laboratories, forensic laboratories and academic centers both in Poland and abroad. The company can also count on a well-established cooperation with key partners including, among others, Abbott Informatics, Microsoft, Oracle, IBM and Qiagen. The newly established company was created on the basis of capital contributed by its founders, i.e. Selvita S.A., Janusz Homa and Sebastian Kwaśny. Selvita's Bioinformatics Department, operating as an Organized Part of the Company was transferred as contribution-in-kind to the new company as of 1 November, 2015, upon being approved by the General Meeting of Selvita S.A. Shareholders, held on 23 October 2015.

### Information on Selvita S.A. Shareholding Structure

As at the date of publication of the Report, the shareholding structure of Selvita S.A. including shareholders holding at least 5 % of votes at the General Meeting is as follows:

Shareholder	Shares	% of shares	Votes	% of votes
Paweł Przewięźlikowski	5 446 385	41.53%	8 946 385	52.12%
Bogusław Sieczkowski	909 419	6.93%	1459419	8.50%
Privatech Holdings Limited	925 738	7.06%	925 738	5.39%
Other shareholders	5 833 915	44.48%	5 833 915	33.99%
<b>Total</b>	<b>13 115 457</b>	<b>100.00%</b>	<b>17 165 457</b>	<b>100%</b>

## FINANCIAL INFORMATION

### Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 SEPTEMBER 2015	01/01/2015 - 30/09/2015	01/01/2015 - 30/09/2015 excl. incentive programme	01/01/2014 - 30/09/2014
	PLN	PLN	PLN
<b>Continued operations</b>			
Revenues from sales	27 561 980	27 561 980	20 102 218
Revenues from subsidies	10 990 492	10 990 492	8 934 943
Other operating revenues	241 664	241 664	175 052
<b>Revenues on operating activities</b>	<b>38 794 136</b>	<b>38 794 136</b>	<b>29 212 213</b>
Change in stock of goods	(3 396)	(3 396)	(132 323)
Amortisation and depreciation	(2 660 457)	(2 660 457)	(1 583 614)
Consumption of materials and energy	(7 795 734)	(7 795 734)	(5 125 001)
External services	(5 802 385)	(5 802 385)	(4 200 770)
Payroll	(15 337 523)	(14 959 523)	(12 570 651)
- incentive programme	(378 000)	-	-
Taxes and charges	(262 270)	(262 270)	(181 480)
Other costs by type	(2 171 827)	(2 171 827)	(1 121 989)
Value of goods and materials sold	(298 414)	(298 414)	(345 421)
Other	(16 445)	(16 445)	(47 494)
<b>Operating expenses</b>	<b>(34 348 450)</b>	<b>(33 970 451)</b>	<b>(25 308 741)</b>
<b>Profit (loss) on operating activities</b>	<b>4 445 685</b>	<b>4 823 685</b>	<b>3 903 472</b>
Financial revenues	549 469	549 469	119 859
Financial expenses	(52 846)	(52 846)	(34 850)
Other	-	-	-
<b>Profit (loss) before income tax</b>	<b>4 942 308</b>	<b>5 320 308</b>	<b>3 988 481</b>
Income tax expense	(28 271)	(28 271)	(7 206)
<b>Net profit (loss) on continued operations</b>	<b>4 914 037</b>	<b>5 292 037</b>	<b>3 981 275</b>
<b>Discontinued operations</b>			
Profit (loss) on discontinued operations	-	-	-
<b>Net profit (loss)</b>	<b>4 914 037</b>	<b>5 292 037</b>	<b>3 981 275</b>
Net profit loss attributed to	-	-	-
Majority shareholders	4 914 037	5 292 037	3 981 275
Minority shareholders	-	-	-
	<b>4 914 037</b>	<b>5 292 037</b>	<b>3 981 275</b>
<b>Earnings per share</b> <b>(expressed in gr per share)</b>			
With continued and discontinued operations:			
Basic	0.37	0.40	0.38
Diluted	0.37	0.40	0.38
With continued operations:			
Basic	0.37	0.40	0.38
Diluted	0.37	0.40	0.38
<b>Total income</b>	<b>4 914 037</b>	<b>5 292 037</b>	<b>3 981 275</b>
Total comprehensive income attributed to:			
Majority shareholders	4 914 037	5 292 037	3 981 275
Minority shareholders	-	-	-
	<b>4 914 037</b>	<b>5 292 037</b>	<b>3 981 275</b>

## Consolidated Balance Sheet

AS OF 30 SEPTEMBER 2015	30/09/2015	30/09/2015 excl. incentive programme	31/12/2014	30/09/2014
	PLN	PLN	PLN	PLN
<b>ASSETS</b>				
<b>Fixed assets</b>				
Tangible fixed assets	7 740 837	7 740 837	6 844 817	6 152 450
Investment in real-estate	-	-	-	-
Goodwill	280 740	280 740	280 740	280 740
Other intangible assets	31 667	31 667	50 452	5 150
Unfinished development works	1 127 410	1 127 410	-	-
Investments in related parties	-	-	-	-
Deferred tax assets	2 104 131	2 104 131	2 128 090	1 738 546
Other financial assets	-	-	-	-
Other assets	189 878	189 878	189 645	189 644
<b>Total fixed assets</b>	<b>11 474 662</b>	<b>11 474 662</b>	<b>9 493 744</b>	<b>8 366 530</b>
<b>Current assets</b>				
Inventory	817 341	817 341	706 336	528 321
Short-term receivables	9 315 375	9 315 375	9 821 900	8 776 575
Receivables on long-term contracts	1 232 173	1 232 173	492 320	250 859
Other financial assets	-	-	120 000	620 000
Current tax related assets	-	-	-	-
Other assets	396 299	396 299	1 411 136	713 780
Cash and other monetary assets	35 643 578	35 643 578	4 757 817	5 757 560
	<b>47 404 766</b>	<b>47 404 766</b>	<b>17 309 509</b>	<b>16 647 095</b>
Non-current assets held for sale and discontinued operations	-	-	-	-
<b>Total current assets</b>	<b>47 404 766</b>	<b>47 404 766</b>	<b>17 309 509</b>	<b>16 647 095</b>
<b>Total assets</b>	<b>58 879 428</b>	<b>58 879 428</b>	<b>26 803 253</b>	<b>25 013 625</b>

	30/09/2015	30/09/2015 excl. incentive programme	31/12/2014	30/09/2014
	PLN	PLN	PLN	PLN
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	5 246 183	5 246 183	4 185 426	4 185 426
Revaluation reserve	25 284 072	25 284 072	-	-
Own shares	-	-	-	-
Supplementary capital	5 829 401	5 829 401	2 521 789	2 521 789
Other reserve capitals	1 883 442	1 883 442	1 883 442	1 883 442
Capital from issuance of warrants	378 000	-	-	-
Previous years profit (loss)	(2 644 655)	(2 644 655)	(5 187 170)	(5 187 170)
Net profit (loss)	4 914 037	5 292 037	5 850 126	3 981 275
Provisions related to non-current assets held for sale and discontinued operations presented directly in equity	-	-	-	-
Equity attributed to majority shareholders	40 890 480	40 890 480	9 253 614	7 384 762
Equity attributed to minority shareholders	303 999	303 999	-	-
<b>Total equity</b>	<b>41 194 479</b>	<b>41 194 479</b>	<b>9 253 614</b>	<b>7 384 762</b>
<b>Long-term liabilities</b>				
Long-term credits and loans	-	-	-	-
Other financial liabilities	338 907	338 907	176 893	503 232
Liabilities for retirement	27 074	27 074	27 074	27 074
Provision for deferred income tax	68 438	68 438	64 126	113 525
Provisions for liabilities-long-term	-	-	-	-
Deferred income	1 951 893	1 951 893	2 010 246	4 149 632
Other liabilities	-	-	-	-
<b>Total long-term liabilities</b>	<b>2 386 312</b>	<b>2 386 312</b>	<b>2 278 339</b>	<b>4 793 463</b>
<b>Short-term liabilities</b>				
Trade liabilities	5 629 717	5 629 717	6 055 224	4 307 132
Long-term liabilities	287 539	287 539	1 340 554	242 679
Short-term credits and loans	58 792	58 792	90 921	72 503
Other financial liabilities	318 904	318 904	367 131	128 823
Current tax liabilities	-	-	-	-
Provisions-short-term	2 317 960	2 317 960	2 800 593	2 890 069
Deferred income	6 685 726	6 685 726	4 616 877	5 194 195
Other liabilities	-	-	-	-
<b>Total short-term liabilities</b>	<b>15 298 638</b>	<b>15 298 638</b>	<b>15 271 300</b>	<b>12 835 400</b>
Liabilities related to non-current assets held for sale and discontinued operations	-	-	-	-
<b>Total short-term liabilities</b>	<b>15 298 638</b>	<b>15 298 638</b>	<b>15 271 300</b>	<b>12 835 400</b>
<b>Total long-term liabilities</b>	<b>17 684 950</b>	<b>17 684 950</b>	<b>17 549 639</b>	<b>17 628 863</b>
<b>Total liabilities</b>	<b>58 879 428</b>	<b>58 879 428</b>	<b>26 803 253</b>	<b>25 013 625</b>



	30/09/2015	30/09/2014
	PLN	PLN
<b><i>Cash flows from operating activities</i></b>		
<b>Net profit (loss)</b>	<b>4 914 037</b>	<b>3 981 275</b>
<b>Adjustments</b>		
Amortisation and depreciation	2 660 457	1 583 614
Exchange gains (losses)	-	-
Interest and profit-sharing (dividends)	(361 825)	(390)
Profit (loss) on investing activities	-	-
Change in receivables	2 737 982	(4 132 500)
Change in inventory	(240 563)	(137 109)
Change in short-term liabilities and provision excluding credits and loans	(137 968)	1 196 561
Change in grants	(576 135)	(657 430)
Change in other assets	(18 466 633)	(7 627 497)
Change in provisions	(479 719)	804 123
Income tax paid	-	46 356
Other	58 199	35 033
<b>Cash flows from operating activities</b>	<b>(9 892 168)</b>	<b>(4 907 965)</b>
<b><i>Cash flows from investing activities</i></b>		
Proceeds from sale of property, plant and equipment	-	-
Purchase of tangible and intangible fixed assets	(2 557 538)	(2 111 271)
Purchase of tangible and intangible fixed assets partially financed with grant	(50 404)	(79 270)
Purchase of other financial assets	(699 999)	-
Interest	369 020	19 311
Loans granted	-	120 335
Other inflows from financial assets	303 999	-
Other	-	-
<b>Cash flows from investing activities</b>	<b>(1 934 923)</b>	<b>(2 050 894)</b>
<b><i>Cash flow from financing activities</i></b>		
Proceeds from shares issue	27 314 477	-
Payment of liabilities from finance lease agreements	(426 499)	(397 013)
Proceeds from credits and loans	58 792	822 503
Subsidies	16 834 146	8 543 379
Repayment of credits and loans	(90 921)	(1 031 815)
Dividends	-	-
Interest paid	(7 194)	(18 921)
Expenses for issuance of shares	(969 949)	-
Other	-	(500 000)
<b>Net cash flows from financing activities</b>	<b>42 712 852</b>	<b>7 418 133</b>
Increase of net cash	30 885 761	459 274
Cash opening balance	4 757 817	5 298 287
<b>Cash and cash equivalents - end of the period</b>	<b>35 643 578</b>	<b>5 757 561</b>

# CONTACT DETAILS

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