

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of Ryvu Therapeutics S.A.
(formerly Selvita.S.A.)

Audit report on the annual financial statements

Opinion

We have audited the annual financial statements of Ryvu Therapeutics S.A. (the 'Company') located in Kraków at Bobrzyńskiego 14, containing: the introduction to the financial statements, the balance sheet as at 31 December 2019, the income statement, the statement of changes in equity, the cash flow statement for the period from 1 January 2019 to 31 December 2019 and additional information and explanations (the 'financial statements').

The form of the financial statements prepared as at 31 December 2019 is prescribed by the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states ('the Decree on current and periodic information').

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for the period from 1 January 2019 to 31 December 2019 in accordance with required applicable rules of the Accounting Act dated 29 September 1994 ('the Accounting Act') and the adopted accounting policies,
- are in respect of the form and content in accordance with legal regulations governing the Company and the Company's Statute,
- have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act.

The opinion is consistent with the additional report to the Audit Committee issued on 8 April 2020.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors')

and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial statements*' section of our report.

We are independent of the Company in accordance with the Code of ethics for professional accountants, published by the International Federation of Accountants (the 'Code of ethics'), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. While conducting the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and the Regulation 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
<i>Recognition of sales revenue</i>	
The Company's revenue from sales of products, goods and materials for the year ended 31 December 2019 amounted to PLN 42,6m. The Company recognizes revenue resulting from the research contracts in accordance with the Accounting Act ('the Accounting Act'). Revenues realized 2019 relating to contracts for which revenue is estimated based on the measurement of progress by applying input-based methods. The Company estimates the overall budgets of such contracts, including the specific costs	<p>As part of the audit of the financial statements of Ryvu Therapeutics S.A. we have assessed the adopted accounting policies regarding the recognition and presentation of sales revenue in terms of compliance with the Accounting Act.</p> <p>For significant revenue streams:</p> <ul style="list-style-type: none"> ▶ we have documented the operation of the identified processes and assessed the key control mechanisms of the Company; ▶ for contracts for which revenue is recognized over time, on a selected sample

Key audit matters	How the matter was addressed in our audit
<p>necessary to complete the order and determines the overall result on the contract.</p> <p>The Company estimates the transaction price resulting from the contract, identifies the contract and the planned costs necessary to be incurred in order to realize the contract and based on these estimates, by applying the stage of completion measurement method based on expenditures, recognizes sales revenues and the associated costs.</p> <p>The method of revenue recognition from the above-mentioned contracts requires a significant degree of the Company's Management's estimates in relation to measurement of progress. Identification of the moment of revenue recognition and correct presentation in the financial statements require also many significant judgments and estimates from the Management. Due to the fact that improper estimate of the Company's Management in these areas may cause incorrect determination of sales revenues, we consider this issue as a key audit matter.</p> <p>The accounting policy regarding the method of recognition of sales revenue is described in the financial statements in note 4.17. "Deferred revenue", and 4.23. "Revenue recognition" together with required disclosures relating to revenue recognition, including significant judgements and estimates. In notes 9, 10, 16 and 21, the Company included the required disclosures relating to sales revenues, trade receivables, accruals and deferred revenues relating to research contracts.</p>	<p>of orders we have performed substantive testing of contract budgets, which formed the basis for progress measurement of contract completion, determination of the transaction price and revenue recognition, as well as setting budgets for contracts;</p> <ul style="list-style-type: none"> ▶ we conducted a historical analysis of the realization of contract budgets for significant contracts completed in a current financial year in order to compare forecasts and budgets of contracts that have not been completed, and to compare existing trends in employees' costs, which significantly determine the estimate of remaining costs to complete the contract, comparing whether analogous trends are reflected in the tested sample of contracts; ▶ we conducted discussions with the managers of selected contracts recognized over time, to discuss assumptions regarding budgets and risks and progress of contracts, probability of changes in contract profitability; ▶ we have discussed with the Management Board the results of the Management Board's analysis of the events after the balance sheet date, including the Management Board's assessment of potential impact of the COVID-19 epidemic on the contracts realized by the Company; ▶ through analytical procedures, transactional tests and analysis of journal reports prepared by us, we assessed the correctness of recognizing revenue over time and the correctness of the recognized revenue in individual periods. <p>In addition, we assessed the adequacy of the presentation and disclosures in the financial statements regarding sales revenue, trade receivables and accruals and deferred revenues resulting from research contracts.</p>
Recognition of other operating income from grants	
Other operating income from grants ('income from grants') for the year ended 31 December 2019 amounted to PLN 31,2m.	As part of the audit of the financial statements of Ryvu Therapeutics S.A. we have assessed the adopted accounting policies regarding the

Key audit matters	How the matter was addressed in our audit
<p>The Company recognizes income from grants in accordance with the Accounting Act ('the Accounting Act'). Income from grants realized 2019 related to projects for which the Company received grants, and for which income is estimated based on the measurement of progress by applying input-based methods. The Company estimates the overall budgets of such projects, including the specific costs necessary to complete the order and determines the overall result on the project.</p> <p>The Company estimates the value of the grant to which it is eligible based on the grant agreement and the planned costs necessary to be incurred in order to realize the project and based on these estimates, by applying the stage of completion measurement method based on expenditures, recognizes income from grants and the associated costs.</p> <p>The method of income from grant projects presented above requires a significant degree of the Company's Management's estimates in relation to measurement of progress. Identification of the moment of income recognition and correct presentation in the financial statements require also many significant judgments and estimates from the Management. Due to the fact that improper estimate of the Company's Management in these areas may cause incorrect determination of income from grants, we consider this issue as a key audit matter.</p> <p>In addition, due to COVID-19 epidemic, representing a event after the balance sheet date, the Company's Management evaluated as of the date of the preparation of the financial statements, the potential impact of the current situation on the future realization of the grant projects, on these financial statements.</p> <p>The accounting policy regarding the method of recognition of income from grants is described in the financial statements in note 4.16. "Accounting for grants", and 4.23.4</p>	<p>recognition and presentation of income from grants in terms of compliance with the Accounting Act.</p> <p>For income from grants:</p> <ul style="list-style-type: none"> ▶ we have documented the operation of the identified processes and assessed the key control mechanisms of the Company; ▶ on a selected sample of projects, we have performed substantive testing of contract budgets, which formed the basis for progress measurement of contract completion, determination of the grant value and income recognition, as well as setting budgets for contracts; ▶ we conducted a historical analysis of the realization of project budgets for significant projects completed in a current financial year in order to compare forecasts and budgets of projects that have not been completed, and to compare existing trends in employees' costs, which significantly determine the estimate of remaining costs to complete the project, comparing whether analogous trends are reflected in the tested sample of projects; ▶ we conducted discussions with the managers of selected projects recognized over time, to discuss assumptions regarding budgets and risks and progress of projects, probability of changes in contract profitability; ▶ we have discussed with the Management Board the results of the Management Board's analysis of the events after the balance sheet date, including the Management Board's assessment of potential impact of the COVID-19 epidemic on the projects realized by the Company; ▶ through analytical procedures, transactional tests and analysis of journal reports prepared by us, we assessed the correctness of recognizing income from grants over time and the correctness of the recognized income in individual periods.

Key audit matters	How the matter was addressed in our audit
<p>"Grants and subsidies". In notes 10 and 22, the Company included required disclosures relating to income from grants and accruals and deferred revenues relating to grants.</p>	<p>In addition, we assessed the adequacy of the presentation and disclosures in the financial statements regarding income from grants as well as accruals and deferred revenues relating to grants.</p>
<p>Reorganization of Ryvu Therapeutics Group (formerly Selvita Group)</p>	
<p>As described in note 1 of the Introduction to the financial statements, on 1 October 2019 the Selvita S.A. Corporate Split Plan was registered. As a consequence of the split, activities of the business segments Services and Bioinformatics (including related entities of Selvita S.A.) were transferred to Selvita CRO S.A. Subsequently, Selvita S.A. changed its name to Ryvu Therapeutics S.A. Selvita CRO S.A. changed its name to Selvita S.A.</p> <p>The split was realized in accordance with Art. 529 Par. 1.4 of the Companies' Code (split through separation). Acquisition of the organized part of entity of the Services and Bioinformatics segments occurred in return for Selvita S.A. shares issued representing a total nominal value of PLN 13m, which were acquired by the existing shareholders of Ryvu Therapeutics S.A. in proportion reflecting the shares owned by them in Ryvu Therapeutics S.A. as at the date of the transaction.</p> <p>As at the date of the Corporate Split Plan registration, the value of net assets related to the transferred organized part of entity was established.</p> <p>Taking into account significance to the financial statements of the Company, of the financial information being the subject of the above described transaction, as well as the fact, that the transaction represents an unusual one-off event for the Company and the Group, we have decided to treat the disposal of an organized part of entity as a key audit matter.</p> <p>In note 1 of the Introduction to the financial statements and note 51 of additional notes and explanations, the Company disclosed</p>	<p>As part of the audit of the Company's financial statements, we have made an assessment as to the correctness of the accounting for the transaction from the Company's standpoint, performing, among others, the following procedures:</p> <ul style="list-style-type: none"> ▶ we gained understanding of the reorganization process of the Company based on formal and legal documentation; ▶ we evaluated the adequacy of the method applied by the Management to account for the transaction; ▶ we evaluated the accounting for the transaction in term of correct allocation of net assets to the transferred organized part of entity; ▶ we performed detailed testing on a selected sample of transactions directly before and after the split, in order to confirm allocation of the transactions to the correct period. <p>In addition, we assessed the adequacy of the presentation and disclosures in the financial statements regarding the transaction and its impact on the financial statements.</p>

Key audit matters	How the matter was addressed in our audit
information relating to the above transaction and its impact on the financial statements.	

Other matters

The financial statements for the prior financial year ended 31 December 2018 were subject to an audit by a key certified auditor acting on behalf of another authorised audit firm, who issued an unqualified opinion on these financial statements, dated 26 March 2019.

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation, based on properly maintained accounting records, the financial statements that give a true and fair view of the financial position and the financial performance in accordance with required applicable rules of the Accounting Act, the adopted accounting policies, other applicable laws, as well as the Company's Statute, and is also responsible for such internal control as determined is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these financial statements.

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit,

and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Company nor effectiveness of conducting business matters now and in the future by the Company's Management.

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The other information comprises: the Directors' Report for the period from 1 January 2019 to 31 December 2019, the representation on the corporate governance and the representation on preparation of the statement on non-financial information, mentioned in article 49b, section 1 of the Accounting Act as a separate element of the Directors' Report (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report (with separate elements) meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the financial statements does not include the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the financial statements.

In addition, we are required to inform whether the Company has prepared the representation on non-financial information and to issue an opinion on whether the

Company has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 70 of the Decree on current and periodic information,
- is consistent with the information contained in the financial statements.

Moreover, based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Company has included information stipulated in paragraph 70, section 6, point 5 of the Regulation on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Regulation included in the representation on application of corporate governance is in accordance with applicable laws and information included in the financial statements.

Information on revenues from research and development services

In note 49 to the financial statements the Company's Management informed, that sales revenues from research and development services realized by the Company in 2019, classified as scientific research and development studies, in line with the Polish Classification of Goods and Services or industrial property rights, granted to the Company by authorities relevant for industrial property rights, amounted to 11 331 475 PLN.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we declare that we have not provided services other than audits of the financial statements to the Company and its subsidiaries, in particular we have not rendered services other than audits, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors.

Appointment of the audit firm

We were appointed for the audit of the Company's financial statements initially based on the resolution of the Supervisory Board from 21 June 2019. We are auditing the financial statements of the Company for the first time.

Warsaw, 8 April 2020

Key Certified Auditor

Rafał Hummel
certified auditor
no in the register: 12455

on behalf of:
Ernst & Young Audyt Polska spółka
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