

**ANNOUNCEMENT  
OF THE MANAGEMENT BOARD OF BIOTON SPÓŁKA AKCYJNA  
ON CONVENING AN ORDINARY GENERAL MEETING**

The Management Board of BIOTON Spółka Akcyjna, having its registered office in Warsaw ("**Company**"), acting in accordance with Article 399 § 1, in conjunction with Article 402(1), Article 402(2) of the Commercial Companies Code ("**CCC**"), hereby convenes an Ordinary General Meeting ("**AGM**", "**Meeting**") to be held on the Company's premises in Macierzysz, ul. Poznańska 12, 05-850 Ożarów Mazowiecki, at 10:00 a.m., on **June 19<sup>th</sup>, 2020**.

**Agenda:**

**The proposed agenda of the AGM:**

1. Opening of the Meeting.
2. Election of the chairman of the Meeting (if the chairman is not appointed by the Company's Management Board) and preparation of the attendance list.
3. Confirmation of the correctness of convening the Meeting and its capacity to adopt resolutions.
4. Adoption of the agenda of the Meeting.
5. Adoption of a resolution on consideration and approval of the report of the Management Board on the activities of BIOTON S.A. and the financial statement of BIOTON S.A. for 2019.
6. Adoption of a resolution regarding the consideration and approval of the Management Board's report on the operations of the BIOTON S.A. Capital Group and the financial statement of the BIOTON S.A. Capital Group for 2019.
7. Resolution on the consideration and approval of the reports of the Supervisory Board of BIOTON S.A. for 2019.
8. Resolution on covering the net loss of BIOTON S.A. for 2019.
9. Adoption of resolutions on granting discharge to members of the Management Board of the Company for the duties carried out in 2019.
10. Adoption of resolutions on granting discharge to members of the Supervisory Board of the Company for the duties carried out in 2019.
11. Adaptation of the resolution in regards to adoption of the Remuneration Policy for Members of the Supervisory Board and Management Board of the Company.
12. Closing the Meeting.

**Information for shareholders**

***The right to participate in the AGM***

The Management Board of the Company declares that, in accordance with Article 406 (1) of the Code of Commercial Companies, the right to participate in the AGM is exclusively enjoyed by the persons who are the shareholders of the Company sixteen days prior to the date of the AGM, i.e. on June 3<sup>rd</sup>, 2020 (the date of registration at the AGM, hereinafter referred to as the "**Registration Date**"), provided that they deliver to the entity which maintains their securities account a request for the issuance of a registered certificate confirming the right to participate in the AGM in the period from the AGM convocation announcement to the first business day after the Registration Date, i.e. until June 4<sup>th</sup>, 2020.

The list of shareholders authorized to participate in the AGM will be drawn up on the basis of a list provided by the entity maintaining the depository for securities (i.e. *National Depository for Securities S.A.*) and presented

on the premises of the Management Board of the Company (Macierzysz, ul. Poznańska 12), between 10:00 a.m.- 4:00 p.m., on June 16<sup>th</sup>- 18<sup>th</sup>, 2020.

During three business days prior to the date of the AGM the shareholders of the Company may demand delivery of a list of shareholders, free of charge by electronic mail, provided they notify the Company of the address to which such list should be sent. The request should be made in writing, signed by the shareholder or persons authorized to represent the shareholder and sent via email to [wza@bioton.com](mailto:wza@bioton.com) in a "pdf" file format or any other format allowing it to be read by the Company. The request should be accompanied by copies of documents confirming the identity of the shareholder of the Company and/or the persons authorized to represent the shareholder, including:

- (i) if the shareholder is an individual, a copy of the identification card, passport or any other official document confirming the shareholder's identity; or
- (ii) if the shareholder is not an individual, a copy of an extract from the relevant register or any other document confirming the authority of one or several individuals to represent the shareholder at the AGM (e.g. an unbroken sequence of powers of attorney); and
- (iii) if the request is given by a proxy, a copy of the power of attorney signed by the shareholder or by the persons authorized to represent that shareholder, with a copy of the identification card, passport or any other official document confirming the proxy's identity or, if the proxy is not an individual, a copy of an extract from the relevant register or another document confirming the authority of one or several individuals to represent the proxy at the AGM (e.g. an unbroken sequence of powers of attorney) and an identification card, passport or any other official document confirming the identity of the one or several individuals authorized to represent the proxy at the AGM.

#### ***Selected AGM-related rights of shareholders***

A shareholder or shareholders representing at least one-twentieth of the share capital of the Company are entitled to:

- (i) request the placement of specific matters on the agenda of the AGM. Such request should be delivered to the Company's Management Board no later than twenty-one days prior to the date of the AGM, i.e. by May 29<sup>th</sup>, 2020. The request should include justification or a draft resolution concerning a suggested item of the agenda. The request may be delivered via email to [wza@bioton.com](mailto:wza@bioton.com); or
- (ii) present to the Company in writing or via email to [wza@bioton.com](mailto:wza@bioton.com) or, before the date of the AGM, written draft resolutions concerning issues placed on the agenda of the AGM or issues which are to be placed on the agenda.

The above requests should be accompanied by copies of documents confirming the identity of the shareholder of the Company and/or the persons authorized to represent the shareholder, including:

- (i) depository certificate issued by the entity which maintains the securities account in which the Company's shares held by the shareholder are registered, confirming that the person is in fact the shareholder of the Company and that he holds at least one-twentieth of the share capital of the Company;
- (ii) if the shareholder is an individual, a copy of the identification card, passport or any other official document confirming the shareholder's identity; or
- (iii) if the shareholder is not an individual, a copy of an extract from the relevant register or any other document confirming the authority of one or several individuals to represent the shareholder at the AGM (e.g. an unbroken sequence of powers of attorney); or
- (iv) if the request is given by a proxy, (A) a copy of the power of attorney signed by the shareholder or, by the persons authorized to represent that shareholder with a copy of the identification card, passport or any other official document confirming the proxy's identity or (B) if the proxy is not an individual, a copy of an extract from the relevant register or another document confirming the authority of one or several individuals to represent the proxy at the AGM (e.g. an unbroken sequence of powers of

attorney) and an identification card, passport or any other official document confirming the identity of one or several individuals authorized to represent the proxy at the AGM.

At the AGM, each shareholder of the Company may present draft resolutions concerning the issues placed on the agenda.

***The method of participation in the AGM and the method of exercising the voting right***

A shareholder who is an individual may participate in the AGM and exercise the voting right either personally or through a proxy. Shareholders other than individuals may participate in the AGM and exercise the voting right through a person authorized to make representations of will on its behalf, or by proxy. A power of attorney should be made in writing or granted electronically. A power of attorney granted electronically does not require a secure electronic signature verified with the use of a valid qualified certificate.

One should notify the Company on granting the power of attorney in electronic form by sending the document in "*pdf*" format (or other format readable to the Company) signed by the shareholder or in case of shareholders other than natural persons, by persons authorized to represent the shareholder, or by e-mail to the address [wza@bioton.com](mailto:wza@bioton.com)

For the purpose of identification of the shareholder granting the power of attorney, the notification on granting the power of attorney in electronic form should include (as an enclosure in "*pdf*" format or other format readable to the Company):

- (i) if the shareholder is an individual, a copy of the identification card, passport or any other official document confirming the shareholder's identity; or
- (ii) if the shareholder is not an individual, a copy of an extract from the relevant register or any other document confirming the authority of one or several individuals to represent the shareholder at the AGM (e.g. an unbroken sequence of powers of attorney).

In case of doubts as to the authenticity of the copies of the above mentioned documents, the Management Board of the Company reserves the right to demand that the proxy presents the following upon drawing up the attendance list:

- (i) if the shareholder is an individual, a true and correct copy of the original certified as such by a notary or an entity authorized to confirm that a copy of an identity card, a passport or any other official document confirming the identity of the shareholder is a true and correct copy of the original; or
- (ii) if the shareholder is not an individual, an original or a copy of the original certified as true and correct by a notary or another entity having the authority to confirm that a document is a true and correct copy of an extract from the relevant register or any other document confirming the authority of one or several individuals to represent the shareholder at the AGM (e.g. an unbroken sequence of powers of attorney).

In order to identify the proxy, the Management Board of the Company reserves the right to demand that the proxy presents the following upon drawing up the attendance list:

- (i) if the proxy is an individual, the original of the identity card, passport or any other official document confirming proxy's identity; or
- (ii) if the proxy is not an individual, an original or a copy of the original certified as true and correct by a notary or another entity having the authority to confirm as such a copy of an extract from the relevant register or another document confirming the authority of one or several individuals to represent the proxy at the AGM (e.g. an unbroken sequence of powers of attorney) and an identity card, passport or any other official document confirming the identity of one or several individuals authorized to represent the proxy at the AGM.

The forms referred to in Article 402 (3) § 1 item 5 of the CCC authorizing shareholders to exercise the voting right through a proxy are available on the Company's website [www.bioton.com](http://www.bioton.com). The Company does not require that the power of attorney be granted on such form only.

Furthermore, the Management Board of the Company declares that if a shareholder grants a power of attorney with voting instructions, the Company will not verify if the proxies did exercise the voting rights in accordance with the instructions received from the shareholders. In the light of the above, the Management Board of the Company would like to emphasize that voting instructions should be delivered to the proxy only.

The Company makes a reservation that a shareholder using electronic means of communication bears the sole and exclusive risk related to the use of such means of communication. The notice of granting a power of attorney electronically and the written draft resolutions concerning the matters included in the agenda of the AGM or matters which are to be placed on the agenda should be delivered to the Company no later than by the end of the day preceding the date of the AGM. The Company cannot guarantee that it will be able to verify the identity of shareholders presenting draft resolutions or granting a power of attorney on the date of the AGM.

The Statute of the Company do not provide for the right to participate in the AGM, to take the floor at the AGM or to exercise voting rights via the use of means of electronic communication. The Statute of the Company do not provide for the right to exercise voting rights by post.

#### ***Materials pertaining to the General Meeting***

Any person authorized to participate in the AGM may obtain, prior to the AGM, the full and complete text of the documentation which is to be presented at the AGM, including the draft resolutions or, if no resolutions have been proposed, the comments of the Management Board or the Supervisory Board of the Company relating to the issues on the agenda of the AGM or the issues which are to be put on the agenda, from the Company's website [www.bioton.com](http://www.bioton.com) or from the offices of the Company's Management Board (Macierzysz, ul. Poznańska 12) between hours 10:00 a.m. – 4:00 p.m. from Monday till Friday (except for public holidays).

#### ***Registration of attendance at the AGM***

Persons authorized to participate in the AGM are requested to register and to collect a voting card directly in front of the meeting room half an hour before the start of the AGM session.

#### ***Further Information***

All the information relating to the AGM will be available at the Company's website [www.bioton.com](http://www.bioton.com). Moreover, the Management Board of the Company declares that any and all issues which are not covered by this announcement will be governed by the Code of Commercial Companies and the Statute of the Company. Therefore, the shareholders are asked to review the above regulations. In case of any questions or doubts relating to participation in the General Meeting please contact e-mail: [wza@bioton.com](mailto:wza@bioton.com)

## **Draft resolutions of the AGM**

to the 5<sup>th</sup> item of the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on consideration and approval  
of the report of the Management Board on the activities of BIOTON S.A.  
and the financial statement of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 1 of the Code of Commercial Companies, after considering the report of the Management Board on the activities of BIOTON S.A. and the financial statement of the Company for the year ended December 31<sup>st</sup>, 2019, approves the report of the Management Board on the operations of the Company and the financial statement of BIOTON S.A., including:

1. the balance sheet prepared as at December 31<sup>st</sup>, 2019, which shows an amount of PLN 897 379 k on the side of assets and liabilities (in words: eight hundred ninety seven million and three hundred seventy nine thousand zlotys);
2. profit and loss account for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a net loss in the amount of PLN 195 984 k (in words: one hundred ninety five million and nine hundred eighty four thousand zlotys);
3. the statement of comprehensive income for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019 showing total negative total income in the amount of PLN 196 204 k (in words: one hundred ninety six million and two hundred four thousand zlotys);
4. statement of changes in equity for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in equity of PLN 196 204 k (in words: one hundred ninety six million and two hundred four thousand zlotys);
5. cash flow statement for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in cash by PLN 113 k (in words: one hundred thirteen thousand zlotys);
6. additional information, including information about the adopted accounting policy and other explanatory information.

§ 2

The resolution comes into force as on day of its adoption.”

to the 6<sup>th</sup> item on the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*regarding the consideration and approval of the Management Board's report on the operations of the BIOTON S.A. Capital Group and the consolidated financial statement of the BIOTON S.A. Capital Group for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 1 of the Code of Commercial Companies, after considering the report of the Management Board on the activities of BIOTON S.A. and the financial statement of the Company for the year ended December 31<sup>st</sup>, 2019, approves the report of the Management Board on the operations of the Company and the financial statement of BIOTON S.A., including:

1. consolidated balance sheet prepared as at December 31<sup>st</sup>, 2019, which shows an amount of PLN 881 417 k on the side of assets and liabilities (in words: eight hundred eighty eight million and four hundred seventeen thousand zlotys);
2. consolidated profit and loss account for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019 showing a net loss in the amount of PLN 126 693 k (in words: one hundred twenty six million and six hundred ninety three thousand zlotys);
3. the consolidated statement of comprehensive income for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a negative total income in the amount of PLN 130 794 k (in words: one hundred thirty million and seven hundred ninety four thousand zlotys);
4. statement of changes in consolidated equity for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in equity of PLN 130 794k (in words: one hundred thirty million and seven hundred ninety four thousand zlotys);
5. consolidated cash flow statement for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in the net cash balance by PLN 568 k (in words: five hundred sixty eight thousand zlotys);
6. additional information, including information about the adopted accounting policy and other explanatory information.

§ 2

The resolution comes into force as on day of its adoption.”

to the 7<sup>th</sup> item on the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on the consideration and approval of the reports of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 382 § 3 and art. 395 § 5 of the Code of Commercial Companies and in accordance with the principle II.Z.10 "Good Practices of Companies Listed on the GPW" in the version effective from January 1<sup>st</sup>, 2016, approves after consideration the report for 2019 prepared by the Company's Supervisory Board, covering:

1. report on the activities of the Company's Supervisory Board in 2019;
2. report on the results of the assessment of: (i) report of the Board of the Company's activities in 2019, (ii) financial statement of the Company for fiscal year 2019, (iii) the report of the Management Board on the activities of the BIOTON S.A. Capital Group in 2019, (iv) consolidated financial statement of the BIOTON S.A. Capital Group for 2019 and (v) proposal of the Board on the coverage of losses for the fiscal year 2019;
3. assessment of the situation of the company in 2019, taking into account the evaluation of the internal control systems, risk management, the "compliance" rules and the internal audit function;
4. the assessment of the manner in which the Company fulfils its disclosure obligations regarding the application of corporate governance principles set out in the stock exchange regulations and regulations regarding current and periodic information provided by issuers of securities.

§ 2

The resolution comes into force as on day of its adoption."

**REPORT OF THE SUPERVISORY BOARD OF BIOTON S.A. FOR 2019, INCLUDING:**

- (I) **REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD OF BIOTON SA FOR 2019;**
  - (II) **EVALUATION REPORT OF:**
    - **REPORT OF THE BOARD ON THE ACTIVITIES OF BIOTON S.A. AND FINANCIAL STATEMENT OF BIOTON S.A. FOR 2019,**
    - **REPORT OF THE BOARD ON THE ACTIVITIES OF THE CAPITAL GROUP BIOTON S.A. AND CONSOLIDATED FINANCIAL STATEMENT OF THE CAPITAL GROUP BIOTON S.A. FOR 2019,**
    - **THE BOARD'S REQUEST AS TO THE METHOD OF COVERING OF THE LOSS OF THE COMPANY FOR 2019;**
  - (III) **ASSESSMENT OF BIOTON SA SITUATION IN 2019, INCLUDING ASSESSMENTS OF INTERNAL CONTROL SYSTEMS, RISK MANAGEMENT, COMPLIANCE AND INTERNAL AUDITING FUNCTIONS;**
  - (IV) **THE ASSESSMENT OF HOW THE COMPANY MEETS ITS DISCLOSURE OBLIGATIONS FOR THE APPLICATION OF THE PRINCIPLES OF GOOD GOVERNANCE SET OUT IN THE REGULATIONS OF THE STOCK EXCHANGE AND RULES ON CURRENT AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES;**
  - (V) **RECOMMENDATIONS FOR BIOTON S.A.'S GENERAL MEETING OF SHAREHOLDERS.**
- (I) **REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD OF BIOTON S.A. FOR 2019**
    1. Composition of the Supervisory Board and the Audit Committee of the Supervisory Board

Pursuant to §17 par. 1 the Statute of Bioton S.A., during the reporting period, covering the fiscal year from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019 (the "**Reference Period**"), the Supervisory Board consisted of not less than 5 and not more than 13 members appointed in accordance with the provisions of § 17 para. 2 of the Statute of the Company during the General Meeting.

On January 1<sup>st</sup>, 2019 the composition of the Supervisory Board was as follows:

- Mr. Jubo Liu (Chairman of the Supervisory Board),
- Mr. Dariusz Trzeciak (Vice Chairman of the Supervisory Board, fulfilling the criteria referred to in § 18 sec. 1 subsection 2 - 4 of the Company's Statute),
- Mr. Vaidyanathan Viswanath (Member of the Supervisory Board),
- Mr. Mark Ming-Tso Chiang (Member of the Supervisory Board),
- Mr. Qi Bo (Member of the Supervisory Board),
- Mr. Gary He (Member of the Supervisory Board).

On June 28<sup>nd</sup>, 2019, the Ordinary General Meeting of the Shareholders of the Company appointed for the term of office Mr. Jubo Liu, Mr. Dariusz Trzeciak, Mr. Ramesh Rajentheran, Mr. Vaidyanathan Viswanath, Mr. Mark Ming-Tso Chiang, Mr. Pana Bo Qi, Mr. Gary He.

On December 3<sup>rd</sup>, 2019, the Extraordinary General Meeting of the Shareholders of the Company dismissed from the function of the Members of the Supervisory Board S.A. Mr. Mark Ming-Tso Chiang, Mr. Pana Bo Qi, Mr. Gary He.

On December 3<sup>rd</sup>, 2019, the Extraordinary General Meeting of the Shareholders of the Company appointed to perform the function of the Members of the Supervisory Board S.A. Dr Hao Fan, Mr. Nicola Cadei, Mr. Wei Ming Tan.

On December 31<sup>st</sup>, 2019, the allocation of functions on the Supervisory Board looked as follows:

- Dr Hao Fan (Chairman of the Supervisory Board),
- Mr. Dariusz Trzeciak (Vice Chairman of the Supervisory Board, fulfilling the criteria referred to in the § 18 sec. 1 sub section 2 - 4 of the Company's Statute of Association),
- Mr. Ramesh Rajentheran (Vice Chairman of the Supervisory Board, fulfilling the criteria referred to in the § 18 sec. 1 sub section 2 - 4 of the Company's Statute of Association),
- Mr. Jubo Liu (Member of the Supervisory Board);
- Mr. Vaidyanathan Viswanath (Member of the Supervisory Board);
- Mr. Nicola Cadei (Member of the Supervisory Board),
- Mr. Wei Ming Tan - (Member of the Supervisory Board),

In the financial year 2019, the Audit Committee of the Company's Supervisory Board included:

- Mr. Dariusz Trzeciak – as Chairman of the Audit Committee of the Company's Supervisory Board from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019;
- Mr. Jubo Liu – as the Vice Chairman of the Audit Committee of the Company's Supervisory Board from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019; Mr. Jubo Liu has knowledge and practical skills in the field of industry in which the Company operates;
- Mr. Ramesh Rajentheran - as Member of the Audit Committee of the Company's Supervisory Board from July 7<sup>th</sup>, 2019 to December 31<sup>th</sup>, 2019. Mr. Ramesh Rajentheran has knowledge and skills in the field of accounting and/or auditing of financial statements.

All members of the Supervisory Board and the Audit Committee have appropriate qualifications as well as life and professional experience allowing for effective and reliable performance of the functions entrusted to them.



## 2. Principles and scope of activity of the Supervisory Board

The Supervisory Board of the Company worked in fiscal year 2019 in accordance with the provisions of the Code of Commercial Companies, the provisions of the Company Statute and rules of procedure of the Supervisory Board Regulations (determining the organization and the execution of the actions) and the Good Practices of Companies Listed on the Warsaw Stock Exchange. In the 2019 financial year since June 28<sup>th</sup>, 2019, the Supervisory Board of the Company included 2 Supervisory Board Members meeting the independence criteria referred to in section II.Z.4. of the "Good Practices of Companies Listed on the GPW".

In 2019, the Supervisory Board held a total of 12 Meetings, including the Meeting held by the means of the electronic communication and adopted 25 resolutions in total.

The resolutions covered, among others:

- Adoption of the report of the Supervisory Board of Bioton S.A. for 2018;
- Giving opinion on draft resolutions of the Extraordinary General Meeting of Shareholders of Bioton S.A. regarding the further existence of the Company;
- Approving the budget of the Bioton Capital Group for 2019
- Granting consent and its opinion of on the activities in connection with the process of concluding the fixed-term loan agreement, the agreement related with the loan agreement and establishing demanded security;
- Appointment of the Vice Chairman of the Supervisory Board;
- Appointment of the Audit Committee;
- Granting consent on concluding the Manufacturing Service Agreement;
- Assessment of the selection of the audit firm conducting the audit of the annual financial statement and consolidated financial statement of in accordance with applicable regulations;
- Assessment of the functioning of the Audit Committee in accordance with applicable regulations;
- Assessment of the consolidated financial statement and financial statement and assessment of the consolidated management's report on the operations and management's report on the operations of Bioton S.A.
- Giving opinion on draft resolutions of the Extraordinary General Meeting of Shareholders of Bioton S.A. regarding the further existence of the Company;
- Change of the Chairman of the Supervisory Board of Bioton S.A.

The subject of the Supervisory Board's Meetings was control and supervision over the current operations of the Company. The Supervisory Board issued opinions on the Company's current and planned activities, based on documents and information presented by the Management Board. The main priorities of the Supervisory Board were:

- implementation of statutory corporate governance obligations - in particular, supporting the Management Board in market analysis, building a plan for further development, strategic goals of the Management Board;
- supporting the Management Board in defining business priorities, financial plans and the Group's strategy;
- analysis of financial results and cost structure of the Company as well as individual Group companies;
- analysis of the sales strategy of selected assets of the Group identified as non-strategic assets;
- analysis of the Company's strategy in the area of development and acquisition of new products, including conducting development works on insulin analogues;
- the Company's relationships with major banks financing the Company;
- changes in the organizational structure of the Company.

In the discussed period, a total of 2 Meetings of the Audit Committee were held (April 26<sup>th</sup>, 2019; September 25<sup>th</sup>, 2019) with main purpose to discuss the financial results of the Company and its Capital Group. The members of the

Audit Committee remained in touch on the issues discussed. Committee resolution are also being adopted by using means of direct remote communication.

**(II) REPORT ON THE ASSESSMENT OF BIOTON SA FINANCIAL STATEMENT AND BIOTON SA CAPITAL GROUP FOR YEAR 2019**

In accordance with art. 382 § 3 of the Commercial Companies Code, the Supervisory Board assessed:

1. The Company's financial statements for the financial year ended on December 31<sup>st</sup>, 2019, including:
  - the balance sheet prepared as at December 31<sup>st</sup>, 2019, which shows an amount of PLN 897 379 k on the side of assets and liabilities (in words: eight hundred ninety seven million and three hundred seventy nine thousand zlotys);
  - profit and loss account for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a net loss in the amount of PLN 195 984 k (in words: one hundred ninety five million and nine hundred eighty four thousand zlotys);
  - the statement of comprehensive income for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019 showing total negative total income in the amount of PLN 196 204 k (in words: one hundred ninety six million and two hundred four thousand zlotys);
  - statement of changes in equity for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in equity of PLN 196 204 k (in words: one hundred ninety six million and two hundred four thousand zlotys);
  - cash flow statement for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in cash by PLN 113 k (in words: one hundred thirteen thousand zlotys);
  - additional information, including information about the adopted accounting policy and other explanatory information.
2. The report of the Management Board of the Company's activities in the financial year ending on December 31<sup>st</sup>, 2019.
3. An application of the Management Board to the Company's Ordinary General Meeting to cover the Company's net loss for the fiscal year 2019 in the amount of PLN 195 984 344,03 zlotys (in words: one hundred ninety five million and nine hundred eighty four thousand three hundred forty four zlotys three grosze) with profits from future periods.
4. The Consolidated Financial Statements of the BIOTON Capital Group for the financial year ended on December 31<sup>st</sup>, 2019, including:
  - consolidated balance sheet prepared as at December 31<sup>st</sup>, 2019, which shows an amount of PLN 881 417 k on the side of assets and liabilities (in words: eight hundred eighty eight million and four hundred seventeen thousand zlotys);
  - consolidated profit and loss account for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019 showing a net loss in the amount of PLN 126 693 k (in words: one hundred twenty six million and six hundred ninety three thousand zlotys);
  - the consolidated statement of comprehensive income for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a negative total income in the amount of PLN 130 794 k (in words: one hundred thirty million and seven hundred ninety four thousand zlotys);
  - statement of changes in consolidated equity for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in equity of PLN 130 794k (in words: one hundred thirty million and seven hundred ninety four thousand zlotys);
  - consolidated cash flow statement for the period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, showing a decrease in the net cash balance by PLN 568 k (in words: five hundred sixty eight thousand zlotys);
  - additional information, including information about the adopted accounting policy and other explanatory information.
5. The report of the Management Board of the Group's activities in the financial year ending on December 31<sup>st</sup>, 2019.

When analysing and assessing the reports and the application referred to above, the Supervisory Board used the opinion and reports of the statutory auditor appointed to audit the financial statements of the Company and the Group for 2019 (hereinafter referred to as "Statutory Auditor"), as well as the opinion of members of the Supervisory Board Audit Committee formulated after Meetings of the Audit Committee with the participation of the Company's Management Board and the Company's Statutory Auditor.

In his opinions, the Auditor stated that the financial statements of the Company and the Group for 2019, in all material aspects:

- provide reliable and clear information relevant to the assessment of the property and financial situation of the Company and the Group as at December 31st, 2018, as well as their financial results for the financial year from January 1st, 2019 to December 31st, 2019;
- have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission, and in the scope not regulated in these standards - in accordance with the requirements of the Act of September 29th, 1994 on accounting (i.e. of January 30, 2018, Journal of Laws of 2018, item 395) ("Accounting Act") and executive regulations issued on its basis and on the basis of properly kept accounting books of the Company;
- are in compliance with the provisions of law affecting the content of financial statements, including the ones applicable for the Group and the provisions of the Company Statute.

The auditor's report on the audit of the separate financial statements of the Company for the financial year 2019 does not contain a description of the types of risk of material misstatement.

In view of the above, the Supervisory Board states that: (i) the report on the Company's operations, (ii) the report on the operations of the Company's capital group, (iii) the Company's financial statements and (iv) the consolidated financial statements of the Company's Capital Group that were prepared for the period from 1 January 2019 to 31 December, 2019 are consistent with the books, documents and actual status.

Supervisory Board approves the motion of the Management Board to the Company's Ordinary General Meeting to cover the Company's net loss for the fiscal year 2019 in the amount of PLN 195 984 344,03 zlotys (in words: one hundred ninety five million and nine hundred eighty four thousand three hundred forty four zlotys three grosze) with profits from future periods.

### **(III) EVALUATION OF THE COMPANY'S SITUATION IN 2019 WITH THE ASSESSMENT OF THE INTERNAL CONTROL SYSTEM, RISK MANAGEMENT, COMPLIANCE AND FUNCTION OF THE COMPANY'S INTERNAL AUDIT**

Pursuant to Rule II.Z.10.1 of the "Good Practices of Companies Listed on the GPW 2016" in the wording effective from January 1<sup>st</sup>, 2016, the Supervisory Board of the Company after analysing the financial statements and results of the Company in 2019 and after hearing the Auditor's opinion after his revision of the Company's financial statements, positively evaluates the Company's financial situation in 2019.

In addition, the Supervisory Board, taking into account the development strategy pursued by the Management Board of the Company, positively assesses the Company's development prospects.

In the opinion of the Supervisory Board, the Company has a solid foundation for growth resulting primarily from concluded on January 16<sup>th</sup>, 2020 the assignment agreement (Novation Agreement) with effect from January 1<sup>st</sup>, 2020 to the Global Exclusive License Framework Agreement dated March 27<sup>th</sup>, 2018 as amended ("Agreement"), between the Company, YIFAN INTERNATIONAL PHARMACEUTICAL CO., LTD. with its seat in Hong Kong ("Assignor") a SCIGEN PTE. LTD. with its seat in the Singapore ("Assignee"), on the ground of which Bioton granted the Assignee the exclusive right to import and distribution of Bioton's products on the Territory (all counties except Poland). The Assignor and Bioton intend to improve the global sales of products, therefore, to fulfil the contractual obligations, it was necessary to transfer rights and obligations from the Agreement. In addition, the Assignee is a wholly-owned subsidiary of the

Assignor, is a professional and experienced entity in the sale of pharmaceutical products on the global market. Further cooperation regarding the Agreement is important for improving the global sales of Bioton's products. The Agreement was concluded for a period of 15 years with an automatic option of extension for a further period of 5 years unless either party submits a written notice of the Agreement at least 12 months before the end of the period for which it was concluded.

For the establishment of an effective system of internal control and risk management in the company is the responsibility of the Management Board, what is verified by the Statutory Auditor appointed by the Company's Board of Directors, within the framework of the carried-out research reports.

In the opinion of the Supervisory Board, the system of internal control, risk management, known as "compliance" rules, as well as internal audit functions are adjusted to the size and profile of risk related to the current operations of the Company, and are subject to continuous improvement. The Company shall take appropriate action in order to implement the best practices, paying particular importance to manage currency risk, liquidity and systems integration, as well as ensure compliance with the requirements of the legal environment of the Company.

In view of the above, after taking into account the reviews of the Statutory Auditor and the opinions of the members of the Audit Committee, the Supervisory Board underlines the fact the involvement of the Board in issues related to internal control and welcomes its support in the development of solutions in this area. The Supervisory Board draws attention to the recommendation of the Audit Committee relating to the further strengthening of the internal control system and the management of risk material to the Company.

The Supervisory Board is of the opinion that the Company has the foundations and the potential to meet the new challenges posed by the development of the Company and the increase in the value of the Company.

The Supervisory Board points out the lack of the Company's policy regarding the company's sponsorship, charity or other activities of a similar nature due to the fact that it does not carry out the above-mentioned activities. operations by the Company.

**(IV) THE ASSESSMENT OF HOW THE COMPANY MEETS ITS DISCLOSURE OBLIGATIONS FOR THE APPLICATION OF THE PRINCIPLES OF GOOD GOVERNANCE SET OUT IN THE REGULATIONS OF THE STOCK EXCHANGE AND RULES ON CURRENT AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES**

Pursuant to Rule II.Z.10.3 of the "Good Practices of Companies Listed on the GPW 2016" in the wording effective from January 1<sup>st</sup>, 2016, the Company's Supervisory Board has assessed how the Company complies with its disclosure obligations regarding the application of corporate governance rules set out in the Stock Exchange Rules and regulations current and periodic information provided by issuers of securities.

From January 1<sup>st</sup>, 2016, a set of corporate governance rules is in force, namely the "Good Practices of Companies Listed on the GPW 2016". Pursuant to § 29 para. 3 of the Stock Exchange Regulations, if the principle of detailed corporate governance is not applied permanently or is affected incidentally, the issuer is required to publish a report on such case. The report should be published on the issuer's official website and via the Electronic Information Base (EIB). The Company informed through the Current report EBI 1/2016 about the scope of non-application of the "Good Practices of Companies Listed on the GPW 2016".

In addition, the Regulation of the Minister of Finance of March 29<sup>th</sup>, 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws from 2018 item 757) specifies what information should be included in the statement on the application of corporate governance constituting a separate part of the report on the issuer's activity in the annual report of the company.

Such a statement, forming part of the Management Board's Reports on the Company's and Group's operations, was forwarded by the Company to the public in the time limits set by law.

After reviewing the content of the report and the statement of the Management Board and the Company's practice, the Supervisory Board considered that the principle adopted by the Company for application have been made available by the Company, are in conformity with the requirements, reliably reflect the use of governance principles and represent stakeholders in a transparent and exhaustive way mechanisms of the Company. The company also provides communication with investors, shareholders and the media, in particular guided by the principle of equal and non-discriminatory access to disclosed information.

Given the above, the Supervisory Board gives a positive opinion on the manner in which the Company fulfils its disclosure obligations regarding the application of corporate governance principles set out in the stock exchange regulations and regulations regarding current and periodic information provided by issuers of securities.

#### **(V) RECOMMENDATIONS FOR BIOTON S.A.'s GENERAL MEETING OF SHAREHOLDERS**

Conclusions of the Supervisory Board to the General Meeting of the Company's Shareholders regarding the financial statements of the Company and the Group for financial year 2019:

As a result of the assessment of the Company and Group financial statements, the Supervisory Board has decided to recommend the Company's Ordinary General Meeting of Shareholders:

1. approval of the Company's financial statement for the financial year ended on December 31<sup>st</sup>, 2019;
2. approval of the report of the Management Board of the Company's activities in the financial year ending on December 31<sup>st</sup>, 2019;
3. approval of the consolidated financial statement of the Group for the year ending on December 31<sup>st</sup>, 2019,
4. approval of the report of the Management Board of the Group's activities in the financial year ending on December 31<sup>st</sup>, 2019;
5. adopting of a resolution on covering the Company's net loss for the fiscal year 2019 in the amount of PLN 195 984 344,03 zlotys (in words: one hundred ninety five million and nine hundred eighty four thousand three hundred forty four zlotys three grosze) with profits from future periods;
6. granting to all Members of the Management Board and the Supervisory Board of the Company, performing these duties in the financial year 2019, a discharge for performing their duties in the financial year ended on December 31<sup>st</sup>, 2019;
7. Opinion of the Company's Supervisory Board on draft resolutions of the Ordinary General Meeting of Shareholders of the Company:

In order to submit to the Ordinary General Meeting of the Company, the Supervisory Board of the Company, acting on the basis of the "Good Practices of Companies Listed on the GPW", after consideration, decides to give a positive opinion on draft resolutions of the Ordinary General Meeting of the Company."

to the 8<sup>th</sup> item on the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on covering the net loss of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 395 § 2 section 2 of the Code of Commercial Companies, decides to adopt a resolution to cover the Company's net loss for the fiscal year 2019 from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019 in the amount of PLN 195 984 344,03 (in words: one hundred ninety five million and nine hundred eighty four thousand three hundred forty four zlotys three grosze) with profits from future periods.

§ 2

The resolution comes into force as on day of its adoption.”

**REQUEST BY THE MANAGEMENT BOARD OF BIOTON S.A. ("COMPANY") TO THE ORDINARY GENERAL MEETING ON COVERING THE NET LOSS OF BIOTON S.A. FOR 2019**

The Management Board of BIOTON S.A. requests to cover the Company's net loss for the fiscal year 2018 in the amount of PLN 195 984 344,03 (in words: one hundred eighty five million nine hundred eighty four thousand three hundred forty four zlotys and three grosze) with profits from future periods.

**EXPLANATORY STATEMENT:**

The year 2019 closes the first stage of activities related to the transformation of the Company, about which the Management Board informed in the previous two years. The basic part of this stage was building the foundations for effective organization from a quantitative and qualitative point of view. The Company, in the current simplified and more flattened organizational structure, will be able to operate more efficiently on the market, both in terms of speed of operation and incurred costs. In 2019, as part of these activities, the Company simplified a number of processes, reducing their number by more than 40% through eliminations, and also significantly implementing electronic solutions in both document circulation and ongoing communication, which among other things resulted in much better understanding of costs functioning of the organization.

One of the significant areas of the Company's activities last year was the optimization of commercial activities both in Poland and on international markets. In Poland, these activities were related in particular to the optimization of the product portfolio and its significant reduction, thanks to which products with zero or negative profitability were eliminated taking into account all costs incurred. These reductions covered more than half of the brands in the Bioton portfolio in Poland, and their goal is to improve achieved margins and focus the commercial team's activities around the diabetology area, in accordance with the direction set at the beginning of the transformation process in 2017.

The effects of these changes are already visible, bringing a steady increase in market share, which, e.g. in the insulin market has reached 34.5% in accordance with IMS data for January 2020, quantitatively, which is the highest historically level in recent years.

In the individual statement, the Company also made a write-off in the total amount of PLN 173.4 million, related to Biolek's operations and the occurrence of two force majeure events - i.e. ASF disease and associated with the COVID-19 pandemic, which was the basis for the write-off in the company Biolek. In the consolidated statement, the Group made a write-down of PLN 90.9 million related to Suilectin and Goodwill, in the amount of PLN 55.5 million. The write-offs were confirmed by the auditor's opinion, however, they are not cash-based for the Company.

to the 9<sup>th</sup> item on the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Management Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Robert Neymann** discharge for the performance of duties as the Chairman of the Management Board of BIOTON S.A. 2019.

§ 2

The resolution comes into force as on day of its adoption.”

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Management Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Adam Polonek** discharge for the performance of duties as the Member of the Management Board of BIOTON S.A. 2019.

§ 2

The resolution comes into force as on day of its adoption.”

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Management Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Marek Dzik** discharge for the performance of duties as the Member of the Management Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to February 18<sup>th</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”



**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Management Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Bogusław Kociński** discharge for the performance of duties as the Member of the Management Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to April 26<sup>th</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”

to the 10<sup>th</sup> item on the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Jubo Liu** discharge for the performance of duties as the Chairman of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to June 28<sup>th</sup>, 2019 and discharge for the performance of duties as the Member of the Supervisory Board of BIOTON S.A. since June 28<sup>th</sup>, 2019 to July 7<sup>th</sup>, 2019 and discharge for the performance of duties as the Chairman of the Supervisory Board of BIOTON S.A. since July 7<sup>th</sup>, 2019 to December 10<sup>th</sup>, 2019 and discharge for the performance of duties as the Member of the Supervisory Board of BIOTON S.A. since December 10<sup>th</sup>, 2019 to December 31<sup>st</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Dariusz Trzeciak** discharge for the performance of duties as the Vice Chairman of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to June 28<sup>th</sup>, 2019 and discharge for the performance of duties as the Member of the Supervisory Board of BIOTON S.A. since June 28<sup>th</sup>, 2019 to July 7<sup>th</sup>, 2019 and discharge for the performance of duties as the Vice Chairman of the Supervisory Board of BIOTON S.A. since June July 7<sup>th</sup>, 2019 to December 31<sup>st</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Vaidyanathan Viswanath** discharge for the performance of duties as a Vice Chairman of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to June 28<sup>th</sup>, 2019 and discharge for

the performance of duties as a Member of the Supervisory Board of BIOTON S.A. from June 28<sup>th</sup>, 2019 to December 31<sup>st</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption."

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Mark Ming-Tso Chiang** discharge for the performance of duties as a Member of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to December 3<sup>rd</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption."

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Bo Qi** discharge for the performance of duties as a Member of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to December 3<sup>rd</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption."

**RESOLUTION NO [•]  
Of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Gary He** discharge for the performance of duties as a Member of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2019 to December 3<sup>rd</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption."

**RESOLUTION NO [•]  
Of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Dr. Hao Fan** discharge for the performance of duties as a Member of the Supervisory Board of BIOTON S.A. since December 3<sup>rd</sup>, 2019 to December 10<sup>th</sup>, 2019 and discharge for the performance of duties as a Chairman of the Supervisory Board of BIOTON S.A. since December 10<sup>th</sup>, 2019 to December 31<sup>st</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”

**RESOLUTION NO [•]  
Of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Ramesh Rajentheran** discharge for the performance of duties as a Member of the Supervisory Board of BIOTON S.A. since June 28<sup>th</sup>, 2019 to July 7<sup>th</sup>, 2019 and discharge for the performance of duties as a Vice Chairman of the Supervisory Board of BIOTON S.A. since July 7<sup>th</sup>, 2019 to December 31<sup>st</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”

**RESOLUTION NO [•]  
Of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Nicola Cadei** discharge for the performance of duties as a Member of the Supervisory Board of BIOTON S.A. since December 3<sup>rd</sup>, 2019, 2019 to December 31<sup>st</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”

**RESOLUTION NO [•]  
Of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2019*

„§1

The Ordinary General Meeting of BIOTON S.A., pursuant to art. 393 sec. 1 and art. 395 § 2 sec. 3 of the Code of Commercial Companies, grants **Mr. Wei Ming Tan** discharge for the performance of duties as a Member of the Supervisory Board of BIOTON S.A. since December 3<sup>rd</sup>, 2019 to December 31<sup>st</sup>, 2019.

§ 2

The resolution comes into force as on day of its adoption.”

to the item 11<sup>th</sup> of the agenda

**RESOLUTION NO [•]  
Of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 19<sup>th</sup>, 2020**

*regarding adoption of the Remuneration Policy for Members of the Supervisory Board and Management Board  
of the Company*

„§1

Ordinary General Meeting of BIOTON S.A., pursuant to art 90 d sec. 1 of the Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies (Journal of Laws of 2019, item 2217), constitutes to adopt the remuneration policy for the Members of the Supervisory Board and Management Board of the Company ("**Remuneration Policy**") with the following content:

**"Remuneration Policy of Bioton S.A. ("Remuneration Policy")**

Acting pursuant to art. 90d para. 1 of the Act, this Remuneration Policy is adopted in Bioton S.A. with its registered office in Warsaw ("**Company**").

**§1**

**DEFINITIONS**

The following terms have the following meanings in the Remuneration Policy:

- 1) **Capital Group** - it ought to be understood as a group of Companies in which the Company is a parent company,
- 2) **Person Covered with the Policy** - it ought to be understood as a member of the Management Board or member of the Supervisory Board.
- 3) **Agreement with a Member of the Management Board** - it ought to be understood as an agreement for the provision of management services, an employment contract, a contract of mandate or other similar legal relationship between the Company and a member of the Management Board,
- 4) **Supervisory Board**- it ought to be understood as the Company's supervisory board.
- 5) **Report** - it ought to be understood as the remuneration report prepared by the Supervisory Board referred to in art. 90g of the Act.
- 6) **Financial Report** - it should be understood as financial statements approved by the ordinary general meeting within the meaning of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 1680, as amended.)
- 7) **Statute** - it ought to be understood as the Company's statute,
- 8) **Act** – it ought to be understood as the Act of 29 July 2005 on public offering and conditions governing the introduction of financial instruments to organised trading, and on public companies (Journal of Laws of 2019, item 2217, as amended).
- 9) **General Meeting** - it ought to be understood as the general meeting of the Company.
- 10) **Management Board**- it ought to be understood as the Company's management board.
- 11) **Ordinary General Meeting** - it should be understood as the General Meeting, the subject of which is consideration and approval of the Management Board's report on the Company's operations and the Financial Statement for the previous financial year, adopting resolutions on the distribution of profit or covering loss, granting members of bodies discharge from their duties and taking the resolution referred to in art. 90g para. 6 of the Act.

**GENERAL PROVISIONS**

1. The Remuneration Policy regulates the principles of remuneration of a Person Covered with the Policy.
2. The company pays remuneration to a Person Covered with the Policy only under the principles described in the Remuneration Policy.
3. The Company provides the Remuneration Policy on the principles provided for in the Act, but not longer than for the duration of the Remuneration Policy.
4. The Remuneration Policy, in the scope regulated in it, is a superior document over other documents regulating the principles of remuneration of the Person Covered with the Policy, which are binding in the Company.
5. Without prejudice to the Remuneration Policy, Persons Covered with the Policy shall also be subject to generally applicable law, the provisions of relevant agreements, as well as internal regulations in force in the Company, including in particular the provisions of the Statute, the regulations of the Company's bodies and resolutions of these bodies.
6. The Remuneration Policy contributes to the implementation of the assumptions of the Company's development strategy, which sets the directions of the Company's business operations, its long-term and short-term objectives as well as aspects of its stability ("**Strategy**"). The Strategy defines the objectives to be achieved by the Capital Group, including the Company ("**Objectives**"). The implementation of the Objectives is closely related to the level of remuneration for Persons Covered with the Remuneration Policy, especially members of the Management Board.
7. The rules for remuneration of a Person Covered with the Policy provided for in the Remuneration Policy contribute to the implementation of the Strategy and Objectives by ensuring:
  - a. full involvement of a Person Covered with the Policy in performing functions in the Company,
  - b. motivating a Person Covered with the Policy to implement the Strategy and Objectives,
  - c. permanent association of a Person Covered with the Policy with the Company,
  - d. the amount of remuneration of a Person Covered with the Policy, which is adequate to the financial and business results of the Capital Group, including the Company,
  - e. attitudes excluding excessive risk taking by a Person Covered with the Policy while performing functions and corrupt activities.
8. When determining the remuneration of a Person Covered with the Policy objective criteria are taken into account, including:
  - a. the amount of work necessary to properly perform functions in the Company,
  - b. the scope of duties and responsibilities related to performing functions in the Company,
  - c. the level of remuneration of other public companies, especially companies whose shares are admitted to trading on a regulated market,
  - d. the Company's size and financial results.
9. The Remuneration Policy takes the working and pay conditions of the Company's employees other than the Person Covered by the Policy into account by ensuring that remuneration conditions of a Person Covered with the Policy are justified by the scope of responsibility, which is related to the person performing their function in the Company. In particular, the Remuneration Policy ensures that the amount of variable remuneration is determined taking the increased risk associated with performing functions in the Company and the effects on the Company and a Person Covered by the Policy that may result from the materialization of this risk into account.
10. In order to avoid conflicts of interest related to the Remuneration Policy, the competences related to the adoption, application and verification of the Remuneration Policy are dispersed to individual bodies of the Company. The Person Covered by the Policy is obliged to notify the Company of any conflict of interests and interests of the Company or the possibility of its emergence. The Person Covered by the Policy should refrain from speaking in the discussion and from voting on the resolution concerning the matter related to the

Remuneration Policy, in connection with which such a conflict of interest occurred or can occur. A conflict of interest may arise in particular when:

- a. A Person Covered by the Policy may gain an advantage or avoid loss regarding their remuneration as a result of losses incurred by the Company and the Capital Group; or
- b. property interest of a Person Covered by the Policy expressed in the amount of the remuneration or the conditions for granting it remains divergent with the interest of the Company.

### **§3**

#### **RULES FOR THE ADOPTION AND APPLICATION OF THE REMUNERATION POLICY**

1. The Remuneration Policy is submitted to the General Meeting for approval at least every four years.
2. In the event of a change in the Remuneration Policy, new wording of the Remuneration Policy contains a description of significant changes introduced in relation to the Remuneration Policy and a description of the manner in which the content of the resolution giving opinion on the Report has been included in it.
3. A significant change in the Remuneration Policy requires a resolution of the General Meeting. A significant change to the Remuneration Policy is considered to be any change concerning:
  - a. indication of mutual proportions of fixed and variable components of remuneration of Persons Covered by the Policy,
  - b. premises and mode of temporary withdrawal from the Remuneration Policy, including elements from which a derogation from the Remuneration Policy may be applied,
  - c. changes to this § 3 para.3 of the Remuneration Policy.
4. A change in the Remuneration Policy that does not constitute a significant change in the Remuneration Policy requires a resolution of the Management Board. A resolution of the Management Board may be adopted only after the Supervisory Board has provided a positive opinion on the proposed changes in the Remuneration Policy.
5. If the General Meeting authorized the Supervisory Board to specify the elements of the Remuneration Policy, the elements are changed by the Supervisory Board, otherwise the change of these elements is reserved to the powers of the General Meeting.
6. The Management Board:
  - a. develops, updates and implements the Remuneration Policy and documents related to it,
  - b. changes the Remuneration Policy to the extent that it does not constitute a significant change to the Remuneration Policy,
  - c. provides the Supervisory Board with information necessary for the verification of the Remuneration Policy and its application, in particular in the scope of data covered by the Report within a time limit enabling the preparation of the Report on the principles described in §10 of the Remuneration Policy.
7. The Supervisory Board:
  - a. presents recommendations about the effectiveness of the provisions of the Remuneration Policy and their possible changes to the Management Board.
  - b. immediately develops elements of the Remuneration Policy, within the limits of the authorization granted by the General Meeting,
  - c. presents the Management Board with opinions on proposed changes to the Remuneration Policy, which are not a significant change to the Remuneration Policy.
  - d. performs the Review referred to in § 4 para. 1 of the Remuneration Policy.

### **§4**

#### **VERIFICATION OF REMUNERATION POLICY**

1. The Remuneration Policy is verified and applied by the Supervisory Board, which submits it for a comprehensive review and assesses the functioning of the Remuneration Policy from the point of view of achieving its objectives and provisions at least once a year ("**Review**"). In particular, the Supervisory Board:
  - a. verifies the adequacy of the criteria and conditions justifying the granting of the Variable Remuneration referred to in §5 paragraph 3 of the Remuneration Policies and
  - b. reads the annual *compliance* reports on the application of the Remuneration Policy.



2. Based on the conclusions formulated as part of the Review, the Supervisory Board provides the Management Board with any recommendations regarding the application or change to the Remuneration Policy.
3. The Review includes also completeness of the contents of the Report, in particular regarding mandatory elements of the Report indicated by the Act and the Remuneration Policy.

## §5

### REMUNERATION OF A MEMBER OF THE MANAGEMENT BOARD

1. Remuneration of a member of the Management Board includes a fixed part, including a monthly basic remuneration ("**Fixed Remuneration**"). The amount of Fixed Remuneration is determined individually for a member of the Management Board by the Supervisory Board in the Agreement with the Member of the Board. Fixed Remuneration is due for the period when a member of the Management Board performed a function in the Management Board.
2. Regardless of Fixed Remuneration, a member of the Management Board may be entitled to variable remuneration, the granting and amount of which is not guaranteed ("**Variable Remuneration**"). The award of Variable Remuneration depends on the implementation of financial or non-financial criteria.
3. The amount of variable remuneration is determined on the basis of the individual results of a member of the Management Board or the results of the Company and the Capital Group.
4. Variable Remuneration is granted individually to a given member of the Management Board by the Supervisory Board.
5. The Supervisory Board establishes the rules for granting remuneration to members of the Management Board by specifying the following elements of the Remuneration Policy:
  - a. a description of the components of Fixed and Variable Remuneration, as well as bonuses and other benefits in cash and in kind that may be granted to members of the Management Board ("**Description**"),
  - b. clear, comprehensive and diversified criteria in terms of financial and non-financial results regarding granting Variable Remuneration ("**Criteria**"),
  - c. periods of deferral of Variable Remuneration payment,
  - d. the rules for requesting the return of Variable Remuneration by the Company.
6. The Criteria include, in particular, the implementation of management objectives defined by the Supervisory Board and Objectives.
7. The Criteria should be set in a manner that balances the incentives for achieving individual results by the Person Covered by the Policy with the implementation of the Objective and Strategy, with particular regard to the interests of the Company and the Capital Group.
8. The Description may provide that the benefits granted to a member of the Management Board as part of variable remuneration are of a monetary or non-monetary nature.
9. The Description defines the components of Variable Remuneration in a balanced manner adapted to the Company's financial situation, capital resources and the Company's liquidity ratios.
10. If it is necessary to meet the Criteria previously set out to grant Variable Remuneration, the Supervisory Board confirms by resolution the acquisition of the right to Variable Remuneration by a member of the Management Board and the amount of this remuneration.
11. Variable Remuneration, the award or amount of which is subject to the discretion of the Supervisory Board is each time granted and settled on the basis of a resolution of the Supervisory Board.
12. Verification of compliance with non-financial or financial Criteria includes obtaining data confirming compliance with standards and objective measures of implementation of a specific task, enabling the assessment of the effectiveness of actions taken by a member of the Management Board in meeting the criteria.
13. Verification of compliance with the Financial Criteria is based in particular on data from the Company's Financial Statement or the consolidated Financial Statement of the Capital Group.

14. Fixed Remuneration should constitute such a part of the total remuneration of members of the Management Board so that it is possible to conduct a flexible policy regarding Variable Remuneration depending on the results of the Company or a Person Covered by the Remuneration Policy, including reducing the amount of these components or not paying them. The amount of Variable Remuneration granted in a given financial year may not be higher than 150% of Fixed Remuneration due for the same financial year.
15. Remuneration of a member of the Management Board may also be awarded in the form of financial instruments or derivative financial instruments as part of the incentive program in force in the Company ("**Incentive Program**").
16. The Supervisory Board specifies the periods for which the right to receive remuneration in the form of financial instruments or derivative financial instruments under the Incentive Program is acquired and the rules for subsequent disposal of these instruments by members of the Management Board, whereby:
  - a. The Incentive Program or its regulations should clearly specify the detailed conditions of the Incentive Program,
  - b. The Incentive Program should be structured in such a manner so as to contribute to the implementation of the Strategy.

## **§6**

### **DURATION OF THE AGREEMENT WITH A MEMBER OF THE MANAGEMENT BOARD**

1. An agreement with a Member of the Management Board may be concluded for a specified period corresponding to the period of the member of the Management Board's term of office provided for in the Statute or for an indefinite period.
2. An agreement with a Member of the Management Board may be terminated by agreement with a member of the Management Board and the Company or by making a statement by one of the parties to this agreement. Depending on the reasons for submitting a statement by one of the parties to the Agreement with a Member of the Management Board on its termination, this agreement shall be terminated with a notice period or without observing this period. The notice period for termination of the Agreement with a Member of the Management Board may not be longer than 6 months.
3. In the event of termination of the Agreement with a Member of the Management Board by the Company, a member of the Management Board is entitled to severance pay in the amount of six times of the Fixed Remuneration ("**Severance Pay**"). The Agreement with a Member of the Management Board may specify situations in which Severance Pay is not due. In particular, severance pay may not be due if the Agreement with a Member of the Management Board has been terminated due to the dismissal of a Member of the Management Board from the function of a member of the Management Board or due to a serious breach of basic employee obligations, defined in the Agreement with a Member of the Management Board.
4. In the event of termination of the Agreement with a Member of the Management Board, a member of the Management Board may be entitled to compensation for refraining from activities competitive to the Company or the Capital Group ("**Compensation**"). Compensation is due for 12 months period of the duration of the non-competition agreement. Due Compensation constitutes 75% of the Gross Fixed Remuneration in the period of first 6 months of the non-competition agreement and 50% of the Gross Fixed Remuneration during the remaining period of the duration of the non-competition agreement. In the event of termination of the non-competition agreement, the Compensation will be calculated proportionally from the date of the actual termination of the Agreement with a Member of the Management Board.

## **§7**

### **REMUNERATION OF A MEMBER OF THE SUPERVISORY BOARD**

1. Members of the Supervisory Board perform functions on the basis of appointment and solely in this respect are entitled to receive remuneration.
2. Members of the Supervisory Board are appointed by the General Meeting for a joint term of office of three years, unless the current wording of the Statute provides otherwise.

3. Remuneration of a member of the Supervisory Board is not granted in the form of financial instruments or benefits in kind, with the exception of technical tools and devices necessary for performing duties related to performing functions in the Company.
4. A resolution of the General Meeting may provide that a member of the Supervisory Board is entitled to a monthly lump-sum remuneration in a specified amount, regardless of the number of meetings of the Supervisory Board in which the member of the Supervisory Board participated. Alternatively, a resolution of the General Meeting may provide that for each meeting of the Supervisory Board in which a given member of the Supervisory Board participated, they are entitled to a defined amount of remuneration.
5. Due to the function performed, in particular the chairman of the Supervisory Board or the committee operating within the Supervisory Board, taking the scope of activities entrusted into account, the monthly remuneration of a member of the Supervisory Board may be increased by the amount indicated in the resolution of the General Meeting.
6. A Person Covered by the Policy is entitled to remuneration for the period commencing at the beginning of the duration of *the period of performing the function in the Company* and ending on the day the mandate expires. For the period in which a Person Covered by the Remuneration Policy remains suspended in performing functions in the Company, the Person Covered by the Policy is not entitled to remuneration. The remuneration of a member of the Supervisory Board is proportional to the number of days of performing functions in the Supervisory Board, in the event when the appointment or removal occurred during the calendar month.
7. The remuneration of a member of the Supervisory Board is not related to the results of the Company, unless the General Meeting of the Company adopts a resolution on granting a member of the Supervisory Board in the form of the right to participate in the company's profit for a given financial year, intended for distribution among the Company's shareholders, in accordance with art. 347 §1 of the CCC.

#### **§8**

#### **VARIABLE REMUNERATION WITH AN EXCEPTIONAL NATURE**

The Company does not grant individual benefits to Persons Covered with the Policy under retirement or early retirement programs.

#### **§9**

#### **WITHDRAWAL FROM THE REMUNERATION POLICY**

1. If it is necessary to realize the long-term interests and stability of the Company or to guarantee its profitability, the Company may temporarily refrain from applying the Remuneration Policy to the Person Covered by the Policy ("**Withdrawal**").
2. A decision on applying the Withdrawal is taken by the Supervisory Board by way of resolution.
3. Premises for applying the Withdrawal are considered in particular issues related to the implementation of the Strategy and Objectives and such actions, failure to undertake of which could negatively affect the possibility to perform the required monetary obligations by the Company.
4. The Management Board which then presents the Supervisory Board with reasons justifying the necessity of applying the Withdrawal may request the application of the Withdrawal.
5. The resolution on the Withdrawal specifies in particular:
  - a. the period for which the Withdrawal is applied,
  - b. elements of the Policy of Remunerations, to which the Withdrawal was applied,
  - c. premises justifying the necessity of using the Withdrawal.
6. Each case of the Withdrawal is revealed in the Report along with information which is referred to in paragraph 5 above.
7. The Withdrawal from the Remuneration Policy cannot concern elements of the Remuneration Policy which are referred to in §3 para. 3 of the Remuneration Policy.

**§10**  
**REPORT**

1. The Report covers each financial year of the Company.
2. The Supervisory Board prepares the Report within a time-limit enabling the inclusion of the point on expressing an opinion on the Report and submitting the Report to the auditor's assessment on the agenda of the Ordinary General Meeting.
3. The Company provides the Report on the principles provided for in the Act for a period not longer than provided for in these provisions.
4. A resolution of the General Meeting giving opinions on the Report is advisory.
5. Obligatory submission of the Report to the statutory auditor's assessment takes place as part of the audit of the Financial Statement. The Management Board ensures that the scope of the agreement with the statutory auditor regarding the audit of the Financial Statement for a given financial year includes the assessment of the Report by the statutory auditor.

**§11**  
**FINAL PROVISIONS**

The Remuneration Policy enters into force upon its adoption by competent bodies of the Company, unless the resolution on adopting the Remuneration Policy provides for a different date for the entry into force of its provisions.”

**§2**

Ordinary General Meeting of BIOTON S.A. constitutes to authorize the Supervisory Board to specify, within the limits specified in the Remuneration Policy, the following elements of the Remuneration Policy:

- a. a description of the components of fixed and variable remuneration, as well as bonuses and other pecuniary and non-monetary benefits that may be granted to members of the Management Board,
- b. clear, comprehensive and diversified criteria in terms of financial and non-financial results, regarding the granting of variable remuneration to members of the Management Board, including criteria for taking into account social interests, the company's contribution to environmental protection and taking actions aimed at preventing and eliminating negative social effects of the Company's operations,
- c. periods of deferring the payment of variable remuneration granted to members of the Management Board,
- d. the possibility of requesting the return of variable remuneration granted to members of the Management Board by the Company,
- e. the rules related to the granting of variable remuneration to members of the Management Board in the form of financial instruments of the Company, including periods in which the right to receive remuneration in this form is acquired and the rules for the disposal of these financial instruments by members of the Management Board.

**§3**

The resolution comes into force as on day of its adoption.”