

**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 of BIOTON S.A. ("**OGM**", "**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 28<sup>th</sup>, 2021**.

**Agenda:**

**The proposed agenda of the OGM:**

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 2020.
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 2020.
7. Adoption of a resolution on the consideration and approval of the reports of the Supervisory Board of BIOTON S.A. for 2020.
8. Adoption of a resolution on allocating the profit of BIOTON S.A. for the fiscal year 2020 to cover losses from previous years.
9. Adoption of resolutions on granting discharge to members of the Management Board of the Company for the duties carried out in 2020.
10. Adoption of resolutions on granting discharge to members of the Supervisory Board of the Company for the duties carried out in 2020.
11. Adoption of the resolution in regards to providing an opinion on the remuneration report of Members of the Management Board and Supervisory Board of BIOTON S.A.
12. Adoption of the resolution determining a number of members of the Supervisory Board.
13. Adoption of the resolution regarding changes in the composition of the Company's Supervisory Board.
14. Closing the Meeting.

**Information for shareholders**

***The right to participate in the OGM***

The Management Board of the Company declares that, in accordance with Article 406 (1) of the CCC, the right to participate in the OGM is exclusively enjoyed by the persons who are the shareholders of the Company sixteen days prior to the date of the OGM, i.e. on June 12<sup>th</sup>, 2021 (the date of registration at the OGM, 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 OGM in the period from the OGM convocation announcement to the first business day after the Registration Date, i.e. until June 14<sup>th</sup>, 2021.

The list of shareholders authorized to participate in the OGM 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, 05-850 Ożarów Mazowiecki), between 10:00 a.m.- 4:00 p.m., on June 23<sup>th</sup>- 25<sup>th</sup>, 2021.

During three business days prior to the date of the OGM 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 OGM (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 OGM (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 OGM.

#### ***Selected OGM-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 OGM. Such request should be delivered to the Company's Management Board no later than twenty-one days prior to the date of the OGM, i.e. by June 7<sup>th</sup>, 2021. 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 OGM, written draft resolutions concerning issues placed on the agenda of the OGM 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 OGM (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 OGM (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 OGM.

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

### ***The method of participation in the OGM and the method of exercising the voting right***

A shareholder who is an individual may participate in the OGM and exercise the voting right either personally or through a proxy. Shareholders other than individuals may participate in the OGM 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 OGM (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 OGM (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 OGM (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 OGM.

The forms referred to in Article 402 (3) § 1 point 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 OGM 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 OGM. 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 OGM.

The Statute of the Company do not provide for the right to participate in the OGM, to take the floor at the OGM 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 OGM may obtain, prior to the OGM, the full and complete text of the documentation which is to be presented at the OGM, 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 OGM 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, 05-850 Ożarów Mazowiecki) between hours 10:00 a.m. – 4:00 p.m. from Monday till Friday (except for public holidays).

#### ***Registration of attendance at the OGM***

Persons authorized to participate in the OGM 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 OGM session.

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

All the information relating to the OGM 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 Ordinary General Meeting please contact e-mail: [wza@bioton.com](mailto:wza@bioton.com).

## **Draft resolutions of the OGM**

to the 4<sup>th</sup> item of the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
BIOTON Spółka Akcyjna  
of June 28<sup>th</sup>, 2021**

*regarding adoption of the agenda of the OGM*

The Ordinary General Meeting of BIOTON S.A., resolves to adopt the following agenda of the OGM:

„§ 1

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 2020.
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 2020.
7. Resolution on the consideration and approval of the reports of the Supervisory Board of BIOTON S.A. for 2020.
8. Resolution on allocating the profit of BIOTON S.A. for the fiscal year 2020 to cover losses from previous years.
9. Adoption of resolutions on granting discharge to members of the Management Board of the Company for the duties carried out in 2020.
10. Adoption of resolutions on granting discharge to members of the Supervisory Board of the Company for the duties carried out in 2020.
11. Adoption of the resolution in regards to providing an opinion on the remuneration report of Members of the Management Board and Supervisory Board of BIOTON S.A.
12. Adoption of the resolution determining a number of members of the Supervisory Board.
13. Adoption of the resolution regarding changes in the composition of the Company's Supervisory Board.
14. Closing the Meeting.

§ 2

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

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*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 2020*

„§ 1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 393 point 1 and art. 395 § 2 point 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>, 2020, approves the report of the Management Board on the operations of the Company and the financial statement of BIOTON S.A., including (*All figures presented hereinbelow are in thousands PLN*):

1. the balance sheet prepared as at December 31<sup>st</sup>, 2020, which shows an amount of 883 259 k PLN on the side of assets and liabilities (in words: eight hundred and eighty-three million two hundred and fifty-nine thousand złotych);
2. profit and loss account for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing a net profit in the amount of 33 256 k PLN (thirty-three million two hundred and fifty-six thousand złotych);
3. the statement of comprehensive income for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020 showing total income in the amount of 33 626 k PLN (in words: thirty-three million six hundred and twenty-six thousand złotych);
4. statement of changes in equity for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in equity of PLN 33 625 k PLN (in words: thirty three million six hundred twenty-five thousand złotych);
5. cash flow statement for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in cash by 14 979 k PLN (in words: fourteen million nine hundred seventy-nine thousand złotych);
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 28<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 2020*

„§ 1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to art. 395 § 5 of the Code of Commercial Companies, after considering the report of the Management Board on the activities of BIOTON S.A. Capital Group and the consolidated financial statement of the BIOTON S.A. Capital Group for the year ended December 31<sup>st</sup>, 2020, approves the report of the Management Board on the operations of the BIOTON S.A. Capital Group and the consolidated financial statement of BIOTON S.A. Capital Group, including *(All figures presented hereinbelow are in thousands PLN)*:

1. consolidated balance sheet prepared as at December 31<sup>st</sup>, 2020, which shows an amount of 867 107 k PLN on the side of assets and liabilities (in words: eight hundred and sixty-seven million one hundred and seven thousand złotych);
2. consolidated profit and loss account for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020 showing a net profit in the amount of 33 920 k PLN (in words: thirty-three million nine hundred and twenty thousand złotych);
3. the consolidated statement of comprehensive income for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing a total income in the amount of 34 325 k PLN (in words: thirty-four million three hundred and twenty-five thousand złotych);
4. statement of changes in consolidated equity for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in equity of 34 325 k PLN (in words thirty-four million three hundred and twenty-five thousand złotych);
5. consolidated cash flow statement for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in the cash balance by 15 062 k PLN (in words: fifteen million sixty-two thousand złotych);
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 28<sup>th</sup>, 2020**

*on the consideration and approval of the reports of the Supervisory Board of BIOTON S.A. for 2020*

„§ 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 of the "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 2020 prepared by the Company's Supervisory Board, covering:

1. report on the activities of the Supervisory Board of BIOTON S.A. for 2020;
2. evaluation report of: (i) report of the Management Board on the activities of BIOTON S.A., (ii) financial statement of BIOTON S.A. for 2020, (iii) the report of the Management Board on the activities of the BIOTON S.A. Capital Group in 2020, (iv) consolidated financial statement of the BIOTON S.A. Capital Group for 2020 and (v) motion of the Management Board on adoption of a resolution on allocating the profit of BIOTON S.A. for the fiscal year 2020.
3. assessment of BIOTON S.A. situation in 2020, including assessments of internal control systems, risk management, compliance and internal auditing functions;
4. the assessment of how BIOTON S.A. 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.

§ 2

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

Exhibit No. 1 to the Resolution – Report of the Supervisory Board of BIOTON S.A. for 2020

**„REPORT OF THE SUPERVISORY BOARD OF BIOTON S.A. FOR 2020, INCLUDING:**

- (I) REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD OF BIOTON S.A. FOR 2020;**
- (II) EVALUATION REPORT OF:**
  - **REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF BIOTON S.A. AND FINANCIAL STATEMENT OF BIOTON S.A. FOR 2020,**
  - **REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF THE BIOTON S.A. CAPITAL GROUP AND CONSOLIDATED FINANCIAL STATEMENT OF THE BIOTON S.A. CAPITAL GROUP FOR FISCAL YEAR 2020,**
  - **THE MOTION OF THE MANAGEMENT BOARD ON ADOPTION OF A RESOLUTION ON ALLOCATION OF THE PROFIT OF THE COMPANY FOR 2020;**
- (III) ASSESSMENT OF BIOTON S.A. SITUATION IN 2020, INCLUDING ASSESSMENTS OF INTERNAL CONTROL SYSTEMS, RISK MANAGEMENT, COMPLIANCE AND INTERNAL AUDITING FUNCTIONS;**
- (IV) THE ASSESSMENT OF HOW BIOTON S.A. 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 ORDINARY GENERAL MEETING OF BIOTON S.A.**



## **(I) REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD OF BIOTON S.A. FOR 2020**

### **1. Composition of the Supervisory Board and the Audit Committee of the Supervisory Board**

Pursuant to § 17 sec. 1 of the Statute of BIOTON S.A., during the reporting period, covering the fiscal year from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020 (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 sec. 2 of the Statute of the Company during the General Meeting.

On January 1<sup>st</sup>, 2020 and on December 31<sup>st</sup>, 2020, the composition of the Supervisory Board was as follows:

- Dr Hao Fan (President of the Supervisory Board),
- Mr. Dariusz Trzeciak (Vice President of the Supervisory Board, fulfilling the criteria referred to in the § 18 sec. 1 sub section 2 - 4 of the Company's Statute),
- Mr. Ramesh Rajentheran (Vice President of the Supervisory Board, fulfilling the criteria referred to in the § 18 sec. 1 sub section 2 - 4 of the Company's Statute),
- 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 2020, 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>, 2020 to December 31<sup>st</sup>, 2020;
- Mr. Jubo Liu – as the Vice President of the Audit Committee of the Company's Supervisory Board from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020; 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 January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020. 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 2020 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 2020 financial year, 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 2020, the Supervisory Board held a total of 12 Meetings, including the Meeting held by the means of the electronic communication and adopted 22 resolutions in total.

The resolutions covered, among others:

- Approving the budget of the BIOTON Capital Group for 2020;
- Consent to the conclusion of the assignment agreement (Novation Agreement);
- Assessment of the functioning of the Audit Committee in accordance with applicable regulations;
- Adoption of the report of the Supervisory Board of BIOTON S.A. for 2019;
- Giving opinion on drafts of resolutions of the Ordinary General Meeting of BIOTON S.A.;

- Assessment of the annual unit and 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.
- On specifying the remuneration policy regarding remuneration of members of the Management Board;
- Appointment of the President and the Member of the Management Board for the next term of office.
- Appointment of the President of the Management Board.

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 5 Meetings of the Audit Committee were held 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 S.A. FINANCIAL STATEMENT AND BIOTON S.A. CAPITAL GROUP FOR YEAR 2020**

In accordance with art. 382 § 3 of the Commercial Companies Code, the Supervisory Board assessed (*All figures presented hereinbelow are in thousands PLN*):

1. The Company's financial statements for the financial year ended on December 31<sup>st</sup>, 2020, including:
  - the balance sheet prepared as at December 31<sup>st</sup>, 2020, which shows an amount of 883 259 k PLN on the side of assets and liabilities (in words: eight hundred and eighty-three million two hundred and fifty-nine thousand zlotych);
  - profit and loss account for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing a net profit in the amount of 33 256 k PLN (thirty-three million two hundred and fifty-six thousand zlotych);
  - the statement of comprehensive income for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020 showing total income in the amount of 33 626 k PLN (in words: thirty-three million six hundred and twenty-six thousand zlotych);
  - statement of changes in equity for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in equity of PLN 33 625 k PLN (in words: thirty three million six hundred twenty-five thousand zlotych);
  - cash flow statement for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in cash by 14 979 k PLN (in words: fourteen million nine hundred seventy-nine thousand zlotych);
  - 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>, 2020.
3. An application of the Management Board to the Company's Ordinary General Meeting to allocate the profit of

BIOTON S.A. for the fiscal year 2020 in the amount of 33 256 k PLN (in words: thirty three million two hundred fifty-six thousand zlotych) to cover losses from previous years.

4. The Consolidated Financial Statement of the BIOTON Capital Group for the financial year ended on December 31<sup>st</sup>, 2020, including:
  - consolidated balance sheet prepared as at December 31<sup>st</sup>, 2020, which shows an amount of 867 107 k PLN on the side of assets and liabilities (in words: eight hundred and sixty-seven million one hundred and seven thousand zlotych);
  - consolidated profit and loss account for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020 showing a net profit in the amount of 33 920 k PLN (in words: thirty-three million nine hundred and twenty thousand zlotych);
  - the consolidated statement of comprehensive income for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing a total income in the amount of 34 325 k PLN (in words: thirty-four million three hundred and twenty-five thousand zlotych);
  - statement of changes in consolidated equity for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in equity of 34 325 k PLN (in words thirty-four million three hundred and twenty-five thousand zlotych);
  - consolidated cash flow statement for the period from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in the cash balance by 15 062 k PLN (in words: fifteen million sixty-two thousand zlotych);
  - 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>, 2020.

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 2020 (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 2020, 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 31<sup>st</sup>, 2020, as well as their financial results for the financial year from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020;
- 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 29<sup>th</sup>, 1994 on accounting ("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 2020 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 2020 to 31 December, 2020 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 allocate the profit of BIOTON S.A. for the fiscal year 2020 in the amount of 33 256 k PLN (in words: thirty three million two hundred fifty six thousand zlotych) to cover losses from previous years .

**(III) EVALUATION OF BIOTON S.A. SITUATION IN 2020 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 2020 and after hearing the Auditor's opinion after his revision of the Company's financial statements, positively evaluates the Company's financial situation in 2020.

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 S.A. granted the exclusive right to import and distribution of BIOTON S.A.'s products on the Territory (all counties except Poland). The cooperation regarding the Agreement is important for improving the global sales of BIOTON's products.

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 BIOTON S.A. 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 1/2020 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 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 THE ORDINARY GENERAL MEETING OF BIOTON S.A.**

Conclusions of the Supervisory Board to the General Meeting of the BIOTON S.A. regarding the financial statements of the Company and the Group for financial year 2020:

As a result of the assessment of the Company and Group financial statements, the Supervisory Board has decided to recommend the BIOTON S.A.'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>, 2020;
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>, 2020;
3. approval of the consolidated financial statement of the Group for the year ending on December 31<sup>st</sup>, 2020,
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>, 2020;
5. adopting of a resolution on allocating the profit of BIOTON S.A. for the fiscal year 2020 in the amount of 33 256 k PLN (in words: thirty three million two hundred fifty six thousand zlotych) to cover losses from previous years;
6. granting to all Members of the Management Board and the Supervisory Board of the Company, performing these duties in the financial year 2020, a discharge for performing their duties in the financial year ended on December

31<sup>st</sup>, 2020;

7. Opinion of the Company's Supervisory Board on draft resolutions of the Ordinary General Meeting 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 28<sup>th</sup>, 2021**

*on allocation of profit of BIOTON S.A. for 2020*

„§ 1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to Art. 395 § 2 point 2 of the Code of Commercial Companies has decided to appropriate the net profit of BIOTON S.A. for the accounting year 2020 in the amount of 33 256 k PLN (in words: thirty three million two hundred fifty-six thousand zlotych) to cover the losses from previous years.

§ 2

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

**“MOTION OF THE MANAGEMENT BOARD FOR ALLOCATION  
OF NET PROFIT OF THE COMPANY FOR THE YEAR 2020**

The Management Board of BIOTON S.A. (the "Company"), acting pursuant to Art. 395 § 2 point 2 of the CCC and in order to enable the Ordinary General Meeting of BIOTON S.A. to adopt a resolution on the allocation of the Company's net profit generated in 2020, proposes that the entire net profit of the Company in the amount of 33 256 k PLN (in words: thirty three million two hundred fifty-six thousand zlotych) to cover the losses from previous years.

The justification for the aforementioned motion of the Management Board is the current strategy of the BIOTON Group and long-term interests of the shareholders. The Management Board proposes to use the profit to cover the losses from previous years in order to further build the value of the BIOTON Group for the shareholders and continue its development.”

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Management Board of BIOTON S.A. for 2020*

„§ 1

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 President of the Management Board of BIOTON S.A. from January 1<sup>st</sup>, 2020 to October 30<sup>th</sup>, 2020.

§ 2

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Management Board of BIOTON S.A. for 2020*

„§ 1

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 Jeremy Launders** discharge for the performance of duties as the President of the Management Board of BIOTON S.A. from October 30<sup>th</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 2

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Management Board of BIOTON S.A. for 2020*

„§ 1

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. from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 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 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2020*

„§ 1

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 Dr Hao Fan** discharge for the performance of duties as the President of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 2

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2020*

„§ 1

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 President of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 2

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2020*

„§ 1

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 the Vice President of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 2

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2020*

„§ 1

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 Member of the Supervisory Board of BIOTON S.A. since January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 2

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

**RESOLUTION NO [•]**  
**of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2020*

„§ 1

"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 Member of the Supervisory Board of BIOTON S.A. from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 2

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

**RESOLUTION NO [•]**  
**Of the Ordinary General Meeting**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2020*

„§ 1

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 January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 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 28<sup>th</sup>, 2021**

*on granting discharge to Member of the Supervisory Board of BIOTON S.A. for 2020*

„§ 1

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 January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.

§ 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**  
**BIOTON Spółka Akcyjna**  
**of June 28<sup>th</sup>, 2021**

*in regards to providing an opinion on the remuneration report of Members of the Management Board and Supervisory Board of BIOTON S.A.*

„§ 1

Ordinary General Meeting of BIOTON S.A., pursuant to art. 395 § 2(1) of the Code of Commercial Companies in reference to the art. 90g sec. 6 of the Act of 29th July 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies constitutes to provide a positive opinion on the remuneration report of the Supervisory Board of BIOTON S.A. of Members of the Management Board and Supervisory Board of BIOTON S.A. for the fiscal years 2019 and 2020.

§ 2

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

**EXPLANATORY STATEMENT:**

Adoption of the resolution is justified due to the content of art. 395 § 2(1) of the CCC in reference to art. 90g item 6 of the Act of 29th July 2005 on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, pursuant to which the General Meeting adopts a resolution expressing its opinion on the remuneration report of Members of the Management Board and Supervisory Board, and the resolution is advisory in nature. The report was drawn up for the first time.

Exhibit No. 1 to the Resolution – Report of the Supervisory Board of BIOTON S.A. on the Remunerations of Members of the Management Board and the Supervisory Board of BIOTON S.A. in 2019-2020

**“REPORT  
OF THE SUPERVISORY BOARD OF BIOTON S.A.  
on the Remunerations of Members of the  
Management Board  
and the Supervisory Board of BIOTON S.A.  
in 2019-2020**

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## **1. Legal basis for the Supervisory Board report on the remunerations of Members of the Management Board and the Supervisory Board of BIOTON S.A. in 2019-2020**

This report of the Supervisory Board of BIOTON S.A. ("**Company**") on the remunerations of Members of the Management Board and the Supervisory Board in 2019-2020 was drawn up in accordance with Article 90g of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and on Public Companies.

The report on remunerations has also been prepared based on the Remuneration Policy adopted within the Company on 19 June 2020 by the General Ordinary Meeting and based on Resolution No. 1 of the Supervisory Board of BIOTON S.A. of 22 September 2020 specifying the remuneration policy with regard to fees of Management Board Members.

Pursuant to § 4 sect. 3 of the Remuneration Policy, each year the Supervisory Board prepares a remuneration report in order to provide the General Meeting with information on remuneration received in the preceding financial year by the Company's Management Board and Supervisory Board. The report is subject to verification by a certified auditor.

Pursuant to Article 36.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, the Supervisory Board shall for the first time prepare a remuneration report for the years 2019 and 2020 jointly.

## **2. Subject matter of the report on the remunerations of Members of the Management Board and the Supervisory Board of BIOTON S.A.**

According to Article 90g of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and on Public Companies, the report on remunerations in respect of each Member of the Management Board and the Supervisory Board sets out, in particular:

- A) the total remuneration amount broken down into the components referred to in Article 90d (3)(1) and the mutual proportions among such remuneration components;
- B) an explanation of how the total remuneration is consistent with the adopted remuneration policy, including how it contributes to the Company's long-term performance;
- C) information on how performance criteria have been applied;
- D) information on the annual change in the remuneration, company's performance and average salaries of its employees who are not members of the Management Board or the Supervisory Board over a period of at least the last five financial years, in aggregate, in a manner that permits comparisons;
- E) the amount of remuneration from entities of the same group within the meaning of the Accountancy Act of 29 September 1994 (Journal of Laws of 2019, items 351, 1495, 1571, 1655, 1680, and of 2020, item 568);
- F) the number of financial instruments granted or offered and the main conditions for the exercise of rights under such instruments, including the price and exercise date, and changes therein;
- G) information on the option to claim a refund of variable remuneration components;
- H) information on deviations from the procedure for implementing the remuneration policy and derogations applied under Article 90f, including an explanation of the rationale and procedure, and an indication of the items from which derogations applied.

### **2A) The total remuneration amount broken down into the components referred to in Article 90d (3)(1) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and on Public Companies and the mutual proportions among such remuneration components**

#### **❖ Fees of Management Board Members by components**

The remuneration model for Members of the Management Board includes fixed remuneration, variable remuneration and additional benefits. The principles and amount of remuneration of the Management Board Members are determined by the Supervisory Board.

Pursuant to the Resolution No. 1 of the Supervisory Board of BIOTON S.A. dated 22.09.2020 on specifying the remuneration policy for the Management Board Members:

#### **Total remuneration of Members of the Management Board**

<b>First and last name (first/last date of term of office) in thousand zlotys</b>	<b>Fixed remuneration</b>	
	<b>2019</b>	<b>2020</b>
<b>Launders Jeremy</b> – President of the Management Board (30/10/2020 – present)	-	PLN 197,2
<b>Neymann Robert</b> – President of the Management Board (15/05/2017 – 30/10/2020)	PLN 1,230,0	PLN 950,0
<b>Polonek Adam</b> – Member of the Management Board (01/01/2012 – present)	PLN 816,0	PLN 816,0
<b>Kociński Bogusław</b> – Member of the Management Board (12/12/2017 – 26/04/2019)	PLN 215,0	-
<b>Dziki Marek</b> – Member of the Management Board (07/04/2017 – 18/02/2019)	PLN 115,2	-
<b>Total:</b>	<b>PLN 2,376,2</b>	<b>PLN 1,963,21</b>

The Members of the Management Board did not receive variable remuneration in 2019-2020.

#### **Description of Variable Remuneration Components of Management Board Members**

Variable Remuneration may be awarded in the form of:

- a) an annual bonus ("**Annual Bonus**"),
- b) a bonus for completing a specific task
- c) task bonus ("**Task Bonus**").

#### **Annual Bonus**

Every financial year, a Member of the Management Board may be awarded an Annual Bonus. The Annual Bonus is granted on the basis of a bonus plan for a given Management Board Member, adopted under a resolution of the Supervisory Board for a given financial year ("**Annual Bonus Plan**"). When establishing the Annual Bonus Plan, the Supervisory Board lays down bonus parameters and parameter weights. The Annual Bonus may only be granted if the Management Board Member meets the loyalty criterion on the terms set forth in the contract with the Management Board Member.

The Annual Bonus Program for Management Board Members serving on the date of Resolution No. 1 of the Supervisory Board of BIOTON S.A. of 22 September 2020 specifying the remuneration policy with regard to fees of Management Board Members has been carried out on the following rules:

- a) it may be implemented in two variants:



- i. basic level determined by a single parameter, i.e. the Company's annual consolidated gross profit before tax ("**Basic Level**") and,
- ii. (ii) advanced level determined by one fixed parameter, i.e. the Company's annual consolidated gross profit before tax ("**Standard Parameter**") and up to three optional parameters that are defined for each year during preparation of the Company budget approved by the Supervisory Board ("**Optional Parameters**") ("**Advanced Level**");
- b) The Basic Level is triggered once the target value is reached, that is the Company's annual consolidated gross profit before tax at the level specified in the Company budget approved by the Supervisory Board ("**Basic Target**");
- c) the amount of the Annual Bonus at the Basic Level depends on the degree to which the Basic Target was achieved;
- d) The Advanced Level is triggered only if: (i) the Basic Target is achieved to the extent specified in the Agreement with the Management Board Member; and (ii) at least one of the Optional Parameter targets is achieved;
- e) at the Advanced Level, the amount of the Annual Bonus is calculated as the total of the results achieved for each of the Advanced Level parameters multiplied by the weight assigned to each parameter, plus the result achieved at the Basic Level.

The Annual Bonus Program for Management Board Members who did not serve on the date of Resolution No. 1 of the Supervisory Board of BIOTON S.A. of 22 September 2020 specifying the remuneration policy with regard to fees of Management Board Members has been, is and will be carried out on the following rules:

- a) it may be implemented in three variants:
  - i. basic level determined by a single parameter, i.e. the Company's annual consolidated gross profit before tax ("**Basic Level**" "**Basic Level**"), or
  - ii. advanced level determined by one fixed parameter, i.e. the Company's annual consolidated gross profit before tax ("**Standard Parameter**") and up to three optional parameters that are defined for each year during preparation of the Company budget approved by the Supervisory Board ("**Optional Parameters**") ("**Advanced Level Model I**"), or
  - iii. advanced level determined by special parameters related to performance of designated tasks or designated financial or economic parameters ("**Advanced Level Model II**");
- b) The Basic Level, if applicable, is triggered once the target value is reached, that is the Company's annual consolidated gross profit before tax at the level specified in the Company budget approved by the Supervisory Board ("**Basic Target**");
- c) the amount of the Annual Bonus at the Basic Level depends on the degree to which the Basic Target was achieved;
- d) The Advanced Level Model I, if applicable, is triggered only if:
  - i. the Basic Target is achieved to the extent specified in the Agreement with the Management Board Member; and
  - ii. at least one of the Optional Parameter targets is achieved;
- e) in the Advanced Level Model I, if applicable, the amount of the Annual Bonus is calculated as the total of the results achieved for each of the Advanced Level parameters multiplied by the weight assigned to each parameter, plus the result achieved at the Basic Level;
- f) in the Advanced Level Model II, if applicable, the Annual Bonus amount is calculated on the terms set forth in resolutions of the Supervisory Board;
- g) the Supervisory Board has the right to freely choose the applicable Annual Bonus Program variant or to combine them.

### **Task Bonus of Management Board Members**

In addition to the Annual Bonus, the Supervisory Board may decide, by a resolution, to grant a Task Bonus to a Management Board Member for meeting the criterion for the award of Variable Remuneration, being completion of a specific task ("Task") or an action of the Management Board Member, which, in the Supervisory Board's view, justifies the award of a Task Bonus to the Management Board Member. The resolution referred to in the preceding sentence will also define the amount and other terms of the Task Bonus.

A task is an action that has the effect of:

- a) effectively managing environmental issues associated with Company operations, including in particular by:
  - managing identified environmental risks or potential environmental risks associated with Company operations, especially for fire risk mitigation,
  - undertaking activities to mitigate environmental damage resulting from Company operations, including informing relevant authorities in the event of such damage,
  - acting to reduce emissions, effectively manage resources, recycle, replace or reduce the use of substances harmful to the environment in Company operations,
  - making efforts to use raw materials from responsible sources in production and to promote pro-environmental attitudes among domestic and foreign customers of the Company.
- b) effectively managing the Company, taking into account corporate social responsibility, including by:
  - contributing to sustainable development of the Company, including the health and well-being of Company employees, which translates into their greater commitment to work and more effective performance of duties,
  - managing the Company in compliance with all the corporate governance rules in effect at the WSE,
  - undertaking activities within the Company's sphere of influence with regard to supporting local institutions and people, cooperation with local organizations, children and youth programs.

The Task Bonus related to completion of a Task is not awarded until after the Task completion and its effects defined above have been verified. The verification referred to in the preceding sentence includes obtaining data confirming compliance with Task completion standards and objective measures that permit assessment of the effectiveness of efforts made by the Management Board Member to complete the Task.

### **Additional Benefit for Members of the Management Board**

The Company may award an Additional Benefit to a Management Board Member for the duration of his service at the Company, including:

- a) the option to use the equipment/tools made available to the Management Board Member to properly perform his duties within the capacity served at the Company, in particular a laptop and a cellular phone,
- b) the option to use a company car in compliance with the Company car policy;
- c) a medical insurance package the details of which are specified in the regulations in force at the Company;
- d) reimbursement of the cost of D&O liability insurance within the scope defined in the Agreement with the Management Board Member.

Name and surname (in thousand zlotys)	ADDITIONAL BENEFITS IN TOTAL*	
	2019	2020
<b>Jeremy Launders</b> - President of the Management Board	-	239,9
<b>Robert Neymann</b> - President of the Management Board	198,6	202,7
<b>Adam Polonek</b> - Member of the Management Board	140,6	145,0
<b>Bogusław Kociński</b> - Member of the Management Board	113,6	-
<b>Marek Dziki</b> - Member of the Management Board	105,7	-
<b>Total:</b>	<b>558,6</b>	<b>587,7</b>

\*Additional benefits include: healthcare costs, Employee pension plans, Hestia and Best Doctors insurance and costs related to the use of a company car as well as other costs related to accommodation and education.

❖ **Fees of Supervisory Board Members by components:**

The remuneration model for Supervisory Board Members comprises fixed and variable remuneration. The principles and amount of remuneration of the Supervisory Board Members shall be determined by the General Meeting by way of a resolution.

**Total remuneration of Members of the Supervisory Board**

First and last name (in thousand zlotys)	Fixed remuneration	
	2019	2020
<b>Fan Hao</b> – Chairman of the Supervisory Board	3,7	48,0
<b>Trzeciak Dariusz</b> – Deputy Chairman of the Supervisory Board	36,0	36,0
<b>Rajentheran Ramesh</b> – Deputy Chairman of the Supervisory Board/Member of the Supervisory Board	12,9	33,0
<b>Liu Jubo</b> – Member of the Supervisory Board	46,1	24,0
<b>Viswanath Vaidyanathan</b> – Member of the Supervisory Board	24,0	24,0
<b>Cadei Nicola</b> – Member of the Supervisory Board	1,9	24,0
<b>Wei Ming Tan</b> – Member of the Supervisory Board	1,9	24,0
<b>Chiang Ming – Tso</b> – Member of the Supervisory Board	22,1	-
<b>He Gary</b> – Member of the Supervisory Board	22,1	-
<b>Qi Bo</b> – Member of the Supervisory Board	22,1	-
<b>TOTAL:</b>	<b>192,9</b>	<b>213,0</b>

## Description of Variable Remuneration Components of Supervisory Board Members

Members of the Supervisory Board serve by appointment and are solely entitled to remuneration on that account.

Members of the Supervisory Board are appointed by the Ordinary General Meeting for a joint term of office of three years, unless the current version of the Articles of Association provides otherwise.

The remuneration of a Supervisory Board Member is not awarded in the form of financial instruments or non-cash benefits, except for tools and technical devices necessary to perform duties within the scope of service at the Company.

A resolution of the Ordinary General Meeting may provide that a member of the Supervisory Board is entitled to a monthly flat rate remuneration of a certain amount, regardless of the number of Supervisory Board meetings attended by the Supervisory Board member. Alternatively, a resolution of the Ordinary General Meeting may provide that a member of the Supervisory Board is entitled to a fee of a certain amount for each Supervisory Board meeting attended by the Supervisory Board member.

Depending on the capacity served, in particular that of chairman of the Supervisory Board or of a Supervisory Board committee, taking into account the scope of responsibilities entrusted, the monthly remuneration of the Supervisory Board member may be increased by the amount stated in the Ordinary General Meeting resolution. The Person Covered by the Policy is entitled to remuneration for the period starting at the beginning of the period of service at the Company and ending on the date of mandate expiration. For the period in which the Person Covered by the Remuneration Policy is suspended in serving at the Company, the Person Covered by the Policy is not entitled to remuneration. The remuneration of a Supervisory Board member is prorated to the number of days served on the Supervisory Board, if the appointment or recall occurs in the course of a calendar month.

The remuneration of a Supervisory Board member is not tied to the Company's performance, unless the Ordinary General Meeting adopts a resolution granting a Supervisory Board member the right to share in the Company's profit for a given financial year, intended for distribution among Company shareholders in accordance with Article 347 § 1 of the Commercial Companies Code.

No variable components have been paid to members of the Supervisory Board.

### **2B) Explanation of how the total remuneration is consistent with the adopted remuneration policy, including how it contributes to the Company's long-term performance**

The total remuneration complies with the Remuneration Policy adopted within the Company on 19 June 2020 by the Ordinary General Meeting. It contributes to the Company's long-term performance by implementing the business strategy adopted by the Company, the long-term benefits assumed by the Company and maintaining the Company's stability.

### **2C) Information on how performance criteria have been applied**

The Annual Bonus Program for Management Board Members serving on the date of Resolution No. 1 of the Supervisory Board of BIOTON S.A. of 22 September 2020 specifying the remuneration policy with regard to fees of Management Board Members has been carried out on the following rules:

- f) it may be implemented in two variants:
  - iii. basic level determined by a single parameter, i.e. the Company's annual consolidated gross profit before tax ("**Basic Level**") and,
  - iv. (ii) advanced level determined by one fixed parameter, i.e. the Company's annual consolidated gross profit before tax ("**Standard Parameter**") and up to three optional parameters that are defined for each year during preparation of the Company budget approved by the Supervisory Board ("**Optional Parameters**") ("**Advanced Level**");

- g) The Basic Level is triggered once the target value is reached, that is the Company's annual consolidated gross profit before tax at the level specified in the Company budget approved by the Supervisory Board ("**Basic Target**");
- h) the amount of the Annual Bonus at the Basic Level depends on the degree to which the Basic Target was achieved;
- i) The Advanced Level is triggered only if: (i) the Basic Target is achieved to the extent specified in the Agreement with the Management Board Member; and (ii) at least one of the Optional Parameter targets is achieved;
- j) at the Advanced Level, the amount of the Annual Bonus is calculated as the total of the results achieved for each of the Advanced Level parameters multiplied by the weight assigned to each parameter, plus the result achieved at the Basic Level.

The Annual Bonus Program for Management Board Members who did not serve on the date of Resolution No. 1 of the Supervisory Board of BIOTON S.A. of 22 September 2020 specifying the remuneration policy with regard to fees of Management Board Members has been, is and will be carried out on the following rules:

- h) it may be implemented in three variants:
  - iv. basic level determined by a single parameter, i.e. the Company's annual consolidated gross profit before tax ("**Basic Level**" "**Basic Level**"), or
  - v. advanced level determined by one fixed parameter, i.e. the Company's annual consolidated gross profit before tax ("**Standard Parameter**") and up to three optional parameters that are defined for each year during preparation of the Company budget approved by the Supervisory Board ("**Optional Parameters**") ("**Advanced Level Model I**"), or
  - vi. advanced level determined by special parameters related to performance of designated tasks or designated financial or economic parameters ("**Advanced Level Model II**");
- i) The Basic Level, if applicable, is triggered once the target value is reached, that is the Company's annual consolidated gross profit before tax at the level specified in the Company budget approved by the Supervisory Board ("**Basic Target**");
- j) the amount of the Annual Bonus at the Basic Level depends on the degree to which the Basic Target was achieved;
- k) The Advanced Level Model I, if applicable, is triggered only if:
  - iii. the Basic Target is achieved to the extent specified in the Agreement with the Management Board Member; and
  - iv. at least one of the Optional Parameter targets is achieved;
- l) in the Advanced Level Model I, if applicable, the amount of the Annual Bonus is calculated as the total of the results achieved for each of the Advanced Level parameters multiplied by the weight assigned to each parameter, plus the result achieved at the Basic Level;
- m) in the Advanced Level Model II, if applicable, the Annual Bonus amount is calculated on the terms set forth in resolutions of the Supervisory Board;
- n) the Supervisory Board has the right to freely choose the applicable Annual Bonus Program variant or to combine them.

**2D) Information on the annual change in the remuneration, Company's performance and average salaries of its employees who are not members of the Management Board or the Supervisory Board over a period of at least the last five financial years, in aggregate, in a manner that permits comparisons**

Information on the annual change in the remuneration, Company's performance and average salaries of its employees who are not members of the Management Board or the Supervisory Board over a period of at least the last five financial years, in aggregate, in a manner that permits comparisons, is shown in the table below:

First and last name (first/last date of term of office) (in thousand zlotys)	Fixed Remuneration						
	2014	2015	2016	2017	2018	2019	2020
<b>Launders Jeremy</b> – The President of the Management Board (30.10.2020 - present)							488
<b>Neymann Robert</b> – The President of the Management Board (15.05.2017 - 30.10.2020)				640	1 200	1 263	996
<b>Polonek Adam</b> – The Member of the Management Board (01.01.2012- present)	884	1 306	1 469	1 111	1 020	853	860
<b>Kociński Bogusław</b> – The Member of the Management Board (12.12.2017 -26.04.2019)				34	840	693	
<b>Dziki Marek</b> - The Member of the Management Board (07.04.2017 -18.02.2019)			557	1 156	1 080	987	
<b>Liu Jubo</b> - The President of the Management Board (04.10.2016 -15.05.2017)			185	280			
<b>Ziegert Sławomir</b> - The President of the Management Board (02.05.2012 - 30.05.2016)	1 243	1 516	379				
<b>Dukaczewski Marcin</b> - The President of the Management Board (01.05.2016-31.10.2016)			482				
<b>Błaszczak Piotr</b> - The Member of the Management Board (01.01.2013-31.03.2016)	791	1 111					
<b>Wilczęga Adam</b> - The Vice-President of the Management Board (02.01.2012- 31.03.2016)	490	884					
<b>Fan Hao</b> - The Chairman of the Supervisory Board							48
<b>Trzeciak Dariusz</b> – The Vice-Chairman of the Supervisory Board	39	36	37	40	36	36	36
<b>Rajentheran Ramesh</b> - The Vice-Chairman of the Supervisory Board/ The Member of the Supervisory Board						13	33
<b>Liu Jubo</b> - The Member of the Supervisory Board			29	30	48	46	24
<b>Viswanath Vaidyanathan</b> - The Member of the Supervisory Board			15	24	24	24	24
<b>Cadei Nicola</b> - The Member of the Supervisory Board						2	24
<b>Wei Ming Tan</b> - The Member of the Supervisory Board						2	24
<b>Chiang Ming – Tso</b> - The Member of the Supervisory Board				15	24	22	

First and last name (first/last date of term of office) (in thousand zlotys)	Fixed Remuneration						
	2014	2015	2016	2017	2018	2019	2020
<b>He Gary</b> - The Member of the Supervisory Board				6	24	22	
<b>Qi Bo</b> - The Member of the Supervisory Board				6	24	22	
<b>Comberbach Dawid</b> - The Vice-Chairman of the Supervisory Board			18	13			
<b>Dukaczewski Marcin</b> - The Member of the Supervisory Board	51	41	17	4			
<b>Gabor Artur</b> - The Member of the Supervisory Board		7	4				
<b>Gomez Bianco Alejandro</b> - The Member of the Supervisory Board			12	18			
<b>Hu Jin</b> - The Vice-Chairman of the Supervisory Board		10	18				
<b>Huang Yu Liang</b> - The Member of the Supervisory Board			15	11			
<b>Typiński Maciej</b> - The Member of the Supervisory Board			6				
<b>Wang Yanming</b> - The Member of the Supervisory Board			8				
<b>Xiang Xue</b> - The Member of the Supervisory Board		7	4				
<b>Ziegert Sławomir</b> - The Member of the Supervisory Board			12	9			
<b>Borowy Paweł</b> - The Member of the Supervisory Board				6	20		
<b>Siembida Tomasz</b> - The Member of the Supervisory Board				4			
<b>Buzuk Tomasz</b> - The Member of the Supervisory Board	24	17					
<b>Grelowski Maciej</b> - The Vice-Chairman of the Supervisory Board	36	26					
<b>Grzybowski Wojciech</b> - The Member of the Supervisory Board	12	17					
<b>Ratnicka-Kiczka Barbara</b> - The Member of the Supervisory Board	24	17					
<b>Walendziak Wiesław</b> - The Member of the Supervisory Board	24	17					
<b>Average remuneration*</b>	PLN 5 717	PLN 5 857	PLN 6 081	PLN 6 282	PLN 7 054	PLN 7 356	PLN 7 201
<b>Result of the company (profit/loss net)</b>	114 641	(596 551)	26 540	(258 757)	(75 792)	(195 984)	33 256

\* Average remuneration under employment contracts as at 31 December 2014, 2015, 2016, 2017, 2018, 2019, 2020 of the employees who are not members of the Management Board or the Supervisory Board

**2E) Amount of remuneration from entities of the same group within the meaning of the Accountancy Act of 29 September 1994 (Journal of Laws of 2019, items 351, 1495, 1571, 1655, 1680, and of 2020, item 568)**

Entities part of the BIOTON S.A. Group did not pay remuneration to Members of the Management Board and the Supervisory Board of BIOTON S.A. in 2019-2020.

**2F) Number of financial instruments granted or offered and the main conditions for the exercise of rights under such instruments, including the price and exercise date, and changes therein**

In 2019-2020, no financial instruments were granted or offered to Members of the Management Board or the Supervisory Board of BIOTON S.A.

**2G) Information on the option to claim a refund of variable remuneration components**

Since the date of adoption of the Remuneration Policy by the Ordinary General Meeting on 19 June 2020, the Company has not used the option to claim a refund of variable remuneration components.

**2H) Information on deviations from the procedure for implementing the remuneration policy and derogations applied under Article 90f, including an explanation of the rationale and procedure, and an indication of the items from which derogations applied**

Since the date of adoption of the Remuneration Policy by the Ordinary General Meeting on 19 June 2020, there have been no deviations from the procedure for implementing the remuneration policy and no derogations have been applied under Article 90f.

**3. Information on the previous report on remunerations**

According to Article 90g (8) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and on Public Companies, the Company notes that prior to the effective date of the last amendment of the said Act, the Company was not required to compile a report on remunerations of Members of the Management Board and the Supervisory Board, therefore, this report is the first document of this type prepared by the Company.”



to the item 12<sup>th</sup> of the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 28<sup>th</sup>,2021**

*on determining a number of members of the Supervisory Board*

„§ 1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to § 17 sec. 1 and § 17 sec. 4 of the Statute of Company, in accordance with the art. 385 § 1 of the Commercial Companies Code, determines that the Supervisory Board is composed of 8 members.

§ 2

The resolution shall enter into force on the date of its adoption."

to the item 13<sup>th</sup> of the agenda

**RESOLUTION NO [•]  
of the Ordinary General Meeting  
of BIOTON Spółka Akcyjna  
of June 28<sup>th</sup>,2021**

*on appointment of the Member of the Supervisory Board of the Company*

"§ 1

The Ordinary General Meeting of BIOTON S.A., acting pursuant to Art. 385 § 1 of the Commercial Companies Code and § 17, sec. 2 point 2 of the Statute of Company, appoints [ ] to the composition of the Supervisory Board of the Company.

§ 2

The resolution shall enter into force on the date of its adoption."