

**ADDITIONAL INFORMATION
TO THE CONSOLIDATED 'EXTENDED' QUARTERLY REPORT
OF BIOTON SA GROUP
FOR THE 1ST QUARTER 2021**

In accordance with §66 of the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (J. of Laws of 2018 item 757 as amended) BIOTON SA ("Company") provides the following information:

1. The rules adopted in the preparation of the report.

Since 01.01.2005 BIOTON SA Capital Group („Group”) conducts the accounts by the International Financial Reporting Standards („IFRS”), in the version approved by the European Union and in the scope unsettled in the above standards in accordance with the requirements of the act on accountancy (J. of Laws of 2019, item 351) and implementing provisions issued on its basis and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member State (Journal of Laws of 2018 item 757 as amended).

The financial data contained in the report covers the financial period from 1 January 2021 to 31 March 2021 and as of 31 March 2021, comparative data for the period from 1 January 2020 to 31 March 2020 and as of 31 March 2020 and as of 31 December 2020. The financial data presented for the financial period from 1 January 2021 to 31 March 2021 and the comparative data for the period from 1 January 2020 to 31 March 2020 was not subject to audit by the independent auditor. Whereas comparative financial data as of 31 December 2020 was audited by an independent chartered auditor.

The Group's financial statements are based on the historical cost principle, except for financial instruments measured at fair value through profit or loss.

According to the assessment of the Management Board of BIOTON SA, the financial statements of the Group are based on the continuation principle Group's operations. The Group has or will have sufficient funds to conduct both operating, investment and development activities.

The Management Board of the dominant and Members of the Supervisory Board are responsible for the preparation and reliable presentation of the consolidated financial report in accordance with the International Financial Reporting Standards adopted by the European Union and other applicable provisions. In the opinion of the Management Board and the Supervisory Board preparation of the consolidated annual financial report on the basis of the continuing operations in the foreseeable future is appropriate. At the end of the reporting year, the Group's current liabilities exceed current assets, however, due to achieving of the operating financial results, planning to change the structure of debt financing as well as the signing of a long-term cooperation agreement with Yifan Pharmaceuticals in the scope of financing the analog development, in the opinion of the Management Board there are no circumstances indicating that continuation of its activities is threatened.

As of the date of publication, financial covenants indicated in the loan agreements entered into by BIOTON SA were fulfilled as of the balance sheet date.

Considering the COVID-19 epidemic, which might affect achieving of individual and consolidated financial results of the Company and the Group, repayment schedules to financial institutions, and repayment date of the UniApek loan, the Management Board anticipates that as a result of ongoing discussions with financial institutions on increasing the current loan limits or granting new debt financing the Company's financing structure will be amended in 2021 through shifting a significant part of short-term financing to medium- and long-term financing. As a change in debt financing structure, the Management Board also anticipates to possibly change the repayment date of the UniApek loan.

On 16 July 2019 the Management Board concluded an agreement with Yifan Pharmaceutical Co., Limited ("Yifan"), the subject of which is the mutual cooperation of the parties in the scope of active substances of insulin analogs and final medicinal product (in finished form), from their production to commercialization ("Agreement"). The Agreement ensures the financing of the whole project as all costs related to the purchase and installation of equipment needed to implement each stage of the Agreement, the purchase of raw materials and auxiliaries necessary for the manufacture of products in the scope of relevant

orders will be covered by Yifan. If the result of works shows that the commercial production line is adapted to the production of the drug product in the finished form, Bioton will be granted the right to use Yifan's intellectual property as well as the right to manufacture, distribute, market, offer and sell the product exclusively in the territory of Poland for 25 years; Bioton will be also granted priority right to receive the right for use in European countries under its own brand. Bioton will also act as a contract manufacturer of products for markets worldwide.

The currency of measurement and the reporting currency of these financial statements is the Polish zloty, the data is presented in thousands of zlotys. For the presentation of selected financial data in EUR the following principles of translation PLN into EUR were applied;

- balance sheet data was calculated according to the average NBP exchange rate announced for:
 - 31.03.2021 at the EUR / PLN rate of 4.6603,
 - 31.12.2020 at the EUR / PLN rate of 4.6148.
 - 31.03.2020 at the EUR / PLN rate of 4.5523,
- data from the income statement and the cash flow statement have been converted using the arithmetic average of the average exchange rates for the day ending each month in this period as follows:
 - for the 1st quarter of 2021 at the EUR / PLN rate of 4.5721,
 - for the 1st quarter of 2020 at the EUR / PLN rate of 4.3963,

2. Information on revenues and results of the BIOTON SA Capital Group for particular industry segments.

Since 01.01.2009 there have been IFRS 8 applicable „*Operating segments*”, which had replaced the previous IAS 14 „*Reporting concerning segments of activity*”. This standard requires disclosure of information on the segments based on the components of the Group monitored by the managers within taking operating decisions. Operating segments are the components of the unit, for which there is available separate financial information regularly reviewed by the persons taking key decisions as regards the allocation of the resources and reviewing the operation of the Group.

For management purposes, the Group has been divided into operating segments based on the capital groups and the companies constituting the Group. There have been separated the following reporting segments:

- BIOTON S.A. and BIOTON MARKETING AGENCY Sp. z o.o. (jointly BIOTON PL);
- Capital Group Holdings AG (loss of control over the group in I quarter 2019),
- BIOLEK Sp. z o.o.;
- BIOTON International GmbH.

The accounting principles of the operating segments are the same as the accounting principles of the Group.

The Management Board monitors the operating results of the segments separately mainly for the purpose of taking decisions concerning allocation of the resources, assessment of the effects of the allocation and operating results. The assessment of the respective segments is made to the level of profit/ loss from operating activity.

The Group's financing (including the costs and financial revenues) and income tax are monitored at the Group level and are not subject to allocation.

The Group reports the segments by geographical location. The most important countries from the point of view of the Groups' activity are presented as follows:

- Poland,
- Thailand,
- Vietnam,
- China
- Argentina,
- Singapore,
- Malta,
- the Philippines, Bosnia and Herzegovina,
- the Russian Federation,
- Others.

Operating segments - Group

For the period from 01.01.2021 to 31.03.2021.

<i>in PLN thousands</i>	BIOTON PL	BIOLEK	BIOTON International	Positions reconciling	Total
<u>Revenues</u>					
Total external revenues	36,821		-	-	36,821
Intersegment revenue	62	90	-	(152)	-
Total segment revenue	36,883	90		(152)	36,821
<u>Result</u>					
Segment result	16,467	(43)	-	-	16,424
Other operating income	2,790	-	-	-	2,790
Other operating costs	3,306	-	-	-	3,306
Selling expenses	7,594	49	-	-	7,643
Administrative expenses	6,522	4	233	-	6,759
Research and development costs	1,319	-	-	-	1,319
Profit / (loss) gross on operating activity	516	(96)	(233)	-	187
Finance income				-	
Finance costs				2,838	2,838
Net finance income / (costs)				(2,838)	(2,838)
Profit / (loss) before income tax	517	(97)	(233)	(2,838)	(2,651)
Income tax expense (incl. deferred income tax)	2,433	(17)	-	-	2,416
Net profit (loss)	(1,915)	(80)	(233)	(2,838)	(5,066)
Amortisation	7,761	1	-		7,761
EBITDA**	8,277	(95)	(233)		7,949

**Revenues settled in time refer to the segment BIOTON PL. Other revenues are recognized upon their obtaining.

**EBITDA is the profit/(loss) gross on operating activity increased by amortization.

Operating segments - Group

As of 31.03.2021

<i>in PLN thousands</i>	BIOTON PL	BIOLEK	BIOTON International	Reconciliation positions	Total
<u>Segment assets</u>					
Property, plant, and equipment	306,923	-	-	-	306,923
Other intangible assets	369,737	721	-	-	370,458
Inventories	98,332	330	-	-	98,662
Trade and other receivables	35,275	385	-	-	35,660
Cash and cash equivalents	9,414	111	9	-	9,534
Other assets	36,988	872	-	(485)	37,375
Total assets	856,668	2,418	9	(485)	858,611
<u>Segment liabilities</u>					
Non-current liabilities	85,257	-	-	-	85,257
Current liabilities	157,653	1,122	23	(4)	158,794

Geographical segments - Group

For the period from 01.01.2021 to 31.03.2021 and 01.01.2020 to 31.03.2020.

Revenues on sale – geographical structure market of the recipient*	01.01.2021 – 31.03.2021		01.03.2020 – 31.03.2020	
	(in thousands PLN)	Structure (in %)	(in thousands PLN)	Structure (in%)
Poland	24,433	66.36%	28,083	75.68%
Thailand	3,959	10.75%	2,297	6.19%
Vietnam	3,128	8.50%	688	1.85%
China	2,344	6.37%	1,853	4.99%
Argentina	936	2.54%	708	1.91%
Singapore	808	2.19%	0	0.00%
Malta	253	0.69 %	0	0.00%
the Philippines	211	0.57%	0	0.00%
Bosnia and Herzegovina	201	0.55%	50	0.14%
the Russian Federation	159	0.43%	235	0.63%
Others	390	1.06%	3,193	8.61%
Revenues on sale in total	36,821	100.00%	37,106	100.00%

* Revenues on sale to the geographical structure were allocated based on the target market of sale

Operating segments - Group

For the period from 01.01.2020 to 31.03.2020.

<i>in PLN thousands</i>	BIOTON EN	BIOLEK	BIOTON International GmbH	Positions reconciling	Total
Revenues					
Total external revenues	44,125	829	-	-	44,954
Intersegment revenue	7,254	236	-	(7848)	
Total segment revenue	44,125	829		(7,848)	37,106
Result					
Segment result	15,039	(250)	-	-	14,790
Other operating income	16,211	-	-	-	16,211
Other operating costs	1,807	13	-	-	1,819
Selling expenses	4,668	15	-	-	4,683
Administrative expenses	9,538	82	242	-	9,862
Research and development costs	744	-	-	-	744
Profit / (loss) gross on operating activity	14,493	(359)	(242)		13,892
Financial income ¹	-	-	-	2	2
Finance costs	-	-	-	7,488	7,488
Net finance income / (costs)				(7,486)	(7,486)
Profit / (loss) before income tax	6,985	(572)	(251)	244	6,406
Income tax expense (incl. deferred income tax)	400	22	-	-	422
Net profit (loss)	6,586	(594)	(251)	244	5,984

Operating segments - Group

As of 31.03.2020

<i>in PLN thousands</i>	BIOTON EN	BIOLEK	BIOTON International GmbH	Total
<u>Segment assets</u>				
Property, plant, and equipment	323,985			323,985
Goodwill				
Other intangible assets	376,722	1,665		378,387
Inventories	31,585	273		81,858
Trade and other receivables	53,461	713		54,174
Cash and cash equivalents	8,545	6	5	8,555
Other assets	46,298	850	428	43,642
Total assets	890,594	3,508	5	890,601
<u>Segment liabilities</u>				
Non-current liabilities	133,872		61	133,933
Current liabilities	166,882	1,906	41	168,829

3. A coherent description of significant achievements or failures of the Company and BIOTON SA Company Group in the period from 01.01. 2021 to 31.03.2021 with the list of the more important events related thereto.

3.1. Information about domestic sales

The share of "Gensulin" in the classic insulin market in Poland in the first quarter of 2021 was around 36% which is the highest result of share in the market measured with the sale of the product to pharmacies.

3.2. Information about sales in foreign markets

In the first quarter of 2021, the value of insulin sales on foreign markets amounted to PLN 10.9 million in comparison with PLN 6.8 million in the comparable period of 2020 when it was mostly affected by sales to Thailand, Vietnam, China and South America.

3.3. National and EU registrations

In the 1st quarter of 2021:

- the post-registration modification procedures for Gensulin products were continued,
- the post-registration modification procedures for Avamina and Avamina SR products were continued
- the post-registration modification procedures for Pioglitazone Bioton were continued

3.4. Foreign registrations

In the 1st quarter of 2021:

- Nigeria - the registration process of Gensulin, GensuPen Improve, GensuPen2 products was continued,
- Vietnam - the process of re-registering Scilin N, M30 vial, 100 IU cartridge, was approved,
- Vietnam – the registration process of Scilin R products, vial, 100 IU cartridge, was continued, ,
- Vietnam - the process of re-registering Scilin N, M30, 40 IU vial, was continued,
- Vietnam – the package of modifications for Scilin products was approved,
- Libya – the changing of packaging was approved,

- Uganda - the package of modifications for Gensulin products was approved,
- Uganda - the post-registration modification procedures for Gensulin products were continued,
- Hong Kong - the package of modifications for Scilin products was approved,
- the Philippines - the process of re-registering Scilin products was continued,
- the Philippines - the process of re-registering Gensupen 2 was continued,
- the Philippines - the process of re-registering Scilin R, cartridge, Scilin N, vial, was continued,
- the Philippines - the process of re-registering Scilin N, M30, cartridge, Scilin R, vial, was continued,
- the Philippines - the post-registration modification procedures for Scilin medicinal products were continued,
- Paraguay - the process of changing packaging was continued
- Brasil - the registration process of Gensulin R, N, 100 IU/ml vial, cartridge, was continued,
- Oman - the registration process of Gensulin R, N, 100 IU/ml vial, cartridge, and GMP clearance procedure were continued,
- Indonesia - the post-registration modification procedures for SciLin R, N, medicinal products, cartridges, were continued,
- Bosnia and Herzegovina – the package of modifications for Gensulin products was approved,
- China - the post-registration modification procedures for Scilin medicinal products were continued,
- Balarus - the post-registration modification procedures for Gensulin medicinal products were continued,
- Ukraine - the post-registration modification procedures for Gensulin medicinal products were continued.

3.5. Research and development works

On 16 July 2019, the Management Board concluded an agreement with Yifan Pharmaceutical Co., Limited ("Yifan"), the subject of which is the mutual cooperation of the parties in the scope of active substances of insulin analogs and final medicinal product (in finished form), from their production to commercialization ("Agreement"). The Agreement provides financing for the entire project since all costs related to the purchase and installation of equipment needed to implement each stage of the Agreement, purchase of raw materials, and auxiliary substances necessary to manufacture products in the scope of relevant orders will be covered by Yifan. If the result of works shows that the commercial production line is adapted to the production of the drug product in the finished form Bioton will be granted the right to use Yifan's intellectual property as well as the right to manufacture, distribute, market, offer and sell the product exclusively on the territory of Poland for 25 years; Bioton will be also granted priority right to receive the right for use in European countries under its own brand. Bioton will also act as a manufacturer of products all over the world The parties started work on the implementation of analogues on the Company's production lines.

In 1st quarter of 2021:

- Research works were conducted on a lab scale over the production of finished form of fast acting analogue of human insulin.
- The preparatory works were continued to produce clinical series of fast-acting analogue of the human insulin.
- Research works were conducted on a lab scale over the production of active substance of long-acting analogue of human insulin.
- The developmental works were continued in connection with the conducted registration procedures..
- The analytical research of referential products was conducted of the insulin analogues necessary for the production of the registration process.
- The research works were conducted connected with the implementation of new technological solutions on the production line in the facility of the finished form.

4. Description of factors and events, in particular of unusual nature, having a significant impact on the financial results of the Company and the Capital Group BIOTON SA

4.1.Sales revenues

The Company

Sales	01.01.2021-31.03.2021		01.03.2020-31.03.2020	
	(in thousands PLN)	structure (in %)	(in thousands PLN)	structure (in %)
Insulin	30,978	80.78	22,777	59.94
Finished goods	30,978	80.78	22,777	59.94
OAD PL	2,058	5.37	6,969	18.34
Other goods PL	2,089	5.45	3,355	8.83
Devices	1,392	3.63	1,685	4.43
Goods and materials	5,538	14.44	12,009	31.60
Services	1,831	4.78	3,214	8.46
Sales total	38,348	100.00%	38,000	100.00%

In the period of the first quarter of 2021, the Company achieved sales revenues of PLN 38.3 million, in which the largest share was the sale of insulin PLN 31.0 million. In the comparable period of 2020, revenues amounted to PLN 38.0 million, which means an increase by 0.9%.

Gross margin on sales amounted to 49% compared to the same period of the previous year, lower by 7 pp.

Group

Sales	01.01.2021-31.09.2020		01.03.2020-31.03.2020	
	(in thousands PLN)	structure (in %)	(in thousands PLN)	structure (in %)
Insulin	30,978	84.13	22,777	61.38
Finished goods	30,978	84.13	22,777	61.38
Orally taken anti-diabetic medicines	2,058	5.59	6,969	18.78
Other goods and materials	2,089	5.67	3,590	9.68
Devices	241	0.65	920	2.48
Goods and materials	4,387	11.92	11,480	30.94
Services	41,456	3.95	2,850	7.68
Sales total	36,821	100.00%	37.106	100.00%

The Group's sales revenues in the first quarter of 2021 amounted to PLN 36.821 million and were at a similar level compared to the previous year.

The gross margin on sales at the Group level reached 51% and was by 6 p.p. lower compared to the same of the period of 2020.

4.2.Administrative expenses

The Company

General administrative expenses in the first quarter of 2021 amounted to PLN 6.5 million and were lower than in the

corresponding period of 2020 by PLN 3.0 million.

Group

General administrative expenses in the first quarter of 2021 amounted to PLN 6.7 million and were lower than in the corresponding period of 2020 by PLN 3.1million.

4.3.Selling expenses

The Company

Selling expenses in the first quarter of 2021 amounted to PLN 8.2 million and were lower than in the corresponding period of 2020 by PLN 2.6 million.

Group

Selling expenses in the first quarter of 2021 amounted to PLN 7.6 million and were lower than in the corresponding period of 2020 by PLN 2.2 million

4.4.Research and development costs

The Company

Research and development costs in the first quarter of 2021 amounted to PLN 1.3 million and were higher by PLN 0.6 million compared to the corresponding period of 2020.

Group

Research and development costs in the first quarter of 2021 amounted to PLN 1.3 million and were higher by PLN 0.6 million compared to the corresponding period of 2020.

4.5.Result on operating activities

In the first quarter of 2021, the economic event described below did not occur affecting the achieved EBITDA profit level which amounted to PLN 7.9 million in comparison to PLN 6.4 million exclusive of the amount of compensation described below.

In the 1st quarter of 2020, the Company and the Group recognized in other operating income having an impact on the level of operating profit and EBITDA received compensation in accordance with the Binding Letter of Intent signed on 12 January 2020 ("BLI") of Harbin Gloria Pharmaceuticals Co., Ltd. ("Gloria") and SciGen PTE. Ltd. Based on BLI, Harbin Gloria Pharmaceuticals Co., Ltd is required to pay the Company a settlement amount of US 9 million by way of a final settlement regarding all disputes between the parties related to the Supply and Distribution Agreement of 23 August 2015 and Annex I to the Agreement of 31 December 2016 (hereinafter jointly as "SDA"). The group received USD 8.1 million in two transfers, whereas USD 0.9 million was transferred by Gloria to the Chinese Tax Office. The Group is in the process of confirming the correct approach taken by Gloria in the aspect of the tax treatment of USD 0.9 million. In addition, the Company and the Group recognized the amount of profit distribution from compensation received which reduced the value of other operating income recognized in accordance with the signed profit-sharing agreement with Yifan International Pharmaceutical based in Hong Kong. The scope of the contract included support and cooperation in negotiating the termination of the distribution agreement with Gloria as well as costs related to financing legal services and potential arbitration in the event of no agreement being reached.

The Company

The profit on operating activity (EBIT) in the first quarter of 2021 amounted to PLN 300 thousand as compared to PLN 13.6 million in the corresponding period of 2020. Main factors affecting the lower EBIT level in the first quarter of 2021 in comparison to the first quarter of 2020 were:

- higher cost of sales – in Q1 of 2021, it was 51% while in Q1 of 2020, it was 44% which was caused by changing of the sales of products as well as by the higher cost of raw materials used in production,
- the compensation received in Q1 of 2020 in accordance with the Binding Letter of Intent of 12 January 2020 made by and between the Company, Harbin Gloria Pharmaceuticals Co., Ltd. ("Gloria") and SciGen PTE. Ltd. which was

included in Other operation income (as described above).

Lower cost of sales and administrative expenses resulting from changes in the Company's structure and processes had a positive impact on EBIT. In the first quarter of 2021, EBITDA reached PLN 7.9 million while in the corresponding period of 2020, it reached PLN 21.6 million.

Group

The profit on operating activity (EBIT) in the first quarter of 2021 amounted to PLN 187 thousand as compared to PLN 13.9 million in the corresponding period of 2019. Lower EBIT was mainly affected by Other operation income which was lower by PLN 13.4 million – in the 1st quarter of 2020, the Company received compensation in accordance with the Binding Letter of Intent ("BLI") of 12 January 2020 made by and between the Company, Harbin Gloria Pharmaceuticals Co., Ltd. ("Gloria") and SciGen PTE. Ltd.

EBITDA for the first quarter of 2021 in quality intake amounted to PLN 8.3 million, while in the corresponding period of 2020 was at the level of PLN 22.5 million.

5. Explanations regarding the seasonal or cyclical nature of the operations of the Company and the Capital Group BIOTON SA

The sale of insulin is characterized by relatively small seasonal fluctuations in relation to the taking drugs by the patients. Due to the chronic character of the illness and long period of use of the preparations by the patients, the sale of insulin is maintained on a similar level during all months in a year (except for vacation months which are traditionally the least advantageous for the pharmaceutical industry). However, it should be noted that most new cases of diabetes are diagnosed during the time when the patient is suffering from infections. The infections may also disturb the metabolic balance in patients who are already treated for diabetes. Therefore, the patients are most likely to change the method of treatment in spring and in autumn, and it is then that most of the new cases of diabetes are diagnosed. Insulin sales in the quarter depend on the adopted sales strategy for the product to distributors who are the Group's customers.

6. Information on write-downs against inventories, to the net value possible to achieve, and on the reversal of such write-downs.

The Company

Increase in write-downs in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Write-downs against inventories	142
Total	142

Reductions in write-downs (use and termination) in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Write-downs against inventories	1,699
Total	1,699

Group

Increase in write-downs in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Write-downs against inventories	142
Total	142

Reductions in write-downs (use and termination) in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Write-downs against inventories	1,699
Total	1,699

7. Information on impairment losses of financial assets, plant, property, and equipment, intangible assets or other assets and reversal of such impairment losses.

The Company

Increase in write-downs in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Allowances for trade receivables	-
Allowances for intangible assets	-
Allowances for property, plant, and equipment	-
Allowances for financial assets	-
Allowances on investments in subordinated units	-
Total	-

Reductions in write-downs (use and termination) in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Allowances for trade receivables	-
Allowances for intangible assets	-
Allowances for property, plant, and equipment	-
Allowances for financial assets	-
Allowances on investments in subordinated units	-
Total	-

Group

Increase in write-downs in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Allowances for trade receivables	-
Allowances for intangible assets	-
Allowances for property, plant, and equipment	-
Allowances for financial assets	-
Allowances on investments in subordinated units	-
Total	-

Reductions in write-downs (use and termination) in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Allowances for trade receivables	-
Allowances for intangible assets	-
Allowances for property, plant, and equipment	-
Allowances for financial assets	-
Allowances on investments in subordinated units	-
Total	-

8. Information on the creation, increasing, use, or liquidation of the provisions

The Company

Increase in provisions in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Provision for employee benefits	-
Provision for costs of remuneration	645
Provision for untaken leaves	996
Provisions for financial costs	83

Provisions for utilities costs	2
Provisions for advertising and promotion costs	-
Provisions for legal costs	-
Provisions for selling costs	301
Other provisions	144
Total	2,171

Reductions in provisions (use and termination) in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Provision for costs of remuneration	1,891
Provision for untaken leaves	464
Provisions for audit costs	132
Provisions for financial costs	8
Provisions for utilities costs	-
Provisions for marketing costs	-
Provisions for legal costs	-
Provisions for selling costs	786
Provision for purchase of intangible assets	
Other provisions	255
Total	3,404

Group

Increase in provisions in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Provision for employee benefits	-
Provision for costs of remuneration	969
Provision for untaken leaves	1,182
Provision for audits and consultancy services	-
Provisions for financial costs	83
Provisions for utilities costs	2
Provisions for marketing costs	-
Provisions for legal costs	699
Provision for advertising and promotion costs	1
Provisions for selling costs	301
Other provisions	195
Total	3,432

Reductions in provisions (use and termination) in the period from 01.01.2021 to 31.03.2021.	thousands PLN
Provision for pension and similar benefits	-
Provision for employee benefits	-
Provision for costs of remuneration	2,402
Provision for untaken leaves	551
Provision for audits and consultancy services	-
Provisions for financial costs	8
Provisions for utilities costs	-
Provisions for marketing costs	-
Provisions for legal costs	-
Provision for advertising and promotion costs	19

Provisions for selling costs	786
Provision for purchase of intangible assets	-
Other provisions	304
Total	4,070

9. Information about deferred income tax assets and provisions.

The Company

Changes in deferred tax assets during the period from 01.01.2021 to 31.03.2021.	thousands PLN
Increase	-
Decrease	2,261

Group

Changes in deferred tax assets during the period from 01.01.2021 to 31.03.2021.	thousands PLN
Increase	-
Decrease	2,243

The Company

Changes in deferred tax assets during the period from 01.01.2021 to 31.3.2021.	thousands PLN
Increase	-
Decrease	-

Group

Changes in deferred tax assets during the period from 01.01.2021 to 31.03.2021.	thousands PLN
Increase	-
Decrease	-

10. Information on significant purchase and sale transactions of property, plant, and equipment.

The Company

In the period from 01.01.2021 to 31.03.2021, the acquisition of property, plant, and equipment by BIOTON SA amounted to PLN 733 thousand. While there were no sales of property, plant, and equipment.

Group

In the period from 01.01.2021 to 31.03.2021, the acquisition of property, plant, and equipment by the Group amounted to PLN 733 thousand. while there were no sales of property, plant, and equipment.

11. Information about a significant liability for the purchase of property, plant, and equipment.

As of 31.03.2021, the liabilities related to the purchase of property, plant, and equipment in the Group amounted to PLN 1,435 thousand. (in full BIOTON SA).

12. Information on significant settlements from court cases.

In the first quarter of 2021, there were no significant settlements due to court cases.

13. Indication of corrections of errors from previous periods.

In the first quarter of 2021, the Group did not make any corrections of errors from previous periods.

14. Information on the changes in the business or economic circumstances that significantly affect the fair value of the entity's financial assets and financial liabilities, regardless of the fact, whether those assets and liabilities are recognised in the fair value or the corrected purchase cost (amortised cost) or not.

In the first quarter of 2021, there were no changes in the economic situation and business conditions that would have a significant impact on the fair value of financial assets and financial liabilities of the Company and the Group, except for those described in the annual financial statements of the entity and the Group affecting the fair value of financial assets along with the impact of the COVID-19 situation.

15. Information about the failure to repay a bank credit or loan, or the breach of significant provisions of a bank credit or loan agreement, in relation to which no remedial actions have been undertaken until the end of the reporting period

The obligations of the Company and the Group resulting from loan agreements are repaid on an ongoing basis.

16. Information on the conclusion by BIOTON SA or its subsidiary of one or more transactions with related entities, if individually or jointly they are significant and have been concluded on other than market conditions, along with an indication of their value, where information on individual transactions may be grouped by type, except when information about individual transactions is necessary to understand their impact on the financial position and financial position of the issuer.

In the first quarter of 2021, the Company and subsidiaries did not conclude the transactions with affiliated entities under other conditions than market ones.

17. In the case of financial instruments measured at fair value - information on the change in the method (method) of its determination.

The Company and the Group have no open positions of financial instruments.

18. Information on changes in the classification of financial assets as a result of a change in the purpose or use of these assets.

In the first quarter 2021, the Company and its subsidiaries did not make the change in classification in financial assets as a result of a change of the purpose or usage of these assets.

19. Information concerning the issue, buyout, and payment of the non-equity and capital securities.

In first quarter 2021, neither the Company nor the Group carried out transactions in securities.

20. Information on the dividend paid (or declared), in total and per one share, broken down into ordinary and preference shares.

The company does not plan to pay a dividend in 2021.

21. Events that occurred after the day on which the quarterly financial report was prepared, not included in this report, and which could have a significant impact on the future financial results of the Company and the Capital Group

BIOTON SA

Such events did not occur.

22. Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year.

In connection with signing the credit agreement with BANK OF CHINA (LUXEMBOURG) S.A. operating through the Bank of China (Luxembourg) S.A. (Joint Stock Company) Branch in Poland in January 2019 Companies BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o.o. granted to the company BIOTON SA a surety of EUR 9 mln each. The sureties were granted until the date on which all liabilities of BIOTON SA will be repaid or until 31 March 2026.

23. Description of the organization of the BIOTON SA Capital Group, with the indication of entities subject to consolidation.

As of 31.01.2021, the subsidiary units of BIOTON SA were:

- BIOTON MARKETING AGENCY Sp. z o. o. with its registered office in Macierzysz in which BIOTON S.A. held 100% of shares,
- BIOLEK Sp. z o. o. with its registered office in Macierzysz in which BIOTON S.A. held 100% of shares,
- BIOTON (International) GmbH with its registered office in Baar (Switzerland) in which BIOTON S.A. held 100% of shares,
- Mindar Holdings Ltd with its registered office in Nicosia (Cyprus) in which BIOTON SA held 100% of shares – the company was not consolidated due to the fact that the net assets and financial result are not significant in terms of the consolidated report,
- BioPartners Holdings AG with its registered office in Baar (Switzerland) and BioPartners GmbH with its seat in Reutlingen (Germany) were placed in the commercial register as “in liquidation”. The process of removing the companies from the commercial register is under approval by the proper authorities.

24. Description of changes in the organization of the BIOTON SA Capital Group, including as a result of a merger of entities, obtaining or losing control over subsidiaries and long-term investments as well as division, restructuring and discontinuation of operations.

BioPartners GmbH with its seat in Baar (Switzerland) and BioPartners GmbH with its seat in Reutlingen (Germany) were placed in the commercial register as "in liquidation". The process of removing the companies from the commercial registration is under approval by the proper bodies. The companies cannot conduct business activity and do not have access to bank accounts.

25. Position of the Management Board of the Company regarding the possibility of meeting previously published forecasts of results for a given year in the light of the results presented in the quarterly report in relation to the forecasted results.

The company did not publish forecasts of results for 2021.

26. Shareholders owning directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of BIOTON SA as at the date of submitting the quarterly report and changes in the ownership structure of significant blocks of Company shares in the period from the submission of the last periodical report.

According to information held by BIOTON SA based on shareholder notifications, the ownership structure of the share capital of BIOTON SA, as of the day of publication of this report, is presented in the table below:

No.	Shareholder	Number of shares/votes (in pcs)	% of share capital/votes
1	Dongren Singapore PTE LTD. ¹	16,989,289	19.79%
2	Perfect Trend Ventures Limited ²	10,245,922	11.93%
3	Troqueera Enterprises Ltd.	8,480,570	9.88%
4	Basolma Holding Ltd. ³	6,151,852	7.16%
5	AIS Investment 2 Sp. z o. o	5,151,852	6.00%
6	UniApek S.A. ⁴	4,293,210	5.00%
7	Others	34,551,505	40.24%
Total		85,864,200	100%

There were no changes in the ownership structure of significant issuer shares in the period from the date of the previous transfer periodic report.

27. Statement of the state of ownership of the Company's shares or rights to them by the managers and supervisors of BIOTON SA as at the date of submitting the quarterly report, together with an indication of changes in ownership in the period from submitting the last periodic report, separately for each person

According to information held by Bioton SA, as of the date of publication of this report:

- the supervising personnel of Bioton SA do not hold shares of the Company,
- managing and supervising personnel of BIOTON SA do not have any shares in the affiliated entities of the Company.

28. Indication of proceedings pending before a court, a competent arbitration authority, or a public administration body

28.1. "Macierzysz Resort Property" real estate

In matters relating to real estate to which the Company has the right of perpetual usufruct and which belonged to the former "Macierzysz Resort Property", hereinafter referred to as "Real Estate", no administrative proceedings are pending regarding the assessment of whether the above real properties were subject to the provisions of the decree of the Polish Committee of National Liberation of 6.09.1944 on the implementation of land reform (J. of Laws of 1945 No.

¹ Yifan Pharmaceutical Co., Ltd. is entitled indirectly by Dongren Singapore PTE LTD. 16,989,289 of dematerialized shares of the Company constituting 19.79% of the Company's share capital. Yifan Pharmaceutical Co., Ltd. is the dominant of Dongren Singapore PTE LTD.

² Yifan Pharmaceutical Co., Ltd. is granted directly by Perfect Trend Ventures Limited 10,186,419 dematerialized shares of the Company constituting 11.86% of the Company's share capital. Yifan Pharmaceutical Co., Ltd. is the dominant of Perfect Trend Ventures Limited.

^{2 and 3} Yifan Pharmaceutical Co., Ltd. indirectly holds 27,175,708 shares of the Company, which represent 31.65% of the Company's share capital and entitle to 27,175,708 votes at the Company's General Meeting of Shareholders, representing 31.65% of the total number of votes at the Company's General Meeting of Shareholders.

³ Basolma Holding Ltd is the parent company of AIS Investment 2 Sp. z o. o.

⁴ Dongren Investment Co., Ltd. of Ningbo Free Trade Zone is granted indirectly by UniApek 4,293,210 of the dematerialized shares of the Company constituting 5% of the Company's share capital. Wenjun Cui is entitled indirectly through Dongren Investment Co., Ltd. of Ningbo Free Trade Zone and UniApek SA to 4,239,210 dematerialized shares of the Company constituting 5% of the share capital of the Company.

3, pos. 13 as amended). All proceedings ended with valid and final rulings issued by administrative courts, which confirmed the arguments of the heirs of the former owners that the Real Properties were not subject to the provisions of the above Decree. The last of the court and administrative cases conducted in the above scope, based on a complaint filed by IBA with the participation of BIOTON SA, ended legally and finally on 16.01.2018 year. Currently, one administrative proceeding is pending before the Mazovian Voivodship, initiated at the request of the heirs of the former owners of the Real Estate of 14.04.2009, regarding the annulment of the decision of the Head of the Commune of Ożarów Mazowiecki of 15.04.1988 on taking over part of the Real Estate for the Treasury, in the form of two plots with a total area of 78.87 ha, issued on the basis of the Act of 12 March 1958 on the sale of state agricultural real estate and the arrangement of some matters related to the implementation of agricultural reform and agricultural settlement ("Act of 1958"), and the decision of the Head of the Ożarów Mazowiecki Commune of 19.03.1990 on transfer to the management of the Institute Biotechnology and Antibiotics ("IBA") plots with a total area of 77.83 ha. In the opinion of the Company, in the light of the previous jurisprudence, and in particular in the light of the Constitutional Tribunal's decision of 20.02.1991, the probability of the Company suffering damage as a result of recognizing possible claims of the heirs of the former owners of "Dobra Macierzysz Ośrodek" property seems to be small. In the Company's opinion, the previous decisions in cases regarding whether the real estate from "Macierzysz Ośrodek" were subject to the provisions of the PKWN Decree, although inconsistent with the Company's legal position, are not essential for its legal situation, as the right to the property is derived from the contract for the transfer of the perpetual usufruct right concluded with IBA. Possible consequences in the Company's situation may, however, lead to the decision to annul the decision issued on the basis of the Act of 1958 by the Head of the Ożarów Mazowiecki Commune of 15 April 1988 on taking over two plots with a total area of 78.87 ha to the State Treasury and the decision of the Head of the Ożarów Mazowiecki Commune of 19.03.1990 on the transfer of plots of land to the IBA management with a total area of 77.83 ha.

In the event of the decision of the Governor of Masovia regarding the annulment of the decision of the Head of the Commune of Ożarów Mazowiecki of 15 April 1988 and 19 March 1990, consistent with the position of heirs, the Company will be entitled to a further appeal, including a complaint to the Provincial Administrative Court and a complaint cassation. At the same time, the end of administrative proceedings, even if inconsistent with the position of the Company, will not affect the property relations of the Company, whose possible change may take place only after the final judgment on the claims of heirs by civil courts.

In such a situation, the Company, in relation to plot No. 4/43, will be entitled to a claim against IBA, which is a contract dated 06.11.1997 declared that any claims of third parties would be charged to IBA.

28.2. Dispute with Hefei Life Science & Technology Park Investments & Development Co., Ltd.

The Group also informs that it is a party to arbitration proceedings for payment of USD 1,500,000 with interest paid to the China International Economic and Trade Arbitration Commission ("CIETAC") by Hefei Life Science & Technology Park Investments & Development Co., Ltd. ("HLST") against the Company and SciGen Ltd. resulting from the prolonging negotiation of repayment of the net amount of mutual settlements between the parties. HLST also requested that the Company and SciGen Ltd. pay an unpaid part of the royalties in the amount of USD 194,286, which was paid by 30.06.2016. The dispute has its source in the agreement concluded on 21.10.2011 (with later annexes) between the Company, SciGen Ltd., HLST and Mr. Gao Xiaoming. Mutual settlements of parties resulting from the agreement are recognized in the Company's financial statements, starting from the financial statements for 2011. The Group questioned the basis for HLST demanding the disputed amount. On 1 September 2017, the Company received information about the arbitration award issued by CIETAC. The Arbitration Court awarded HLST the amount of USD 1,500,000 and the corresponding interest, as well as the payment of USD 146.80 for royalties for the third quarter of 2015 and USD 184,549.82 for interest on overdue payments from the first quarter of 2013 within 15 business days from the date of entry into force of this ruling. In addition, the Court obliged the Company to pay a fee for the claim and part of the arbitration fee.

The company verifies the legal possibilities of the grounds for appealing against the arbitration award and the grounds for obtaining the enforceability of the arbitration award by HLST also in Poland. The company took legal steps to reach an amicable resolution end of the case. For the abovementioned liabilities, the Company established the reserve in the previous years.

28.3 Claim for revocation of the resolution of the Ordinary General Meeting of Bioton SA of 11 June 2018 regarding expressing consent to the sale transaction of SciGen Ltd

On 6 August 2018 (published Current Report No. 23/2018), the Company received a copy of the statement of claim filed by AIS Investment 2 sp. z o.o. in Warsaw ("Plaintiff") against the Issuer for revocation of Resolution No. 2 from the District Court

of the 16th Commercial Division in Warsaw regarding the consent to the sale transaction of SciGen Ltd with its registered office in Singapore and the determination of basic conditions for the transaction taken on 11 June 2018 by the Issuer's Ordinary General Meeting (see current report No. 12/2018 dated 11 June 2018). The issuer does not agree with the allegations sought and dismissed it. Several hearings were held, at which witnesses and parties were interrogated.

On 17 February 2020, the District Court in Warsaw, 16th Commercial Division, dismissed the claim of AIS Investment 2 Sp. z o.o. against the Company to repeal Resolution No. 2 on the consent to the transaction of sale of SciGen Ltd based in Singapore and determining the basic conditions for the transaction, adopted on 11 June 2018 by the Ordinary General Meeting of the Company (non-final judgment). On 17 August 2018, the Company's Management Board learned about lodging the appeal from AIS Investment 2 Sp. z o.o. The Company prepares the reply to the appeal (published with the Current Report no. 16/2020). The Company submitted a reply to the appeal on 28 August 2020. The Company is awaiting the judgment scheduled on 31 March 2021. The Company will share the information in a separate report. On 31 March 2021, the Appeals Court in Warsaw dismissed the appeal filed by AIS Investment 2 sp. z o. o. The judgement of the Appeals Court in Warsaw is final.

28.4 Request for appointment by the Court of the special auditor

On 29 October 2018 (published in Current Report No. 30/2018), the company received from the District Court 13th Commercial Department in Warsaw, copy of the application submitted by AIS Investment 2 sp. z o.o. in Warsaw and Basolma Holding Limited ("Applicants") for the designation, pursuant to art. 85 it. 1 of the Act on public offering, special auditor. The content of the application is consistent with the draft resolution No. 2 on the agenda of the Extraordinary General Meeting (EGM) on September 26, 2018, which was not adopted by the EGM (see the current report No. 28/2018). Bearing in mind the position of the EGM, the Issuer requested refusal to appoint a special auditor. On 24 October 2019, Bioton SA received a non-final decision of the Court Referendary for the District Court for the capital city of Warsaw in Warsaw about the designation of Grant Thornton Polska sp. z o. o. Spółka komandytowa with headquarters in Poznań as a special auditor of Bioton SA Bioton SA filed a complaint. On 18 November 2019, the Company received a decision rejecting the complaint against the referendary's decision regarding the appointment of a special auditor. On 25 November 2019, Bioton SA appealed against the decision rejecting the complaint against the court referendary's decision to appoint a special auditor. On 18 February 2020, the court dismissed Bioton SA's complaint against the decision rejecting the complaint against the court referendary's decision to appoint a special auditor (the decision is final). The Company concluded with Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its seat in Poznań on 25.08.2020 the agreement for performing the activities of a special auditor, the works started on 27 August 2020. On 3 November 2020, the Company received the report from the special auditor. The report is positive for the Company and does not raise any questions or concerns. Currently, the Company is filing for reimbursement of the remuneration paid to the special auditor in the amount of PLN 369,408.36. In the opinion of the Management Board, there is no significant risk of the economic benefits from the Company in connection with the above issue beyond the settlement of the remuneration for the auditor for special issues.

29. Information on granting by BIOTON SA or its subsidiary credit or loan guarantees or granting a guarantee - jointly to one entity or a subsidiary of that entity, if the total value of existing sureties or guarantees is equivalent to at least 10% of the Company's equity

In connection with the signing of a credit agreement by BIOTON SA with BANK OF CHINA (LUXEMBOURG) SA operating by Bank Of China (Luxembourg) SA. (Spółka Akcyjna) Branch in Poland, the company BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o. o. provided a guarantee to BIOTON SA of EUR 9 million. The sureties were granted until the date on which all liabilities of BIOTON SA will be repaid or until 31 March 2026. In addition, BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o. o. granted corporate guarantees as collateral for the said loan. The securities granted exceed 10% of the equity of BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o. o

30. Other information relevant to the assessment of the personnel, property, financial situation, financial result of the Company and the Capital Group BIOTON SA and their changes, as well as information that is significant for the assessment of the ability to meet obligations by the Company.

30.1. Credit and loan agreements

The company financed itself in the 1st quarter of 2021 with a short- and long-term bank debt and a loan from the shareholder UniApek SA. The obligations of the Company and the Group resulting from credit agreements are repaid on an ongoing basis. The value of debt in Bank BOŚ SA, HSBC Bank Polska SA, and the BANK OF CHINA (LUXEMBURG) SA under loan agreements (incl. a factoring agreement) as of 31 March 2021 totaled PLN 68.27 million. The value of the debt from the shareholder loan was PLN 28.08 million.

On 30 June 2020, the Company added amendment no. 23 to the credit agreement no. 2/2007 extending the credit period to 30 September 2020. On 30 September 2020, the amendment was signed extending the credit period for one month to 30 October 2020. On 30 October 2020, the Company added an amendment extending the credit period to 30 November 2020. On 30 November 2020, the Company added an amendment no. 26 extending the credit period to 30 April 2021. On 30 April 2021, the Company added an amendment extending the credit period to 28 May 2021.

On 30 April 2020, the Company and Bank BOŚ SA added amendment no. 25 to the contract for factoring line No. S/120/04/2012/K/FAK, extending the funding period to 31 March 2021. Other provisions of the Agreement did not change. On 30 March 2021, the Company added amendment no. 26 extending the factoring line to 30 April 2021. The Company is processing the extension of the factoring agreement.

On 21 January 2021, the Company added a "Consent Letter" to the agreement with BANK OF CHINA (LUXEMBOURG) S.A. operating through Bank of China (Luxembourg) S.A. (Joint Stock Company) Branch in Poland amending the schedule of payment of the installment of the credit to the special use account (DSRA) in the period from 22 January 2021 till 23 March 2021.

On 22 April 2021, the Company added a "Consent Letter" to the agreement with BANK OF CHINA (LUXEMBOURG) S.A. operating through Bank of China (Luxembourg) S.A. (Joint Stock Company) Branch in Poland amending the schedule of payment of the installment of the credit to the special use account (DSRA) in the period from 23 April 2021 till 23 June 2021.

The analysis of the age categories of loans and borrowings according to the original dates resulting from loan agreements and their inclusion in the consolidated balance sheet as of 31 March 2021 is presented below.

<i>Data in thousands</i>	up to 1 year	from 1 to 2 years	from 2 to 5 years	above 5 years	total
BOŚ S.A. revolving loan	4,010	-	-	-	4,010
BOŚ S.A. mortgage loan	3,005	3,066	6,985	-	13,056
BOŚ S.A. investment credit	361	358	775	-	1,494
BOŚ S.A. (factoring facility)	19,033	-	-	-	19,033
Bank of China	14,006	16,672	-	-	30,678
UniApek SA	28,077	-	-	-	28,077
Others	647	-	-	-	647
Total	69,139	20,096	7,760	0	96,995

30.2. Exchange rates

The expected result on exchange differences on the valuation of loans and borrowings received expressed in foreign currencies granted to the Company by Bank Of China and UniApek will be reflected in financial costs /finance income in the consolidated financial statements of the Group and in the individual financial statements of BIOTON S.A.

In the following months, the main assumptions of the Company in the exchange rate policy will be to hedge the exchange rate of foreign currency inflows (in USD). The Company is considering hedging commercial inflows in USD by concluding hedging transactions Forward. As of 31 March 2021 BIOTON SA did not have any open transactions hedging foreign currency exchange rate risk. At the end of March 2021, due to depreciation of PLN/USD (by 5.6%) and PLN/EUR (by 1%) as compared to the end of 2020, the Group recognized the statistical differences of the exchange rate in the amount of PLN 1.9 million.

The compliance of applied instruments with foreign currency position is only meant to secure foreign currency exchange rate risk occurring in commercial activities of BIOTON SA company.

31. Factors that will affect the results achieved by the Capital Group BIOTON SA in the perspective of at least the next quarter.

31.1. Conclusion of a cooperation agreement between Yifan Pharmaceutical Co., Limited and Bioton SA

On 16 July 2019 the Management Board concluded an agreement with Yifan Pharmaceutical Co., Limited ("Yifan"), the subject of which is the mutual cooperation of the parties in the scope of active substances of insulin analogs and final medicinal product (in finished form), from their production to commercialization ("Agreement"). A contract is a framework contract. Individual activities and conditions related to the implementation of its stages will be regulated in detail in separately concluded orders. All costs related to the purchase and installation of equipment needed to implement each stage of the Agreement, the purchase of raw materials and auxiliaries necessary for the manufacture of products in the scope of relevant orders will be covered by Yifan. As a rule, the Agreement does not provide for the acquisition of intellectual rights of the parties, except for the grant of a license to the extent that allows the performance of the Agreement. If, however, the result of works shows that the commercial production line is adapted to the production of the drug product in the finished form, Bioton will be granted the right to use Yifan's intellectual property as well as the right to manufacture, distribute, market, offer and sell the product exclusively in the territory of Poland for 25 years; Bioton will be also granted priority right to receive the right for use in European countries under its own brand. Bioton will also act as a manufacturer of products all over the world. Details of cooperation in this area will be the subject of a separate agreement. Bioton and Yifan are entitled to terminate the Agreement (or orders made on its basis) immediately after notifying the other party if: (i) the other party commits a material breach of the provisions regarding the execution of stages, intellectual property, confidentiality, assignment of the Agreement, (ii) the other party submits an application for bankruptcy, liquidation or a similar process, or is a party to an agreement with creditors or ceases to conduct business, (iii) the other party violates two or more contracts concluded with the terminating party (including orders under this Agreement), and (iv) there was a change in control. Yifan may also terminate individual stages of work, but in such a case it is obliged to reimburse Bioton for the costs incurred. The agreement was concluded under the law of Singapore and the place of settlement of disputes will be the arbitral tribunal in Singapore.

31.2. Conclusion of the assignment agreement (Novation Agreement)

On 16 January 2020, Bioton concluded an assignment agreement (Novation Agreement) with effect from 1 January 2020 to the Global Exclusive License Framework Agreement of 27 March 2018, as amended, between the Company, YIFAN INTERNATIONAL PHARMACEUTICAL CO., LTD. based in Hong Kong ("Assignor") and SCIGEN PTE. LTD. with its registered office in Singapore ("Assignee"), in which Bioton granted the Assignor the exclusive right to import and distribute Bioton products on the Territory (all countries except Poland). The Assignor and Bioton intend to facilitate global sales of products, therefore in order to execute the contractual obligations, it was necessary to assign the rights and obligations under the Agreement. In addition, the Assignee is a wholly-owned subsidiary of the Assignor, it is a professional and experienced entity in the sale of pharmaceutical products on the global market. Further cooperation concerning the Agreement is significant for the improvement of the global sale of Bioton products. The Agreement was concluded for a period of 15 years with an automatic option of extension for 5 more years unless either party submits a written termination of the Contract at least 12 months before the end of the period for which the Agreement was concluded. The Agreement may be terminated by either party with a 30-day notice if: i) one of the parties violates the provisions of the Agreement and this violation has not been remedied within 30 days of receipt of the request to stop the violation; (ii) one of the parties becomes insolvent or a bankruptcy proceeding is initiated against either party. The parties' liability under the Agreement is limited to actual damage. The Agreement is subject to the law of Singapore and potential disputes will be settled by the arbitration tribunal in Singapore. The Agreement specifies the mutual obligations of the parties, as well as the basic terms and conditions of distribution. The terms of the Agreement do not differ from generally used market practices. The Company estimates that revenues under the Agreement over the next three years will amount to approximately PLN 250 million. In addition, the Chinese market was opened for distribution due to the termination of Bioton insulin delivery and distribution agreement on the Chinese market by Harbin Gloria Pharmaceuticals Co., Ltd,

31.3. Negotiations with FINANCIERE N: (i) on changing the cooperation agreement concluded with Copernicus sp. z o.o. with its seat in Szczecin on 12 June 2014 and (ii) in the scope of the rights granted to the issuer connected with the participation in the share capital of Copernicus sp. z o.o. with its seat in Szczecin

The Management Board of BIOTON SA ("Issuer") informs that on 17 July 2020 made a decision on delay in providing the confidential information for the public domain in accordance with art. 17 it. 4 of the Regulation of the European Parliament and the Council (EU) no. 596 /2014 of 16 April 2014 on abuses on the market (Regulation on abuses on the market) repealing the directive 2003/6/CE of the European Parliament and the Council and the directive of the Commission 2003/124/CE, 2003/125/CE, and 2004/72/CE. The subject of the confidential information were negotiations with FINANCIERE N ("Nemera"): (i) on changing the cooperation agreement concluded with Copernicus Sp. z o.o. with its seat in Szczecin ("Copernicus") on 12 June 2014 (on the text of the agreement the Issuer informed with the current report no. 17/2014 of 13 June 2014) ("Supply Agreement") and (ii) in the scope of the rights granted to the Issuer connected with the participation in share capital Copernicus ("Agreement"). The reason for disclosing delayed confidential information is to finalize by Nemera the transaction of purchase of shares of Copernicus, these changes which were the subject of the negotiations are binding. In accordance with the Supply Agreement for the period of 4 years from 28 August 2020 the Issuer will be granted the exclusive right for the distribution of multiple-use of injections in versions for the Issuer: (i) dedicated to be provide recombinant human insulin (RHI), i.a. on the Polish market and Chinese market and (ii) dedicated to providing the insulin analogues – exclusively on the Polish and Chinese markets. After the lapse of 4 years, from 28 August 2020 the Issuer will be granted the exclusive distribution right worldwide for multiple use injections in dedicated versions to the Issuer: (i) allocated to administer liquid forms of dosage of recombinant human insulin (RHI) and (ii) allocated to administer the analogues of insulin in liquid form. During the applicability of the Supply Agreement, the Issuer will not acquire from other entities that Copernicus any multiple use injections allocated to sell or distribute such injections by the Issuer on any market. In addition, Copernicus shall grant to the Issuer, provided the Triggering Event occurs, irrevocable, non-exclusive license for the production, sale, distribution, publication, and advertisement under his own trademarks, multiple-use injections in versions dedicated for the Issuer. The license will be provided respectively for a type of injections and territories in which the exclusive right of the Issuer is applicable, from the moment when the Triggering Event occurs until the applicability or termination of the Supply Agreement. No separate license fees will be collected from the Issuer. The Triggering Events include: (i) purchase of Copernicus by the competitor and withholding the supply, (ii) the lack of supplies for six months; (iii) the event of force majeure lasting longer than six months or (iv) liquidation process of Copernicus. The Supply Agreement shall be applicable by 31 December 2024, and then it shall be subject to automatic extension for the period of two years unless one party terminates the Supply Agreement with written notice of termination submitted to the other party within 12 months before the lapse of the applicability of the Supply Agreement. In addition, the Issuer negotiated the change of the conditions of the Supply Agreement in the scope of increasing the flexibility of placing orders. The Issuer may indicate the value of orders for the next year. The remaining provisions of the Supply Agreement were not subject to significant changes. By virtue of the Agreement, the Issuer waives all rights connected with share in share capital of Copernicus, including the pre-emptive right of shares of Copernicus. For making changes indicated in the Supply Agreement and for the services connected with waiver for Nemera the Issuer's rights described above, Nemera shall pay to the Issuer the amount of 10,000,000 PLN gross (ten million PLN) after deducting the withholding tax for the payment (if applicable). Nemera informed the Issuer on making the transfer. The Management Board indicates that the purchase is within the interest of the Issuer, as the Issuer obtains a strong partner in production and supply of multiple use injections dedicated to provide insulin (published with the current report no. 17/2020).

31.4. Epidemiological situation caused by SARS-COV-2 virus

On 11 March 2020, the World Health Organization announced SARS-Cov-2 coronavirus pandemic. Therefore, we are currently dealing with a situation where SARS-Cov-2 coronavirus is present in almost all countries of the world and it is recommended to introduce radical measures to reduce the effects of a widespread pandemic that may have a significant impact on the condition of the economy, including the global economy.

Accordingly, the Polish government is afraid of a significant decline in economic growth, adopted the act amending the act on special solutions related to prevention, preventing and combating COVID-19, other infectious diseases and crisis situations caused by them, and some other acts ("Anti-crisis Shield"), which includes a number of facilities for entrepreneurs, including the possible exemptions from property tax: land, buildings, and structures related to the conduct of business economic, by way of a resolution adopted by a given commune council, to indicated groups of entrepreneurs whose liquidity financial worsened due to negative economic consequences due to COVID-19. The spreading SARS-Cov2 coronavirus causing the disease called COVID-19 currently causes a number of difficulties in the world and in Poland, which disrupts the normal working mode of enterprises and deteriorate their liquidity.

It should be in the first place emphasized that the Group constantly monitors the situation related to COVID-19 and its impact

on operations. The Group strives to secure production by increasing the supply of raw materials - in the pharmaceutical industry, most of the raw materials and components for production come from a limited number of suppliers. Each of them is exposed to inhibited delivery of supplies and the situation may deteriorate as the infection spreads, which requires introducing preventive measures related to increasing inventories to 6 months for all key components. The components are manufactured by a small group of suppliers that meet the high requirements of pharmaceutical production. In the current crisis, most of these producers receive increased orders from their customers. If today most companies, as a rule, optimize inventories on a daily basis, then in the current situation of necessary intervention increase in inventories to 4-6 months all the suppliers will be on the border of production capacity, which we already hear from our suppliers. Securing products on the Polish market and problems with organization of product shipments to foreign markets may also, in the short term, cause problems with the collection of foreign debts. The current situation is also aggravated by the fact that currently, all European countries are introducing a number of restrictions because of the spreading SARS-Cov-2 pandemic. These restrictions disturb the Group's operation, over which the Group has no control and it is obliged to comply with introduced legal provisions, including recommendations of government administration bodies aimed at limiting the spread of SARS-Cov-2 coronavirus infection cases. The priority for the Group is to ensure the continuity of production and we are taking all the measures to that end.

The Group monitors risks associated with the current situation in the following main areas:

- (i) risk of employee absence - as of the date of publication, the Group has not recorded significant disruptions in its day-to-day operations and has not observed significantly increased employee absence.
- (ii) risk of price levels, foreign currency exchange rate fluctuations and supplies of raw materials and auxiliary materials required for the production of finished substances and forms of insulin, as well as supplies of products sold on the Polish market, where many deliveries are made from abroad - the Group is in contact with suppliers of raw materials and auxiliary materials to confirm complex orders in terms of timely deliveries as well as the possibility of securing their availability or earlier delivery.
- (iii) risk related to restrictions related to the possibility of logistic delivery of products to foreign markets - the Company asked foreign customers to place orders for product delivery in the following months due to possible extension of the delivery date by changing e.g. the method of delivery from air to sea.
- (iv) risk of limiting financial liquidity - BIOTON S.A. has initiated dialogue with financial institutions in order to increase the current loan limits or granting new debt financing so the Company's financing structure can be amended in 2021 through shifting a significant part of short-term financing to medium- and long-term financing. The Management Board also anticipates to possibly change the repayment date of the UniApek loan as part of the debt financing structure change.
- (v) risk related to demand constraints on goods sold by the Group - the risk does not apply to the Group's products due to the fact that insulin is a life-saving drug and therefore must be administered regardless of existing circumstances related to COVID-19. However, in the aspect of non-prescription products, such as OTC medicines, the current pandemic situation which limits people's mobility may affect the Company's and Group's sales of their products.

At the same time, the Management Board believes that the current situation, however difficult, creates entirely new opportunities for the possibility of increasing sales and gaining market shares in Poland and on foreign markets, as well as increasing effectiveness of work in the organization, and also creates new opportunities to use digital solutions.

The Board will continue monitoring the possible impact of COVID -19, and will take all possible steps to mitigate any effects and seize new opportunities at the same time.