

**ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR 30 JUNE 2021  
AND FOR THE PERIOD FROM 01 JANUARY 2021 TILL 30 JUNE 2021**

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## **1.1 ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP BIOTON SA AS OF 30 JUNE 2021 AND FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021, INCLUDING THE COMPARATIVE DATA AS OF 31 DECEMBER 2020 AND FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

### **INTRODUCTION TO THE ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP BIOTON SA**

#### **1.1.1 Identification details of the parent Company**

BIOTON Spółka Akcyjna (Company) with registered office in Warsaw, ul. Starościńska 5, is registered under number 0000214072 in the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register.

The basic object of activity of BIOTON S.A. is manufacturing of drugs and pharmaceutical preparations and production of pharmaceutical substances.

#### **1.1.2 Periods behind which presented is abridged mid-year consolidated report financial and comparative financial data**

The shortened semi-annual consolidated financial statement of the BIOTON SA Group ("the Group") was prepared as of 30 June 2021 and covers the accounting period from January 1, 2021 to June 30, 2021. The comparative financial data covers the accounting period from 01 January 2020 till 30 June 2020 and the balance sheet as of 31 December 2020.

In accordance with 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 (Journal of Laws from 2018, item 757 as amended) the Group is obligated to publish financial results for the period of 6 months ended 30 June 2020, which is the current interim reporting period.

The abridged interim consolidated financial statement has been approved for publication by the Management Board of the Company on 31 August 2020.

#### **1.1.3 Composition of the Management Board and Supervisory Board of BIOTON S.A.**

##### Current composition of the Managing Board of BIOTON S.A.:

- Mr. Jeremy Lauanders (President of the Management Board),
- Mr. Adam Polonek (Member of Management Board)

##### Current composition of the Supervisory Board of BIOTON S.A.:

- Mr. Nicola Cadei (Chairman of the Supervisory Board since May 18, 2021);
- Mr. Dariusz Trzeciak (Deputy Chairman of the Supervisory Board from July 7, 2019);
- Mr. Ramesh Rajentheran (Vice Chairman of the Supervisory Board since July 7, 2019);
- Mr. Jubo Liu (Member of the Supervisory Board since June 28, 2019);
- Mr. Vaidyanathan Viswanath (Member of the Supervisory Board from June 28, 2019);
- Mr. Khee Wee Hau (Member of the Supervisory Board since June 28, 2021);
- Mr. Yuhong Geng (Member of the Supervisory Board since June 28, 2021);
- Mr. Tomasz Siembida (Member of the Supervisory Board since June 28, 2021);

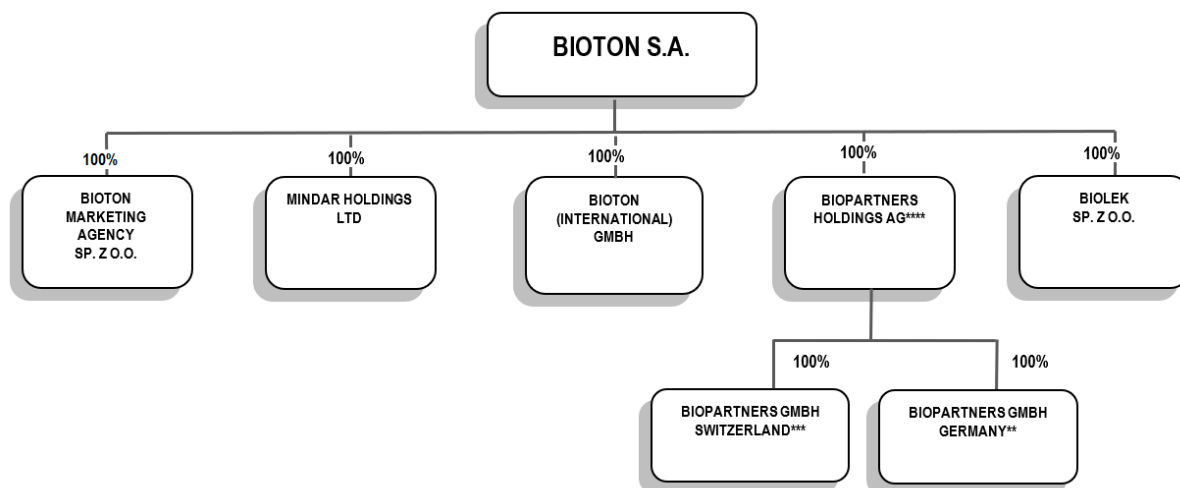
History of changes in the composition of the Supervisory Board since 01.01.2021 until the publication date of the financial statements:

- On March 16, 2021, the Company received the resignation of Dr. Hao Fan from the position of the Chairman of the Supervisory Board. The reason for the resignation was personal.

- on June 16, 2021, the Company received the resignation of Mr. Wei Ming Tan from the function of the Supervisory Board Member. The reason for the resignation was personal;
- on June 28, 2021, the Ordinary General Meeting appointed Mr. Khee Wee Hau to the Supervisory Board;
- on June 28, 2021, the Ordinary General Meeting appointed Mrs. Yuhong Geng to the Supervisory Board;
- on June 28, 2021, the Ordinary General Meeting appointed Mr. Khee Wee Hau to the Supervisory Board;

## Ownership structure of the Group BIOTON SA

The ownership structure of the BIOTON S.A. Group as of 30 June 2021 was as follows:



\*\* The Management Board of Biopartners GmbH Germany adopted a resolution to liquidate the company on November 8, 2018.

\*\*\* On 12 March 2019, Biopartners GmbH Switzerland filed for bankruptcy.

\*\*\*\* On 13 March 2019, Biopartners Holdings AG filed for bankruptcy. The bankruptcy proceedings were closed on May 8, 2019.

### 1.1.4 Description of the most important accounting principles applied

#### (a) Statement of conformity

The abridged interim consolidated financial statements as of 30 June 2021 were audited by a certified auditor. The consolidated financial statements as of 31 December 2020 were audited by a certified auditor. Abridged interim consolidated financial statements as of 30 June 2020 were audited by a certified auditor.

The abridged interim consolidated financial statements as of 30 June 2020 have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting", which was approved by the European Union, pursuant to Art. 45 sections 1a-1c of the Accounting Act (Journal of Laws 2019, item 395 of 17 January 2019 as amended) and related executive provisions, and in accordance with requirements specified in the regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions of deeming equivalent the information required by the regulations of third countries (Journal of Laws from 2018, item 757, as amended).

The individual financial statements as of 31 December 2019 were prepared in accordance with the IFRS adopted by the Supervisory Board of International Accounting Standards ("IASB") and interpretations issued by the Commission for Interpretation of International Financial Reporting ("IFRIC") operating under the IASB, which have been approved by the European Union.

The abridged interim consolidated financial statement as of 30 June 2020 should be read together with the audited consolidated financial statement as of 31 December 2020.

***Application of new standards and changes to existing standards and interpretations applied for the first time in the Company's financial statements for the period ended 30 June 2021***

The following new or amended standards and interpretations have been in force since the beginning of the financial year issued by the International Accounting Standards Board (IASB) or the Interpretation of International Financial Reporting Committee.

**a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *The reform of benchmark interest rates (reference rates) - Phase 2***

Amendments to these standards were published on August 27, 2020 and supplement the first phase of changes in reporting resulting from the reform of interbank reference rates of September 2019. The amendments apply to annual periods beginning on or after January 1, 2021. The changes in the second phase focus on the impact they will have on the valuation of, for example, financial instruments, leasing liabilities, and the replacement of the existing reference rate with a new rate resulting from the reform.

The Company applied the changed standards from January 1, 2021 without affecting the financial statements.

In addition, from June 1, 2021, after adoption by the European Commission in October 2020, the Group applies the Amendment to IFRS 16 Leasing: Covid-19 Reliefs. The change was published on May 28, 2020 and is effective for annual periods beginning on or after June 1, 2020, with early application permitted. The change introduces a simplification in IFRS 16, which makes it possible not to recognize modifications to a lease agreement when they have occurred (in the period until June 30, 2021) changes in payments related to the Covid-19 pandemic or other discounts were granted to lessees changing the original financial terms of leases due to the pandemic.

From January 1, 2021, the amendment to IFRS 4, published on June 25, 2020, also applies - with regard to the extension of the period of exemption of insurers from the application of IFRS 9 Financial Instruments until January 1, 2023, in line with the extended effective date of IFRS 17 Insurance Contracts

***Published standards and interpretations that are not yet in effect and have not been applied by the Group before***

In this financial report the Group decided not to apply the following published standards, interpretations or amendments to existing standards prior to the date of their entry into force.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Committee for the Interpretations of International Financial Reporting, and have not yet come into force on the balance sheet date:

**a) IFRS 17 Insurance Contracts.**

The new standard was published on 18 May 2017, and then changed on 25 June 2020 and is applicable to annual periods beginning on or after 1 January 2023. It is allowed to apply it earlier (on condition that IFRS 15 and IFRS 9 are applied simultaneously). The standard replaces the existing regulations relating to insurance contracts (IFRS 4). On 25 June 2020, IFRS 4 was also amended - with regard to extension of the period of exemption of insurers from the application of IFRS 9 *Financial instruments* until 1 January 2023. The Company will apply IFRS 17 after it has been approved by the European Union, but does not expect the amendments to have a significant impact on the preparation of financial statements.

**b) Amendment to IAS 1 Presentation of Financial Statements: Classification of liabilities as short- and long-term**

The amendment to IAS 1 was published on January 23, 2020, then the entry date was modified in July 2020 effective and applicable to annual periods beginning on or after January 1, 2023.

The change redefines the criteria that must be met to be considered short-term. The change can affect the change in the presentation of liabilities and their reclassification between short-term and long-term liabilities.

The Group will apply the changed standards from 1 January 2023. As of the date of preparing these financial statements, it is not possible to reliably estimate the impact of applying the changed standards.

**c) Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to the 2018-2020 standards (Annual improvements)**

Amendments to these standards were published on 14 May 2020 and apply to annual periods beginning on or after 1 January 2022. The changes include introducing a prohibition on reducing costs production of fixed assets with revenues from the sale of test products created in the creation / launch process of plant property and equipment.

The Group will apply the changed standards from 1 January 2022. As of the date of preparing these financial statements, it is not possible to reliably estimate the impact of applying the changed standards.

**d) Amendments to IAS 1 - Disclosure of Accounting Policies and IAS 8 - Definition of Accounting Estimates**

Amendments to these standards were published on February 12, 2021 and apply to annual periods beginning on or after January 1, 2023. The purpose of these changes is to place greater emphasis on the disclosure of significant accounting principles and to clarify the nature of the differences between changes in accounting estimates and changes in accounting policies (principles)

The Group will apply the changed standards from 1 January 2022. As of the date of preparing these financial statements, it is not possible to reliably estimate the impact of applying the changed standards.

**e) Amendment to IFRS 16 Leases: Covid-19 Reliefs**

The amendment to IFRS 16 was published on March 31, 2021 and applies to starting annual periods on or after April 1, 2021. The purpose of the amendment to the standard is only to extend by one year (until June 30, 2022) the period in which granting Covid-19 lease reliefs does not have to be associated with a modification of the lease agreement. This amendment is closely related to the amendment to IFRS 16, already in force, published in May 2020 year.

The Group will apply the amendment to the standard not earlier than from the date indicated by the European Commission in the legal act allowing this change to be applied by EU countries. As at the date of these financial statements, it is not possible to reliably estimate the impact of applying the changed standards.

**f) Amendment to IAS 12 Income Taxes: Deferred Tax on assets and liabilities that arise as a result single transaction**

The amendment to IAS 12 was published on May 7, 2021 and applies to starting annual periods on or after April 1, 2023. The changes specify that the exemption regarding the initial recognition of deferred tax does not apply to transactions where, on initial recognition, equal amounts of negative and positive differences arise, and entities are required to recognize deferred tax on such transactions, and thus explain doubts arise as to whether this exemption applies to transactions such as leases and liabilities for decommissioning.

The Group will apply the changed standards from 1 January 2023. As of the date of preparing these financial statements, it is not possible to reliably estimate the impact of applying the changed standards.

The IFRS as approved by the EU do not currently differ significantly from the regulations adopted by the Council of International Accounting Standards (IASB), with the exception of the following standards, interpretations and amendments to which as of the date of approval of these financial statements for publication have not yet been adopted for use by EU countries:

- IFRS 17 Insurance Contracts, published on May 18, 2017, as amended on June 25, 2020 years that apply in the EU from 1 January 2021,
- Amendment to IAS 1 Presentation of financial statements: Classification of liabilities as short-term and long-term, published on January 23, 2020, as amended on July 15, 2020,
- Amendments to IAS 1 - Disclosure of Accounting Policies and IAS 8 - Definition of Accounting Estimates, published on February 12, 2021.
- Amendment to IFRS 16 Leases - Covid-19 Reliefs granted after June 30, 2021, published on March 31, 2021.

- Amendment to IAS 12 Income Taxes: Deferred Tax on assets and liabilities arising in the effect of a single transaction, published on May 7, 2021.

As of the day of preparing this financial statement the amendments have not been yet approved by the European Union. According to the Group's estimates, the above-mentioned changes would not have had a significant impact on the financial statements if they had been used by the Group as at the balance sheet date.

**(b) Principles of preparing the shortened semi-annual consolidated financial statement**

The Management Board of BIOTON SA (*Parent company, BIOTON SA*) and Members of the Supervisory Board of BIOTON SA are responsible for the preparation and fair presentation of the condensed interim separate financial statements in accordance with International Financial Reporting Standards adopted by the European Union and other applicable regulations.

In the opinion of the Parent Company's Management and Supervisory Boards, it is appropriate to prepare the abridged interim consolidated financial statements based on the principle of going concern in the foreseeable future. In the opinion of the Management Board of BIOTON SA, there are no circumstances indicating a threat to the Capital Group continuing as a going concern. In assessing the situation of the Capital Group, the dominant's ability to continue as a going concern is essential, as presented below. As of the date of publication, the financial covenants indicated in the terms and conditions credit agreements concluded by BIOTON SA have been met.

Drawing the consolidated financial statement in accordance with IFRS EU requires that the Managing Board makes assessments, estimates and assumptions which affect the adopted principles and presented values of assets, liabilities, revenues and costs. Estimates and assumptions related thereto are based on historical experience and other factors considered reasonable under given circumstances and their results are the grounds for assessment as regards the carrying value of assets and liabilities, which does not result directly from other sources. The actual value may be different from the estimated value. The estimates and assumptions based on them are subject to ongoing verification. The change of accounting estimates is recorded in time when such revaluation is made or in the current and future periods, if it pertains to both the current and future periods.

The abridged interim individual financial statement was drawn up based on the principle of historical cost, except for financial instruments valued at fair value through the result.

When preparing the interim individual financial statements, the Group applied the same accounting principles as those described in the individual financial statements as of 31 December 2020, except for changes in accounting policies resulting from the implementation of new standards.

The consolidated interim financial statement for the accounting period from 01 January 2021 till 30 June 2021 covers the financial statements of the following subsidiaries:

- individual interim financial statement of BIOTON S.A. covering the accounting period from 01 January 2021 till 30 June 2021 (dominant company);
- individual interim financial statement of BIOTON MARKETING AGENCY Sp. z o.o., in which BIOTON S.A. holds 100% of the share capital and number of votes at the GM, covering the accounting period from 01 January 2021 till 30 June 2021;
- individual interim financial statement of BIOLEK Sp. z o.o., in which BIOTON S.A. holds 100% of the share capital and the number of votes at the GM, covering the accounting period from 01 January 2021 till 30 June 2021;
- individual interim financial statements of BIOTON International GmbH, where BIOTON SA holds 100% share capital and the number of votes at the General Meeting, covering the accounting period from 1 January 2021 to 30 June 2021

Due to the fact that there are companies within BIOTON Group whose net assets are not significant from the point of view of the consolidated statement, and the operations of these companies are only limited to holding shares in lower level subsidiaries, such companies are not covered by the consolidation. The consolidated interim statement covers directly the above mentioned lower level subsidiaries. The above mentioned higher level subsidiaries which are not covered by the consolidation include:

- Mindar Holdings Ltd (subsidiary);

**ABRIDGED INTERIM CONSOLIDATED INCOME STATEMENT**

In PLN thousand	Note	1.01.2021 - 30.06.2021	1.01.2020-30.06.2020
		Reviewed	Reviewed
Revenues from sales	2	73 354	87 293
Cost of sales		(38 120)	(42 374)
Cost of standstill and unused production capacity		(1 993)	(1 575)
<b>Gross profit on sales</b>		<b>33 242</b>	<b>43 344</b>
		45%	50%
Other operating revenues	4	4 526	17 911
Selling expenses		(15 528)	(17 879)
Administrative expenses		(14 305)	(18 663)
Research and development costs		(2 292)	(1 715)
Other operating costs	5	(2 897)	(2 735)
<b>Gross operating profit / (loss)</b>		<b>2 746</b>	<b>20 263</b>
Financial revenues	6	1 531	3
Financial costs	7	(2 468)	(5 517)
<b>Net finance income / (costs)</b>		<b>(937)</b>	<b>(5 514)</b>
<b>Profit / (loss) before taxes</b>		<b>1 809</b>	<b>14 749</b>
Income tax		3 210	1 935
<b>Profit / (loss) from continued operations</b>		<b>(1 400)</b>	<b>12 814</b>
<b>Profit / (loss) from discontinued operations</b>		-	-
<b>Net profit / (loss)</b>		<b>(1 400)</b>	<b>12 814</b>
<i>Attributable to</i>			
Shareholders of dominant entity		(1 400)	12 814
Non-controlling shareholders		-	-
<b>Net profit / (loss)</b>		<b>(1 400)</b>	<b>12 814</b>
<b>Weighted average number of shares (in pcs) See note 24</b>		<b>85 864 200</b>	<b>85 864 200</b>
<b>Diluted weighted average number of shares</b>		<b>85 864 200</b>	<b>85 864 200</b>
<b>Profit / (Loss) per share (in PLN)</b>			
Basic		(0,02)	0.15
Diluted		(0,02)	0.15

**ABRIDGED INTERIM INDIVIDUAL STATEMENT ON COMPREHENSIVE REVENUES**

*In PLN thousand*

	<b>1.01.2021 - 30.06.2021</b>	<b>1.01.2020-30.06.2020</b>
	<b>Reviewed</b>	<b>Reviewed</b>
<b>Net profit / (loss) for the statement period</b>	<b>(1 400)</b>	<b>12 814</b>
<b>Other components of comprehensive income:</b>		
<b>Components that can be transferred to the profit and loss account:</b>		
Exchange differences on translation of foreign operations	34	(53)
<b>Components that can be transferred to the income statement</b>		
Actuarial changes - tax		
Deferred tax asset on actuarial valuation		
<b>Total comprehensive income for the period</b>	<b>(1 366)</b>	<b>12 761</b>
Attributable to:		
Shareholders of dominant entity	(1 366)	12 761
Minority shareholders		-

## ABRIDGED INTERIM CONSOLIDATED BALANCE SHEET

<i>In PLN thousand</i>	Note	30.06.2021 Reviewed	31.12.2020 Reviewed
<b>ASSETS</b>			
<b>Fixed assets</b>		<b>704 857</b>	<b>715 819</b>
Property, plant and equipment	10	306 585	310 017
Investment Estates	12	1 357	1 357
Goodwill		-	-
Other intangible assets	13	366 162	370 223
Assets under the right of use	11	5 329	5 608
Non-current receivables	14		-
Deferred income tax assets	15	24 488	27 541
Long-term prepayments	17	937	1 073
<b>Current assets</b>		<b>150 097</b>	<b>151 288</b>
Inventories	18	111 196	90 017
Current financial assets	19	-	-
Income tax receivables		567	279
Trade and other receivables	16	31 258	37 894
Cash and cash equivalents		4 653	22 239
Current prepayments	17	2 423	860
Assets held for sale	23	-	-
<b>TOTAL ASSETS</b>		<b>854 954</b>	<b>867 107</b>

<i>In PLN thousand</i>	Note	30.06.2021 Reviewed	31.12.2020 Reviewed
<b>LIABILITIES</b>			
<b>Equity</b>	18	<b>618 280</b>	<b>619 645</b>
<b>Equity capital attributable to the shareholders of the parent company</b>			
Share capital		1 717 284	1 717 284
Share premium		57 131	57 131
Inventory capital		260 776	260 776
Other capitals		(266 561)	(266 561)
Reserve capital from transactions between shareholders		(80 844)	(80 844)
Exchange differences on translation of foreign operations		(148)	(182)
Retained earnings		(1 069 358)	(1 067 958)
<b>Non-controlling shares</b>		<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>		<b>102 203</b>	<b>90 116</b>
Liabilities for credits, loans and other debt instruments	19	38 691	32 004
Lease liabilities	20	13 684	6 817
Employee benefits	23	1 762	1 762
Deferred income	24	37 724	39 191
Deferred tax liabilities		-	-
Other liabilities	21	10 342	10 342
<b>Current liabilities</b>		<b>134 472</b>	<b>157 346</b>
Loans in the current account	19	14 257	-
Liabilities for credits, loans and other debt instruments	19	43 570	70 985
Lease liabilities		1 679	295
Trade and other payables	22	37 348	49 971
Income tax liabilities		-	5
Provisions and other accruals	25	37 617	36 090
Liabilities related to assets held for sale		-	-
<b>TOTAL LIABILITIES</b>		<b>854 954</b>	<b>867 107</b>

## ABRIDGED INTERIM INDIVIDUAL CASH-FLOW STATEMENT

In thousands of zlotys

	Note	01/01/2021 - 30/06/2021	01/01/2020 - 30/06/2020
		reviewed	reviewed
<b>Cash flow from operational activity</b>			
Net profit / (loss)		(1 400)	12 814
Adjustment by the items:			
Depreciation		15 700	16 060
(Profits) / losses from net exchange rate differences		(1 878)	3 488
Interest and dividends paid, net		1 857	2 381
(Profits) / losses from investment activities		(2 580)	425
Income tax for the current period		156	214
Income tax paid		(449)	(677)
Other net items		-	-
<b>Net funds on operating activity before the change in working capital</b>		<b>11 405</b>	<b>34 705</b>
(Increase) / decrease in receivables		4 403	4 455
(Increase) / decrease in inventory		(21 179)	(10 173)
Increase / (Decrease) in liabilities and settlements accruals		(9 187)	31
(Increase)/decrease of prepayments		1 577	(35)
(Increase) / decrease in inventory		1 014	771
Increase / (Decrease) in deferred income		3 276	8 470
<b>Net cash from operating activity</b>		<b>(8 691)</b>	<b>38 224</b>
<b>Cash flows from investment activity</b>			
<b>Inflows:</b>		<b>8 605</b>	<b>1</b>
Sale of intangible assets and tangible fixed assets		8 605	1
Sale of financial assets			
Sale of subsidiaries net of cash			-
Other			-
<b>Expenses:</b>		<b>8 995</b>	<b>(13 477)</b>
Acquisition of intangible and fixed assets			
·		8 995	13 421
Acquisition of financial assets			(16)
Other expenses			-
<b>Cash net from investment activity</b>		<b>(390)</b>	<b>(13 476)</b>
<b>Cash flows from financing activity</b>			
<b>Inflows:</b>		<b>34 257</b>	<b>-</b>
Credits and loans		34 257	
<b>Expenses:</b>		<b>42 762</b>	<b>24 250</b>
Repayment of credits and loans		40 169	21 187
Interest and other charges		1 725	1 719
Payment of liabilities under financial leasing		868	1 344
<b>Net cash from financial activity</b>		<b>(8 505)</b>	<b>(24 250)</b>
<b>Net change in cash, including:</b>		<b>(17 586)</b>	<b>498</b>
<i>change in cash and cash equivalents due to foreign currency exchange rate differences</i>			
<b>Cash at the beginning of the period</b>		<b>22 239</b>	<b>7 177</b>
<b>Cash in assets held for sale</b>		<b>-</b>	<b>-</b>
<b>Cash at the beginning of the period (carrying amount)</b>		<b>22 239</b>	<b>7 177</b>
<b>Cash at the end of the period</b>		<b>4 653</b>	<b>7 675</b>
<b>Cash at the end of the period, after excluding credits in current account</b>		<b>4 653</b>	<b>7 675</b>

**ABRIDGED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Capital from issue of shares above the	Invent ory capital	Other capitals	Revaluation capital	Reserv e capital from transaction between shareholders	Exchange rate differences from conversion of subordinate units	Retained earnings	Equity capital falling for shareholders of dominant	Minori ty shares	Capital in total
<b>Equity as of 01.01.2021</b>	<b>1 717 284</b>	<b>57 131</b>	<b>260 776</b>	<b>(266 561)</b>	<b>-</b>	<b>(80 844)</b>	<b>(182)</b>	<b>(1 067 959)</b>	<b>619 645</b>	<b>-</b>	<b>619 645</b>
Profit (loss) in the period								(1 400)			(1 400)
Other elements of total income							34				34
Actuarial changes											-
<b>Total comprehensive income recognized for the period 01/01/2021 - 30/06/2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>(1 400)</b>	<b>(1 366)</b>	<b>-</b>	<b>(1 366)</b>
<b>Equity capital as at 30.06.2021</b>	<b>1 717 284</b>	<b>57 131</b>	<b>260 776</b>	<b>(266 561)</b>	<b>-</b>	<b>(80 844)</b>	<b>(148)</b>	<b>(1 069 359)</b>	<b>618 280</b>	<b>-</b>	<b>618 280</b>
	Share capital	Capital from issue of shares above the	Invent ory capital	Other capitals	Revaluation capital	Reserv e capital from transaction between shareholders	Exchange rate differences from conversion of subordinate units	Retained earnings	Equity capital falling for shareholders of dominant	Minori ty shares	Capital in total
Equity as of 31.12.2019 published	1 717 284	57 131	260 775	(267 130)	-	(81 857)	(29)	(1 104 175)	581 999	-	581 999
adjustment*				11		1 013		2 296	3 320		3 320
<b>Equity as of 01.01.2020 published</b>	<b>1 717 284</b>	<b>57 131</b>	<b>260 775</b>	<b>(267 119)</b>	<b>-</b>	<b>(80 844)</b>	<b>(29)</b>	<b>(1 101 879)</b>	<b>585 320</b>	<b>-</b>	<b>585 320</b>
Profit / (loss) for the period	-	-	-	-	-	-	-	33 920	33 920	-	33 920
Other elements of total income	-	-	-	-	-	-	(153)	-	(153)	-	(153)
Actuarial changes	-	-	-	558	-	-	-	-	558	-	558
<b>Total comprehensive income recognized for the period 01/01/2020 - 31/12/2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>558</b>	<b>-</b>	<b>-</b>	<b>(153)</b>	<b>33 920</b>	<b>34 325</b>	<b>-</b>	<b>34 325</b>
<b>Equity as of 31.12.2020</b>	<b>1 717 284</b>	<b>57 131</b>	<b>260 775</b>	<b>(266 561)</b>	<b>-</b>	<b>(80 844)</b>	<b>(182)</b>	<b>(1 067 959)</b>	<b>619 645</b>	<b>-</b>	<b>619 645</b>

\* correction of incorrect settlement of the sale of the company and deferred tax plus reclassification of the settlement of reserve capital from transactions between shareholders and the result from previous years

## EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Operating segments

Since 01.01.2009, IFRS 8 „*Operating segments*“, which had replaced the previous IAS 14 „*Reporting concerning segments of activity*“, has come into force. 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 Group, for which there is available separate financial information regularly reviewed by the persons taking key decisions as regards allocation of the resources and reviewing 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);
- 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 Board monitors separate results of the operating activities of segments in order to decide on allocation of resources, evaluation of this allocation's outcomes, and the results of activities. The assessment of 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 target point of view are presented below Group sales market:

- Poland,
- Vietnam
- China,
- Singapore,
- Miscellaneous.

**OPERATING SEGMENTS**

For the period from 01 January 2021 till 30 June 2021, and as of 30 June 2021 (the operating segments are shown with the exclusion of intra-group transactions)

*In thousands of zlotys*

	BIOTON PL*	BIOLEK	BIOTON INTER- NATIONAL	Positions to be settled	TOTAL continued activity	Total
<b><u>Revenue</u></b>						
Total external revenues	73 353	1	-		73 354	73 354
Intersegment revenue	124	809	-	(933)	-	-
<b>Total segment revenue</b>	<b>73 477</b>	<b>810</b>	<b>-</b>	<b>(933)</b>	<b>73 354</b>	<b>73 354</b>
<b><u>Result</u></b>						
Segment result	<b>33 673</b>	<b>(431)</b>	-		33 242	33 242
Other operating revenues	4 526	-	-		4 526	4 526
Other operating costs	2 897	-	-		2 898	2 898
Selling expenses	15 311	217	-		15 528	15 528
Administrative expenses	13 757	79	468		14 305	14 307
Research and development costs	2 292	-	-		2 292	2 292
<b>Gross operating profit / (loss)</b>	<b>3 941</b>	<b>(728)</b>	<b>(468)</b>		<b>2 746</b>	<b>2 746</b>
Financial revenues				1 531	1 531	1 531
Financial costs				2 468	2 468	2 468
<b>Net financial revenues/ (costs)</b>				<b>(937)</b>	<b>(937)</b>	<b>(937)</b>
<b>Profit / (loss) before income tax</b>	<b>3 941</b>	<b>(728)</b>	<b>(468)</b>	<b>(937)</b>	<b>1 809</b>	<b>1 809</b>
Income tax	3 144	65			3 209	3 209
<b>Net profit (loss)</b>	<b>797</b>	<b>(793)</b>	<b>(468)</b>	<b>(937)</b>	<b>(1 400)</b>	<b>(1 400)</b>
<b><u>Depreciation</u></b>						
	<b>15 699</b>	<b>1</b>			<b>15 700</b>	<b>15 700</b>
EBITDA**	19 640	(727)	(468)		18 446	18 446

\*Revenues settled over time relate to BIOTON PL segment and are described in notes 2. Other revenues are recognized when they are earned.

\*\* EBITDA is gross profit / (loss) on operating activities increased by depreciation.

<i>In PLN thousand</i>	BIOTON PL	BIOLEK	BIOTON INTER NATIONAL	Reconciling positions	Total
<b><u>Segment assets</u></b>					
Property, plant and equipment	306 585				306 585
Goodwill		-			-
Other intangible assets	365 447	714			366 161
Inventories	110 679	516			111 195
Receivables due to deliveries and services	30 734	524	-		31 258
Cash and cash equivalents	4 628	16	9		4 653
Other assets	34 797	789	-	(485)	35 101
<b>Assets in total</b>	<b>852 871</b>	<b>2 559</b>	<b>9</b>	<b>(485)</b>	<b>854 954</b>
<b><u>Segment liabilities</u></b>					
Non-current liabilities	101 553	649	1		102 203
Current liabilities	133 328	1 119	27	(2)	134 472

**GEOGRAPHICAL SEGMENTS**

<i>In PLN thousand</i>	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>
<b>European market, including:</b>	<b>42 325</b>	<b>52 841</b>
Poland	41 943	51 410
Other countries	381	1 431
<b>Asian market, including:</b>	<b>25 785</b>	<b>23 102</b>
China	13 046	7 634
Singapore	5 206	8 571
Vietnam	5 728	3 594
Other	1 805	3 303
<b>Other markets</b>	<b>5 245</b>	<b>8 615</b>
<b>Total sales revenues</b>	<b>73 354</b>	<b>84 558</b>

Sales revenues to the geographical structure were allocated based on the target sales market.

## OPERATING SEGMENTS

For the period from 01 January 2020 till 30 June 2020, and as of 30 June 2020 (the operating segments are shown with the exclusion of intra-group transactions)

<i>In thousand PLN</i>	BIOTON PL*	BIOLEK	BIOTON INTER- NATIONAL	Reconciling positions	TOTAL continued activity	Total
<b><i>Revenue</i></b>						
Total external revenues	86 822	471			87 293	87 293
Intersegment revenue	12 985	1 054		(14 039)	-	-
<b>Total segment revenue</b>	<b>99 807</b>	<b>1,525</b>		<b>(14 039)</b>	<b>87 293</b>	<b>87 293</b>
<b><i>Result</i></b>						
Segment result	<b>43 550</b>	<b>(206)</b>			43 344	43 344
Other operating revenues	17 911	-			17 911	17 911
Other operating costs	2 723	13			2 737	2 737
Selling expenses	17,854	25			17,879	17,879
Administrative expenses	18 055	119	489		18 663	18 663
Research and development costs	1 715				1 715	1 715
<b>Gross operating profit / (loss)</b>	<b>21 114</b>	<b>(363)</b>	<b>(489)</b>		<b>20 262</b>	<b>20 262</b>
Financial revenues				3	3	3
Financial costs				5 517	5 517	5 517
<b>Net financial revenues/ (costs)</b>				<b>(5 514)</b>	<b>(5 514)</b>	<b>(5 514)</b>
<b>Profit / (loss) before income tax</b>	<b>21 114</b>	<b>(363)</b>	<b>(489)</b>	<b>(5 514)</b>	<b>14 748</b>	<b>14 748</b>
Income tax				1 935	1 935	1 935
<b>Net profit (loss)</b>	<b>21 114</b>	<b>(363)</b>	<b>(489)</b>	<b>(7 449)</b>	<b>12 813</b>	<b>12 813</b>
<b><i>Depreciation</i></b>	<b><u>16,033</u></b>	<b><u>27</u></b>			<b><u>16 060</u></b>	<b><u>16 060</u></b>
<b><i>EBITDA**</i></b>	<b><u>37 147</u></b>	<b><u>(336)</u></b>	<b><u>(489)</u></b>		<b><u>36 322</u></b>	<b><u>36 322</u></b>

\*Revenues settled over time relate to BIOTON PL segment and are described in notes 2. Other revenues are recognized when they are earned.

\*\* EBITDA is gross profit / (loss) on operating activities increased by depreciation.

<i>In PLN thousand</i>	BIOTON PL	BIOLEK	BIOTON INTER- NATIONALA	Reconcilin g positions	Total
<b><u>Segment assets</u></b>					
Property, plant and equipment	320 803				320 803
Goodwill		-			-
Other intangible assets	379 263	1 657			380 920
Inventories	89 577	323			89 900
Receivables due to deliveries and services	39 767	327	-		40 094
Cash and cash equivalents	7 464	181	31		7 676
Other assets	44 675	810	415	(334)	45 567
<b>Assets in total</b>	<b>881 549</b>	<b>3 298</b>	<b>446</b>	<b>(334)</b>	<b>884 960</b>
<b><u>Segment liabilities</u></b>					
Non-current liabilities	127 790	-			127 790
Current liabilities	156 851	1 776	62		158 689

## 2. Revenues from sales

The Company's operations constitute a single operational segment.

Sales revenues - assortment structure (valuable)	01.01.2021 - 30.06.2021		01.01.2020 - 30.06.2020	
	Goodwill	Structure (in %)	Goodwill	Structure (in %)
Insulin	53 850	73,41%	56 734	64,99%
<b>Finished goods</b>	<b>53 850</b>	<b>70,66%</b>	<b>56 734</b>	<b>64,99%</b>
Orally taken anti-diabetic drugs	4 045	5,51%	13 239	15,17%
Other goods PL	4 039	5,51%	6 114	7,00%
Injections	1 008	1,37%	2 378	2,72%
<b>Goods and materials</b>	<b>9 093</b>	<b>12,40%</b>	<b>21 731</b>	<b>24,89%</b>
<b>Services<sup>1)</sup></b>	<b>10 412</b>	<b>14,19%</b>	<b>8 829</b>	<b>10,11%</b>
<b>Total sales revenues</b>	<b>73 354</b>	<b>100,00%</b>	<b>87 293</b>	<b>100,00%</b>

<sup>1)</sup>in the Services category, the Company presents, among others: revenues received under license agreements (upfront) concluded with Pharmasyntez and Yifan International;

### Agreement with Yifan International Pharmaceutical Co. Ltd

On 27 March 2018 the Company entered into a framework agreement with Yifan International Pharmaceutical Co., Ltd. based in Hong Kong (YIFAN) for the distribution, sales and marketing of the Company's products, granting exclusive right (the Right) to use BIOTON trademarks in association with advertising, promotion, distribution and sale of products in the territories covered by the agreement ("Agreement"). The detailed conditions for the cooperation of the Parties on a given market will be determined in separate implementation agreements. The Agreement was concluded for the period of 15 years. The contract has been concluded under Hong Kong law and any disputes related to it will be resolved by courts with jurisdiction over YIFAN. The cooperation of the Parties on terms specified in the contract is associated with significant benefits for the Group, mainly related to taking over by the distribution partner registration costs, costs of commercial and marketing activities, and also in particular the costs of building a distribution sales network on individual markets. The main task of the distribution partner consists in development and promotion related to the sales of the Company's products, aimed at improving the financial result of the Company and its Capital Group. For granting the Right, the Company received a remuneration of USD 6.8 million. The payment received in advance on the basis of the above agreement: (i) gives the YIFAN distributor the exclusive right to import goods, (ii) causes actions to transfer or change the existing distribution agreements of the Company in the distribution territory established in the Agreement, (iii) grants the YIFAN distributor the right to use of trademarks of BIOTON S.A. related to products solely for the purpose and in connection with the advertising, promotion, distribution and sale of products on the territory specified in the Agreement. For 2018, the Company recognized revenue, in accordance with the requirements under IFRS 15, in the amount of PLN 1 161 thousand. PLN in 2019, in 2020 the amount of PLN 1 548 thousand and in the first half of 2021 the amount of PLN 774 thousand. The remaining amount of PLN 18 188 thousand was recognized in revenues from future periods will be included in the revenues over time for which the contract is concluded.

### Agreement with Yifan Pharmaceutical Co.

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 drug 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 the property

Yifan intellectual as well as 25-year right to produce, distribute, market, offer and sell the product on a basis of exclusivity in the territory of Poland as well as Bioton will be granted the priority right to obtain the right to use in European countries, under its own brand. Bioton will also act as a manufacturer of products all over the world.

The company closely and constantly cooperates with Yifan in the process of analog development, unfortunately, due to the COVID-19 pandemic, there have been some delays in this process, e.g. delays in the delivery of materials and some filter systems that occurred at suppliers also due to COVID-19, which had an impact on the Company and the ability of technical experts to travel to the registered office of the Company. The company also indicates that it is in contact with the project manager at Yifan, which currently is reviewing the data held by the Company and products, including the registration of these products. The company is awaiting the opinion of the project manager at Yifan on the status of the analogs, after the review and conducting own research / experiments.

### Sales revenues - structure by customers

Sales structure by customers, whose share in total revenues accounted for over 9%

<i>In PLN thousand</i>	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>
<b>Poland</b>	<b>29 353</b>	<b>36 608</b>
Customer 1	11 599	5 287
Customer 2	10 868	23 188
Customer 3	6 886	8 132
<b>Asian market</b>	<b>29 858</b>	<b>17 279</b>
Customer 1	21 397	15 348
Customer 2	8 461	1 932
<b>Total sales revenues</b>	<b>59 211</b>	<b>53 887</b>

### IFRS 15 Revenue from Contracts with Customers

In accordance with IFRS 15, revenues are recognized in the amount of remuneration that is due in exchange for the transfer of promised goods or services to the customer.

The Company operates in the area of production and sale of insulin preparations as well as research and development in this field. The Group conducted analysis of contracts with customers and identified the main categories of contracts:

- contracts for supply of drug products and pharmaceutical substances 90% ,
- contracts for the delivery of goods, including medical devices and dietary supplements related to diabetes therapy account for 6% of revenues,
- other contracts constitute 4%.

### Sale of goods (drug products, pharmaceutical substances, medical devices and dietary supplements)

In accordance with IFRS 15, if the remuneration specified in the contract includes a variable amount, the entity estimates the amount of remuneration to which it will be entitled in exchange for the transfer of promised goods or services to the customer and includes part or all of the variable remuneration in the transaction price only to such extent, in which there is a high probability that there will be no reversal of a significant part of the amount of previously recognized cumulative revenues when the uncertainty about the amount of variable remuneration has ceased. There are no significant agreements in the Group containing right of return or other provisions regarding variable remuneration.

If the contract contains only one liability to perform the benefit – the sale of goods, the Group recognizes the revenues in defined moment, i.e. when the customer obtains the control over the goods.

### Sale of package of goods and services or package of several services provided in different periods

In accordance with IFRS 15, the transaction price is assigned to each obligation to perform the service on the basis of a proportional individual selling price.

The Group recognizes revenues when it meets (or is in the process of fulfilling) a performance obligation by transferring the promised good or service (i.e. asset) to the customer (the customer gains control over that asset).

### Advances received from customers

The Group presents advances received from customers in the item "Other non-financial liabilities". In accordance with the current accounting policy (principles), the Group does not recognize interest expenses on advances received, including long-term ones. In accordance with IFRS 15, the Group assesses whether the contract contains a significant element of financing. The Group decided to use a practical solution, in accordance with which it does not correct the promised amount of remuneration for the impact of a significant element of financing, if at the time of contract expects that the period from the transfer of the promised good or service to the customer until payment for the good or service by the customer will not more than one year. Therefore, for short-term advances, the Group will not distinguish a significant element of financing.

### Licences

IFRS 15 introduces new principles for recognizing revenue from granted licenses. In accordance with the standard, the Board must determine whether a separate license entitles the customer to access intellectual property or to use intellectual property. Depending on this classification, the revenue from the license will be recognized during the license period or on a single basis. In the course of its operations on foreign markets, the Group grants licenses to distributors. In the Group's opinion, granted licenses constitute the right to use intellectual property during the term of the contract.

### 3. Explanatory notes pertaining to the seasonal character or cyclical nature of activity of the Group

The sale of insulin is characterized by relatively small seasonal fluctuations in relation to the taking drugs by the patients. Due to chronic character of the illness and long period of use of the preparations by the patients, the sale of insulin is maintained on 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 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. Fluctuations in quarterly sales may occur in relation to sales to distributors who are customers of the Group and make purchases according to specific orders, which differ in their size and value, which causes fluctuations in sales in particular months or quarters.

### 4. Other operating revenues

In PLN thousand

	1.01.2021 - 30.06.2021	1.01.2020-30.06.2020
a) profit on disposal of non-financial assets	2 655	1
b) dissolution of impairment losses updating the value of non-financial assets	86	169
c) dissolution of provisions	1 018	1 030
d) other, including:	767	16 712
- sale of raw materials, packaging	258	-
- compensation <sup>1)</sup>	93	15 696
- subsidies	375	376
- other	40	640
	<b>4 526</b>	<b>17 912</b>

<sup>1)</sup>In 2020 income from termination of the contract with Harbin Gloria

## 5. Other operating expenses.

<i>In PLN thousand</i>	<b>1.01.2021 - 30.06.2021</b>	<b>1.01.2020-30.06.2020</b>
a) loss on disposal and liquidation of non-financial assets	-	9
b) revaluation of non-financial assets	506	-
c) created provisions for:	922	732
- provision for unused holiday leaves	922	732
e) others, of which:	1 470	1 994
- gifts	118	105
liquidation of current assets	142	709
- contributions to the organisation	5	20
- costs of sale of raw materials	-	-
- writing off receivables / liabilities	-	181
other costs	1 109	979
- penalties and damages	95	
	<b>2 897</b>	<b>2 735</b>

## 6. Financial revenues,

<i>In PLN thousand</i>	<b>1.01.2021 - 30.06.2021</b>	<b>1.01.2020-30.06.2020</b>
<b>A. Financial revenues from interest, including:</b>	-	<b>3</b>
a) on loans granted	-	
- from other entities	-	
b) other interest	-	3
- from other entities	-	3
<b>B. Profit on disposal of financial assets</b>	-	-
<b>C. Other financial revenues, including:</b>	<b>1 531</b>	-
a) positive foreign currency exchange rate differences	1 531	-
b) other	-	
<b>Total financial revenues</b>	<b>1 531</b>	<b>3</b>

## 7. Financial costs

<b>D. Financial costs under interest, including:</b>	<b>2 135</b>	<b>2 575</b>
a) on loans and borrowings	1 339	2 223
- to affiliates B	425	690
- to other entities	914	1 533
b) other interest	796	352
- to other entities	796	352
<b>E. Other financial costs, including:</b>	<b>333</b>	<b>2 942</b>
a) loss on disposal of affiliates		-
b) others, including:	333	2 942
- negative foreign exchange differences	-	2 782
- other	333	160
<b>Total financial costs</b>	<b>2 468</b>	<b>5 517</b>

## 8. Discontinued operations

In the first half of 2021 and 2020, there were no discontinued operations.

## 9. Mergers, acquisitions, sale and liquidation of subsidiaries

In the first half of 2021 there were no mergers or acquisitions of subsidiaries.

### Liquidation of Biopartners GmbH and Biopartners Holdings AG

Biopartners GmbH (Switzerland) filed for bankruptcy on 12 March 2019 and Biopartners Holdings AG filed for bankruptcy on 13 March 2019. Bankruptcy procedure was initiated on 21 March 2019. The companies were marked in the commercial register as "in liquidation". The companies cannot conduct business activity and do not have access to bank accounts. The bankruptcy proceedings regarding Biopartners Holdings AG were closed on 8 May 2019 due to the lack of assets, while Biopartners GmbH is still pending. Following the end of the completion of the bankruptcy procedure the companies will be removed from the commercial register.

Due to the write-downs made in previous periods, the liquidation of Biopartners GmbH (Switzerland) and Biopartners Holdings AG does not affect the result of the reporting period.

## 10. Property, plant and equipment

### In thousand zlotys

	Lands	Buildings, premises and civil and land engineering facilities	Devices technical and machinery	Means of transport	Other measures fixed assets	Plant, property and equipment under construction	Plant, property and equipment total
<b><u>Gross value of plant, property and equipment</u></b>							
<b>Gross value as of 1 January 2021</b>	-	<b>194 238</b>	<b>270 971</b>	<b>2 133</b>	<b>23 895</b>	<b>12 545</b>	<b>503 782</b>
Increases (under):	-	-	<b>12 062</b>	<b>334</b>	-	<b>1 507</b>	<b>13 903</b>
- purchase	-	-	-	-	-	1 507	1 507
- transfer from construction in progress	-	-	-	-	-	-	-
-leasing	-	-	12 062	-	-	-	-
- buyout of the lease	-	-	-	334	-	-	-
- exchange rates differences	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
Decreases (for):	-	-	<b>17 534</b>	<b>963</b>	<b>6</b>	<b>56</b>	<b>18 559</b>
- sale	-	-	17 534	-	-	56	17 534
- transfer from construction in progress	-	-	-	-	-	-	-
- liquidation	-	-	-	963	-	-	963
- other	-	-	-	-	6	-	6
<b>Gross value as of 30 June 2021</b>	-	<b>194 238</b>	<b>265 499</b>	<b>1 504</b>	<b>23 889</b>	<b>13 996</b>	<b>499 126</b>
<b><u>Redemption and impairment losses</u></b>							
<b>Write-offs and write-offs due to impairment on 1 January 2021</b>	-	<b>34 500</b>	<b>146 878</b>	<b>1 824</b>	<b>9 588</b>	<b>974</b>	<b>193 764</b>
Increases (under):	-	<b>1 258</b>	<b>5 716</b>	<b>201</b>	<b>652</b>	-	<b>7 827</b>
- depreciation and amortisation	-	1 258	5 716	201	652	-	7 827
- exchange rates differences	-	-	-	-	-	-	-
Decreases (for):	-	-	<b>8 087</b>	<b>963</b>	-	-	<b>9 050</b>
- sale	-	-	8 087	-	-	-	8 087
- liquidation	-	-	-	963	-	-	963
<b>Write-offs and write-offs due to impairment on 1 January 2021</b>	-	<b>35 758</b>	<b>144 507</b>	<b>1 062</b>	<b>10 240</b>	<b>974</b>	<b>192 541</b>
<b><u>Net value</u></b>							
as of 1 January 2021	-	159 738	124 093	309	14 307	11 571	310 018
as of 30 June 2021	-	158 480	120 992	442	13 649	13 022	306 585

## Plant, property and equipment under construction

At the end of the reporting period, expenditures for fixed assets under construction in total amounted to PLN 13 022 thousand and pertained to tasks performed by the Company related to, among others, expenditure classified as machinery and equipment with a value of PLN 7,225 thousand; and up to buildings and structures with a value of PLN 1,627 thousand (as of 31 December 2020, expenditures amounted to PLN 11 571 thousand).

### 11. Assets under the right of use

<i>in PLN thousand</i>	IFRS 16	IFRS 16
	30.06.2021	31.12.2020
Means of transport	39	279
Perpetual usufruct right to land	5 290	5 329
<b>Total</b>	<b>5 329</b>	<b>5 608</b>

<i>in PLN thousand</i>	Perpetual usufruct right to land	Means of transport	Total
Balance as of 01.01.2021	5 329	279	5 608
Additions - new leasing contracts	-	-	-
Termination of leasing contracts	-	5	5
Depreciation	(39)	(245)	(284)
<b>Balance as of 30.06.2021 - IFRS 16</b>	<b>5 290</b>	<b>38</b>	<b>5 329</b>

### 12. Investment properties

<i>In PLN thousand</i>	30.06.2021	31.12.2020
Right of perpetual usufruct to land	1 357	1 357
<b>Total</b>	<b>1 357</b>	<b>1 357</b>

### 13. Other intangible assets

<i>In PLN thousand</i>	Costs of the development works	Concessions, patents, licenses, computer software	Remaining values intangible	Development works in progress	Other values intangible total
<b>Gross value as of 1 January 2021</b>	<b>41 880</b>	<b>19 397</b>	<b>325 973</b>	<b>120 657</b>	<b>507 907</b>
<b>Increases under:</b>	<b>16 186</b>	<b>-</b>	<b>-</b>	<b>6 561</b>	<b>22 747</b>
- purchase	-	-	-	941	941
- others	-	-	-	86	86
- own development works	-	-	-	5 534	5 534
- development work settlement	16 186	-	-	-	16 186
- reclassification	-	-	-	-	-
<b>Decreases (on account of):</b>	<b>342</b>	<b>-</b>	<b>-</b>	<b>19 220</b>	<b>19 562</b>
- liquidation	-	-	-	-	-
- development work settlement	-	-	-	19 206	19 206
- reclassification	-	-	-	-	-
- impairment	-	-	-	14	14
- revaluation write-off	342	-	-	-	342
<b>Gross value as of 30 June 2021</b>	<b>57 724</b>	<b>19 397</b>	<b>325 973</b>	<b>107 999</b>	<b>511 093</b>
<b>Accumulated depreciation and impairment write-offs</b>					
<b>Accumulated depreciation and impairment write-offs as of January 1 .</b>	<b>2021</b>	<b>14 984</b>	<b>95 640</b>	<b>-</b>	<b>137 344</b>
<b>Increases under:</b>	<b>903</b>	<b>751</b>	<b>5 934</b>	<b>-</b>	<b>7 588</b>
- depreciation and amortisation	903	751	5 934	-	7 588
- liquidation	-	-	-	-	-
- impairment	-	-	-	-	-
<b>Decreases (on account of):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- exchange rates differences	-	-	-	-	-
- reclassification	-	-	-	-	-
- liquidation	-	-	-	-	-
<b>Accumulated amortisation and impairment write-offs as of 30 June 2021</b>	<b>27 623</b>	<b>15 735</b>	<b>101 574</b>	<b>-</b>	<b>144 932</b>
<b>Net value</b>					
as of 1 January 2021	15 161	4 413	230 333	120 657	370 564
as of 30 June 2021	30 102	3 662	224 399	107 999	366 161

### Development works in progress

At the end of the reporting period the outlays for developmental works and intangible assets in realization amounted to in total 107 670 thous. and were associated with, among others, costs of product registrations, including classic insulin registration procedures due to the increase in the production scale and their registration in other territories and implementation of classic insulin production technology without Triton (as of 31 December 2020, the total amount was PLN 120 314 thousand ).

### Value impairment test

At the end of each reporting period, the Group assesses whether there are any premises indicating that impairment of assets due to development works in progress may have occurred.

When assessing the existence of premises for impairment of intangible assets, the Group analyzes at least the premises from external and internal sources of information required by IAS 36 "Impairment of Assets".

As of 30 June 2021, the Company has analyzed whether there are any premises for impairment of its intangible assets. As a result of the analysis, no write-offs of development works were made.

### 14. Non-current receivables

As of 30 June 2021, there were no long-term receivables.

### 15. Assets and deferred tax reserves

As at June 30, 2021, in the balance of deferred tax assets, the amount of PLN 10,527,000 is an asset deferred tax for tax losses for 2018 and 2019 and the amount of PLN 13,960 thousand on other titles (as of 31 December 2020, the deferred tax asset for tax losses amounted to PLN 11 807 thousand and PLN 20 825 thousand to other titles). The Company did not create a write-down for tax losses asset since it assumes that those assets will be realized.

### 16. Trade and other receivables

<i>In PLN thousand</i>	<b>30.06.2021</b>	<b>31.12.2020</b>
a) Receivables from related entities	4 346	
b) receivables from other entities	<b>27 478</b>	<b>38 172</b>
- receivables under deliveries and services	21 910	34 253
- tax liabilities, including:	4 786	3 026
-VAT tax	4 219	2 747
- CIT tax	567	279
- others, including:	782	894
- receivables from employees	113	196
- prepayments for deliveries	547	568
- other	122	130
	<b>31 825</b>	<b>38 172</b>

## 17. Current prepayments

<i>In PLN thousand</i>	<b>30.06.2021</b>	<b>31.12.2020</b>
a) current prepayments, including:	2 423	860
- insurance	682	98
- foreign and domestic registrations	121	179
- taxes and charges	751	25
validations	137	52
- financial costs	225	
- other	507	506
	<b>2 423</b>	<b>860</b>

## 18. Equity

### Share capital

<i>in thousands of shares</i>	<u>Ordinary shares</u>	
	<u>June 30, 2021</u>	<u>31.12.2020</u>
Number of shares at the beginning of the statement period	85 864	85 864
Number of shares at the end of the period (fully paid-up)	85 864	85 864
Face value of 1 share	20 PLN	20

As at the date of the last general meeting of the Company (on June 28, 2021) the ownership structure in the Company was as follows:

Shareholder	Number of shares / votes (in pcs)	% of the share capital
1 Dongren Singapore PTE LTD. <sup>1)</sup>	16 989 289	19.79
2 Perfect Trend Ventures Ltd. <sup>2)</sup>	10 245 922	11.93
3 Troqueera Enterprises Ltd.	8 480 570	9.88
4 Basolma Holding Ltd. <sup>3)</sup>	6 151 852	7.16
5 AIS Investment 2 Sp. z o. o.	5 151 852	6.00
5 UniApek S.A. <sup>4)</sup>	4 293 210	5.00
7 Other shareholders with <5%	34 551 505	40.24
<b>Total</b>	<b>85 864 200</b>	<b>100</b>

<sup>1</sup> Yifan Pharmaceutical Co., Ltd. is entitled indirectly through 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.

<sup>2</sup> Yifan Pharmaceutical Co., Ltd. is entitled indirectly by Perfect Trend Ventures Limited to 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.

<sup>1</sup> and <sup>2</sup> Yifan Pharmaceutical Co., Ltd. possess directly 27,175,708 of shares of the Company which constitute 31.65% of share capital of the Company and entitle to 27,175,708 votes at General Meeting of Shareholders of the Company which constitutes 31.65% of total number of votes at General Meeting of Shareholders of the Company.

<sup>3</sup> Basolma Holding Ltd is the dominant for AIS Investment 2 Sp. z o. o.

<sup>4</sup> 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.

### Net profit (loss)

The net loss of Grupa Bioton SA for the first half of 2021 amounted to PLN 1 400 thousand.

On June 28, 2021, the Ordinary General Meeting of Bioton SA adopted Resolution no. 3 on financial statements of the Capital Group Bioton SA

### Profit / (loss) per share

The calculation of basic loss per share was made on the basis of a net loss of PLN 1 400 thousand and the weighted average number of shares as at the date of preparing the financial statements in the number of 85,864 200 items.

### Weighted average number of shares in the period from 01 January 2021 till 30 June 2021

Shares series	Number in pcs	Number in pcs cumulatively	Period	Number of	Weighted average Number of shares
A	85 864 200	85 864 200	01.01.2021 30.06.2021	181	85 864 200
<b>Total</b>	<b>85 864 200</b>			<b>181</b>	<b>85 864 200</b>

### Weighted average number of shares in the period from 01 January 2020 till 30 June 2020

Shares series	Number in pcs	Number in pcs cumulatively	Period	Number of	Weighted average Number of
A	85 864 200	85 864 200	01.01.2020- 30.06.2020	181	85 864 200
<b>Total</b>	<b>85 864 200</b>			<b>181</b>	<b>85 864 200</b>

In the first half of 2021 BIOTON S.A. dominant company paid no dividends.

## 19. Liabilities for credits, loans and other debt instruments

### Non-current liabilities

*In PLN thousand*

	30.06.2021	31.12.2020
Credits	27 250	31 965
to related entities of category B	11 411	
Lease liabilities (not applicable to IFRS 16)	29	6 857
<b>Non-current liabilities in total</b>	<b>38 691</b>	<b>38 822</b>

### Current liabilities

*In PLN thousand*

	30.06.2021	31.12.2020
Credits and loans, including:	57 772	70 786
- from affiliates B	15 752	26 739
- from other entities	42 021	44 047
Lease liabilities (not applicable to IFRS 16)	55	494
<b>Current liabilities, total</b>	<b>57 828</b>	<b>71 280</b>

<sup>1)</sup> as at the date of publication, the financial covenants indicated in the terms of the loan agreements concluded by the Group were met

## Credits and loans (long- and short-term)

<i>In thousand PLN</i>	Currency	Percentage type and level	Deadline repayments by the contract	Amount in zlotys
ING Bank Śląski SA	PLN	Variable interest rate - WIBOR 1M plus rate margin	Apr25	19 490
ING Bank Śląski SA overdraft facility current	PLN	Variable interest rate - WIBOR 1M plus rate margin	May23	14 257
ING Commercial Finance Polska SA (factoring line)	PLN	Variable interest rate - WIBOR 1M plus rate margin	May22	8 498
Bank of China	EUR	Variable interest rate - EUROIBOR 3M rate plus margin	Jan23	26 377
UniApek SA	USD	Variable interest rate - LIBOR USD 3M rate plus margin	Dec22	<u>27 162</u>
Other				734
<b>Total</b>				<b>96 518</b>
including:				
<hr/>				
Long-term credits and loans				38 691
Current loans and borrowings				57 828

### Loans and borrowings

Hedge of credits resulting from the agreements:

- joint contractual mortgage on perpetual usufruct rights to land real estate along with the ownership right to buildings located on them,
- registered pledge on a set of machines and devices,
- Assignment of insurance policy
- transfer of receivables under the factoring agreement,
- registered pledge on inventories,
- sureties of subsidiaries granted as collateral for the Company's credit at the Bank of China - a total of EUR 18,000,000 ,
- declaration on the establishment of an enforcement order until December 31, 2038.

At ING Bank Śląski SA, ING Commercial Finance Polska SA and Bank Of China (Luxemburg) SA (Joint Stock Company) Branch in Poland, powers of attorney to dispose of the funds accumulated on the accounts of BIOTON SA run by these banks have been submitted.

In Bank Of China (Luxemburg) SA (Spółka Akcyjna) Branch in Poland, collateral in the form of 5% of Bioton shares was placed S.A. owned by UNIAPEK SA

At ING Commercial Finance Polska SA and ING Lease (Polska) Sp. z o. o. The company submitted three blank promissory notes together with promissory note declarations securing the Agreements.

BIOTON SA:

- The Company concluded a Multi-Product Agreement with ING Bank Śląski SA for the provision of Revolving Credits in Bank Accounts for the total amount of PLN 40 million, in the amount of the sublimit of PLN 20 million under Revolving Loans in the Bank Account with the credit repayment date until May 9, 2023. and in the sublimit amount of PLN 20 million under Revolving Loans in the Credit Account with repayment in monthly installments until April 30, 2025.

- on May 26, 2021 concluded with ING Lease (Polska) Sp. z o. o. Financial Leasing Agreement for a period of 60 months with net value of PLN 8 million.
- On May 10, 2021. concluded a Factoring Agreement with ING Commercial Finance Polska SA with an exposure limit of PLN 10 million. The agreement is valid until May 9, 2022.
- On July 29, it concluded with ING Commercial Finance Polska S.A. Annex No. 1 to the Factoring Agreement increasing the limit involvement of up to PLN 20 million. The non-recourse factoring agreement is valid up to the amount of protection of the insurance claim provided by COFACE.
- on 21 January 2021, it concluded a "Consent Letter" to the contract with BANK OF CHINA (LUXEMBOURG) SA operating by Bank Of China (Luxemburg) SA (Spółka Akcyjna) Branch in Poland, changing the schedule of payment of the loan installment amount to a special use account (DSRA) in the period from January 22, 2021 to March 23, 2021
- on 22 April 202, it concluded a "Consent Letter" to the contract with BANK OF CHINA (LUXEMBOURG) SA operating by Bank Of China (Luxemburg) SA (Spółka Akcyjna) Branch in Poland, changing the schedule of payment of the loan installment amount to a special use account (DSRA) in the period from April 23, 2021 to June 23, 2021
- on 22 July 2021, it concluded a "Consent Letter" to the contract with BANK OF CHINA (LUXEMBOURG) SA operating by Bank Of China (Luxemburg) SA (Spółka Akcyjna) Branch in Poland, changing the schedule of payment of the loan installment amount to a special use account (DSRA) in the period from July 23, 2021 to September 23, 2021
- on June 14, 2021 the Company concluded Annex 2 to the Loan Agreement with UNIAPEK SA extending the repayment period of the loans until 05/12/2022 and setting the repayment schedule for the period from November 30, 2021 until November 30, 2022

On May 18, 2021 the company has fully repaid the claims of Bank BOŚ SA under the loan agreement of non-renewable loan number: S/14/1/2014/1157/K/INW/EKO, non-renewable loan agreement no. S/184/06/2013/1157/K/POŻ/HIP, revolving loan agreement No. 2/2007 and factoring line agreement No. S/120/04/2012/K/FAK.

Until the date of publication of the financial statements, the Company partially repaid credits in the following banks:

- Bank Of China (Luxemburg) SA (Spółka Akcyjna) Branch in Poland, capital installment in the amount of EUR 750 thousand
- ING Bank Śląski SA, loan installments in the amount of PLN 851 thousand;

## 20. Lease liabilities

As of 30 June 2021 lease liabilities amounted to PLN 15 363 thousand, including long-term liabilities of PLN 13 684 thousand (as of December 31, 2020, the amount of PLN 7 112 thousand, including long-term liabilities of PLN 6 887 thousand).

In the first half of 2021, the Company terminated the lease agreements relating to means of transport and concluded one leasing agreement for production machines for the amount of PLN 12 062 thousand.

*In PLN thousand*

	IFRS 16 30.06.2021	IFRS 16 31.12.2020
Up to 1 year	1 679	1 525
From 1 to 5 years	13 684	6 887
	<b>15 363</b>	<b>7 112</b>
Less future finance charges		
<b>Present value of minimal lease payments</b>	<b>15 363</b>	<b>7 112</b>

## 21. Other long-term liabilities

<i>In PLN thousand</i>	<b>30.06.2021</b>	<b>31.12.2020</b>
a) to other entities	10 342	10 382
- others, including:	10 342	10 382
- liabilities under purchase of shares in BIOLEK	10 342	10 342
- payables arising from purchase of property, plant and equipment	-	-
<b>Total long-term liabilities</b>	<b>10 342</b>	<b>10 342</b>

## 22. Trade and other payables

<i>In PLN thousand</i>	<b>30.06.2021</b>	<b>31.12.2020</b>
(a) to related category B entities <sup>1)</sup>	1 378	2 848
b) to other entities	35 970	47 122
- for deliveries and services, of maturity date:	19 959	30 472
- up to 12 months	19 959	30 472
- over 12 months	-	-
- payroll payables	2 355	2 312
- tax liabilities, including:	8 424	8 615
- social security liabilities	6 296	7 321
- personal income tax payable	1 045	898
- VAT tax	329	215
- PFRON (The State Fund for Rehabilitation of the Disabled Persons)	29	26
- other taxes	725	155
- others, including:	5 232	5 723
- liabilities under supply of non-financial fixed assets	108	779
- payables arising from non-invoiced deliveries	4 327	3 609
- others	797	1 335
b) special funds	-	-
-Company Social Benefit Fund	-	-
	<b>37 348</b>	<b>49 970</b>

<sup>1)</sup> non-consolidated related entities: Yifan Pharmaceuticals, Scigen Ltd.

### 23. Employee benefits

*In PLN thousand*

	<b>30.06.2021</b>	<b>31.12.2020</b>
Provision for retirement benefits	<b>2 045</b>	<b>2 045</b>
a) long-term	1 762	1 762
b) short-term	283	283
Provision for unused annual holidays	<b>3 131</b>	2 209
	<b>5 176</b>	<b>4 254</b>

#### **Provisions for retirement benefits**

*In PLN thousand*

	<b>30.06.2021</b>	<b>31.12.2020</b>
Provision for retirement benefits - opening balance	<b>2 045</b>	<b>2 614</b>
-Decrease - release of the provision recognized in the profit and loss	-	269
-Reductions - actuarial losses recognized in equity	-	(687)
-Increase - costs recognized in the income statement	-	60
-Benefits paid out	-	(211)
	<b>2 045</b>	<b>2 045</b>
<b>Provision for retirement benefits - closing balance, including:</b>	<b>2 045</b>	<b>2 045</b>
a) long-term	1 762	1 762
b) short-term	283	283

### 24. Deferred income

*In PLN thousand*

	<b>30.06.2021</b>	<b>31.12.2020</b>
Received payments for the sale of rights (upfront)	20 134	21 225
Grants from Ministry of Economy (see notes 29 and 31.1)	14 520	14 839
Subsidies from NFEPWM (see notes 29 and 31.2)	2 493	2 548
Subsidies from NCBR (see notes 29 and 31.3)	578	579
	<b>37 724</b>	<b>39 191</b>

## 25.Provisions and assets write-downs

In PLN thousand

	30.06.2021	31.12.2020
<b>Current prepayments</b>	<b>37 616</b>	<b>36 090</b>
a) settlement of costs between the periods	<b>6 124</b>	<b>9 341</b>
- provision for unused holiday leaves	3 131	2 209
- provision for legal fees	39	50
- provision for discounts to be granted in subsequent period	247	-
- audit fees	15	25
- provision for capital expenditure	1 026	-
- reserve for royalties	-	2 051
- retirement benefits	283	283
-provision for employee benefits	-	786
- provision for remuneration expenditures with charges	1 134	2 827
- provision for other costs by nature	115	107
- provision for other operating costs	60	896
- provision for financial costs	19	8
- provisions for taxes	54	-
- provision for marketing expenditures	-	50
- other	2	49
b) settlement of accruals	<b>31 493</b>	<b>26 749</b>
- received payments for the sale of rights (upfront)	2 183	2 183
- grants from the Ministry of Economy (see note 31.1)	640	640
- grants from NFEP (see note 31.2)	111	111
- grants from NCBR (see note 31.3)	1 560	1 560
- other	26 998	22 255

<sup>1)</sup> advance payments for services relate to the MSA contract with Yifan Pharmaceuticals (analog project)

## 26. Financial instruments

As of June 30, 2021

	Bank deposits and funds in the bank on bank accounts	Bank credits and loans received	Receivables	Liabilities
a) Qualification	Cash and cash equivalents	Financial liabilities	Trade receivables and others	Liabilities for supplies and services and others
b) The scope and character of the instrument	Risk-free or low risk short-term investments	Bank credits, loans short-term, including line factoring	See details below	See details below
c) The carrying amount of the instrument ( <i>in thousands of zlotys</i> )	4 362	Bank loans 60 124 Loans 35 660	Receivables from deliveries and services 31 258	Liabilities: 37 348 RMB: 37 617
d) Value of the instrument in foreign currency ( <i>in thousands</i> )	USD 87 EUR 810	EUR 5 835 USD 7 141	USD 692 EUR 802	USD 8 654 EUR 698
e) The purpose of acquisition or issue	Investment of available funds	Credits for current operations	Current operations	Current operations
f) Amount (amount) underlying for calculation of future payments	Total deposits	Face value	Face value	Face value
g) Sum and dates of deferred income or cash payments	Time dependent interest	Interest paid on monthly basis	By face value	By face value
h) Date for establishing prices, maturity, expiry or performance of the instrument	Liquid type instruments overnight and up to 3M	Capital repayment on dates resulting from contracts	According to the agreements	According to the agreements
i) Possibility of earlier settlement	Any	Exists	Exists	Exists
j) The price or range of the instrument	At nominal value and percentage	By nominal value and interest	By nominal value	By nominal value
k) Can be replaced or converted to another asset or liability	None	None	None	None
l) Fixed interest rate or amount, dividends or other income, and the term of their payment	Variable, WIBID - margin of the bank Payment deadline upon completion	Bank loan - for PLN WIBOR + bank margin, for foreign exchange LIBOR + bank margin Repayment terms - monthly and quarterly	According to the agreements	According to the agreements

	<b>Bank deposits and funds in the bank on bank accounts</b>	<b>Bank credits and loans received</b>	<b>Receivables</b>	<b>Liabilities</b>
m) Collateral related to instrument, accepted or complex	None	Specified in note 19	None	None
n) Above information for the instrument, for which the instrument can be converted	n/a	n/a	n/a	n/a
o) Other accompanying conditions for a given instrument	None	Bank loan - i.a. use of credits according to contracts	None	None
p) The type of risk associated with instrument	Interest rate, credit financial institution	Interest rate and liquidity	Interest rate, foreign exchange and credit recipient	Foreign currency
q) Sum of existing liabilities for positions taken in instruments	None	None	None	None
r) Fair instrument value	Equal to carrying value	Equal to carrying value	Equal to carrying value	Equal to carrying value
s) Method of establishing fair value	Discounted cash flows	Discounted cash flows	Depreciated cost	Depreciated cost
t) Category of financial instruments from 01/01/2018 according to IFRS 9	Financial assets are valued at amortized cost	Financial liabilities valued in amortised cost	Financial assets valued according to amortized cost	Financial liabilities valued in amortised cost

As of 31 December 2020

	Bank deposits and funds in the bank on bank accounts	Bank credits and loans received	Receivables	Liabilities
a) Qualification	Cash and cash equivalents	Financial liabilities	Trade receivables and others	Liabilities for supplies and services and others
b) The scope and character of the instrument	Risk-free or low risk short-term investments	Bank credits, loans short-term, including line factoring	See details below	See details below
c) The carrying amount of the instrument (in PLN thousand)	22 239	Bank loans 39,420 Loans 35 940	Receivables due to deliveries and 40 094 Non-current receivables -	Liabilities: 82,450 RMB: 6 350 Leasing liabilities: 7 458
d) Value of the instrument in foreign currency (in thousands)	USD 96 EUR 866	EUR 7 387	USD 1811 EUR 1 170	USD 1,408 EUR 42 311
e) The purpose of acquisition or issue	Investment of available funds	Credits for current operations	Current operations	Current operations
f) Amount (amount) underlying for calculation of future payments	Total deposits	Face value	Face value	Face value
g) Sum and dates of deferred income or cash payments	Time dependent interest	Interest paid on monthly basis	By face value	By face value
h) Date for establishing prices, maturity, expiry or performance of the instrument	Liquid type instruments overnight and up to 3M	Capital repayment on dates resulting from contracts	According to the agreements	According to the agreements
i) Possibility of earlier settlement	Any	Exists	Exists	Exists
j) The price or range of the instrument	At nominal value and percentage	By nominal value and interest	By nominal value	By nominal value
k) Can be replaced or converted to another asset or liability	None	None	None	None
l) Fixed interest rate or amount, dividends or other income, and the term of their payment	Variable, WIBID - margin of the bank Payment deadline upon completion	Bank loan - for PLN WIBOR + bank margin, for foreign exchange LIBOR + bank margin Repayment terms - monthly and quarterly	According to the agreements	According to the agreements
m) Collateral related to instrument, accepted or complex	None	Specified in note 19	None	None

	<b>Bank deposits and funds in the bank on bank accounts</b>	<b>Bank credits and loans received</b>	<b>Receivables</b>	<b>Liabilities</b>
n) Above information for the instrument, for which the instrument can be converted	n/a	n/a	n/a	n/a
o) Other accompanying conditions for a given instrument	None	Bank loan - i.a. use of credits according to contracts	None	None
p) The type of risk associated with instrument	Interest rate, credit financial institution	Interest rate and liquidity	Interest rate, foreign exchange and credit recipient	Foreign currency
q) Sum of existing liabilities for positions taken in instruments	None	None	None	None
r) Fair instrument value	Equal to carrying value	Equal to carrying value	Equal to carrying value	Equal to carrying value
s) Method of establishing fair value	Discounted cash flows	Discounted cash flows	Depreciated cost	Depreciated cost
t) Category of financial instruments from 01/01/2018 according to IFRS 9	Financial assets are valued at amortized cost	Financial liabilities valued in amortised cost	Financial assets valued according to amortized cost	Financial liabilities valued in amortised cost

## 27. Contingent liabilities

The contingent liabilities that were binding on the Company as of 31 December 2020 are also effective as at the balance sheet date.

## 28. Information on transactions with affiliates

### 28.1.a Object of transaction – turnover in the period

Name of the business entity	Object of transaction	Net value	
		01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Yifan Pharmaceutical Co. Ltd.	<b>Sales, including:</b>	<b>4 944</b>	<b>774</b>
	services	4 944	774
YIFAN INTERNATIONAL	<b>Sales, including:</b>	<b>0</b>	<b>373</b>
	services	0	373
SciGen Ltd (Singapore)	<b>Sales, including:</b>	<b>23 738</b>	<b>17 467</b>
	commodities	21 164	11 996
	services	2 574	5,471

### 28.1.b Outstanding balances

Name of the business entity	Balance due to:	value in thous. PLN	
		30.06.2021	31.12.2020
Yifan Pharmaceutical Co. Ltd.	<b>Receivables for:</b>	<b>4 346</b>	<b>0</b>
	supplies, works and services	4 346	0
SciGen Pte. Ltd.	<b>Liabilities for:</b>	<b>1 346</b>	<b>2 815</b>
	-supplies, works and services	1 346	2 815
SciGen (Beijing) Biotech. Co.,Ltd.	<b>Liabilities for:</b>	<b>-</b>	<b>31</b>
	-supplies, works and services	-	31
UniApek SA	<b>Liabilities for:</b>	<b>27 162</b>	<b>26 739</b>
	-loans	27 162	26 739

## 29. Estimates and assumptions for drawing up the consolidated financial statement

The estimates and assumptions are subject to constant verification and are based on historical data and best knowledge as at the date of estimate. The Group makes estimates and assumptions concerning the future. As a rule, the results of these estimates are not equal to the actual results. The estimates and assumptions which may seriously affect the carrying value of assets and liabilities concern evaluation of intangible assets with unspecified period of use.

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

### 30.1 Proceedings regarding the real estate "Macierzysz Resort Property"

In matters relating to real estate to which the Company has the right of perpetual usufruct and which the real estate was part of the former "Macierzysz Resort Property", hereinafter referred to as "Real Estate", no longer administrative procedure is pending to assess whether the above properties were subject to the provisions of the decree

of the Polish National Liberation Committee of September 6, 1944 on the land reform (Journal of Laws of 1945 No. 3, it. 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 court and administrative case, conducted in the above scope, based on a complaint lodged by IBA with the participation of BIOTON SA, ended validly and finally on 16.01.2018. 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 jurisprudence to date, and in particular, in the light of the judgment of the Constitutional Tribunal of February 20, 1991, the probability of sustaining damage by the Company as a result of recognition of possible claims of the heirs of the former owners of the property "Macierzysz Resort Property" by the relevant authorities seems to be small. In the Company's opinion, the previous decisions in cases regarding whether the real estate from "Macierzysz Resort Property" 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 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 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 April 15, 1988 and March 19, 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 in a contract dated 06.11.1997 declared that any claims of third parties would be charged to IBA. On May 10, 2021, the Mazowiecki Voivode issued a decision refusing to declare invalidity of the decisions of the Head of the Ożarów Mazowiecki Commune of April 15, 1988 and March 19, 1990.

### **30.2 Dispute with Hefei Life Science & Technology Park Investments & Development Co., Ltd.**

The company was a party to arbitration proceedings for the payment of USD 1,500,000 with interest submitted to 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 source of the dispute is agreement concluded on October 21, 2011 (with subsequent annexes) between the Company, SciGen Ltd., HLST and Mr. Gao Xiaoming. Mutual settlements of the parties under the agreement are recognized in the financial statements of the Company, starting from financial statements for 2011. The company contested the basis for HLST's claim for the disputed amount. On September 1, 2017 year, the Company received information about the arbitration award issued by CIETAC. The Court of Arbitration awarded in favor of HLST the amount of USD 1,500,000 with interest and the payment of USD 146.80 in royalties for the third quarter of 2015 and USD 184,549.82 in interest on overdue payments from Q1 2013 within 15 days of the effective date of this judgments. Moreover, the Court obliged the Company to pay the claim fee and part of the arbitration fee. The company verifies the legal possibilities of justifying the appeal against the arbitration award and the grounds for obtaining enforceability of an arbitration award by HLST also in Poland. The company took legal steps aimed at amicable settlement dispute resolution. The company created a provision for the above liabilities in previous years.

### **30.3 Arbitration proceedings against LG Chem, Ltd.**

On 25.05.2017 Biopartners GmbH with its registered office in Baar, Switzerland ("Biopartners"), in which the Company - via Biopartners Holdings AG with its registered office in Baar, Switzerland - holds 100% of shares, filed an application to initiate arbitration proceedings before the tribunal Arbitration of the International Chamber of Commerce, in which he will demand from LG Chem, Ltd. with its registered office in Seoul, Korea ("LG Chem") compensation for the failure by LG Chem to meet its obligations under the Development and License Agreement License and Development Agreement) of October 16, 2001 (the "Agreement"). Agreement was dissolved by Biopartners in a letter dated 23.05.2017. The agreement specified, among others principles of cooperation between the parties in the development and commercialization of an innovative endocrine product - prolonged release hormone ("Valtropin SR"). On 05.08.2013, as a result of development works and registration processes conducted on the basis of the Agreement, a registration certificate was obtained enabling the sale and distribution of Valtropin SR in the European Union. Due to LG Chem's failure to provide Biopartners with a ready-to-market product, Valtropin SR has not been commercialized. Due to the fact that the lack of product delivery by LG caused that the product was not placed on the market, the registration certificate in accordance with the regulations expired in November 2017. With the annual report for 2015, the Company and the Capital Group announced a revaluation write-down for the value of the license granted to the Agreement to a nil value. In the arbitration proceedings, Biopartners requests compensation from LG Chem in an amount not lower than six million US dollars. The final value of the damage suffered by Biopartners, and thus - the amount of the compensation demanded from LG Chem - will be determined in the course of the arbitration proceedings. Biopartners prepared a preparatory letter (Memorial of Claim), which was submitted on January 4, 2018. to the Arbitration Court of the International Chamber of Commerce. On 28 February 2018, in accordance with the Schedule included in Procedural Regulation No. 2 of the International Chamber of Commerce of 16 November 2017, LG Chem sent a response (Defense Memorial) to the Biopartners' Memorial of Claim. According to the Schedule, Biopartners issued a Reply Memorial to LG Chem and supported the testimony of witnesses on 7 June 2018. The Court will issue a final ruling on the claim of Biopartners after the hearing of the Parties, which is to be held on October 2 - 10, 2018. The Issuer is of the opinion that there are premises for a positive settlement of the dispute for Biopartners. At the beginning of October, hearings of the Parties took place. On 3.01. 2009, the Company received information that the Court of Arbitration of the International Chamber of Commerce has dismissed the claim for damages to Biopartners GmbH. In its arbitration award, the Tribunal awarded Biopartners with costs in the amount of USD 315 000 plus legal costs PLN 2 802 305 with interest of 5.33% from 2 January 2019. Biopartners did not appeal to the aforementioned arbitration award. Biopartners GmbH (Switzerland) filed for bankruptcy on 12 March 2019 and Biopartners Holdings AG filed for bankruptcy on 13 March 2019 . Bankruptcy procedure was initiated on 21 March 2019. The companies were marked in the commercial register as "in liquidation". The companies cannot conduct business activity and do not have access to bank accounts. Biopartners Holdings AG was removed from the commercial register on May 8, 2019. The liquidation of Biopartners GmbH (Switzerland) and BioPartners GmbH (Germany) is pending approval by the relevant authorities.

### **30.4 Claim for the annulment of the resolution of Ordinary General Meeting of Bioton S.A. of 11 June 2018 on the consent to the transaction of sale 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 of the claim and has applied for its dismissal. 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 August 17, 2020, the Management Board of the Company received information about the receipt of an appeal from AIS Investment 2 Sp.

z o. o. The company is preparing a response to the appeal (published in Current Report No. 16/2020). The company replied for appeal on August 28, 2020. The company is waiting for the judgment to be announced on March 31, 2021. The company will provide information in a separate report. On March 31, 2021, the Court of Appeal in Warsaw dismissed the appeal lodged by AIS Investment 2 Sp. z o. o. The judgment of the Court of Appeal in Warsaw is final, however, AIS Investment 2 is entitled to lodge a cassation appeal.

### **30.5 Request for appointment by the Court of the auditor for special matters**

On 29 October 2018 (published Current Report No. 30/2018) the Company received from the District Court XIII Commercial Division in Warsaw a copy of the application submitted by AIS Investment 2 sp. z o.o. in Warsaw and Basolma Holding Limited („Applicants”) for designation, pursuant to art. 85 it. 1 of the Act on Public offer, the auditor for special issues. The content of the application is consistent with the draft resolution No. 2 on the agenda of the Extraordinary General Meeting 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 an auditor for special matters. On October 24, 2019, Bioton SA received an invalid decision of the Court Referee of 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 registered office in Poznań as special auditor of Bioton S.A. Bioton S.A. filed a complaint. On 18.11.2019, the Company received a decision rejecting the complaint against the referendary's decision regarding the appointment of auditor for special matters. On 25.11.2019, Bioton SA appealed against the decision rejecting the complaint against the court referendary's decision to appoint special auditor. On February 18, 2020 dismissed the complaint of S.A. against the decision rejecting the complaint against the court referendary's decision to appoint special auditor (The decision is final and valid). The company concluded with Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Poznań on 25.08.2020 the agreement for the performance of the activities of the auditor for special issues, the works started on August 27, 2020. On November 3, 2020, the company received a statutory auditor's report for individual cases. The report is positive for the Company and raises no objections or doubts. Currently, the Company is seeking a refund of the amount of PLN 369,408.36 paid as remuneration for the work of the statutory auditor for special matters. In the opinion of the Management Board, apart from the settlement of the remuneration for the special-purpose auditor, there is no significant risk of an outflow of economic benefits from the Company in relation to the above matter.

### **30.6 Control of the Customs and Tax Office in Kielce**

On December 10, 2018, the company received the authorization to carry out a customs and tax inspection issued by the Head of the Świętokrzyski Customs and Tax Office in Kielce in the field of corporate income tax for 2016. Until the date of signing the report, the Company has not received the report or the result of the inspection, and the proceedings are pending. According to the Company at this stage of the audit, it would be premature to decide on the possible impact of the audit findings on tax liabilities in the balance sheet of the Group and the Company. Nevertheless, in the opinion of the Company, taking into account all the circumstances of the case, there are no basis for identifying tax risks that may have a significant impact on the Company's tax liabilities or Group's.

## **31. Events after the balance sheet date**

### **31.1 Cooperation with the KRKA company**

On August 31, 2021, the Management Board of Bioton SA concluded a Contract Manufacturing Agreement ("Agreement") with the KRKA company, tovarna zdravil, dd, Novo mesto. The agreement concerns the contractual production of its products by Bioton SA for KRKA in accordance with the technology and materials provided by KRKA.

## **32. Epidemiological situation caused by SARS-COV-2 virus**

On March 11, 2020, 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 effect on the condition of the economy, including global economy. Consequently, the Polish government is concerned about a significant decline in economic growth, adopted the act amending the act on special solutions related to prevention and counteraction

and the fight against COVID-19, other infectious diseases and the emergencies they cause, and certain other acts ("Anti-Crisis Shield"), which contains a number of facilities for entrepreneurs, including the possibility of exemption from tax on real estate: land, buildings and structures related to running a business, by way of a resolution adopted by a given commune council, to the indicated groups of entrepreneurs whose financial liquidity has deteriorated due to negative economic consequences of COVID-19. The spreading SARS-Cov-2 coronavirus causing disease called COVID-19 currently causes a number of difficulties in the world and in Poland, which disrupt 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 high requirements of pharmaceutical production. In current crisis, most of these producers receive increased orders from their customers. The current situation may also be worsened by the fact that many European countries are currently considering introducing a number of restrictions related to the possible return of the SARS-Cov-2 coronavirus pandemic. These restrictions disturb the Company's operation, over which the Company 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 current situation in the following main areas:

- 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.
- 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. The increase in prices and their possible volatility will affect the achieved future margins.
- risk related to restrictions related to the possibility of logistic delivery of products to foreign markets - the Group 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.
- risk of limiting financial liquidity - BIOTON SA changed the structure of debt financing while increasing access to higher credit lines - as of the date of publication of the report, BIOTON SA signed loan agreements with ING Bank Śląski with which fully repaid the companies in Bank Ochrony Środowiska, signed an annex with Bank of China changing the schedule of the installment repayment paid to an escrow account.
- risk related to demand constraints on goods sold by the Group - the risk does not apply to the Company'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 terms of other goods sold by the company and its subsidiary, BIOLEK, the development of the coronavirus may have an impact on future financial results.

At the same time, the Management Board believes that current situation, however difficult, may create 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 Management Board monitors the market situation on an ongoing basis, in particular focusing its attention on the factors that protect the operating activity and the financial result of the Company in the long term, as well as preventive measures.

Taking the above into account, in the opinion of the Management Board, the situation related to COVID-19 does not pose a threat to the continued operations of the Company.

The above judgment was prepared according to the best knowledge of the Management Board of the Company as at the date of publication of this report.

The Management Board of BIOTON SA declares that after the balance sheet date until the date of publication of these interim consolidated financial statements, apart from the above-mentioned events, no events occurred that would have a material impact on the interim consolidated financial statements for the first half of 2021.

Signatures of all the Members of the Management Board

<b>Name and surname</b>	<b>Position</b>	<b>Signature</b>
Jeremy Launders	Chairman of the Board	
Adam Polonek	Member of the Management	

Date and signature of the person entrusted with bookkeeping

<b>Name and surname</b>	<b>Position</b>	<b>Signature</b>
Renata Prokopczyk	Chief Accountant	

Warsaw, 31 August 2021