

Warszawa, 31 March 2022

Dear Sirs,

Shareholders of BIOTON S.A.,

We hereby deliver the financial statements of BIOTON SA ("**Bioton**", "**Company**") and BIOTON Capital Group ("**Group**") for 2021. The year 2021 total revenues of 163 M PLN are less than 2020 including the epidemiological situation relating to COVID-19 epidemic and for the other reasons which we would like to summarise included: (i) a decline in Human Insulin market in Poland related to the introduction of newer Oral Antidiabetic Products such as SGLT's; (ii) decrease of sales in segment of oral antidiabetic products connected with the discontinuation of contract with Biomed Lublin for the promotion of the product Distreptase and for the Ristfor and Ristaben products with MSD company, at the end of 2020 (revenue reduced in total by 23.8 M PLN) with the aim to be restore revenues by the introduction of Sitagliptin in Q3 2022 on polish market; (iii) international sales delay due to movement in timelines of the tender business on selected markets including China. In case of China tenders have been secured and deliveries started to be realised in Q1 2022, and the tender volumes have been secured for 2022 and 2023. We also saw a change in distributor in Thailand which brought some timing delays in delivery in 2021; (iv) a delay in registrations due to the normal review process and associated queries which have been addressed by the Company, as well as; (v) lower recognition value of sales of services in 2021 in the amount of 9.7 M PLN compared to 23.4 M PLN in 2020 for services connected with the ongoing Analogue Project.

In 2021 Gross profit on sales reached 77.8 M PLN v 104.7M PLN in 2020. The gross profit was maintained over 47% margin. Within 2021 the Company has continued to reduce operational costs by 17% y/y (by 13.4 M PLN) through enhanced cost control measures.

The consolidated EBITDA in 2021 amounted to PLN 45,9 M compared to PLN 54,6 M (excluding the Harbin Gloria and Nemera payments) resulted in achievement of 28,2% EBITDA margin in 2021. The Company ended 2021 with consolidated net profit of 2.9 M PLN compared to 33.9 M PLN which included 25,7 M PLN once off compensation events from Harbin Gloria and the payment from Nemera.

With respect to Analogue Project in 2021 the Company manufactured clinical scale batches for Lispro and approved technology process improvements for Glargine, which included appropriate capital investment at the manufacturing facility.

The Company has ensured continuity of supply by make strategic purchasing decisions resulting at YE 2021 of inventory at high level of PLN 125,1 million, protecting supply by ensuring long lead time materials were in house available for insulin production. Additionally, the Company has continued to invest in process digitisation and process improvements particularly in the area of biotechnology which has enhanced the overall output and cost effectiveness of the operations, which will improve the results in the next years.

The Company expects the Insulin market to normalise post pandemic and the Company further enhances its offerings of being a complete diabetes solution provider by launching a new glucose monitoring device in Q2 2022 and Sitagliptin in Q3 2022. In addition, pursuing continuous glucose monitoring device solution and early stage development of a Health Care Avatar for assisting our patients who are managing chronic health issues.

Company's Business Name
BIOTON Spółka Akcyjna
Share capital
1.717.284.000,00 PLN
(paid-in capital 1.717.284.000,00 PLN)

Registered Office and address
ul. Starościńska 5
02-516 Warszawa
NIP VAT EU PL5210082573
REGON 001384592

Mailing address
Macierzys, ul. Poznańska 12
05-850 Ożarów Mazowiecki
Tel. +48 22 721 40 00
www.bioton.pl

Registry Court
The Registry Court in Warsaw, Poland, XIII
Commercial Division of the National Court
Register,
Registry number KRS 0000214072
BDO number 000016736

Further to this the Company is continuously resourcing its quality and technical capability to secure Analogue Project ensuring that these products are added to the rest of the portfolio in a timely manner in partnership with Yifan International Pharmaceutical with the first product expected on the market in 2025.

The Company has put in place business continuity planning to ensure it effectively operates through the current geopolitical situation without disruption of supply, covering all areas from procurement, to manufacturing, quality control and distribution.

Considering the above, the Management Board here would like to thank all shareholders, employees and associates, as well as suppliers and customers for their commitment and cooperation during 2021, a year with full of challenges.

Sincerely,

Jeremy Lauenders
President of the Management Board

Adam Polonek
Member of the Management Board