

**Report of the Management Board
of BIOTON S.A. on activities
of BIOTON S.A. Capital Group
in the period from 01.01.2021 to
30.06.2021**

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This report of the Management Board of BIOTON S.A. (the "Company") on the operations of the Capital Group BIOTON S.A. ("the Group") in the period from 01/01/2021 to 30/06/2021 was drawn up in accordance with § 68 and § 69 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by state law not being a member state (J. of L. of Laws 2018, item 757 as amended).

1. Principles of drawing up semi-annual financial statements

The applied accounting principles are presented, respectively, in point 1.1.5 semi-annual consolidated financial report of the Group for the period from 01/01/2021 to 30/06/2021 and in point 1.5 semi-annual individual Company's financial statements for the period from 01/01/2021 to 30/06/2021

1.1. Average zloty exchange rates in the period covered by the semi-annual financial statements and data comparators, in relation to EUR

announced by the National Bank of Poland in relation to the EUR, in the periods covered with the semi-annual consolidated financial statements and consolidated comparative financial data, are presented in the table below.

Period	Average rate in period	Minimum rate in the period	Maximum rate in the period	Balance sheet date	Rate on balance sheet date
01/01/2020 - 30/06/2020	4.4413	4.2279	4.6044	30/06/2020	4.4660
				31/12/2020	4.6148
01/01/2021 - 30/06/2021	4.5472	4.4541	4.6603	30/06/2021	4.5208

1.2. Basic items of the consolidated balance sheet, consolidated income statement and consolidated cash flow statement from the consolidated semi-annual financial statements and consolidated comparative data converted into EUR

SPECIFICATION	in PLN thousand		in EUR thousand	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
I. Net sales revenue	73 354	87 293	16 132	19 655
II. Gross operating profit (loss)	2 746	20 263	604	4 562
III. Gross profit (loss) before taxation	1 809	14 749	398	3 321
IV. Net profit (loss)	(1 400)	12 814	(308)	2 885
V. Net cash flows from operations	(8 691)	38 224	(1 911)	8 606
VI. Net cash flow from investing activity	(390)	(13 476)	(86)	(3 034)
VII. Net cash flow from financing activities	(8 505)	(24 250)	(1 870)	(5 460)
VIII. Net cash flow, total	(17 586)	498	(3 867)	112
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
IX. Total assets	854 954	867 107	189 116	187 897
X. Liabilities and provisions for liabilities	236 675	247 462	52 352	53 624
XI. Non-current liabilities	102 203	90 116	22 607	19 528
XII. Current liabilities	134 472	157 346	29 745	34 096
XIII. Equity	618 280	619 645	136 763	134 274
XIV. Capital Stock	1 717 284	1 717 284	379 863	372 125
XV. Weighted average number of shares	85 864 200	85 864 200	85 864 200	85 864 200
XVI. Profit (loss) per ordinary share (in PLN / EUR)	(0,02)	0.15	(0.00)	0.03
XVII. Diluted profit (loss) per ordinary share (in PLN / EUR)	(0,02)	0.15	(0.00)	0.03
XVIII. Book value per share (in PLN / EUR)	7.20	7.22	1.59	1.56
XIX. Diluted book value per share (r PLN / EUR)	7.20	7.22	1.59	1.56
XX. Declared or paid dividend for one share (in PLN / EUR)	-	-	-	-

Report of the Management Board of BIOTON S.A. on the operations of the Capital Group BIOTON S.A. in the period from 01.01.2021 to 30.06.2021.

1.3. Basic items of the balance sheet, income statement and cash flow statement of the individual interim financial statements and comparative data converted into EUR

SPECIFICATION	in PLN thousand		in EUR thousand	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
I. Net revenues on sale	76 205	89 076	16 759	20 056
II. Gross profit (loss) from operating activity	2 835	19 220	623	4 328
III. Gross profit (loss) before taxation	1 678	13 564	369	3 054
IV. Net profit (loss)	(1 214)	12 189	(267)	2 744
V. Net cash flow from operating activity	(8 966)	37 552	(1 972)	8 455
VI. Net cash flow from investment activity	(405)	(13 421)	(89)	(3 022)
VII. Net cash flow from financing activity	(8 271)	(23 571)	(1 819)	(5 307)
VIII. Total net cash flows	(17 642)	359	(3 880)	81
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
IX. Total assets	872 101	883 259	192 909	191 397
X. Liabilities and provisions for liabilities	236 789	246 733	52 378	53 466
XI. Non-current liabilities	101 357	89 917	22 420	19 484
XII. Current liabilities	135 432	156 816	29 958	33 981
XIII. Equity capital	635 312	636 526	140 531	137 931
XIV. Share capital	1 717 284	1 717 284	379 863	372 125
XV. Weighted average number of shares	85 864 200	85 864 200	85 864 200	85 864 200
XVI. Profit (loss) per ordinary share (r PLN / EUR)	(0,01)	0.14	(0,01)	0.03
XVII. Diluted profit (loss) per ordinary share (in PLN / EUR)	(0,01)	0.14	(0,01)	0.03
XVII I. Book value per share (in PLN / EUR)	7.40	7.41	1.64	1.61
XIX. Book value diluted to one share (in PLN / EUR)	7.40	7.41	1.64	1.61
XX. Declared or paid dividend for one share (in PLN / EUR)	-	-	-	-

2. Overview of the basic economic and financial figures disclosed in the semi-annual financial reports

The change in the PLN exchange rate in relation to the main currencies used in the Company had an influence on the comparability of data for the first half of the year 2021 and the first half of 2020, where, compared to the first half of 2020, in the first half of 2021, the average PLN / USD exchange rate was 6.0% lower, and in relation to EUR it was higher by 2.8%.

The dynamics of individual components of the individual and consolidated balance sheet were calculated by comparing their values as of 30.06.2021 with the values as of 31.12.2020.

Individual analytical balance sheet - assets

	30.06.2021		31.12.2020		changes	
	total	structure	total	structure	(in PLN thousand)	(in %)
	(in PLN thousand)	(in %)	(in PLN thousand)	(in %)		
ASSETS						
A: Fixed assets	723 712	83,0	732 666	83,0	(8 955)	(1,2)
Property, plant and equipment	306 585	35.2	310 017	35.1	(3 433)	(1,1)
Investment properties	1 357	0.2	1 357	0.2	(0)	(0,0)
Intangible and legal assets	365 447	41.9	369 493	41.8	(4 046)	(1,1)
Assets under the right of use	5 329	0.6	5 447	0.6	(118)	(2,2)
Non-current financial assets	16 127	1.8	14 457	1.6	1 670	11,5
Investments in subsidiaries and associates	3 965	0.5	3 965	0.4	0	0,0
Trade receivables and others	0	<0,1	0	<0,1	0	-
Assets for deferred income tax	23 980	2.7	26 872	3.0	(2 892)	(10,8)
Long-term prepayments	922	0.1	1 057	0.1	(135)	(12,8)
B: Current assets	148 389	17,0	150 592	17,0	(2 203)	(1,5)
Inventories	110 067	12.6	89 094	10,1	20 973	23,5
Current financial assets	0	<0,1	1 499	0.2	(1,499)	(100,0)
Trade and other receivables	31 553	3.6	37 157	4.2	(5 604)	(15,1)
Cash and cash equivalents	4,363	0.5	22 005	2.5	(17 642)	(80,2)
Accruals	2 406	0.3	838	<0,1	1 568	186,9
Total assets	872 101	100,0	883 259	100,0	(11 158)	(1,3)

Consolidated analytical balance - assets

	30.06.2021		31.12.2020		changes	
	total	structure	total	structure		
	(in PLN thousand)	(in %)	(in PLN thousand)	(in %)	(in PLN thousand)	in %
ASSETS	854 954	100.0	867 107	100.0	(12 154)	(1,4)
A: Fixed assets	704 857	82.4	715 819	82.6	(10 963)	(1,5)
1. Tangible fixed assets	306 585	35.9	310 017	35.8	(3 433)	(1,1)
2. Investment properties	1 357	0.2	1 357	0.2	(0)	(0,0)
3. Other intangible assets	366 162	42.8	370 223	42.7	(4 061)	(1,1)
4. Assets under the right of use	5 329	0.6	5 608	0.6	(279)	(5,0)
5. Deferred income tax assets	24 488	2.9	27 541	3,2	(3 054)	(11,1)
6. Non-current prepayments	937	0.1	1 073	0.1	(136)	(12,7)
B: Current assets	150 097	17.6	151 288	17.4	(1 191)	(0,8)
1. Inventories	111 196	13.0	90 017	10,4	21,179	23.5
2. Income tax receivables	567	0.1	279	0.0	288	103.2
3. Trade and other receivables	31 258	3.7	37 894	4.4	(6 636)	(17,5)
4. Cash and cash equivalents	4 653	0.5	22 239	2.6	(17 586)	(79,1)
5. Current prepayments	2 423	0.3	860	0.1	1 563	181,9

Property, plant and equipment

The Company

In the first half of 2021, the Company did not settle fixed assets under construction (in the first half of 2020, the Company partially settled plant, property and equipment under construction for the amount of PLN 656 thousand, the settlement referred to machinery and equipment for the amount of PLN 610 thousand, other plant, property and equipment for the amount of PLN 46 thousand).

The value of depreciation for the first half of 2021 amounted to PLN 7 645 thousand (as of 30 June 2020, the amount of PLN 7 656 thousand).

Group

In the first half of 2021 the value of tangible fixed assets decreased by PLN 3 433 thousand. During this period increases in tangible fixed assets totaled PLN 13 959 thousand, including purchases in the amount of PLN 1 563 thousand. The decrease in the value of tangible fixed assets in the first half of 2021 amounted to a total of PLN 17 392 thousand, of which the largest value was the sale of equipment and machinery in the amount of PLN 9 447 thousand under an agreement with ING Lease regarding leaseback transactions and depreciation in the amount of PLN 7 827 thousand (for the first half of 2020: PLN 9 867 thousand).

Intangible and legal assets

The Company

In the first half of 2021, the Company's intangible assets increased by PLN 22 747 thousand, incl. on:

- development work in progress PLN 6 561 thousand related to expenditure on product registrations, registration procedures of classical insulin due to the increase in the production scale and their registration in other territories and the implementation of technology of production of classic insulin without Triton;
- costs of completed development works in the amount of PLN 16 186 thousand.

The value of depreciation for the first half of 2021 amounted to PLN 7 587 thousand. (as of 30 June 2020, the amount of PLN 7 459 thousand).

Detailed information on the conducted development works is presented in point 7.9 semi-annual individual financial statements of the Company for the period from 01/01/2021 to 30/06/2021.

Group

In the first half of 2021, the balance of other intangible assets decreased by PLN 4 403 thousand. During this period increases in other intangible assets totaled PLN 22 747 thousand and it consisted of: increasing the cost of development works in the amount of PLN 16 186 thousand and increase of the developmental works conducted in one's own scope in the amount of PLN 5 534 thousand. Other intangible and legal assets in the first half of 2021 decreased by PLN 27 150 thousand including depreciation value in the amount of PLN 7 588 thousand (depreciation for the first half of 2020? amounted to PLN 7 485 thousand).

Non-current financial assets

The Company

In the first half of 2021, there were long-term assets in the amount of PLN 16 127 thousand for a loan granted to Biolek and Bioton International (as of December 31, 2020, the balance was PLN 14 457), which was related to the change in the presentation from short for long-term assets.

Group

In the first half of 2021, there were no changes in non-current financial assets (as of 31 December 2020, the balance was PLN 0).

Current financial assets

The Company

In the first half of 2021, the balance of short-term financial assets is zero. Loans to related entities have a repayment period of more than one year. Thus, the amount of accrued interest in the first half of the year 2021 was PLN zero (in the first half of 2020, the amount was PLN 238 thousand).

Group

As of 30 June 2021, there were no short-term financial assets (as of 31 December 2020, there were no current financial assets).

Receivables under deliveries and services and other

The Company and the Group

Non-current receivables

As of June 30, 2021 and as of December 31, 2020, the balance of long-term receivables was PLN 0.

The Company

Current receivables

As of 30 June 2020, in the balance of non-current receivables in the amount of PLN 31 553 thousand (as of 31 December 2020, the amount PLN 37 157 thousand), the value of PLN 27 206 thousand is receivables for the supply of works and services, the amount of PLN 320 thousand is other receivables (as of 31 December 2020, the amount of PLN 458 thousand) the amount of PLN 4 027 thousand tax receivables (as of 31 December 2020 PLN 2 462 thousand).

Group

Current receivables

As of 30 June 2021, trade and other receivables amounted to PLN 31 825 thousand, including receivables for supplies and services in the amount of PLN 21 910 thousand, tax receivables in the amount of PLN 4 786 thousand and other receivables in the amount of PLN 782 thousand. Other receivables include, among others: receivables in the amount of PLN 547 thousand for advance payments for deliveries.

Current prepayments

The Company

As of 30 June 2021, in the balance of short-term accruals in the amount of PLN 2 406 thousand of PLN 121 thousand represents costs and registration fees related to changes in the production processes of pharmaceutical substances and drugs (as of 31 December 2020, the amount of PLN 179 thousand) the amount of PLN 735 thousand is the value of fees and taxes (as of December 31, 2020, the amount of 4 thousand), the amount of PLN 682 thousand is insurance (as of 31 December 2020, the amount of PLN 98 thousand, the amount of PLN 137 thousand is the value of the costs of validation (as at December 31, 2020, the amount of PLN 52 thousand)), other titles amount to PLN 731 thousand. (as of 31 December 2020, the amount of PLN 506 thousand).

Group

As of 30 June 2021, in the balance of short-term accruals in the amount of PLN 2 423 thousand included, among others: registration fees in the amount of PLN 121 thousand, taxes and fees in the amount of PLN 751 thousand, insurance in the amount of PLN 682 thousand, validations in the amount of PLN 137 thousand and others in the amount of PLN 732 thousand.

Individual analytical balance sheet - liabilities

	30.06.2021		31/12/20 02		changes	
	total	structure	total	structure	(in PLN thousand)	(in %)
LIABILITIES	(in PLN thousand)	(in %)	(in PLN thousand)	(in %)		
Equity capital	635 313	72.8	636 526	72.1	(1 214)	(0.2)
Share capital	1 717 284	196,9	1 717 284	194.4	0	0.0
Capital from the issue of shares above their face value	57 131	6,6	57 131	6.5	0	0.0
Inventory capital	260 776	29.9	260 776	29,5	0	0.0
Reserve fund	(268 492)	<0,1	(268 492)	<0,1	0	0.0
Retained profit / loss	(1 131 386)	<0,1	(1 130 172)	<0,1	(1 214)	0.1
Non-current liabilities	101 357	11.6	89 917	10.2	11 440	12.7
Liabilities for credits, loans and other debt instruments	38 041	4.4	32 001	3.6	6 040	18.9
Lease liabilities	13 684	1.6	6 817	0.8	6 867	100.7
Employee benefits	1 566	0.2	1 566	0.2	(0)	(0.0)
Deferred income	37 724	4.3	39 191	4.4	(1 467)	(3.7)
Other liabilities	10 342	1.2	10 342	1.2	(0)	(0.0)
Current liabilities	135 432	15,5	156 815	17.8	(21 384)	(13,6)
Liabilities for credits, loans and other debt instruments	57 827	6,6	70 337	8.0	(12 510)	(17,8)
Lease liabilities	1 679	0.2	82		1,597	1 953.8
Trade and other payables	39 305	4.5	51 557	5.8	(12 252)	(23.8)
Employee benefits	3 055	0.4	2 179	0.2	876	40.2
Accruals	33 565	3.8	32 661	3.7	905	2.8
TOTAL LIABILITIES	872 101	100	883 259	100.0	(11 158)	(1,3)

Consolidated analytical balance - liabilities

	30.06.2021		31.12.2020		changes	
	sum	structure	Total	structure	(in PLN thousand)	in %
	(in PLN thousand)	(in %)	(in PLN thousand)	(in %)		
LIABILITIES	854 954	100.0	867 107	100.0	(12 154)	(1,4)
A: Equity	618 280	72.3	619 645	71.5	(1 366)	(0.2)
1. Stock capital	1 717 284	200.9	1 717 284	198,0	0	0.0
2. Capital from the issue of shares above their face value	57 131	6.7	57 131	6,6	(0)	(0.0)
3. Inventory capital	260 776	30.5	260 776	30.1	(0)	(0.0)
4. Reserve capital	(266 561)	(31.2)	(266 561)	(30,7)	0	(0.0)
6. Reserve capital from transactions between shareholders	(80 844)	(9.5)	(80 844)	(9.3)	80 696	(0.0)
7. Exchange rate differences from converting subordinate units	(148)	(0.0)	(182)	(0.0)	(1 069 176)	(18,9)
8. Retained profit	(1 069 358)	(125,1)	(1 067 958)	(123.2)	1 067 958	0.1
B: Non-current liabilities	102 203	12.0	90 116	10,4	12 086	13,4
1. Due to credits, loans and debt instruments	38 691	4.5	32 004	3.7	6 687	20.9
2. Due to leasing	13 684	1.6	6 817	0.8	6 867	100.7
2. Due to employee benefits	1 762	0.2	1 762	0.2	(0)	(0.0)
4. Deferred revenues	37 724	4.4	39 191	4.5	(1 467)	(3.7)
7. Other liabilities	10 342	1.2	10 342	1.2	(0)	(0.0)
C: Current liabilities	134 472	15.7	157 346	18,1	(22 874)	(14.5)
1. Credits in the current account	14 257	1.7	0	0.0	14 257	-
1. Due to credits, loans and debt instruments	43 570	5.1	70 985	8.2	(27 415)	(38.6)
2. Due to leasing	1 679	0.2	295	0.0	1 384	469.6
3. For supplies and services and others	37 348	4.4	49 971	5.8	(12 622)	(25.3)
4. For income tax	0	0.0	5	0.0	(5)	(100,0)
5. Other accruals	37 617	4.4	36 090	4.2	1 527	4.2

Liabilities for credits, loans and other debt instruments

The Company

As of 30.06.2021, liabilities due to loans, borrowings and other debt instruments decreased by PLN 6 470 thousand compared to the status as of 31.12.2020. The change results from a decrease in loan liabilities by PLN 7 340 thousand and the reduction of exposure under the factoring line by the amount of PLN 13 655 thousand. The change is related to signing contracts with ING Bank Śląski with simultaneous repayment of the commitment to BOŚ Bank.

Group

As of 30 June 2021, total liabilities under loans and borrowings amounted to PLN 96 518 thousand and fell by the total amount of PLN 6 471 thousand compared to the status as of 31 December 2020. Decrease in liabilities due to loans and borrowings consists of a decrease in liabilities due to credits and loans in BIOTON S.A. in the amount of PLN 6 470 thousand.

Trade and other payables

The Company and the Group

Non-current liabilities

As of 30 June 2021, non-current liabilities relate to liabilities due to the purchase of shares in subsidiaries in the amount of PLN 10 342 thousand (as of 31 December 2020 the amount of PLN 10 342 thousand).

The Company

Current liabilities

As at June 30, 2021, the balance of trade liabilities and other in the amount of PLN 39 305 thousand., of which the amount of PLN 25 121 thousand. constitutes liabilities due to deliveries of products, services and goods (as of December 31, 2020, the amount of PLN 36 933 thousand) the amount of PLN 7 653 thousand is tax liabilities (as of December 31 2020, the amount of PLN 8 063 thousand) the amount of PLN 2 020 thousand represents liabilities due to remuneration (as of December 31, 2020, the amount of PLN 2 057 thousand), and the amount of PLN 2 057 thousand are liabilities due to non-invoiced deliveries (as of 31 December 2020, approx. the amount of PLN 3 609 thousand).

Group

Current liabilities

As of 30 June 2021, in the balance of trade and other payables in the total amount of PLN 37 348 thousand, of which the amount of PLN 19 959 thousand is liabilities from deliveries and services, the amount of PLN 8 424 thousand is liabilities of tax title, the amount of PLN 2 355 thousand is liabilities due to remuneration, the amount of PLN 4 327 thousand is liabilities for deliveries not invoiced.

Report of the Management Board of BIOTON S.A. on the operations of the Capital Group BIOTON S.A. in the period from 01.01.2021 to 30.06.2021.

The dynamics rates of individual components of the consolidated and individual income statement were calculated by comparing their values in the first half of 2021 with the values for the corresponding period of 2020 (in the case of data consolidated for continuing operations).

Individual analytical income statement

	01.01.2021 - 30.06.2021		01.01.2020 - 30.06.2020		changes	
	(in PLN thousand)	participation in sales	(in PLN thousand)	participation in sales	(in PLN thousand)	(in %)
Revenues from sales	76 205	100.0	89 076	100.0	(12 871)	(14,4)
Cost of sales	(40 594)	53.3	(44 253)	49.7	3 659	(8,3)
Costs of idle time and unused power	(1 993)	2.6	(1 575)	1.8	(418)	26,5
Gross profit on sales	33 618	44.1	43 248	48.6	(9 630)	(22,3)
Other operating revenues	4 525	11.4	17 461	19,6	(12 936)	(74.1)
Selling expenses	(16 782)	22.0	(19 498)	21.9	2 716	(13,9)
Administrative expenses	(13 683)	18,0	(17 991)	20.2	4 309	(23,9)
Research and development costs	(2 292)	3.0	(1 715)	1.9	(577)	33,6
Other operating costs	(2 552)	8.8	(2 285)	2.6	(267)	11,7
Gross profit on operating activity	2 835	3.7	19 220	21.6	(16 385)	(85,3)
Financial revenues	1 743	2.3	293	0.3	1 450	494,9
Financial costs	(2 900)	3.8	(5 949)	6.7	3,049	(51,3)
Profit / (loss) before taxation	(1 678)	2.2	13 564	15.2	(11 886)	(87,6)
Income tax	2 892	3.8	(1 375)	1.5	4 267	(310,3)
Net profit / (loss) from discontinued operations	0	0.0	0	0.0	0	n/a
Net profit / loss	(1 214)	1.6	12 189	13,7	(13 403)	(110,0)

Consolidated analytical income statement

	01.01-30.06.2021		01.01-30.06.2020		changes	
	total	structure	total	structure	(in PLN thousand)	(in %)
	(in PLN thousand)	(in %)	(in PLN thousand)	(in %)		
1. Revenues from sales	73 354	100.0	87 293	100.0	(13 939)	(19.0)
2. Own cost of sales	(38 120)	52.0	(42 374)	48.5	4 254	(11.2)
3. Costs of idle time and unused power	(1 993)	2.7	(1 575)	1.8	(418)	21.0
4. Gross profit on sales	33 242	45.3	43 344	49.7	10 102	30.4
5. Selling and distribution expenses	(15 528)	21.2	(17 879)	20,5	2 351	(15.1)
6. Administration expenses	(14 305)	19.5	(18 663)	21.4	4 358	(30.5)
7. Research and development costs	(2 292)	3.1	(1 715)	2.0	(577)	25.2
8. Total operating costs (2 +3 +5 +6 +7)	(72 237)	98.5	(82 206)	94.2	(9 969)	13,8
9. Profit on sales	1 117	1.5	5 087	5.8	3 970	355.3
10. Other operating revenues	4 526	6.2	17 911	20.5	(13 385)	(295.7)
11. Other operating costs	(2 897)	3.9	(2 735)	3.1	(162)	5.6
12. Gross profit on operating activity	2 746	3.7	20 263	23.2	17 517	637.9
13. Financial revenues	1 531	2.1	3	0.0	1 528	99.8
14. Financial costs	(2 468)	3.4	(5 517)	6.3	3 050	(123.6)
15. Share in profit or loss of the entities recognized in the equity method	0	0.0	0	0.0	0	n/a
16. Gross profit	1 809	2.5	14 749	16.9	12 940	715.2
17. Income tax	3 210	4.4	1 935	2.2	1 275	39.7
18. Net profit on continued operations	(1 400)	1.9	12 814	14.7	14 214	(1 015.1)

Revenues from sales

The Company

Sales structure of BIOTON S.A. by assortment (by value)

Specification	01.01.2021 - 30.06.2021		01.01.2020 - 30.06.2020	
	Goodwill	Structure (in %)	Goodwill	Structure (in %)
Insulin	53 850	70.66%	56 734	48.80%
Finished goods	53 850	70.66%	56 734	48.80%
Orally taken anti-diabetic drugs	4 045	5.31%	13 239	14,20%
Other goods PL	4 039	5.30%	5 643	11,20%
Injections	3 110	4,08%	3 896	3.90%
Goods and materials	11 195	14.69%	22 777	29,30%
Services¹⁾	11 161	14,65%	9 565	21.90%
Total sales revenues	76 205	100,00%	89 076	100%

1) in the Services category, the company presents, among others: revenues received from license agreements (upfront) concluded with SciGen and revenues from service agreements (evaluation of the technological feasibility of the implementation of analog production made in the first half of 2020);

In the first half of 2021, the company achieved sales revenues in the amount of PLN 76 205 thousand, in which the largest share of sales of insulin forms in the amount of PLN 53 850 thousand. In the comparable period of 2020, revenues from sales amounted to PLN 89 076 thousand, including sale of insulin accounted for PLN 56 734 thousand which means that the revenues in the first half in 2021 were lower by 14,45% in comparison with the first half of the last year.

The following negative impact on the decrease in revenues between the first half of 2021 and the first half of 2020 had:

- 1) completion of the distribution agreement for Ristfor and Ristaben products with MSD at the end of 2020 for the Polish market,
- 2) termination of cooperation with Biomed Lublin for the promotion of the Distreptaza product.

Group

The Group's sales structure by product range (in terms of value)

Specification	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%
Finished goods	53 850	70,66%	56 734	64,99%
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%
Goods and materials	9 093	12,40%	21 731	24,89%
Services¹⁾	10 412	14,19%	8 829	10,11%
Total sales revenues	73 354	100,00%	87 293	100,00%

- 1) *in the Services category, the company presents, among others: revenues received from license agreements (upfront contracts) concluded with SciGen and revenue from service contracts (assessment of the technological feasibility of the implementation of analog production carried out in the first half of the year 2020);*

The Group's revenues in the first half of 2021 amounted to PLN 73 354 thousand and were lower by 15.97% compared to the same period year 2020. The main decrease in sales between the periods was recorded in Bioton S.A. (PLN -10 137 thousand) described above. In the Group's sales structure, sales of insulin accounted for 73.41%, oral antidiabetic drugs for 5.51% and sales for 6.9% other products by the Group. Services accounted for 14.2% of the revenue structure.

Cost of sales

The Company

In the first half of 2021, the cost of sales amounted to PLN 40 594 thousand. and was lower by 8.3% compared to the same period of the previous year mainly as a result of lower sales in the compared periods.

Group

The own cost of sales amounted to PLN 38 120 thousand. and was lower by 11.2% compared to the same period of 2020.

Gross profit on sales

The Company

In the analyzed period, the company realized the gross margin on sales at the level of 44.1%, compared to 48.6% in the same period of 2020, and its reduction resulted directly from the product mix and the temporarily higher mix of the cost of production of the products sold.

Group

At the end of the first half of 2021, the Group achieved a gross profit on sales of PLN 33 242 thousand, which is a decrease by 23.3% compared to the corresponding period last year.

Selling expenses

The Company

Sales costs in the first half of 2021 amounted to PLN 16 782 thousand and were lower by 13.9% compared to the corresponding period of 2020.

Group

Selling costs at the end of the first half of 2021 amounted to PLN 15 528 thousand and were lower by 13.1% compared to the corresponding period of 2020.

Administrative expenses

The Company

General and administrative expenses in the first half of 2021 amounted to PLN 13 683 thousand and were lower by 4 309 thousand compared to the corresponding period of the previous year.

Group

General and administrative expenses at the end of the first half of 2021 amounted to PLN 14 305 thousand and were lower by 23.4% compared to the corresponding period of 2020.

Research and development costs

The Company

The costs of research and development in the first half of 2021 amounted to PLN 2 292 thousand and were lower by 33.6% compared to the corresponding period of 2020.

Group

In the first half of 2021, the costs of development work amounted to PLN 2 292 thousand and were lower by 33.61% compared to the corresponding period of 2020.

3. Description of the basic threats and risks related to the remaining months of the financial year

The risk related to refusal or delay in admitting the Group's products to trading

New products of the Group may be admitted for trade on a given market only after obtaining a proper permit in accordance with the applicable law provisions. Preparing documentation required to obtain a permit for a given product requires a lot of work and time, in particular on certain markets. Also, the procedure itself for obtaining such a permit can also be extremely time-consuming. The foregoing applies in particular to the central registration procedure of biotechnology products, which may additionally be extended by frequent changes in regulations and corresponding interpretative doubts. The above factors may cause significant delays in the introduction of new products by the Group. Refusal or delay in the admission of the Group's products to trading may have a material adverse effect on the Group's operations, financial position or results of operations. Risk - high.

The risk associated with the occurrence of side effects, interactions with other drugs or lack of quality of specific products of the Group

It cannot be excluded that during using the medication after admitting it for trade, there will be side effects not predicted before, as well as interactions with other drugs. Such situations may also take place with the use of drugs available on the market for a long time and may lead to specific actions being taken by the relevant authorities. For example, in Poland in the event of an unexpected, serious, undesirable side effect of a medicinal product,

threatening human life or health, lack of declared therapeutic efficacy or risk determination of use disproportionate to the therapeutic effect, the Minister of Health withdraws the authorization of the product for trading. In addition, if there is a justified suspicion that the treatment product does not correspond to the requirements established for it, the Chief Pharmaceutical Inspector issues the decision to suspend specific batches of a medical product within trading activity. The occurrence of any of the above-mentioned factors may have a material adverse effect on the activity, financial situation or operating results of the Group. Risk - medium.

The risk of failing to achieve intended results of development works in the segment of biotechnological drugs

A significant part of the outlays incurred by the Group is allocated for financing the developmental works, including in the scope of biotechnological products. The development of activities on the market of biotechnological products requires significant investment, and the risk of not achieving the intended results of development works in the field of biotechnological products is much larger than that of ordinary generics. The failure of developmental works financed by the Company and the Group could result in the lack of possibility to restore incurred outlays by means of sale of biotechnological products developed as a result of the developmental works financed, which may have a significant negative influence on the activity, financial situation or the operating results of the Group. Risk - high.

The risk related to the termination of the license for the production of recombinant human insulin

One of the most important products of the Group, i.e. recombinant human insulin, is produced, distributed and sold under the license granted to the Company on 3.06.1997 Ferring International Center SA, the company incorporated under the laws of Switzerland, Bio-Technology General (Israel) Ltd., a lawfully incorporated company in accordance with the law of Israel, and SciGen Ltd, a company incorporated under the laws of Singapore, entered into a license agreement on 1 April 2002 ("SciGen License Agreement") and the technology transfer agreement on May 5, 2003 ("SciGen License Agreement" Technology"), which indicated a 15-year duration depending on the specific market. After taking over the rights from Savient Pharmaceuticals Inc. (former Bio-Technology General Corp.), the licensor is Ferring International Center SA. The license is valid in a given territory for 15 years, starting from the date of registration of recombinant human insulin, but no longer than until 31.12.2019. On 15 May 2018, a company with Ferring International Center SA (Switzerland), Bio-Technology General (Israel) and SciGen Ltd. (Singapore) concluded annexes to the existing license agreements relating to the insulin's manufactured by BIOTON S.A. resulting in an earlier termination of the existing ones and the simultaneous conclusion of new license agreements in their place regarding the rights originally covered by the License Agreement, the SciGen License Agreement and the Agreement of Technology Transfer ("jointly RHI Agreement"). Within the frame of the RHI Agreement, the Company and SciGen obtain unlimited rights for the non-exclusive right for production, sale and distribution of the Product, including also constant, perpetual and non-exclusive right to use and perform the production processes on the basis of the primary obtained rights in total in the territory of the whole world. With the conclusion of the RHI Agreement, the Company and SciGen were exempted from paying additional license fees on the specified markets, under agreements signed and announced in the current report No. 2/2012 dated 15 January 2012. The total amount paid to Ferring is 2,000,000 USD and represents a fee for the early termination of the License Agreement, the SciGen License Agreement and the Technology Transfer Agreement, with the simultaneous award of rights to the RHI Agreement. The Company received the consent of the Supervisory Board to perform the described activities. Risk - low.

The risk related to the strategy of commercialization of the Group's products on key markets

The Group's strategy in the area of commercialization of the Group's products on key markets is based on cooperation with international pharmaceutical concerns under long-term distribution agreements. It is not sure whether the sales levels established by the distribution partner of the Group on individual markets will be realized, and thus the volume of production and sales of the group will be realized at the expected levels. The value of outlays for marketing and sales of products of the group incurred by the distribution partners, resources possessed by them on selected foreign markets and knowledge and experience in the scope of promotion and sales of pharmaceutical products on a given market may be insufficient for achieving assumed sales volumes. Taking into account the abovementioned, there is no certainty that the activity of the Group on the selected foreign markets will bring expected results. It cannot be ruled out that the distribution partners of the Group will not be able to achieve assumed goals and their marketing strategy on some export markets will not be effective. The occurrence of any of the above factors may have a material adverse effect on the Group's operations, financial position or results of operations. Risk - high.

The risk related to the change of drugs reimbursement rules

In most of the countries in which the Group operates, the market of drugs, including reimbursed drugs, is regulated in detail by relevant legal regulations. On the basis of these provisions, a list of reimbursed drugs, the scope of refunds, including prices, limits and the level of reimbursement, is established. Unfavorable changes in legal provisions regulating the drug market, for example deleting the Group's medicinal products from the list of refundable drugs, introducing a separate higher price limit for refunding competing products, changing the price limit or lowering the reimbursement rate of a given drug may negatively affect the competitiveness of the Group's products, may have a material adverse effect on the Group's operations, financial position or results of operations. Risk - medium.

The risk of changes in the foreign currency exchange rate

A significant part of the Group's revenues comes from the export of drugs, and a significant part of the components needed for the production of drugs by the Group is imported. Due to the above, a significant part of the Group's revenues and a significant part of costs is generated or incurred in foreign currencies. Moreover, most of the Company's revenues from exports are expressed in US dollars, while most imports are denominated in euro. The Group is also active on many markets where both revenues and costs are generated or incurred in foreign currencies. The company also finances expenditure on development work in the Group's companies in the form of loans in foreign currencies. In the event of an imbalance between costs and revenues as well as in the case of imbalance between income and costs in the same foreign currency, fluctuations in currency exchange rates may have a material adverse effect on the Group's operations, financial position or operation results. Risk - high.

The risk related to changes in the law

The Group is exposed to the risk of changes in the legal and regulatory environment in the countries in which it operates. The legal and regulatory environment in the countries in which they operate has been subject to frequent changes and is still being implemented in a uniform manner by the courts and public administration bodies. In case of the Polish market, the scope of the impact of these factors has significantly expanded in recent years due to Poland's accession to the EU in May 2004, as a result of which Poland was obliged to adopt and implement all legal acts of EU and *acquis communautaire* (legal provisions and jurisprudence of the European Court of Justice, which are binding for all EU Member States). Threat - low.

4. Description of changes in the organization of the Capital Group BIOTON S.A., including as a result of merger of entities, obtaining or loss of control over subsidiaries and non-current investments, as well as division, restructuring or discontinuation of operations and indication of entities subject to consolidation

As of 30.06.2021 the subsidiaries of BIOTON S.A. were:

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

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

The company did not publish forecasts of results for 2021.

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

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

No.	Shareholder	Number of shares / votes (in pcs)	% of share capital / votes
1	Dongren Singapore PTE.LTD. ¹	16,989,289	19.79%
2	Perfect Trend Ventures limited ²	10,245,922	11.93%
3	Troqueera Enterprises Ltd.	8,480,570	9.88%
4	Basolma Holding Ltd. ³	6,151,852	7.16%
5	AIS Investment 2 Sp. z o. o	5,151,852	6.00%
6	UniApek S.A. ⁴	4,293,210	5,00%
7	Others	34.551.505	40.24%
Total		85,864,200	100,00%

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

7. A list of possession of shares of the Company or the rights to them by the managing and supervising persons of BIOTON S.A. as of the day of transferring the half-year report, with an indication of the changes in the possession status in the period from sending the last periodical report, separately for each person

According to information held by Bioton S.A., as of the date of publication of this report:

- the persons supervising BIOTON S.A. do not hold any shares of BIOTON S.A.,
- managing and supervising personnel of BIOTON S.A. did not have any shares in the affiliated entities of the Company.

8. Information on the conclusion by BIOTON S.A. or its subsidiary of one or more transactions with related entities, if they were concluded on conditions other than market conditions, together with an indication of their value, and information on individual transactions may be grouped by type, except where information on individual transactions is necessary to understand their impact on the financial situation, property situation and financial result of the issuer

In the first half of 2021 BIOTON S.A. and its subsidiaries did not conclude any transactions with related entities on the terms other than market ones.

¹ Yifan Pharmaceutical Co., Ltd. is entitled indirectly through Dongren Singapore PTE LTD. 16,989,289 dematerialized shares of the Company representing 19.79% of the share capital of the Company. Yifan Pharmaceutical Co., Ltd. is the parent company of Dongren Singapore PTE LTD.

² Yifan Pharmaceutical Co., Ltd. holds indirectly through Perfect Trend Ventures Limited 10,186,419 dematerialized shares of the Company representing 11.86% of the share capital of the Company. Yifan Pharmaceutical Co., Ltd. is the parent company of Perfect Trend Ventures Limited.

¹ and ² Yifan Pharmaceutical Co., Ltd. indirectly holds 27,175,708 shares of the Company, which constitute 31.65% of the share capital of the Company and entitle to 27,175,708 votes at the General Meeting of Shareholders of the Company, which is 31.65% of total number of votes at the General Meeting the Company's Shareholders' Meeting.

³ Basolma Holding Ltd is the dominant for AIS Investment 2 Sp. z o. o.

⁴ Dongren Investment Co., Ltd. of Ningbo Free Trade Zone holds indirectly through UniApek 4,293,210 dematerialized shares of the Company representing 5% of the share capital of the Company. 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.

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

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

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

10.1. Credit agreements

The company financed itself in the first quarter of 2021 with a short- and long-term bank debt and a loan from the shareholder of Uniapiek S.A. The obligations of the Company and the Group resulting from credit agreements are repaid on an ongoing basis.

The value of indebtedness in BANK OF CHINA (LUXEMBURG) SA, ING Bank Śląski S.A., ING Commercial Finance Polska S.A. due to credit agreements as of June 30, 2021. totaled PLN 68.6 million. The debt value of the shareholder loan was PLN 27.2 million.

In the first half of 2021, the following changes to agreements with banks took place:

10.1.1 Credit agreement with BANK OF CHINA concluded on 14/01/2019.

- On January 21, 2021. The Company concluded a "Consent Letter" to the Loan Agreement with BANK OF CHINA, amending schedule for the payment of the loan installment amount to a special use account (DSRA) in the period from 22 January 2021 until March 23, 2021
- on May 7, 2021 The Company concluded a "Consent Letter" to the Loan Agreement with BANK OF CHINA expressing consent for the BANK OF CHINA to refinance the debt in Bank BOŚ SA and incur new financial debt as part of new financing at ING Bank on the terms specified in the document.
- on April 22, 2021 The Company concluded a "Consent Letter" to the Loan Agreement with BANK OF CHINA, amending schedule for the payment of the loan installment amount to a special use account (DSRA) in the period from 23 April 2021 until June 23, 2021
- on July 22, 2021 The Company concluded a "Consent Letter" to the Loan Agreement with BANK OF CHINA, amending schedule for the payment of the loan installment amount to a special use account (DSRA) in the period from 23 July 2021 until September 23, 2021

10.1.2 Agreements with ING

- on May 10, 2021 The Company concluded a Multi-Product Agreement with ING Bank Śląski S.A. 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 in under Revolving Loans in the Bank Account with the credit repayment date until 09/05/2023. 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 The company concluded with ING Lease (Polska) Sp. z o. o. a Financial Leasing Agreement for the period of 60 months with a net value of PLN 8 million.
- on May 10, 2021 The Company concluded a Factoring Agreement with a limit with ING Commercial Finance Polska SA commitment of PLN 10 million. The agreement is valid until May 9, 2022.
- On July 29, the Company concluded with ING Commercial Finance Polska SA Annex No. 1 to the Factoring Agreement increasing exposure limit 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.

10.1.3 Loan Agreement with UNIAPEK SA concluded on November 16, 2018.

- 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

10.1.4 Agreements with BOŚ

- 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) S.A. (Spółka Akcyjna) Branch in Poland, capital installment in the amount of EUR 750 thousand,
- ING Bank Śląski S.A., loan installments in the amount of PLN 851 thousand

10.2. Exchange rates

Result on statistical exchange rate differences on the valuation of a bank loan and loans denominated in foreign currencies granted by Bank of China and UniApek is reflected in the impact on the net financial result in individual and consolidated financial statements of BIOTON S.A. and the Capital Group. In the next months, the main assumption of the Company in the exchange rate policy will be to hedge the exchange rate of inflows in USD.

Compared to June 30, 2020, as at June 30, 2021, the average exchange rate for the period of 6 months, USD/PLN decreased by 6.0%, and the EUR/PLN exchange rate increased by 2.8%. The Company bears the exchange rate risk related mainly to the loans and borrowings in foreign currencies and with the sale of finished products and the purchase of raw materials, which are made in foreign currencies and constitute partly natural hedging mainly at the USD level.

The compliance of the applied instruments with currency position is only meant to secure foreign currency exchange rate risk occurring in commercial activities of BIOTON. As at the date of publication of the report, the Company has no financial instruments included.

11. Proceedings pending before a court, a competent arbitration authority or a public administration body.

11.1. "Macierzysz Resort Property" real estate

In matters relating to real estate to which the Company has the right of perpetual usufruct and which belonged to the former "Macierzysz Resort Property", hereinafter referred to as "Real Estate", no administrative proceedings are pending regarding the assessment of whether the above real properties were subject to the provisions of the decree of the Polish Committee of National Liberation of 6.09.1944 on the implementation of land reform (Journal of Laws of 1945, No. 3, item 13 as amended). All proceedings ended with valid and final rulings issued by administrative courts, which confirmed the arguments of the heirs of the former owners that the Real Properties were not subject to the provisions of the above Decree. The last of the court and administrative cases conducted in the above scope, on the basis of the complaint submitted by IBA with the participation of BIOTON S.A., completed legally 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 Ożarów Mazowiecki of 15.04.1988 on taking over for the State Treasury a part of Real Estate in the form of two plots with 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 issues connected with the implementation of the farm reform and agricultural settlement („Act of 1958”), and the decision of the Head of the Ożarów Mazowiecki Commune of 19.03.1990 on transferring to the management of the Institute of Biotechnology and Antibiotics („IBA”) plots with total area of 77,83 ha. In the opinion of the Company, in the light of the previous jurisprudence and in particular in the light of the Constitutional Tribunal’s ruling of 20.02.1991, the probability of the Company suffering damage as a result of recognizing possible claims of the heirs of the former owners of “Macierzysz Resort Property” by the proper bodies seems to be small. In the opinion of the Company, previous decisions in cases regarding whether the real estate from "Macierzysz Resort Property" were subject to the provisions of 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 situation of the Company may be caused however by the decision on stating invalidity of the decision issued on the basis of the Act of 1958 by the Head of the Commune Ożarów Mazowiecki of 15.04.1988 on takeover for the State Treasury two plots with total area of 78,87 ha and the decision of the Head of the Commune Ożarów Mazowiecki of 19.03.1990 on transferring for the management of IBA plots with 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 Ożarów Mazowiecki of 15.04.1988 and 19.03.1990 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 cessation complaint. Completion of the administration proceedings itself, even inconsistent with the position of the Company will not have an influence on 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 the claim against IBA, which in the agreement of 06.11.1997 stated that any claims of the third persons will charge IBA. On May 10, 2021, the Mazowiecki Voivode issued a decision refusing to declare invalidity decisions of the Head of the Ożarów Mazowiecki Commune of April 15, 1988 and March 19, 1990.

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

The Company was a party to an arbitration proceeding for the payment of \$ 1,500,000 with interest 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 an agreement concluded on October 21, 2011 (with later 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 1 September 2017, the Company received information about the arbitration award issued by CIETAC. Arbitration Court awarded HLST the amount of USD 1,500,000 with interest and payment of USD 146.80 in royalties for the third quarter of 2015 year and USD 184,549.82 of interest on overdue payments from Q1 2013 within 15 days, the date of entry into force of this judgment. 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 has taken legal steps to amicable settlement of the dispute. The company created a provision for the above liabilities in previous years.

11.3. 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 from 16 October, 2001. ("Agreement"). The contract was terminated 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 Chem 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 procedure Biopartners requests from LG Chem the damages in the amount not lower than six million US dollars. The final value of the damage incurred by Biopartners, and thus - the amount of compensation requested from LG Chem - will be determined in

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 contained in the Procedural Ordinance number 2 of the International Commerce Chamber of 16 November 2017, LG Chem issued a reply (Defence Memorial) to the preparatory letter (Memorial of Claim) Biopartners. 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 315000 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 do not have a possibility to conduct business activity and do not have access to bank accounts. Biopartners Holdings AG was deleted from the commercial register on 8 May 2019. The liquidation of the company Biopartners GmbH (Switzerland) and the company BioPartners GmbH (Germany) is under approval by the proper authorities.

11.4. Claim for revocation of the resolution of the Ordinary General Meeting of Bioton S.A. of 11 June, 2018 regarding expressing consent to the sale transaction of SciGen Ltd

On 6 August, 2018 (published in Current Report No. 23/2018), the Company received a copy of the statement of claim filed by AIS Investment 2 sp. z o.o. in Warsaw ("Plaintiff") against the Issuer for revocation of Resolution No. 2 from the District Court of the 16th Commercial Division in Warsaw regarding the consent to the sale transaction of SciGen Ltd with its registered office in Singapore and the determination of basic conditions for the transaction taken on 11 June, 2018 by the Issuer's Ordinary General Meeting (see current report No. 12/2018 dated 11 June 2018). The issuer does not agree with the allegations sought and dismissed it. Several hearings were held, at which witnesses and parties were interrogated. On 17 February 2020 the District Court in Warsaw, 16th Commercial Division dismissed the claim of AIS Investment 2 Sp. z o.o. against the Company to repeal the Resolution number 2 on expressing the consent for the transaction to sell SciGen Ltd with its registered office in Singapore and defining basic conditions for transactions, made on 11 June 2018 by the Ordinary Meeting of Shareholders of the Company (invalid judgment). On 17 August 2020, the Company's Management Board received information about the receipt of an appeal from AIS Investment 2 Sp. z o.o. the Company prepares the reply to the appeal (published with the Current Report number 16/2020). The company filed a response to the appeal on August 28, 2020. The company is awaiting the announcement of the judgment on March 31, 2021. The company will provide information in a separate report. On March 31, 2021, the Appeal Court in Warsaw dismissed the appeal submitted by AIS Investment 2 Sp. z o. o. The judgment of the Court of Appeal in Warsaw is final, however, AIS Investment 2 has the right to lodge a cassation appeal.

11.5. Request for appointment by the Court of the auditor for special matters

On 29 October 2018 (published in 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 of the resolution number 2 being the subject of sessions of the Extraordinary Meeting of Shareholders on 26 September 2018, which was not made by the EGM (comp. current report number 28/2018). Bearing in mind the position of the EGM, the Issuer requested refusal to appoint an auditor for special matters. On 24 October 2019, Bioton S.A. obtained invalid decision of the Court Referendary of the Court for the Capital City Warsaw in Warsaw about the designation of Grant Thornton Polska sp. z o. o. spółka komandytowa with its 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 November 25, 2019, Bioton S.A. submitted a complaint against the decision to reject the complaint against

the decision of the court referendary on the appointment of the special-purpose auditor. On 1 February 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 27 August 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.

12. Factors which will affect the results achieved by BIOTON S.A. and the Capital Group BIOTON S.A. in perspective of at least the next six months

12.1. Conclusion of a cooperation agreement between Yifan Pharmaceutical Co., Limited and Bioton S.A.

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

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 influence 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, once done review and conduct own research / experiments.

12.2. Conclusion of the assignment agreement (Novation Agreement)

On 16 January, 2020, Bioton concluded an assignment agreement (Novation Agreement) with effect from 1 January, 2020 to the Global Exclusive License Framework Agreement of 27 March, 2018, as amended, between the Company, YIFAN INTERNATIONAL PHARMACEUTICAL CO., LTD. based in Hong Kong ("Assignor") and SCIGEN PTE. LTD.

with its registered office in Singapore ("Assignee"), in which Bioton granted the Assignor the exclusive right to import and distribute Bioton products on the Territory (all countries except Poland). The Assignor and Bioton intend to facilitate global sale of products, therefore in order to execute the contractual obligations it was necessary to assign the rights and obligations under the Agreement. In addition, the Assignee is a wholly-owned subsidiary of the Assignor, it is a professional and experienced entity in the sale of pharmaceutical products on the global market. Further cooperation concerning the Agreement is significant for the improvement of global sale of Bioton products. The Agreement was concluded for the period of 15 years with an automatic option of extension for the period of the next 5 years, unless some party submits written termination of the Agreement with advance of at least 12 months before the lapse of the period for which it was concluded. The Agreement may be terminated by each party with a prior 30 days' call in the event when: i) one party infringes the provision of the Agreement and the infringement was not repaired within 30 days from obtaining the call to cease infringement; ii) one party becomes insolvent or against any party the bankruptcy procedure is instituted. The parties' liability for the Agreement is limited to the actual damage. The Agreement is subject to the law of Singapore and potential disputes will be settled by the arbitration court in Singapore. The Agreement specifies mutual obligations of the parties, as well as the basic terms and conditions of distribution. The terms of the Agreement do not differ from generally used market practices. The Company estimates that revenues under the Agreement over the next three years will amount to approximately PLN 250 million. In addition, the Chinese market was opened for the distribution towards termination of the agreement of supply and distribution of insulin Bioton on the Chinese market by Harbin Gloria Pharmaceuticals Co., Ltd.

12.3. Negotiations with FINANCIERE N: (i) on changing the cooperation agreement concluded with Copernicus sp. z o.o. with its registered office in Szczecin on June 12, 2014, and (ii) with regard to the rights granted to the issuer related to its participation in the share capital of Copernicus sp. z o.o. with its registered office in Szczecin

The Management Board of BIOTON S.A. (the "Issuer") informs that on 17 July 2020 it decided to delay the disclosure of confidential information to the public in accordance with Art. 17 it. 4 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. The subject of confidential information were the negotiations with FINANCIERE N („Nemera“): (i) on changes in cooperation agreement with Copernicus Sp. z o.o. with its registered office in Szczecin („Copernicus“) on 12 June 2014 (on text of the agreement the Issuer informed with the current report no 17/2014 of 13 June 2014) („The Supply Agreement“) and (ii) in the scope of the rights granted to the Issuer connected with share in share capital of Copernicus ("Agreement"). The reason for the disclosure of delayed confidential information is that Nemera finalizes the acquisition of Copernicus shares, so the negotiated amendments are binding. Pursuant to the Supply Agreement for the period of 4 years from 28 August 2020 the Issuer will be granted exclusive right for distribution the reusable pens in versions for the Issuer: (i) dedicated to the administration of recombinant human insulin (RHI) including on the Polish and Chinese markets and (ii) dedicated administer insulin analogs - exclusively on the Polish and Chinese markets. After 4 years from 28 August 2020 the Issuer will be granted the worldwide exclusive right to distribute reusable pens in versions dedicated to the Issuer: (i) intended for the administration of liquid dosage forms of recombinant human insulin (RHI) and (ii) intended for administration of analogs liquid insulin. During the term of the Supply Agreement, the Issuer will not acquire from entities other than Copernicus any other reusable pens intended for sale or distribution of such pens by the Issuer on any market. In addition, Copernicus grants the Issuer, provided that the Event occurs (from the Supply Agreement "Triggering Event"), an irrevocable, non-exclusive license to produce, sell, distribute, publish and advertise under its trademarks, reusable pens in versions dedicated to the Issuer. The license will be granted for the type of injectors and territories in which the exclusive right of the Issuer is currently in force, from the moment of the Event (from the Supply Agreement eng. "Triggering Event") until the validity or termination of the Supply Agreement. No separate license fees will be charged to the issuer. Events (from the Delivery Agreement eng. "Triggering Event") are:

(i) acquisition of Copernicus by a competitor and suspension of delivery, (ii) no deliveries for six months; (iii) a force majeure event lasting more than six months; or (iv) the Copernicus winding-up process. The Supply Agreement is valid until December 31, 2024, and then it is automatically extended for a period of two years, unless one of the parties terminates the Supply Agreement by giving written notice to the other party 12 months before the expiry of the Supply Agreement. Moreover, the Issuer negotiated an amendment to the terms of the Supply Agreement in terms of an increase

of flexibility in placing orders. The issuer may indicate the value of orders for the next year. Other provisions of the Delivery Agreements have not been significantly changed. Under the Agreement, the Issuer waives all rights related to participation in the share capital of Copernicus, including the pre-emptive right to Copernicus shares. For making changes specified in the Supply Agreement and for services related to the waiver of the Issuer's rights described above to Nemera, Nemera shall pay the Issuer the amount of PLN 10,000,000 gross (ten million zlotys) less withholding tax on this payment (if applicable withholding tax). Nemera informed the Issuer about the transfer. The management indicates that the purchase is in the interest of the Issuer, as the Issuer acquires a strong partner in the production and delivery of multiple injectors use dedicated to the administration of insulin.

12.4. 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 Company, at this stage of the inspection, it would be premature to decide about the possible impact of the inspection findings on the 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 the Group.

12.5. Cooperation with the KRKA company

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

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

On 11 March, 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. In consequence, Polish government, in fear of significant decline in economic growth, adopted act amending act on specific solutions related to preventing, counteracting and combatting COVID-19, other infectious diseases and emerging crisis situations as well as some other acts ("Anti-crisis Shield"), which contains a number of facilitations for entrepreneurs, including the possibility of exemption from real estate tax on: land, buildings and structures related to conducting business activities, by way of resolution adopted by a commune councils, to specified groups of entrepreneurs the financial liquidity of which has deteriorated due to adverse 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 effect 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. If today most companies, as a rule, optimize inventories on a daily basis, then in current situation of necessary intervention increase in inventories to 4-6 months all the suppliers will be on the border of production capacity, which we already hear from our suppliers. Securing products on the Polish market and problems with organization of product shipments to foreign markets may also, in the short term, cause problems with collection of foreign debts. Current situation is also aggravated by the fact that currently all European countries are introducing a number of restrictions because of spreading SARS-Cov-2 coronavirus pandemic. These restrictions cause the Group's work to be disrupted, for which the Group has no impact and is obliged to comply with the introduced legal provisions, including any recommendations of

government administration to reduce the spread of infections caused by the SARS-Cov-2 coronavirus. 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:

- (i) risk of employee absence - as of the date of publication, the Group has not recorded significant disruptions in its day-to-day operations and has not observed significantly increased employee absence.
- (ii) risk of price levels, foreign currency exchange rate fluctuations and supplies of raw materials and auxiliary materials required for the production of finished substances and forms of insulin, as well as supplies of products sold on the Polish market, where many deliveries are made from abroad - the Group is in contact with suppliers of raw materials and auxiliary materials to confirm complex orders in terms of timely deliveries as well as the possibility of securing their availability or earlier delivery. The increase in prices and their possible volatility will have an impact on the achieved future margins.
- (iii) risk related to limitations related to the logistic delivery of products to foreign markets
- The group asked foreign customers to place orders for the delivery of products in the following months due to the possible extension of the delivery date by changing, for example, the method of delivery from the air form to by sea.
- (iv) risk of limiting financial liquidity - BIOTON S.A. changed the structure of debt financing while increasing access to higher credit lines - as of the date of publication of the report, BIOTON S.A. 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.
- (v) 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, for non-prescription products, e.g. OTC drugs is the current epidemiological situation related to the limited mobility of people may have an impact on the volume of product sales by the Company and the Group.

At the same time, the Management Board believes that current situation, however difficult, can 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 will continue to monitor potential impact of COVID -19 on day-to-day operations and will take all possible steps to mitigate any impact and at the same time seize new opportunities.

13. Declaration of the Management Board of BIOTON S.A. on the compliance

The Management Board of BIOTON S.A. declares that to the best of its knowledge:

1. Abbreviated interim individual financial statements of BIOTON S.A. as of 30.06.2021 and for the period from 01.01.2021 to 30.06.2021 and the abbreviated interim consolidated financial statements of the BIOTON Group as of 30.06.2020 and for the period from 01.01.2020 to 30.06.2020 were drawn up in accordance with the International Financial Reporting Standards that apply to the semi-annual reports and which have been approved by the European Union, hereinafter referred to as "IFRS EU", and in the scope not regulated with the above standards, in accordance with the requirements of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws from 2018, item 395) and executive regulations issued on its basis.

The IFRS EU contain all International Accounting Standards, International Financial Reporting Standards and related Interpretations, in addition to the following Standards and Interpretations, which are awaiting approval by the European Union and Standards and Interpretations, which have been approved by the European Union, but not yet entered into force.

BIOTON S.A. and the BIOTON Group did not take advantage of the possibility of earlier application of the new Standards and Interpretations that have already been published and approved by the European Union, and which will enter into force after balance sheet date.

A detailed statement of compliance is included in Note 1.1.5 to the abbreviated interim consolidated financial statements of the financial statement of the BIOTON Group and in note 1.5 of the abbreviated interim individual financial statement of BIOTON S.A.

2. The above-mentioned reports and comparative data reflect truthfully and fairly clear property and financial situation of BIOTON S.A. and the BIOTON Group and their financial results.
3. Report of the Management Board of BIOTON S.A. on the operations of the Capital Group BIOTON S.A. in the period from 01.01.2021 to 30.06. 2021 presents a true picture of the development and achievements as well as the situation of BIOTON S.A. and the BIOTON Group, including a description of basic threats and risks.

14. Statement and information of the Management Board of BIOTON S.A. on the selection of the auditor

The Management Board of BIOTON S.A. declares that pursuant to art. 66 it. 4 of the Act of 29 September 1994 on accounting and pursuant to § 21 it. 1 point 1) of the Articles of Association of BIOTON S.A., the Supervisory Board of the Company, by a resolution of 14.05.2020, appointed BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw, ul. Postępu 12, 00-676 Warsaw ("BDO"), as an entity reviewing and auditing the Company's financial statements for the financial years ended 31 December 2020 and 31 December 2021 and the review of the financial statements as of 30 June 2020 and 30 June 2021 (individual and consolidated) and gave consent to the conclusion by BIOTON S.A. of agreements in this scope.

The Management Board of BIOTON S.A. informs that this entity and the certified auditors performing the review meet the conditions for issuance of impartial and independent audit reports, as required by International Standards on Auditing Financial Statements issued by the International Federation of Accountants, Chapter 7 of the Act of 29 September 1994 on accounting and national auditing standards, issued by the National Council of Statutory Auditors in Poland.

Signatures of all members of the BIOTON S.A. Management Board

Name and surname	Position	Signature
Jeremy Launders	Chairman of the Board	
Adam Polonek	Member of the Management Board	

Warsaw, 31 August 2021