

**ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR 30 JUNE 2022
AND FOR THE PERIOD FROM 01 JANUARY 2022 TILL 30 JUNE 2022**

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1. INTRODUCTION TO THE ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP BIOTON SA

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.

1.2. 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 2022 and covers the accounting period from January 1, 2022 to June 30, 2022. The comparative financial data covers the accounting period from 01 January 2021 till 30 June 2021 and the balance sheet as of 31 December 2021.

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 2022, 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 2022.

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

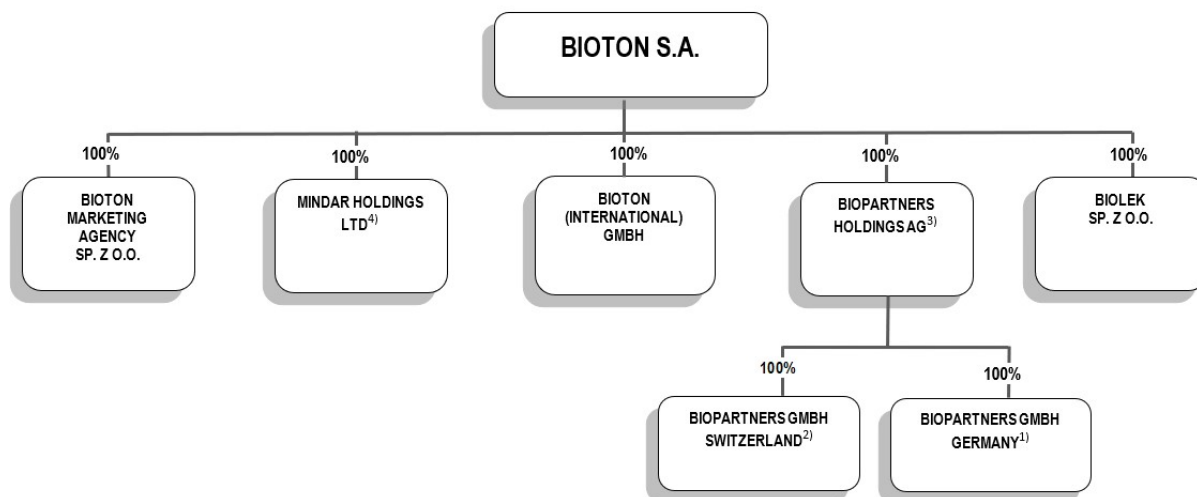
Current composition of the Supervisory Board of BIOTON S.A.:

- Mr. Jia Li (Chairman of the Supervisory Board);
- Mr. Ramesh Rejenthiran (Vice-Chairman of the Supervisory Board);
- Mr. Dariusz Trzeciak (Deputy Chairman of the Supervisory Board);
- Mr. Nicola Cadei (Member of the Supervisory Board);
- Ms. Valery Yeo (Member of the Supervisory Board);
- Mr. Jubo Liu (Member of the Supervisory Board);
- Mr. Vaidyanathan Viswanath (Member of the Supervisory Board);
- Mr. Tomasz Siembida (Member of the Supervisory Board);

History of changes in the composition of the Supervisory Board since 01.01.2022 until the publication date of the financial statements:

- On April 26, 2022, the Company received the resignation of Ms. Yuhong Geng from the function of the Supervisory Board Member. The reason for the resignation was a decision to focus on additional work duties with the current employer.

The ownership structure of the BIOTON S.A. Group as of 30 June 2022 was as follows:



¹⁾ The Management Board of Biopartners GmbH Germany adopted a resolution to liquidate the company on November 8, 2018.

²⁾ On 12 March 2019, Biopartners GmbH Switzerland filed for bankruptcy.

³⁾ On 13 March 2019, Biopartners Holdings AG filed for bankruptcy. The Biopartners Holdings AG bankruptcy proceedings were closed on 08.05.2019.

⁴⁾ On 11 March 2022, the liquidation process of Mindar Holdings Ltd commenced.

1.4. Description of the most important accounting principles applied

(a) Statement of conformity

The abridged interim consolidated financial statements as of 30 June 2022 were reviewed by a certified auditor. The consolidated financial statements as of 31 December 2021 were audited by a certified auditor. Abridged interim consolidated financial statements as of 30 June 2021 were reviewed by a certified auditor.

The abridged interim consolidated financial statements as of 30 June 2022 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 2021 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 2022 should be read together with the audited consolidated financial statement as of 31 December 2021.

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 2022

- Improvement of IFRS 3 "Business Combinations" - updated references to the Conceptual Framework
- Improvement of IAS 16 "Property, plant and equipment" - revenue from products produced during the period of preparation of property, plant and equipment for commissioning
- Improvement of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - clarification on costs recognised in the analysis of whether a contract is an onerous contract
- Annual Improvements Programme 2018-2020 - the improvements clarify and refine the standards' guidance on recognition and measurement: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9

"Financial Instruments", IAS 41 "Agriculture" and of the illustrative examples to IFRS 16 "Leases".

The Company applied the changed standards from January 1, 2022 without affecting the financial statements.

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:

Approved by the IASB for application from 1 January 2023.

- IFRS 17 "Insurance Contracts" and improvements of IAS 17 Improvements of IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current
- Improvements to IAS 1 "Presentation of Financial Statements" and IFRS Board Guidance on Disclosure of Accounting Policies in Practice - the issue of relevance with respect to accounting policies
- Improvements to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of estimates
- Improvements to IAS 12 "Income Taxes" - obligation to recognise deferred tax on transactions, i.e. leases
- Improvements to IFRS 17, "Insurance contracts" - first-time adoption of IFRS 17 and IFRS 9 - comparative information

Improvements rejected or deferred by the EU (approved by the IASB for application from 1 January 2016).

- IFRS 14 "Regulatory accruals"
- Improvements to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates" regarding the sale or contribution of assets between an investor and its associates or joint ventures

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 in the Company's condensed interim separate financial statements. 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 2021, 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 2022 till 30 June 2022 covers the financial statements of the following subsidiaries:

- individual interim financial statement of BIOTON S.A. covering the accounting period from 01 January 2022 till 30 June 2022 (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 2022 till 30 June 2022;
- 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 2022 till 30 June 2022;
- 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 2022 to 30 June 2022

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) in liquidation.

2. ABRIDGED INTERIM CONSOLIDATED INCOME STATEMENT

In PLN thousand	Note	1.01.2022 - 30.06.2022	1.01.2021-30.06.2021
		Reviewed	Reviewed
Revenues from sales	2	98,093	73,354,
Cost of sales		(,55,432)	(,38,120)
Cost of standstill and unused production capacity		(,4,061)	(1,993)
Gross profit on sales		38,600	33,242,
Other operating revenues	4	3,408	4,526,
Selling expenses		(15,,655)	(,15,528)
Administrative expenses		(14,,778)	(,14,305)
Research and development costs		(2,,463)	(,2,292)
Other operating costs	5	(2,627)	(2,897)
Gross operating profit / (loss)		6,485	2,746,
Financial revenues	6	-	1,531
Financial costs	7	(,6,928)	(,2,468)
Net finance income / (costs)		(6,928)	(,937)
Profit / (loss) before taxes		(443)	1,809,
Income tax		1,226	3,210,
Profit / (loss) from continued operations		(1,669)	,(1,400)
Profit / (loss) from discontinued operations		-	-
Net profit / (loss)		(1,669)	,(1,400)
<i>Attributable to</i>			
Shareholders of dominant entity		(1,,669)	(1,400)
Non-controlling shareholders		-	-
Net profit / (loss)		(1,669)	(1,400)
Weighted average number of shares (in pcs) See note 24		85,864,200	85,864,200
Diluted weighted average number of shares Profit / (Loss) per share (in PLN)		85,864,200	85,864,200
Basic		(0.02)	(0.02)
Diluted		(0.02)	(0.02)

3. ABRIDGED INTERIM INDIVIDUAL STATEMENT ON COMPREHENSIVE REVENUES

In PLN thousand

	1.01.2022 - 30.06.2022	1.01.2021-30.06.2021
	Reviewed	Reviewed
Net profit / (loss) for the statement period	(1,,669)	,(1,400)
Other components of comprehensive income:		
Components that can be transferred to the profit and loss account:		
Exchange differences on translation of foreign operations	(49)	34
Components that can be transferred to the income statement		
Actuarial changes - tax		
Deferred tax asset on actuarial valuation		
Total comprehensive income for the period	(1,718)	,(1,366)
Attributable to:		
Shareholders of dominant entity	(1,718)	,(1,366)
Minority shareholders		-

4. ABRIDGED INTERIM CONSOLIDATED BALANCE SHEET

<i>In PLN thousand</i>	Note	30.06.2022	31.12.2021
		<i>reviewed</i>	<i>audited</i>
ASSETS			
Fixed assets		676 269	690 462
Property, plant and equipment	10	280 826	286 551
Investment Estates	12	1 357	1 357
Goodwill		- 365 306	- 362 338
Other intangible assets	13		
Assets under the right of use	11	15 952	17 019
Non-current receivables	14		
Deferred income tax assets	15	12 173	22 411
Long-term prepayments	17	654	786
Current assets		153 500	174 727
Inventories	18	120 554	125 131
Current financial assets		-	-
Income tax receivables		582	546
Trade and other receivables	16	22 037	39 108
Cash and cash equivalents	21	7 712	8 857
Current prepayments	17	2 615	1 086
Assets held for sale	23	-	-
TOTAL ASSETS		829 769	865 189

<i>In PLN thousand</i>	Note	30.06.2022	31.12.2021
		<i>reviewed</i>	<i>audited</i>
LIABILITIES			
Equity	18	611 717	622 739
Equity capital attributable to the shareholders of the parent company			
Share capital		1 717 284	1 717 284
Share premium		57 131	57 131
Inventory capital		260 776	260 776
Other capitals		(266 367)	(266 367)
Reserve capital from transactions between shareholders		(80 844)	(80 844)
Exchange differences on translation of foreign operations		(214)	(165)
Retained earnings		(1 076 048)	(1 065 076)
Non-controlling shares		-	-
Non-current liabilities		68 020	77 542
Liabilities for credits, loans and other debt instruments	19	9 361	16 053
Lease liabilities	20	12 619	13 405
Employee benefits	23	1 486	1 486
Deferred income	25	34 212	36 257
Deferred tax liabilities		-	-
Other liabilities	21	10 342	10 342
Current liabilities		150 032	164 908
Liabilities for credits, loans and other debt instruments	19	66 456	78 623
Lease liabilities	20	2 203	1 994
Trade and other payables	22	36 219	36 932
Income tax liabilities		3	-
Provisions and other accruals	25	41 981	44 885
Employee benefits liabilities	23	3 170	2 474
TOTAL LIABILITIES		829 769	865 188

5. ABRIDGED INTERIM INDIVIDUAL CASH-FLOW STATEMENT

In thousands of zlotys

	Note	1.01.2022 - 30.06.2022	1.01.2021 - 30.06.2021
		<i>reviewed</i>	<i>reviewed</i>
Cash flow from operational activity			
Net profit / (loss)		(1,,669)	,(1,400)
Adjustment by the items:			
Depreciation		17,373	15,700,
(Profits) / losses from net exchange rate differences		1,260	,(1,878)
Interest and dividends paid, net		2,976	1,857,
(Profits) / losses from investment activities		311	(2,580)
Income tax for the current period		(165)	156
Income tax paid			(449)
Other net items		-	-
Net funds on operating activity before the change in working capital		20,217	11,405
(Increase) / decrease in receivables		5,566	4,403
(Increase) / decrease in inventory		5,017	(21,179)
Increase / (Decrease) in liabilities and settlements accruals		(2,042)	(9,187)
(Increase)/decrease of prepayments		(835)	1,577
(Increase) / decrease in inventory		789	1,014
Increase / (Decrease) in deferred income		(3,500)	3,276
Net cash from operating activity		25,212	(8,691)
Cash flows from financing activity			
Inflows:		471	8,605
Sale of intangible assets and tangible fixed assets		471	8,605
Sale of financial assets			
Sale of subsidiaries net of cash			
Other			
Expenses:		16,429	8,995
Acquisition of intangible and fixed assets		16,429	8,995
Acquisition of financial assets			
Other expenses			
Cash net from investment activity		(15,958)	(,390)
Cash flows from financing activity			
Inflows:		5,749	34,257
Credits and loans		5749	34,257
Expenses:		16,147	42,762
Repayment of credits and loans		12,466	40,169
Interest and other charges		2,334	1,725
Payment of liabilities under financial leasing		1,347	868
Net cash from financial activity		(,10,398)	(,8,505)
Net change in cash, including:		(,1,145)	(17,586)
<i>change in cash and cash equivalents due to foreign currency exchange rate differences</i>			
Cash at the beginning of the period		8,857	22,239,
Cash in assets held for sale		-	-
Cash at the beginning of the period (carrying amount)		8,857	22,239
Cash at the end of the period		7,712	4,653
Cash at the end of the period, after excluding credits in current account		7,712	4,653

6. ABRIDGED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital from issue of shares above their nominal value	Inventory capital	Other capitals	Revaluation capital.	Reserve capital from transaction between shareholders	Exchange rate differences from conversion of subordinate units	Retained earnings	Equity capital falling for shareholders of dominant	Minority shares	Capital in total
Equity as of 31.12.2021	1 717 284	57 131	260 776	(266 367)	-	(80 844)	(165)	(1 065 076)	622 739	-	622 739
Adjustment of income tax of previous years*								(9 158)			
Adjustment**								(146)	(146)		(146)
Equity at 31.12.2021 adjusted	1 717 284	57 131	260 776	(266 367)	-	(80 844)	(165)	(1 074 379)	613 436	-	613 436
Profit (loss) in the period								(1 669)			(1 669)
Other elements of total income							(49)				(49)
Total comprehensive income recognized for the period 01/01/2022 - 30/06/2022	-	-	-	-	-	-	(49)	(1 669)	(1 718)	-	(1 718)
Equity capital as at 30.06.2022	1 717 284	57 131	260 776	(266 367)	-	(80 844)	(214)	(1 076 048)	611 717	-	611 717
	Share capital	Capital from issue of shares above their nominal value	Inventory capital	Other capitals	Revaluation capital.	Reserve capital from transaction between shareholders	Exchange rate differences from conversion of subordinate units	Retained earnings	Equity capital falling for shareholders of dominant	Minority shares	Capital in total
Equity as of 01.01.2021 published	1 717 284	57 131	260 776	(266 561)	-	(80 844)	(182)	(1 067 959)	619 645	-	619 645
Actuarial changes				194							194
Profit / (loss) for the period	-	-	-	-	-	-	-	2 882			2 882
Other elements of total income	-	-	-	-	-	-	17	-		-	17
Total comprehensive income recognized for the period 01/01/2021 - 31/12/2021	-	-	-	194	-	-	17	2 882	3 093	-	3 093
Equity as of 31.12.2021	1 717 284	57 131	260 776	(266 367)	-	(80 844)	(165)	(1 069 077)	622 739	-	622 739

* Adjustments to account for changes in deferred tax relating to complex adjustments related to the capitalisation of tax costs of R&D development and the R&D allowance included, among other things, in complex adjustments to CIT returns for 2017-2020.

** adjustment - write-down of intangible assets Biolek

7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7.1. 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,
- Bangladesh,
- Libya,
- the Philippines,
- Yemen,
- Ukraine,
- Other.

OPERATING SEGMENTS

For the period from 01 January 2022 till 30 June 2022, and as of 30 June 2022 (the operating segments are shown with the exclusion of intra-group transactions)

<i>In PLN thousands</i>	BIOTON PL*	BIOLEK	BIOTON INTER- NATIONAL	Positions to be settled	TOTAL continued activity
<u>Revenue</u>					
Total external revenues	97 196	897	-		73 354
Intersegment revenue	-	917	-	(917)	-
Total segment revenue	97 196	1 814	-	(917)	98 093
<u>Result</u>					
Segment result	40 473	358	-		(2 231)
Other operating revenues					
Other operating costs	4 077	-	-		
Selling expenses	3 252	44	-		
Administrative expenses	16 736	396	-		(1 478)
Research and development costs	14 813	176	543		(754)
Gross operating profit / (loss)	2 463	-	-		2 463
Financial revenues	7 286	(259)	(543)		6 487
Financial costs				-	-
Net financial revenues/ (costs)		-	-	(6 928)	(6 928)
Profit / (loss) before income tax	7 286	(259)	(543)	(6 928)	(443)
Income tax	1 253	(27)			1 226
Net profit (loss)	6 034	(232)	(543)	(6 928)	(1 669)
<u>Depreciation</u>					
	17 371	1			17 373
EBITDA**	24 658	(257)	(543)		23 859

*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 INTERNATI ONAL	Reconciling positions	Total
<u>Segment assets</u>					
Property, plant and equipment	280,826				280 826
Goodwill	-	-			-
Other intangible assets	364,757	549			365,306
Inventories	119,691	424			120,115
Receivables due to deliveries and services	21,770	267	-		22,036
Cash and cash equivalents	7,691	2	19		7,712
Other assets	33,432	826	-	(485)	33,774
Assets in total	828,167	2,068	19	(485)	829,769
<u>Segment liabilities</u>					
Non-current liabilities	68,020	-	-		68,020
Current liabilities	148,187	1,791	56	(2)	150,031

GEOGRAPHICAL SEGMENTS

Sales revenues – geographical structure customer market	01.01.2022-30.06.2022		01.01.2021-30.06.2021	
	(in thousand PLN)	structure (in %)	(in thousand PLN)	structure (w %)
Poland	49,046	50.00%	41,943	57.18%
China	23,290	23.74%	5,093	6.94%
Vietnam	10,324	10.53%	5,728	7.81%
Bangladesh	2,127	2.17%	-	-
Libya	1,677	1.71%	-	-
the Philippines	1,421	1.45%	392	0.53%
Yemen	1,109	1.13%	929	1.27%
Ukraine	714	0.73%	792	1.08%
Thailand	-	-	5,206	7.10%
Other	4,988	5.09%	8,328	11.35%
Project Analogs Services	3,396	3.46%	4,944	6.74%
Total sales revenue	98,093	100.00%	73,354	100.00%

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

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)

<i>In thousand PLN</i>	BIOTON PL*	BIOLEK	BIOTON INTERNATIONAL	Reconciling positions	TOTAL continued activity
<u>Revenue</u>					
Total external revenues	72,514	841			73,354
Intersegment revenue	-	809			(809)
Total segment revenue	72,514	1,650			(809)
<u>Result</u>					
Segment result	34,250	408			(1,417)
Other operating revenues	4,526	-			
Other operating costs	2,897	-			
Selling expenses	15,119	408			
Administrative expenses	13,757	79		468	
Research and development costs	2,292				
Gross operating profit / (loss)	4,710	(79)		(468)	(1,417)
Financial revenues					1,531
Financial costs					2,468
Net financial revenues/ (costs)				(937)	(937)
Profit / (loss) before income tax	4,710	(79)		(468)	1,809
Income tax	3,144	65			3,209
Net profit (loss)	1,566	(145)		(468)	(1,400)
<u>Depreciation</u>	<u>15,699</u>	<u>1</u>			<u>15,700</u>
<u>EBITDA**</u>	<u>20,409</u>	<u>(78)</u>		<u>(468)</u>	<u>18,466</u>

*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
<u>Segment assets</u>					
Property, plant and equipment	306,585				306 585
Goodwill		-			-
Other intangible assets	365,447	714			366,162
Inventories	110,679	516			111,196
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
Assets in total	852,870	2,560	9	(485)	854,954
<u>Segment liabilities</u>					
Non-current liabilities	101,553	649	1		102,203
Current liabilities	133,328	1,119	27		134,472

7.2. Revenues from sales

The Company's operations constitute a single operational segment.

Przychody ze sprzedaży – struktura asortymentowa	01.01.2022-30.06.2022		01.01.2021-30.06.2021	
	(in thousand PLN)	structure	(in thousand PLN)	structure
		(w %)		(w %)
Insulin	79,187	80.73%	53,850	73.41%
Finished goods	79,187	80.73%	53,850	73.41%
Orally taken anti-diabetic drugs	5,852	5.97%	4,045	5.51%
Other goods PL	3,794	3.87%	4,039	5.51%
Injections	3,210	3.27%	1,008	1.37%
Goods and materials	12,857	13.11%	9,093	12.40%
Services¹⁾	6,049	6.17%	10,412	14.19%
Total sales revenues	98,093	100.00%	73,354,	100.00%

¹⁾in the Services category, the Company presents, among others: revenues received under license agreements (upfront) concluded with Pharmasyntez and Yifan International and recognition of revenue from the implementation of the agreement with Yifan for the analog project;

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 2018-2021, the holding Company recognized revenue, in accordance with the requirements under IFRS 15, in the amount of PLN 5,805 thousand and in the first half of 2022 the amount of PLN 774 thousand. The remaining amount of PLN 16,640 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 Yifan intellectual property 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 continuation of the Analog project is underway. Both Yifan and Bioton are working together to transfer, scale and register all products.

With regard to the long-acting insulin analog, Glargine, the Company has progressed to an early stage industrialisation phase, with the Company currently undertaking laboratory scale trials with a view to completing a batch of the drug substance at clinical scale in Q4 2022 - Q1 2023. The manufacturing facility is currently being upgraded to accommodate the new process.

With regard to the insulin analog Lispro, Bioton is not currently working on this project and is awaiting the final Yifan study report and the preparation of an IND application.

Work on all three insulin analogs includes the following scenario:

- Research phase - 2019 - 2024
- Development and registration phase - years 2021 - 2025
- Commercialisation phase - latac2025 – 2026

The Company expects revenues from the first product to be on the market in 2025; however, it should be taken into account that the timeline for this type of project is difficult to predict as unforeseen technical issues may arise in the course of implementation, and the clinical trial/registration processes may be subject to some delays.

As the Company is a subcontractor to Yifan in the ongoing project to implement insulin analogs, the Company keeps Yifan informed of the progress of the analog project, monitors the next stages of the project and, consequently, the introduction of products on a commercial scale.

Sales revenues - structure by customers

Sales structure by customers, whose share in total revenues accounted for over 7%

<i>In PLN thousand</i>	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Poland	31,126	29,353
Customer 1	15,526	11,599
Customer 2	8,472	10,868
Customer 3	7,128	6,886
Asian market	42,590	29,858
Customer 1	42,590	21,397
Customer 2	0	8,461
Total sales revenues	73,715	59,211,

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.

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.

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.

7.3. Other operating revenues

<i>In PLN thousand</i>	1.01.2022 - 30.06.2022	1.01.2021-30.06.2021
a) profit on disposal of non-financial assets	435	2 655
b) dissolution of impairment losses updating the value of assets and intangible assets	-	86
c) dissolution of provisions	184	1 018
d) liquidation of current assets	24	-
d) other, including:	2 765	767
- sale of raw materials, packaging	9	258
- compensation ¹⁾	4	93
- subsidies ¹⁾	2 548	375
- other	204	40
Total	3 408	4 526

¹⁾ Settlement of the grant in accordance with the NCBiR (National Research and Development Centre) decision declaring the project completed; Current Report 2/2022 and 3/2022

7.4. Other operating expenses.

<i>In PLN thousand</i>	1.01.2022 - 30.06.2022	1.01.2021-30.06.2021
b) revaluation of non-financial assets	-	506
c) created provisions for:	1 963	922
- write-downs on receivables/inventories	1 213	-
- provision for unused holiday leaves	696	922
- other	53	-
e) others, of which:	664	1 470
- gifts	301	118
liquidation of current assets	52	142
- contributions to the organisation	5	5
- costs of sale of raw materials	5	-
other costs	302	1 109
- penalties and damages	-	95
- consultancy services	-	-
Total	2 627	2 898

7.5. Financial income

In PLN thousand

	1.01.2022 - 30.06.2022	1.01.2021-30.06.2021
A. Financial revenues from interest, including:	-	-
a) on loans granted	-	-
- from other entities	-	-
b) other interest	-	-
- from other entities	-	-
B. Profit on disposal of financial assets	-	-
C. Other financial revenues, including:	-	1 531
a) positive foreign currency exchange rate differences	-	1 531
b) other	-	-
Total financial revenues	-	1 531

7.6. Financial costs

In PLN thousand

	1.01.2022 - 30.06.2022	1.01.2021 - 30.06.2021
D. Financial costs under interest, including:	2 792	2 135
a) on loans and borrowings	2 320	1 339
- to affiliates B	650	425
- to other entities	1 670	914
b) other interest	472	796
- to other entities	472	796
E. Other financial costs, including:	4 136	333
b) others, including:	4 136	333
- negative foreign exchange differences	3 127	-
- other	1 009	333
Total financial costs	6 928	2 468

7.7. Discontinued operations

In the first half of 2022 and 2021, there were no discontinued operations.

Mergers, acquisitions, sale and liquidation of subsidiaries

In the first half of 2022 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.

Liquidation of Mindar Holdings Ltd

On March 11, 2022, the process of liquidation of Mindar Holdings Ltd commenced.

7.8. Property, plant and equipment

In thousand PLN	Buildings, premises and land engineering facilities	Technical equipment and machinery	Means of transport	Other fixed assets	Plant, property and equipment under construction	Plant, property and equipment in total
<u>Gross value of plant, property and equipment</u>						
Gross value as of 1 January 2022	194,521	255,432	1,146	24,894	9,413	485,406
Increases (under):	490	1,593	3	1,191	1,700	4,977
- purchase	-	-	-	-	1,700	1,700
- transfer from construction in progress	490	1,593	-	1,180	-	3,263
- transfer of fixed assets under IFRS16	-	-	-	-	-	94
- other	-	-	3	11	-	14
Decreases (for):	-	-	476	37	3,852	4,365
- sale	-	-	240	-	-	240
- transfer to fixed assets, equipment and intangible assets	-	-	-	-	3,736	3,736
- liquidation	-	-	-	37	116	153
- other	-	-	236	-	-	236
Gross value as of 30 June 2022	195,011	257,025	673	26,048	7,261	485,922
<u>Redemption and impairment losses</u>						
Write-offs and write-offs due to impairment on 1 January 2022	37,015	148,994	980	10,892	974	198,855
Increases (under):	1,261	4,714	37	698	-	6,710
- depreciation and amortisation	1,261	4,714	37	698	-	6,710
- exchange rates differences	-	-	-	-	-	-
Decreases (for):	-	-	442	30	-	472
- sale	-	-	206	-	-	206
- liquidation	-	-	-	30	-	30
- other	-	-	236	-	-	236
Write-offs and write-offs due to impairment on 30 June 2022	38,276	153,708	575	11,560	974	205,093
<u>Net value</u>						
as of 1 January 2022	157,506	106,438	166	14,002	8,439	286,551
as of 30 June 2022	156,735	103,317	98	14,488	6,287	280,826

Plant, property and equipment under construction

At the end of the reporting period, expenditures for fixed assets under construction in total amounted to PLN 6,287 thousand and pertained to tasks performed by the Company related to, among others, expenditure classified as machinery and equipment with a value of PLN 5,259 thousand; and up to buildings and structures with a value of PLN 949 thousand (as of 31 December 2021, expenditures amounted to PLN 8,439 thousand).

7.9. Assets under the right of use

<i>in PLN thousand</i>	IFRS 16 30.06.2022	IFRS 16 31.12.2021
Technical equipment and machinery	9,448	10,655
Means of transport	801	1,112
Perpetual usufruct right to land	5,703	5,252
Total	15,952	17,019

<i>in PLN thousand</i>	Perpetual usufruct right to land	Means of transport	Technical equipment and machinery	Total
Balance as of 01.01.2022	5,252	1,112	10,655	17,019
Additions - new leasing contracts	353	52		405
Termination of leasing contracts	-	-		-
Depreciation	(128)	(138)	(1,206)	(1,472)
Balance as of 30.06.2022 - IFRS 16	5,477	1,026	9,449	15,952

7.10. Investment properties

<i>In PLN thousand</i>	30.06.2022	31.12.2021
Right of perpetual usufruct to land	1,357	1,357
Total	1,357	1,357

7.11. 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
Gross value as of 1 January 2022	57,724	21,248	592,972	516,221	1,188,165
adjustment-Biolek write-off Intangible assets licences		160			
Gross value at 1 January 2022 adjusted	57,724	21,088	592,972	516,221	1,188,005
Increases under:	101,430	-	-	12,320	113,750
- purchase	-			3,308	3,308
- others	-			-	-
- own development works	101,430			9,012	110,442
- development work settlement	-				-
- reclassification	-				-
Decreases (on account of):	-	-	-	101,430	101,430
- liquidation	-				-
- development work settlement	-			101,430	101,430
- reclassification	-				-
- impairment	-				-
- revaluation write-off	-				-
Gross value as of 30 June 2022	159,154	21,088	592,972	427,111	1,200,325
Accumulated depreciation and impairment write-offs					
Accumulated depreciation and impairment write-offs as of January 1, 2022 .	28,854	16,485	374,503	405,986	825,828
Increases under:	2,327	934	5,929	-	9,190
- depreciation and amortisation	2,327	934	5,929		9,190
- liquidation					-
- impairment					-
Decreases (on account of):	-	-	-	-	-
- exchange rates differences					-
- reclassification					-
- liquidation					-
Accumulated amortisation and impairment write-offs as of 30 June 2022	31,181	17,419	380,432	405,986	835,019
Net value					
as of 1 January 2022	28,870	4,763	218,469	110,235	362,337
as of 30 June 2022	127,973	3,669	212,540	21,125	365,306

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 PLN 21,125 thousand 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 (as of 31 December 2021, the total amount was PLN 110,235 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 2022, 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.

7.12. Non-current receivables

As of 30 June 2022, there were no long-term receivables.

7.13. Assets and deferred tax reserves

As at June 30, 2022, in the balance of deferred tax assets, the amount of PLN 10,866,000 is an asset deferred tax for tax losses for 2018 (filed income tax return adjustments increasing tax losses related to the capitalisation of R&D development tax costs and R&D credits included, among others, in filed CIT return adjustments for 2017-2020) and the amount of PLN 859 thousand on other titles (as of 31 December 2021, the deferred tax asset for tax losses amounted to PLN 8,213 thousand and PLN 13,722 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. See also note 30.8.

7.14. Trade and other receivables

<i>In PLN thousand</i>	30.06.2021	31.12.2021
a) Receivables from related entities	13 553	7 922
b) receivables from other entities	9 066	31 732
- receivables under deliveries and services ¹⁾	5 781	27 945
- tax liabilities, including:	2 773	3 514
-VAT tax	2 175	2 938
- CIT tax	582	546
- other taxes	16	30
- others, including:	511	273
- from sale of tangible and intangible assets	267	-
- receivables from employees	188	37
- prepayments for deliveries	39	7
- other	18	228
	22 619	39 653

¹⁾ change in presentation regarding the factoring line (from 2022 non-recourse factoring - transfer of factoring liabilities to repayment of trade receivables for an amount of PLN 15,467 thousand as at 31.12.2021)

7.15. Current prepayments

In PLN thousand

	30.06.2022	31.12.2021
a) current prepayments, including:	2,616	1,085
- insurance	768	503
- foreign and domestic registrations	1	87
- taxes and charges	813	44
- validations	117	128
- costs of updating IT systems	-	182
- emission costs	8	-
- financial costs	224	-
- other	685	141
	2,616	1,085

7.16. Equity

Share capital

in thousands of shares

	<u>Ordinary shares</u>	
	<u>30.06 2022</u>	<u>31.12.2021</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	PLN 20	PLN 20

As at the date of the last general meeting of the Company (on June 30, 2022) the ownership structure in the Company was as follows:

Shareholder	Number of shares / votes (in	% of the share capital
1 Dongren Singapore PTE LTD. ¹⁾	16,989,289	19.79
2 Perfect Trend Ventures Ltd. 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 Other shareholders with <5%	34,551,505	40.24
Total	85,864,200	100

¹⁾ 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.

²⁾ 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.

^{1 and 2)} 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.

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 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 2022 amounted to PLN 1,669 thousand.

On June 30, 2022, the Ordinary General Meeting of Bioton SA adopted Resolution no. 2 on financial statements of the Capital Group Bioton SA for the year 2021 and Resolution no. 5 on the distribution of profit for the year 2021. The net profit for the financial year 2021 was allocated to cover losses from previous years.

Profit / (loss) per share

The calculation of basic loss per share was made on the basis of a net loss of PLN 1,669 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 2022 till 30 June 2022

Shares series	Number in pcs	Number in pcs cumulatively	Period	Number of	Weighted average Number of
A	85,864,200	85,864,200	01.01.2022 30.06.2022	181	85,864,200
Total	85,864,200			181	85,864,200

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 Number of
A	85,864,200	85,864,200	01.01.2021- 30.06.2021	181	85,864,200
Total	85,864,200			181	85,864,200

In the first half of 2022 BIOTON S.A. dominant company paid no dividends.

7.17. Liabilities for credits, loans and other debt instruments

Non-current liabilities

<i>In PLN thousand</i>	30.06.2022	31.12.2021
Credits	9,361	16,053
Lease liabilities (not applicable to IFRS 16)	12,619	13,405
Non-current liabilities in total	21,980	29,457

Current liabilities

<i>In PLN thousand</i>	30.06.2022	31.12.2021
Credits and loans, including:	66 456	78 622
- from affiliates B ¹⁾	27 597	27 712
- from other entities ²⁾	38 858	50 911
Lease liabilities (not applicable to IFRS 16)	2 204	1 994
Current liabilities, total	68 659	80 617

¹⁾ affiliates that are not consolidated: Uniapek S.A.

²⁾ presentation change in the factoring line (from 2022 non-recourse factoring - transfer of factoring liabilities to repayment of trade receivables of PLN 15,467 thousand as at 31.12.2021)

Credits and loans (long- and short-term)

<i>In thousand PLN</i>	Currency	Type and rate of interest	Repayment term according to contract	Amount in zlotys
ING Bank Śląski S.A	PLN	Variable interest rate - WIBOR 1M plus rate margin	Apr25	14,529
ING Bank Śląski S.A current account overdraft facility	PLN	Variable interest rate - WIBOR 1M plus rate margin	May23	19,546
Bank of China	EUR	Variable interest rate - EUROIBOR 3M rate plus margin	Jan23	12,629
UniApek S.A.	USD	Variable interest rate - LIBOR USD 3M rate plus margin	Dec22	27,597
Other				1,516
Total				75,817
including:				
Long-term credits and loans				9,361
Current loans and borrowings				66,456

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 (in connection with the full repayment of the loan on 26.08.2022. BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A. with its registered office in Luxembourg, acting through BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A. (SPÓŁKA AKCYJNA) BRANCH IN POLAND with its registered office in Warsaw after the balance sheet date, the sureties granted expire),
- 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.

A security in the form of 5% of the shares of Bioton S.A. owned by UNIAPEK S.A. has been deposited with Bank Of China (Luxembourg) S.A. (Spółka Akcyjna) Branch in Poland.

In connection with the repayment in full of the loan on 26.08.2022. BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A., Luxembourg, acting through BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A. (SPÓŁKA AKCYJNA) BRANCH

IN POLAND with its registered office in Warsaw after the balance sheet date, the pledged collateral in the form of 5% of Bioton SA shares owned by UNIAPEK S.A. expires.

At ING Commercial Finance Polska SA and ING Lease (Polska) Sp. z o. o., which was signed after the balance sheet date, i.e. 12.07.2022.

BIOTON SA:

- on 10.05.2022, signed the extension of the Factoring Agreement with ING Commercial Finance Polska S.A. for a further one-year period, until 9 May 2023.

By the date of publication of the financial statements, Bioton S.A. had signed the following agreements:

- on 17.08.2022, the Company concluded a Multi-product Agreement with ING Bank Śląski S.A. for the provision of Bank Overdrafts for a total amount of PLN 40m, in the amount of Annex No. 1 to the Multi-product Agreement extending the repayment date of the sublimit of PLN 20m under the Bank Overdrafts with the repayment date of the Loans until 09.05.2024;
- on 17.08.2022, the Company concluded an Annex No. 1 to the Registered Pledge Agreement with ING Bank Śląski S.A. dated 24.06.2021 amending the provisions of the Basic Terms and Conditions section of the Agreement;
- on 23.08.2022, the Company entered into an Overdraft Agreement with BNP Paribas Bank Polska Spółka Akcyjna for the amount of PLN 15 million. The agreement is valid until 23.08.2024 with the first use for the full repayment of the exposure to BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A., based in Luxembourg, acting through BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A. (SPÓŁKA AKCYJNA) BRANCH IN POLAND with its registered office in Warsaw;
- on 25.08.2022, the Company entered into a Factoring Agreement (without recourse) with BNP Paribas Faktoring Sp. z o.o. with a commitment limit of PLN 10 million. The agreement was concluded for an indefinite period of time.

Do dnia publikacji sprawozdania finansowego Spółka spłaciła kredyty w bankach:

- Bank Of China (Luxembourg) S.A. (Spółka Akcyjna) Branch in Poland total debt of EUR 2,700 thousand, including an amount of EUR 900 thousand from a loan with BNP Paribas Bank Polska Spółka Akcyjna;
- ING Bank Śląski SA, loan installments in the amount of PLN 851 thousand;

7.18. Lease liabilities

As of 30 June 2022 lease liabilities amounted to PLN 14,823 thousand, including long-term liabilities of PLN 12,619 thousand (as of December 31, 2021, the amount of PLN 15,399 thousand, including long-term liabilities of PLN 13,405 thousand).

In PLN thousand

	IFRS 16 30.06.2022	IFRS 16 31.12.2021
long-term part	12,619	13,405
short-term part	2,203	1,994
	14,823	15,399
Less future finance charges	,	,

Present value of minimal lease payments	14,823	15,399
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7.19. Other long-term liabilities

<i>In PLN thousand</i>	30.06.2022	31.12.2021
a) to other entities	10,342	10,342
- others, including:	10,342	10,342
- liabilities under purchase of shares in BIOLEK	10,342	10,342
- payables arising from purchase of property, plant and	-	-
Total long-term liabilities	10,342	10,342

7.20. Trade and other payables

<i>In PLN thousand</i>	30.06.2022	31.12.2021
(a) to related category B entities ¹⁾	38	35
b) to other entities	35,946	36,891
- for deliveries and services, of maturity date:	24,726	24,192
- up to 12 months	-	-
- over 12 months	24,726	24,192
- payroll payables	-	-
- tax liabilities, including:	-	-
- social security liabilities	2,286	2,317
- personal income tax payable	4,370	5,745
- VAT tax	2,312	4,469
- PFRON (The State Fund for Rehabilitation of the Disabled)	985	876
- other taxes	296	372
- others, including:	31	28
- liabilities under supply of non-financial fixed assets	747	-
- payables arising from non-invoiced deliveries	4,564	4,637
- others	-	-
b) special funds	59	437
-Company Social Benefit Fund	-	-
	3,886	4,086

¹⁾ non-consolidated related entities: Yifan Phramaceuticals, Scigen Ltd.

7.21. Employee benefits

In PLN thousand

	30.06.2022	31.12.2021
Provision for retirement benefits	1,978	1,978
a) long-term	1,486	1,486
b) short-term	492	492
	1,978	1,978

Provisions for retirement benefits

In PLN thousand

	30.06.2022	31.12.2021
Provision for retirement benefits - opening balance	1,978	2,045
-Decrease - release of the provision recognized in the profit and loss	-	214
-Reductions - actuarial losses recognized in equity	-	(240)
-Increase - costs recognized in the income statement	-	28
-Benefits paid out	-	(69)
	1,978	1,978

Provision for leave of absence

In PLN thousand

	30.06.2022	31.12.2021
Provision for leave at beginning of period	1,982	2,209
Changes recognised in the income statement, including:	696	(227)
- reduction - release of provision	(1,147)	(2,225)
- increase - provisioning	1,843	1,999
Provision for leave of absence at the end of the period	2,678	1,982

7.22. Deferred income

In PLN thousand

	30.06.2022	31.12.2021
Received payments for the sale of rights (upfront)	17,951	19,042
Grants from Ministry of Economy (see notes 29 and 31.1)	13,880	14,200
Subsidies from NFEPWM (see notes 29 and 31.2)	2,382	2,437
Subsidies from NCBR (see notes 29 and 31.3)	-	578
	34,212	36,257

7.23. Provisions and assets write-downs

In PLN thousand

	30.06.2022	31.12.2021
Current prepayments	41,981	44,885
a) settlement of costs between the periods	2,488	3,937
- provision for utility costs	37	30
- provision for legal fees	161	167
- provision for discounts to be granted in subsequent period	403	171
- audit fees	15	25
- provision for capital expenditure	17	1,066
- reserve for financial charges	90	-
- provision for remuneration expenditures with charges	1,424	-
- provision for other costs by nature	269	2,026
- provision for other operating costs	47	195
- provision for financial costs	-	239
- provision for marketing expenditures	25	10
- other	-	8
b) settlement of accruals	39,492	40,948
- 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
- payments received for the sale of rights (upfronts)	2,183	2,183
- other ¹⁾	36,558	36,453

¹⁾ advance payments for services include the MSA contract with Yifan Pharmaceuticals (analog project)

7.24. 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>)	7,693	Bank loans 46,704 Loans 27,597	22,037	Liabilities: 36,219 RMB: 5,658
d) Value of the instrument in foreign currency (<i>in thousands</i>)	USD 1,021 EUR 521	EUR 2,698 USD 6,157	EUR 103 USD 3,772	EUR 990 USD 1,443
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	Quick 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	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

	Bank deposits and funds in the bank on bank accounts	Bank credits and loans received	Receivables	Liabilities
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 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 <i>(in PLN thousand)</i>	4,326	Bank loans 60,124 Loans 35,660	Receivables due to deliveries and 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

m) Collateral related to instrument, accepted or complex	None	Specified in note 19	None	None
	Bank deposits and funds in the bank on bank accounts	Bank credits and loans received	Receivables	Liabilities
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

7.25. Contingent liabilities

The contingent liabilities that were binding on the Company as of 31 December 2021 are also effective as at the balance sheet date.

7.26. Information on transactions with affiliates

Object of transaction – turnover in the period

Name of the business entity	Object of transaction	Net value	
		01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Yifan Pharmaceutical Co. Ltd.	Sales, including:	0	4,944
	services	0	4,944
SciGen Ltd (Singapore)	Sales, including:	42,590	23,738
	commodities	40,486	21,164
	services	2,104	,2,574

Outstanding balances

Name of the business entity	Balance due to:	value in thous. PLN	
		30.06.2022	31.12.2021
Yifan Pharmaceutical Co. Ltd.	Receivables for:	4 346	7,481
	supplies, works and services	4 346	7,481
SciGen Pte. Ltd.	Liabilities for:	1 346	440
	-supplies, works and services	1 346	440
SciGen (Beijing) Biotech. Co.,Ltd.	Liabilities for:	-	34
	-supplies, works and services	-	34
UniApek SA	Liabilities for:	27 162	27,712
	-loans	27 162	27,712

7.27. 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.

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

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.

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 considered 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 created a provision for the above liabilities in previous years.

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.

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 did 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. 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 replied for appeal on August

28, 2020. 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, on 07.09.2021, AIS Investment 2 filed a cassation complaint, which was received by Bioton on 09.09.2021, and on 23.09.2021, the Company filed a response to the cassation complaint. The court refused to accept the cassation appeal for examination. This order is not subject to appeal.

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 report from a special auditor. The report is positive for the Company and raises no objections or doubts. The Company sought a refund of the amount of PLN 369,408.36 paid as remuneration for the work of the statutory auditor for special matters. On 18.05.2022, the Court decided to forfeit the security in the amount of PLN 300,332 in favour of Bioton S.A. and discontinued the proceedings for the remainder. The Applicant filed a complaint, to which Bioton filed a reply on 25.07.2022. The Court dismissed the Applicant's complaint against the decision to return the security amount which means that the decision is legally valid.

7.29. 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. On 14 June 2022, the Company received the result of the customs and tax inspection and filed a response to it. Subsequently, on 5 July 2022, the Head of the Office issued an order to convert the customs and tax audit into tax proceedings, which are ongoing. The Company requested an opinion from a panel of recognised experts in the field of tax law to assist the Company with regard to the outcome of the audit. The Company received two positive and independent expert opinions. In addition, the Company filed adjustments to its CIT returns for 2017-2020 related to the activation of R&D development tax costs and the R&D tax relief for 2018 during the first half of 2022. 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.

7.30. Economic and political situation in Ukraine

The Company is constantly monitoring the development of the geopolitical situation related to the warfare on the territory of Ukraine; below, the Company provides an update on the current impact of the conflict on the activities of Bioton S.A. and indirectly on the BIOTON Group ("Group").

The Company and the Group do not sell products and goods directly in Belarus, Russia or Ukraine. On the other hand, the Group sells insulin (finished forms) and injectors through distributors operating on the Belarusian and Ukrainian

markets. According to sales data, in H1 2022, sales were made only to the Ukrainian market in the amount of PLN 714 thousand (0.70% of the Company's standalone revenue and 0.73% of the Group's consolidated revenue for H1 2022), which, in the opinion of the Group's Management Board, does not represent a significant share of revenue. At the same time, the Group is fulfilling all orders received from the distributor in the Ukrainian market and has also donated some products. The Group's long-term intention is to continue to operate in the Ukrainian market mainly due to the nature of the business and the supply of life-saving medicines while assuming that the risks (including financial risks) associated with this will be mitigated.

At the date of publication of this report, the Company's Management Board identified the following conflict-related risks to the Group's operations:

- a decrease in sales (or lack thereof) to distributors from Ukraine due to the ongoing war in that country and its consequences for the economy and the healthcare sector in that country;
- a decrease in sales (or lack thereof) on the Russian and Belarusian markets, i. a. due to economic sanctions and their impact on the condition of the Russian and Belarusian economies, including the depreciation of local currencies translating into an increase in purchase prices of products settled in USD, administrative restrictions in financial settlements between Russian and Belarusian entities and foreign entities;
- difficulties in the logistics of products and the expected increase in transport costs to the above-mentioned markets;
- restriction or suspension of payment of commercial obligations by distributors in Ukraine, Russia and Belarus;
- a significant increase in the prices of gas and electricity used to produce the substance and finished form of insulin supplied by entities on the Polish and European markets;
- a significant increase in inflation affecting the growth of prices of raw materials, expectations of growth of remunerations and costs of distribution of products to countries all over the world.
- possible disruptions related to logistics channels, as well as extended delivery periods of raw materials and materials required for production of the substance and finished form of insulin;
- significant fluctuation of USD/PLN and EUR/PLN exchange rates affecting the costs of purchase of raw materials and materials required for production of the substance and finished form of insulin.

The Management Board is constantly monitoring the situation in relation to the risks identified above and takes decisions on an ongoing basis to ensure the continuation of the Company's and the Group's operations.

7.31. Execution of an agreement with Pharmasyntez-Nord JSC

In the Russian market, the Company has an agreement with Pharmasyntez-Nord JSC (see current report 36/2016), under which it is obliged to transfer the technology of the finished form of insulin and is obliged to supply the active substance for its production. As of the date of publication of this report, this technology has not been implemented at the Pharmasyntez plant in Russia. It should be noted that the law applicable to the Agreement is Swiss law and disputes should be resolved by Swiss arbitration. The Company commissioned a Swiss law firm to make a legal assessment of the Agreement and to present the most favourable legal solutions. As a result of the analysis of this opinion, the refusal to perform the obligation to supply the API substance could constitute a material breach within the meaning of the Agreement and could be the basis for Pharmasyntez to claim liquidated damages of USD 3 million, plus further damages (including lost profits, if any). In addition, after a notice of breach and the expiry of 90 days, Pharmasyntez could arguably terminate the Agreement for material breach. In summary, Bioton would face significant risk in the event of an unreasonable refusal to perform the Agreement including the supply of API substances. In view of the above, Bioton will sell 90,190 grams of Pharmasyntez API under the Agreement in the second half of 2022 and, as of the date of this report, half of the aforementioned volume has been delivered. The Company has received prepayment in full prior to shipment. In addition, according to the opinion received from a reputable Polish legal firm, the international sanctions imposed by many countries on Russia do not apply to drugs and technology transfer for insulin production.

As at the date of publication of this report, the Management Board of the Company, due to the dynamics of changes in external conditions and the implementation of the development strategy in other markets, amongst other reasons, does

not anticipate a possible revaluation of assets related to operations in Russia. In the event that there are indications for an update of the value of assets related to operations in Russia, the Management Board will monitor the situation on an ongoing basis.

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.

7.32. Events after the balance sheet date

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 2022.

Signatures of all the Members of the Management Board

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

Date and signature of the person entrusted with bookkeeping

Name and surname	Position	Signature
Renata Prokopczyk	Chief Accountant	

Warsaw, 30 August 2022