

**ADDITIONAL INFORMATION
TO THE BIOTON SA GROUP
CONSOLIDATED "EXTENDED" QUARTERLY REPORT
FOR 3rd QUARTER 2022**

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

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

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

The financial data contained in the report covers the financial period from 1 January 2022 to 30 September 2022 and as of 30 September 2022, comparative data for the period from 1 January 2021 to 30 September 2021 and as of 30 September 2021 and as of 31 December 2021. The financial data presented for the financial period from 1 January 2022 to 30 September 2022 and the comparative data for the period from 1 January 2021 to 30 September 2021 was not subject to audit by the independent auditor. Whereas comparative financial data as of 31 December 2021 was audited by an independent chartered auditor.

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

In the opinion of the Management Board and Supervisory Board of the Parent Company, it is appropriate to prepare both separate and consolidated financial statements based on the going-concern assumption for the foreseeable future. In the opinion of BIOTON S.A. Management Board, there are no circumstances indicating a threat to the Group's continued operations. The Group has or will have sufficient funds to conduct both operating, investment and development activities. As of the balance sheet date, the Company's and the Group's current liabilities are lower than current assets, additionally due to the achieved operating financial results, the change in the external financing structure to a medium-term one in the third quarter (signing of the agreement with BNP Paribas Bank Polska Spółka Akcyjna and repayment of the full commitment with Bank of China) and the implementation of the long-term cooperation agreement with Yifan Pharmaceuticals in terms of financing the development of analogues, in the opinion of the Management Board there are no circumstances indicating that continuation of its activities is threatened. The Company's Management Board has also entered into discussions with one of its shareholders about the possibility of extending the deadline for partial repayment of the current loan amount. As of the date of publication, financial covenants as of the balance sheet date indicated in the loan agreement concluded by BIOTON S.A. were fulfilled..

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

- balance sheet data was calculated according to the average NBP exchange rate announced for:
 - 30.09.2022 at the EUR / PLN rate of 4.8698,
 - 31.12.2021 at the EUR / PLN rate of 4.5994,
 - 30.09.2021 at the EUR / PLN rate of 4.6329,
- data from the income statement and the cash flow statement have been converted using the arithmetic average of the average exchange rates for the day ending each month in this period as follows:
 - for the 3rd quarter of 2022 at the EUR / PLN rate of 4.6887,
 - for the 3rd quarter of 2021 at the EUR / PLN rate of 4.5585,

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

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

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

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

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

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

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

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

- Poland,
- Vietnam,
- China,
- Bangladesh,
- Libya,
- the Philippines,
- Yemen,
- Ukraine,
- other.

Operating segments - Group

For the period from 01.01.2022 to 30.09.2022.

<i>in '000 PLN</i>	BIOTON PL*	BIOLEK	BIOTON INTERNATIONAL	Reconciling items	IN TOTAL continued activity	Total
<u>Revenues</u>						
Total external revenues	153,945	1,638	-		155,583	155,583
Intersegment revenue	-	1,675	-	(1,675)	(0)	(0)
Total segment revenue	153,945	3,313	-	(1,675)	155,583	155,583
<u>Result</u>						
Segment result	62,717	597	-	(3,196)	60,118	60,118
Other operating income	5,383	29	3,089	(3,089)	5,412	5,412
Other operating costs	3,849	46	-		3,895	3,895
Selling expenses	26,298	604		(2,064)	24,838	24,838
Administrative expenses	22,270	249	820	(1,132)	22,208	22,208
Research and development costs	4,245	-	-		4,245	4,245
Profit / (loss) gross on operating activity	11,439	(274)	2,269	(3,089)	10,345	10,345
Finance income	-	-	-		-	-
Finance costs	-	-	-	12,717	12,717	12,717
Net finance income / (costs)				(12,717)	(12,717)	(12,717)
Profit / (loss) before income tax	11,439	(274)	2,269	(15,806)	(2,372)	(2,372)
Income tax expense	1,282	(51)			1,231	1,231
Net profit (loss)	10,157	(223)	2,269	(15,806)	(3,603)	(3,603)
Amortisation	25,869	2			25,871	25,871
EBITDA**						
	37,308	(272)	2,269		36,216	36,216

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

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

Operating segments – Group

As of 30.09.2022

<i>in '000 PLN</i>	BIOTON PL	BIOLEK	BIOTON INTERNATIONAL	Reconciling items	Total
<u>Segment assets</u>					
Property, plant, and equipment	278,548				278,548
Other intangible assets	363,751	548			364,300
Inventories	115,173	523			115,696
Trade and other receivables	35,524	747	-		36,270
Cash and cash equivalents	17,190	21	5		17,215
Other assets	31,451	856	-	(485)	31,750
Total assets	841,636	2,695	5	(485)	843,851
<u>Segment liabilities</u>					
Non-current liabilities	65,746	-	-		65,746
Current liabilities	166,096	2,265	39	(2)	168,397

Geographical segments - Group

For the period from 01.01.2022 to 30.09.2022 and 01.01.2021 to 30.09.2021.

Revenues on sale – geographical structure market of the EXP recipient	01.01.2022-30.09.2022		01.01.2021-30.09.2021	
	(In '000 PLN)	structure	(in '000 PLN)	structure
		(in %)		(in%)
Poland	72 143	46,37%	73,799	60.90%
China	28 437	18,28%	18,751	15.47%
Vietnam	11 482	7,38%	6,999	5.78%
Ukraine	4 429	2,85%	1,436	1.18%
Bangladesh	3 161	2,03%		
the Philippines	3 132	2,01%	1,212	1.00%
Libya	1 677	1,08%	1,058	0.87%
Yemen	1 109	0,71%	929	0.77%
Others*	20 015	12,86%	2,775	2.29%
Analogs	9 999	6,43%		
Revenues on sale in total	155 583	100,00%	121,186	100.00%

* - This item includes the settlement of Transfer Price and re-invoicing of services

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

Operating segments - Group

For the period from 01.01.2021 to 30.09.2021.

<i>in '000 PLN</i>	BIOTON PL*	BIOLEK	BIOTON INTERNATIONAL	Reconciling items	IN TOTAL continued activity	Total
<u>Revenues</u>						
Total external revenues	118,833	2,353	-		121,186	121,186
Intersegment revenue	(0)	1,750	-	(1,750)	-	-
Total segment revenue	118,833	4,102	-	(1,750)	121,186	121,186
<u>Result</u>						
Segment result	55,035	1,398	-		56,437	56,437
Other operating income	9,605	-	-		9,605	9,605
Other operating costs	7,172	-	-		7,172	7,172
Selling expenses	22,799	377	-		23,176	23,176
Administrative expenses	20,112	93	716		20,921	20,921
Research and development costs	3,436	-	-		3,436	3,436
Gross profit / (loss) on operating activity	11,122	928	(716)		11,337	11,337
Financial income				-	-	-
Finance costs				3,800	3,800	3,800
Net finance income / (costs)				(3,800)	(3,800)	(3,800)
Profit before income tax	11,122	928	(716)	(3,800)	7,537	7,537
Income tax expense	4,236	88			4,325	4,325
Net profit / (loss)	6,886	840	(716)	(3,800)	3,212	3,212

<u>Amortisation</u>	23,649	2		23,651	23,651
EBITDA**	34,771	930	(716)	34,988	34,988

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

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

Operating segments - Group

As of 30.09.2021

<i>in '000 PLN</i>	BIOTON PL	BIOLEK	BIOTON INTERNATION AL	Reconciling items	Total
<u>Segment assets</u>					
Property, plant, and equipment	291,395				291,395
Other intangible assets	363,294	714			364,008
Inventories	112,428	890			113,318
Trade and other receivables	40,287	433	-		40,720
Cash and cash equivalents	11,347	31	9		11,387
Other assets	44,914	797	-	(485)	45,226
Total assets	863,665	2,864	9	(485)	866,053
<u>Segment liabilities</u>					
Non-current liabilities	95,532	-	(82)		95,450
Current liabilities	146,060	1,649	60	(4)	147,765

3. A coherent description of significant achievements or failures of the Company and BIOTON SA Company Group in the period from 01.01.2022 to 30.09.2022 with the list of the more important events related thereto.

3.1. Information about domestic sales

The share of "Gensulin" in the classic insulin market in Poland at the end of September 2022 was around 34.7% which indicates the continuation of the leader's position in this segment share in the market measured with the sale of the product to pharmacies.

Bioton is adding another oral drug to its portfolio for use in the treatment of type 2 diabetes, belonging to the DPP-4 inhibitor group.

3.2. Information about sales in foreign markets

In the third quarter of 2022, the value of insulin sales on foreign markets amounted to PLN 25.3 million in comparison with PLN 11.2 million in the corresponding period of 2021. In the period of the first three quarters of 2022 it amounted to PLN 67.1 million as compared to PLN 31.5 in the corresponding period of 2021.

3.3. National and EU registrations

In the 3rd quarter of 2022:

- Post-registration modification procedures for Gensulin products were continued,
- Post-registration modifications have been submitted for the Avamina medicinal products,

- Post-registration modifications have been submitted for the Avamina SR medicinal products,
- Approval of a post-registration modification for the Pioglitazone Bioton medicinal product,
- Post-registration modifications have been submitted for the Sitagliptin Bioton medicinal products, Approval of a post-registration modification for the Sitagliptin Bioton medicinal product,
- National phase of the registration process for the COMBODIAB medicinal product continued.

3.4. Foreign registrations

In the 3rd quarter of 2022:

- The registration process of Gensulin / Scilin products was continued in following countries: Nigeria, Brasil, Kenya, Morocco, Oman, Vietnam, Sudan, Botswana, Ethiopia, Tanzania, Azerbaijan, Iraq, Brunei,
- The re-registration process Gensulin / Scilin products was continued in the following countries: Vientam, Myanmar,
- Re-registration process approved for Scilin N in China,
- Post-registration modifications have been approved for Gensulin products in Bosnia and Herzegovina, Thailand,
- The post-registration modification procedures for Gensulin / Scilin medicinal products were continued in the following countries: the Philippines, China, Belarus, Ukraine, Thailand, Indonesia, Bosnia and Herzegovina, Vietnam, Uganda, Nigeria, Yemen,
- Registration processes for the GensuPen medical device continued in the following countries: Botswana, Sudan, Tanzania, Ethiopia,
- The modification procedures for Gensupen medicinal product was continued in the following countries: Bosnia and Herzegovina, Belarus.

3.5. Research and development works

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

The 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 completed laboratory-scale batches with the intention of completing a clinical-scale batch of the drug substance in Q1 of 2023. The manufacturing facility is currently being upgraded to accommodate the new process.

With regard to the Lispro insulin analog, Bioton is still not working on this project and is still awaiting the final Yifan test report.

Work on all three insulin analogs includes the following scenario:

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

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 during implementation and clinical trial/registration processes may experience some delays.

Due to the fact that the Company is a subcontractor of Yifan in the ongoing insulin analog implementation project, the Company keeps Yifan informed about the progress of the analog project, monitors the next stages of the project and, consequently, the introduction of products on a commercial scale.

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

4.1. Sales revenues

The Company

Sales revenues - assortment structure	01.01.2022-30.09.2022		01.01.2021-30.09.2021	
	(in '000 PLN)	structure (in %)	(in '000 PLN)	structure (in %)
		(w %)		(w %)
Insulin	122,400	76.18%	91,915	73.34%
Finished Products	122,400	76.18%	91,915	73.34%
OAD PL	9,576	5.96%	6,794	5.42%
Other goods PL	5,162	3.21%	7,127	5.69%
Devices	7,744	4.82%	5,705	4.55%
Goods and materials	22,482	13.99%	19,627	15.66%
Services¹⁾	15,786	9.83%	13,785	11.00%
Sales total	160,667	100.00%	125,327	100.00%

¹⁾ under the Services category, the Company shows, inter alia: revenues received from the licence agreements (upfronts) concluded with Pharmasynitez and Yifan International and the recognition of revenue from the implementation of the agreement with Yifan concerning the analog project;

In the period of three quarters of 2022, the Company achieved sales revenues of PLN 160.7 million, in which the largest share was the sale of insulin PLN 122.4 million. In the corresponding period of 2021, revenues amounted to PLN 125.3 million, which means an increase by 28.2%.

Revenue growth in the first three quarters of 2022 compared to the corresponding period of 2021 was positively impacted by higher domestic insulin sales (including market hedging due to the geopolitical situation in Ukraine), as well as higher sales in international markets, including the delivery of orders resulting from the tender in China, but also sales to Vietnam, Bangladesh, Ukraine and other markets. Gross margin on sales (including downtime and idle capacity costs) at Bioton unit level reached 37.9% and was 7.4 p.p. lower compared to the same period in 2021.

The lower gross margin on sales was influenced by a change in the sales structure between Poland and foreign markets as well as higher costs of downtime and idle capacity (mainly related to the downtime of the substance production plant associated with modernisation works on the production line), which increased year-to-year in the corresponding periods of the three quarters by PLN 6.8 million. The margins of products sold on the Polish market are higher compared to the margins of products sold on international markets, due to high competition on international markets and sales made under tenders. An additional negative factor is the increase in the costs of production of insulin products associated with a significant increase in the prices of gas and electricity, an increase in employment costs, an increase in prices resulting from the increase in inflation and, consequently, an increase in the purchase prices of components for production from Polish and foreign suppliers, including a significant fluctuation in the PLN/USD and PLN/EUR exchange rates. In addition, the cost of goods sold on the Polish market and purchased from foreign suppliers were exposed to changes in the market of freight costs.

Group

Sales revenues - assortment structure	01.01.2022-30.09.2022		01.01.2021-30.09.2021	
	(in '000 PLN)	structure	(in '000 PLN)	structure
(in %)		(in %)		
Insulin	122,400	78.67%	91,915	75.85%
Finished Products	122,400	78.67%	91,915	75.85%
OAD PL	9,576	6.16%	6,794	5.61%
Other goods PL	5,162	3.32%	7,127	5.88%
Devices	3,791	2.44%	2,688	2.22%
Goods and materials	18,529	11.91%	16,609	13.71%
Services¹⁾	14,655	9.42%	12,662	10.45%
Sales total	155,583	100.00%	121,186	100.00%

¹⁾ under the Services category, the Company shows, inter alia: revenues received from the licence agreements (upfronts) concluded with Pharmasynthez and Yifan International and the recognition of revenue from the implementation of the agreement with Yifan concerning the analog project;

The Group's sales revenues in the three quarters of 2022 amounted to PLN 155.6 million and were at a higher level by 28.4% as compared to the previous year.

Revenue growth in the first three quarters of 2022 compared to the corresponding period of 2021 was positively impacted by higher domestic insulin sales (including market hedging due to the geopolitical situation in Ukraine), as well as higher sales in international markets, including the delivery of orders resulting from a tender in China, but also sales to Vietnam, Bangladesh, Ukraine and other markets. Gross margin on sales (including downtime and idle capacity costs) at Group level reached 38.6%, and was 7.9 p.p. lower as compared to the corresponding period of 2021. The gross margin on sales would have reached more than 43% after excluding additional downtime costs.

The lower gross margin on sales was influenced by a change in the sales structure between Poland and foreign markets and higher costs of downtime and idle capacity, which increased year-to-year in the corresponding periods of the three quarters by PLN 6.8 million. The profitability of products sold on the Polish market is higher as compared to the profitability of products sold on international markets, due to high competition on international markets and tender sales. An additional negative factor is the increase in the costs of production of insulin products associated with a significant increase in the prices of gas and electricity, an increase in employment costs, an increase in prices resulting from the increase in inflation and, consequently, an increase in the purchase prices of components for production from Polish and foreign suppliers, including a significant fluctuation in the PLN/USD and PLN/EUR exchange rates. In addition, the cost of goods sold on the Polish market and purchased from foreign suppliers were exposed to changes in the market for freight costs.

4.2. Administrative expenses

The Company

General administrative expenses in the three quarters of 2022 amounted to PLN 22.3 million and were higher than in the corresponding period of 2021 by PLN 2.2 million.

Group

General administrative expenses in the three quarters of 2022 amounted to PLN 22.2 million and were higher than in the corresponding period of 2021 by PLN 1.3 million.

4.3. Selling expenses

The Company

Selling expenses in the three quarters of 2022 amounted to PLN 26.3 million and were higher than in the corresponding period of 2021 by PLN 3.5 million.

Group

Selling expenses in the three quarters of 2022 amounted to PLN 24.8 million and were higher than in the corresponding period of 2021 by PLN 1.7 million

4.4. Research and development costs

The Company

Research and development costs in the three quarters of 2021 amounted to PLN 4.2 million and were higher by PLN 0.8 million as compared to the same period of 2021.

Group

Research and development costs in the first quarter of 2022 amounted to PLN 4.2 million and were higher by PLN 0.8 million as compared to the same period of 2021.

4.5. Result on operating activities

The Company

The profit on operating activity (EBIT) in the first three quarters of 2022 amounted to PLN 10.6 million as compared to the profit of PLN 11.2 million in the corresponding period of 2021, achieved on the basis of the selling development on the domestic market and the international markets, a significant increase in production costs, including electricity and gas costs, as well as other direct raw materials. Operating costs, administrative expenses and cost of sales increased by a total of 7% as compared to the corresponding period in 2021. EBITDA for the first three quarters of 2022 amounted to PLN 36.4 million as compared to PLN 34.7 million in the corresponding period of 2021.

Group

The profit on operating activity (EBIT) in the first three quarters of 2022 amounted to PLN 10.3 million as compared to the profit of PLN 11.3 million in the corresponding period of 2021. The EBITDA profit for the first three quarters of 2022 amounted to PLN 36.2 million as compared to the profit of PLN 34.9 million in the corresponding period of 2021.

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

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

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

The Company

BIOTON

Change in inventory write-downs

in thousands PLN

	30.09.2022
Balance at beginning of period	1,486
Increases	0
Decreases	-747
- exchange rate differences	0
- reversal	-747
Balance at the end of period :	739

Group

Change in inventory write-downs

in thousands PLN

	30.09.2022
Balance at beginning of period	1,511
Increases	0
Decreases	-747
- exchange rate differences	0
- reversal	-747
Balance at the end of period :	764

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

The Company

Increases in impairment losses on financial assets, property, plant and equipment, intangible assets or other assets and reversals of such impairment losses in the period 01.01.2022 to 30.09.2022 did not occur in the Company.

Group

Increases in impairment losses on financial assets, property, plant and equipment, intangible assets or other assets and reversals of such impairment losses in the period 01.01.2022 to 30.09.2022 did not occur in the Group.

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

Spółka

'000 PLN

	30.09.2022
Balance at the beginning of period	3,183
a) increases	10,235
- provision for costs, including:	6,361
* provision for utility costs	266
* provision for marketing costs	-
* provision for legal/advisory costs	575
* provision for audit costs	-
* provision for freight forwarding/transport charges	-
* provision for wages and salaries including surcharges	5,781
* provision for capital expenditure	1,069
* provision for other costs by type	808
- provision for other operating expenses	-

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- provision for rebates granted in a subsequent period	3 276
- provision for financial costs	598
b) decrease (use and dissolution)	(11,030)
- provision for costs, including:	(7,316)
* provision for utility costs	(260)
* provision for marketing costs	-
* provision for legal/advisory costs	(675)
* provision for audit costs	-
* provision for freight forwarding/transport charges	-
* provision for wages and salaries including surcharges	(5,626)
* provision for capital expenditure	19
* provision for other costs by type	(774)
- provision for other operating expenses	(192)
- provision for rebates granted in a subsequent period	(3,003)
- provision for financial costs	(519)
Balance at the end of period	2,388
Group	30.09.2022
<i>'000 PLN</i>	
Balance at the beginning of period	3,939
a) increases	13,244
- provision for costs, including:	8,600
* provision for utility costs	266
* provision for marketing costs	-
* provision for legal/advisory costs	575
* provision for audit costs	15
* provision for freight forwarding/transport charges	-
* provision for wages and salaries including surcharges	8,005
* provision for capital expenditure	1,069
* provision for other costs by type	808
- provision for other operating expenses	770
- provision for rebates granted in a subsequent period	3,276
- provision for financial costs	598
b) decrease (use and dissolution)	(14,201)
- provision for costs, including:	(10,487)
* provision for utility costs	(260)
* provision for marketing costs	-
* provision for legal/advisory costs	(675)
* provision for audit costs	(25)
* provision for freight forwarding/transport charges	-
* provision for wages and salaries including surcharges	(8,028)
* provision for capital expenditure	19
* provision for other costs by type	(1,518)
- provision for other operating expenses	(192)
- provision for rebates granted in a subsequent period	(3,003)
- provision for financial costs	(519)
Balance at the end of period	2,982

9. Information about deferred income tax assets and provisions.

The Company

<i>'000 PLN</i>	30.09.2022
Balance at the beginning of period; including:	21,936
Assets	37,159
Provision	(15,223)
Increase in asset	-
Decrease in asset	(9,399)
Increase in provision	-
Decrease in provision	(736)
Balance at the end of period, including:	11,800
Assets	27,759
Provision	(15,959)
Group	30.09.2022
<i>'000 PLN</i>	
Balance at the beginning of period; including:	22,906
Assets	38,410
Provision	(15,504)
Increase in asset	-
Decrease in asset	(9,387)
Increase in provision	-
Decrease in provision	(776)
Balance at the end of period:	12,743
Assets	29,023
Provision	(16,280)

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

The Company

In the period from 01.01.2022 to 30.09.2022, the acquisition of property, plant, and equipment by BIOTON SA amounted to PLN 2,614 thousand, while sales of property, plant, and equipment in the period 01.01.2022 to 30.09.2022 amounted to PLN 477 thousand.

Group

In the period from 01.01.2022 to 30.09.2022, the acquisition of property, plant, and equipment by the Group amounted to PLN 2,614 thousand, while sales of property, plant, and equipment in the period 01.01.2022 to 30.09.2022 amounted to PLN 477 thousand.

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

As of 30.09.2022, the liabilities related to the purchase of property, plant, and equipment in the Group amounted to PLN 305 thousand. (in full BIOTON SA).

12. Information on significant settlements from court cases.

In the third quarter of 2022, there were no significant settlements due to court cases.

13. Indication of corrections of errors from previous periods.

In the 3rd quarter of 2022, the Group did not make any corrections of errors from previous periods.

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

In the 3rd quarter of 2022, there were no changes in the economic situation and business conditions that would have a significant impact on the fair value of financial assets and financial liabilities of the Company and the Group, except for those described in the annual financial statements of the entity and the Group affecting the fair value of financial assets, including the effects of the COVID-19 situation, the increasing inflation rate, the weakening of the Polish zloty against mainly the USD and EUR, as well as disruptions in supply chains and rising energy and natural gas prices. The Company continuously monitors the development of the epidemiological situation in the country and worldwide, and analyses its impact on the Company's situation.

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

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

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

In the 3rd quarter of 2022, the Company and subsidiaries did not conclude the transactions with affiliated entities under other conditions than market ones.

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

On 27.05.2022, the Company entered into a foreign exchange forward transaction. Sale amount of USD 3.8 million to be settled in the fourth quarter of 2022.

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

In the 3rd quarter 2022, the Company and its subsidiaries did not make the change in classification in financial assets as a result of a change of the purpose or usage of these assets.

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

In 3rd quarter 2022, neither the Company nor the Group carried out transactions in securities.

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

The company does not plan to pay a dividend in 2022.

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

Such events did not occur.

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

In connection with signing the credit agreement with BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A. with its registered office in Luxembourg, acting through the BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A. (SPÓŁKA AKCYJNA) ODDZIAŁ W POLSCE with its registered office in Warsaw, the Companies BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o.o. granted to the company BIOTON SA a surety of EUR 9 million each. The sureties were granted until the date on which all liabilities of BIOTON SA will be repaid or until 31 March 2026. In connection with the full repayment of the exposure on 26.08.2022, the sureties under the loan agreement with 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, were released on the basis of a Release Statement issued by the above-mentioned Lender.

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

As of 30.09.2022, the subsidiary units of BIOTON SA included in the consolidation process 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 SA held 100% of shares;
- BIOTON (International) GmbH with its registered office in Steinhausen (Switzerland), in which BIOTON SA held 100% of shares;

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

- Mindar Holdings Ltd, with its registered office in Nicosia (Cyprus) "Mindar", in which BIOTON S.A. held 100% of the shares - a company not consolidated due to the fact that net assets and financial result are not relevant from

the point of view of the consolidated statements. Mindar is currently awaiting publication of the liquidation in the court register;

- BioPartners GmbH with its registered office in Baar (Switzerland) was entered in the commercial register "in liquidation";
- BioPartners GmbH with its registered office in Reutlingen (Germany) was entered in the commercial register "in liquidation"; the Company cannot be removed from the commercial register due to a contractual obligation with an employee who is currently drawing a pension. Both companies are still registered in the commercial register but are no longer operating.

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

The company did not publish forecasts of results for 2021.

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

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

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

1) Yifan Pharmaceutical Co., Ltd. holds 16,989,289 dematerialised shares in the Company indirectly through Dongren Singapore PTE LTD., representing 19.79% of the Company's share capital. Yifan Pharmaceutical Co., Ltd. is the parent company of Dongren Singapore PTE LTD.

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

1) and 2) Yifan Pharmaceutical Co., Ltd. indirectly holds 27,175,708 shares in the Company, representing 31.65% of the Company's share capital and entitling it to 27,175,708 votes at the Company's General Meeting of Shareholders, representing 31.65% of the total number of votes at the Company's General Meeting of Shareholders.

3) Basolma Holding Ltd is the parent company of AIS Investment 2 Ltd.

4) Dongren Investment Co., Ltd. of Ningbo Free Trade Zone holds 4,293,210 dematerialised shares in the Company indirectly through UniApek, representing 5% of the Company's share capital. Wenjun Cui holds 4,293,210 dematerialised shares in the Company indirectly through Dongren Investment Co., Ltd. of Ningbo Free Trade Zone, representing 5% of the Company's share capital.

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

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

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

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

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

28.1. "Macierzysz Resort Property" real estate

In matters relating to real estate to which the Company has the right of perpetual usufruct and which belonged to the former "Macierzysz Resort Property", hereinafter referred to as "Real Estate", no administrative proceedings are pending regarding the assessment of whether the above real properties were subject to the provisions of the decree of the Polish Committee of National Liberation of 6.09.1944 on the implementation of land reform (J. of Laws of 1945 No. 3, pos. 13 as amended). All proceedings ended with valid and final rulings issued by administrative courts, which confirmed the arguments of the heirs of the former owners that the Real Properties were not subject to the provisions of the above Decree. The last of the court and administrative cases conducted in the above scope, based on a complaint filed by IBA with the participation of BIOTON SA, ended legally and finally on 16.01.2018 year. Currently, one administrative proceeding is pending before the Mazovian Voivodship, initiated at the request of the heirs of the former owners of the Real Estate of 14.04.2009, regarding the annulment of the decision of the Head of the Commune of Ożarów Mazowiecki of 15.04.1988 on taking over part of the Real Estate for the Treasury, in the form of two plots with a total area of 78.87 ha, issued on the basis of the Act of 12 March 1958 on the sale of state agricultural real estate and the arrangement of some matters related to the implementation of agricultural reform and agricultural settlement ("Act of 1958"), and the decision of the Head of the Ożarów Mazowiecki Commune of 19.03.1990 on transfer to the management of the Institute Biotechnology and Antibiotics ("IBA") plots with a total area of 77.83 ha. In the opinion of the Company, in the light of the previous jurisprudence, and in particular in the light of the Constitutional Tribunal's decision of 20.02.1991, the probability of the Company suffering damage as a result of recognizing possible claims of the heirs of the former owners of "Macierzysz Resort Property" property 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 the transfer of the perpetual usufruct right concluded with IBA. Possible consequences in the Company's situation may, however, lead to the decision to annul the decision issued on the basis of the Act of 1958 by the Head of the Ożarów Mazowiecki Commune of 15 April 1988 on taking over two plots with a total area of 78.87 ha to the State Treasury and the decision of the Head of the Ożarów Mazowiecki Commune of 19.03.1990 on the transfer of plots of land to the IBA management with a total area of 77.83 ha. In the event of the decision of the Governor of Masovia regarding the annulment of the decision of the Head of the Commune of Ożarów Mazowiecki of 15 April 1988 and 19 March 1990, consistent with the position of heirs, the Company will be entitled to a further appeal, including a complaint to the Provincial Administrative Court and a complaint cassation. At the same time, the end of administrative proceedings, even if inconsistent with the position of the Company, will not affect the property relations of the Company, whose possible change may take place only after the final judgment on the claims of heirs by civil courts.

In such a situation, the Company, in relation to plot No. 4/43, will be entitled to a claim against IBA, which is a contract dated 06.11.1997 declared that any claims of third parties would be charged to IBA. On 10 May 2021 the Mazovian Governor issued a decision refusing to annul the decisions of the Head of the Commune of Ożarów Mazowiecki of 15 April 1988 and 19 March 1990. The opposing party appealed against the above decision. The case was referred to the Ministry of Agriculture and Rural Development of the Republic of Poland as the authority of second instance.

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

The Company was a party to arbitration proceedings for payment of USD 1,500,000 with interest paid to the China International Economic and Trade Arbitration Commission ("CIETAC") by Hefei Life Science & Technology Park Investments

& Development Co., Ltd. ("HLST") against the Company and SciGen Ltd. resulting from the prolonging negotiation of repayment of the net amount of mutual settlements between the parties. HLST also requested that the Company and SciGen Ltd. pay an unpaid part of the royalties in the amount of USD 194,286, which was paid by 30.06.2016. The dispute has its source in the agreement concluded on 21.10.2011 (with later annexes) between the Company, SciGen Ltd., HLST and Mr. Gao Xiaoming. Mutual settlements of parties resulting from the agreement are recognized in the Company's financial statement, starting from the financial statements for 2011. The company questioned the basis for HLST demanding the disputed amount. On 1 September 2017, the Company received information about the arbitration award issued by CIETAC. The Arbitration Court awarded HLST the amount of USD 1,500,000 with interest, as well as the payment of USD 146.80 for royalties for the third quarter of 2015 and USD 184,549.82 for interest on overdue payments from the first quarter of 2013 within 15 business days from the date of entry into force of this ruling. In addition, the Court obliged the Company to pay a fee for the claim and part of the arbitration fee. The company considered the legal possibilities of the grounds for appealing against the arbitration award and the grounds for obtaining the enforceability of the arbitration award by HLST also in Poland. The Company created a provision in previous years for the abovementioned liabilities.

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

On 6 August 2018, the Company (published in Current Report No. 23/2018) 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 (cf. current report No. 12/2018 dated 11 June 2018). The issuer did not agree with the allegations sought and dismissed it. Several hearings were held at which witnesses and parties were interviewed. 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 for the revocation of Resolution No. 2 on the approval of the divestiture of SciGen Ltd, with its registered office in Singapore, and determination of the basic conditions for the transaction, adopted on 11 June 2018 by the Annual General Meeting of the Company. On 17 August 2018, the Company's Management Board learned about lodging the appeal from AIS Investment 2 Sp. z o.o. The Company submitted a reply to the appeal on 28 August 2020. On 31.03.2021, the Court of Appeal in Warsaw dismissed the appeal filed by AIS Investment 2 Sp. z o.o. The judgment of the Court of Appeal in Warsaw is final; however, on 7.09.2021, AIS Investment 2 filed a cassation appeal, which was received by Bioton on 09.09.2021, and on 23.09.2021, the Company filed a reply to the cassation appeal and is awaiting the decision. The Court refused to accept the cassation appeal for examination. This order is not subject to appeal.

28.4 Request for appointment by the Court of the special auditor

On 29 October 2018 (published in Current Report No. 30/2018), the company received from the District Court 13th Commercial Department in Warsaw, copy of the application submitted by AIS Investment 2 sp. z o.o. in Warsaw and Basolma Holding Limited ("Applicants") for the appointment of a special auditor pursuant to art. 85 it. 1 of the Act on public offering. 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 a special auditor. On 24 October 2019, Bioton SA received a non-final decision of the Court Referendary for the District Court for the capital city of Warsaw in Warsaw about the appointment of Grant Thornton Polska sp. z o. o. Spółka komandytowa with headquarters in Poznań as a special auditor of Bioton SA. Bioton SA filed a complaint. On 18 November 2019, the Company received a decision rejecting the complaint against the referendary's decision regarding the appointment of a special auditor. On 25 November 2019, Bioton SA appealed against the decision rejecting the complaint against the court referendary's decision to appoint a special auditor. On 18 February 2020, the court dismissed Bioton SA's complaint against the decision rejecting the complaint against the court referendary's decision to appoint a special auditor (the decision is final). The Company concluded the agreement with Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its seat in Poznań on 25.08.2020 to perform the activities of the special auditor, the works started on 27 August 2020. On 3 November 2020, the Company received the report from the special auditor. The report is positive for the Company and does not raise any questions or concerns. The Company has filed for reimbursement of the remuneration paid to the special auditor in the amount of PLN 369,408.36. 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 submitted 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.

28.5 Inspection of the Customs and Revenue Office in Kielce

On 10 December 2018, the Company received an authorisation for a customs and revenue inspection issued by the Head of the Świętokrzyskie Customs and Revenue Office in Kielce with regard to corporate income tax for 2016. On 14 June 2022, the Company received the result of the customs and revenue inspection and submitted a response to it. Subsequently, on 5 July 2022, the Head of the Office issued a decision to transform the customs and revenue inspection into tax proceedings. The Company requested a panel of recognised experts in the field of tax law to provide an opinion to assist the Company with regard to the outcome of the inspection. The Company received two positive and independent expert opinions. In addition, the Company filed adjustments to its 2017-2020 CIT returns during the first half of 2022 related to, among other things, the activation of the R&D development tax costs and the R&D tax relief for 2018.

The Company received the Decision of the Head of the Świętokrzyskie Tax Office in Kielce dated 28 September 2022 which adjusts both tax revenue and tax expenses, resulting in a reduction of the tax loss in 2016 from PLN 35.1 million to PLN 24.9 million.

W związku z wyżej wymienioną Decyzją w dniu 12 października 2022 Spółka złożyła korekty deklaracji podatkowych za lata kolejne 2017-2021, które po uwzględnieniu korekt deklaracji złożonych w pierwszym półroczu 2022 roku, skutkują następującymi zmianami dochodu/straty podatkowej:

- reduction of the tax loss for 2017 by PLN 4.1m;
- an increase in the tax loss for 2018 by PLN 6.2m, and a tax liability of PLN 1.2m due to the lower amount of the utilised loss from previous years; this liability was paid on 12.10.2022;
- reduction of the tax loss for 2019 by PLN 19.8m, thus setting the tax profit at PLN 2.9m, which was covered by the tax loss from previous years;
- an increase in tax profit for 2020 by PLN 45 thousand
- an increase in tax profit for 2021 by PLN 11 thousand

In a letter dated 12 October 2022, the Company notified the Head of the Świętokrzyskie Customs and Revenue Office in Kielce of the declaration adjustments submitted.

The deferred tax adjustment resulting from the above changes will be recognised by the Company in the fourth quarter of 2022 as an adjustment to retained earnings.

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

In connection with the signing of a credit agreement by BIOTON SA with BANK OF CHINA (EUROPE formerly: LUXEMBOURG) SA with its registered office in Luxembourg, acting by BANK OF CHINA (EUROPE formerly: LUXEMBOURG) SA. (SPÓŁKA AKCYJNA) BRANCH IN POLAND with its registered office in Warsaw, the Companies BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o.o. provided guarantees to BIOTON SA of EUR 9 million. The sureties were granted until the date on which all liabilities of BIOTON SA will be repaid or until 31 March 2026. In addition, BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o.o. granted corporate guarantees as collateral for the said loan. The securities granted exceed 10% of the equity of BIOLEK Sp. z o.o. and BIOTON MARKETING AGENCY Sp. z o.o.

In connection with the full repayment of the exposure on 26.08.2022, the sureties and corporate guarantees under the loan agreement with 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, were released on the basis of a Release Statement issued by the above-mentioned Lender.

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

30.1. Credit and loan agreements

The company financed itself in the 3rd quarter of 2022 with a short- and long-term bank debt and a loan from the shareholder Uniapiek SA.

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

The value of debt in ING Bank Śląski S.A. and BNP Paribas Bank Polska S.A. on account of loan agreements as of 30.09.2022 totalled PLN 41.1 million.

As of 30.09.2022, the value of factoring limits used in ING Commercial Finance Polska S.A. and BNP Paribas Faktoring Sp. z o.o. under Factoring Agreements amounted to PLN 13.3 million. The Company has signed an Agreement with COMPAGNIE FRANÇAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR SA ODDZIAŁ W POLSCE (Coface) for insurance of domestic receivables subject to factoring agreements.

The value of debt under the shareholder loan amounted to PLN 27.2 million (USD PLN 5.5m), the Company has made repayments of USD 1.25 million over 2022 in accordance with the current schedule..

The following change in agreements with banks took place during Q3 2022:

- on 17.08.2022, the Company concluded Annex No. 1 to the Multi-Product Agreement with ING Bank Śląski S.A. extending the repayment date of the sublimit in the amount of PLN million until 09.05.2024;
- on 17.08.2022, the Company concluded 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 in the amount of PLN 15 million. The Agreement is valid until 23.08.2024. Pursuant to the provisions of the Overdraft Agreement, the use of the credit facility was firstly earmarked for the full repayment of the exposure with 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 with BNP Paribas Faktoring Sp. z o.o. (full factoring with assignment of receivables under an insurance agreement) with an exposure limit of PLN 10 million. The Agreement was concluded for an indefinite period of time.
- On 26.08.2022, the Company made full repayment of the principal instalments, together with the interest due, to 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

Up to the date of publication of the financial statement, the Company has repaid the loan from the ING Bank Śląski S.A., a loan instalment of EUR 425 thousand.

The analysis of the age categories of loans and borrowings according to the original dates resulting from the Company's loan agreements and their inclusion in the consolidated balance sheet as of 30.09.2022 is presented below.

<i>Data in thousands</i>	up to 1 year	from 1 to 2 years	from 2 to 5 years	above 5 years	total
ING Bank Śląski S.A.	5,186	5,106	2,979	-	13,271
ING Bank Śląski S.A. overdraft facility ¹⁾	18,568	-	-	-	18,568
BNP Paribas Bank Polska S.A. overdraft facility ²⁾	9,163	-	-	-	9,163
UniApek S.A.	28,180	-	-	-	28,180
other	(36)	-	-	-	(36)
	61,061	5,106	2,979	-	69,146

¹⁾ In accordance with the agreement, the repayment date of the Loans shall not exceed 09.05.2024, which is also the final maturity date

²⁾ In accordance with the agreement, the current term of the loan is 24 months from the conclusion of the Agreement, i.e. until 23 August 2024.

30.2. Exchange rates

The result on statistical exchange differences on the valuation of bank loans and a borrowing expressed in foreign currencies granted by the Bank of China and UniApek is reflected in the impact on the net financial result in the individual and in the consolidated financial statements of BIOTON S.A and the Group. In connection with the final repayment of the exposure to BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A., Luxembourg, acting through BANK OF CHINA (EUROPE formerly: LUXEMBOURG) S.A. (ACCOUNTING SPÓŁKA) BRANCH IN POLAND with its registered office in Warsaw, the Company has

settled the foreign exchange losses in the current period of the third quarter. In the following months, the main assumptions of the Company in the exchange rate policy will be to hedge the exchange rate of foreign currency inflows in USD.

BIOTON S.A. bears foreign exchange risk primarily related to borrowings in foreign currencies, prepayments received but not settled, as well as sales of finished goods and purchases of raw materials which are made in foreign currencies.

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

As of the date of publication of the report, the Company has entered into one forward financial instrument for the sale of USD. This transaction is intended to hedge BIOTON S.A. against a drop in market exchange rates over the period until November 2022. The decision to enter into the transaction in question was made by the Company based on available forecasts of exchange rate levels over the next quarters and based on future commercial currency flows.

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

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

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

The continuation of the Analog Project is underway. Both Yifan and Bioton are working together on the transfer, scale-up and registration of all products.

With regard to the long-acting insulin analog, Glargine, the Company has completed laboratory scale batches with the intention of completing clinical scale batches of the drug substance in Q1 2023. The manufacturing facility is currently being upgraded to accommodate the new process.

With regard to the insulin analog Lispro, Bioton is still not working on this project and is still awaiting the final Yifan study report.

Work on all three insulin analogs involves the following scenario:

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

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 during implementation and clinical trial/registration processes may experience some delays.

Due to the fact that the Company is a subcontractor of Yifan in the ongoing insulin analog implementation project, the Company keeps Yifan informed about the progress of the analog project, monitors the next stages of the project and, consequently, the introduction of products on a commercial scale.

31.2. Conclusion of the assignment agreement (Novation Agreement)

On 16 January 2020, Bioton concluded an assignment agreement (Novation Agreement) with effect from 1 January 2020 to the Global Exclusive License Framework Agreement of 27 March 2018, as amended, between the Company, YIFAN INTERNATIONAL PHARMACEUTICAL CO., LTD. based in Hong Kong ("Assignor") and SCIGEN PTE. LTD. with its registered office in Singapore ("Assignee"), in which Bioton granted the Assignor the exclusive right to import and distribute Bioton products on the Territory (all countries except Poland). The Assignor and Bioton intend to facilitate global sales of products, therefore in order to execute the contractual obligations, it was necessary to assign the rights and obligations under the Agreement. In addition, the Assignee is a wholly-owned subsidiary of the Assignor, it is a professional and experienced entity in the sale

of pharmaceutical products on the global market. Further cooperation concerning the Agreement is significant for the improvement of the global sale of Bioton products. The Agreement was concluded for a period of 15 years with an automatic option of extension for 5 more years unless either party submits a written termination of the Contract at least 12 months before the end of the period for which the Agreement was concluded. The Agreement may be terminated by either party with a 30-day notice if: i) one of the parties violates the provisions of the Agreement and this violation has not been remedied within 30 days of receipt of the request to stop the violation; (ii) one of the parties becomes insolvent or a bankruptcy proceeding is initiated against either party. The parties' liability under the Agreement is limited to actual damage. The Agreement is subject to the law of Singapore and potential disputes will be settled by the arbitration tribunal in Singapore. The Agreement specifies the mutual obligations of the parties, as well as the basic terms and conditions of distribution. The terms of the Agreement do not differ from generally used market practices. The Company estimates that revenues under the Agreement over the next three years will amount to approximately PLN 250 million. In addition, the Chinese market was opened for distribution due to the termination of Bioton insulin delivery and distribution agreement on the Chinese market by Harbin Gloria Pharmaceuticals Co., Ltd,

31.3. The economic and political situation in Ukraine

The Company is continuously monitoring the geopolitical development related to the hostilities on the territory of Ukraine; below, the Company provides updated information 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 on the territory of Belarus, Russia or Ukraine. On the other hand, the Group sells insulin (finished forms) and injection devices through distributors operating on the Belarusian and Ukrainian markets. According to sales data, in the first three quarters of 2022, sales made to the Ukrainian market amounted to PLN 4.4 million (2.85% of the Group's consolidated revenue), which, according to the Group's Management Board, does not represent a significant share of revenue. At the same time, the Group is delivering 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 on the Ukrainian market mainly due to the nature of its business and the supply of life-saving medicines while assuming that the risks (including financial risks) associated with this will be mitigated.

As of the date of this report, the Management Board has identified the following risks to the Group's operations which are related to conflict:

- 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, inter alia, due to economic sanctions and their impact on the condition of the Russian and Belarusian economies, including 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 liabilities by distributors in Ukraine, Russia and Belarus;
- a significant increase in the prices of gas and electricity used to produce the substance and form of the finished form of insulin supplied by entities in 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 terms for supplies 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.

31.4. Agreement with Pharmasynitez-Nord JSC

In the Russian market, the Company has an agreement with Pharmasynitez-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 Pharmasynitez

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 Pharmasintez to claim liquidated damages of USD 3 million, plus further damages (including lost profits, if any). In addition, after the notice of breach and after 90 days, Pharmasintez could probably also terminate the Agreement for material breach. In summary, Bioton would face significant risk in the event of an improper refusal to perform the Agreement including the supply of API substances. In view of the above, Bioton has sold 90,190 grams of API to Pharmasintez under the Agreement in Q3 2022, and as of the date of this report, the entire 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 of the date of publication of this report, the Management Board of the Company, inter alia, due to the dynamics of changes in external conditions and the implementation of the development strategy in other markets, does not anticipate a possible revaluation of the value of assets related to the operations in Russia. In the event that there are indications to update the value of assets related to operations in Russia, the Management Board will monitor the situation on an ongoing basis.

The above-mentioned opinion has been formed to the best knowledge of the Management of the Group's Companies as of the date of publication of this report.

31.5. Distribution agreement with Menarini Diagnostics

On 12.09.2022, the Company entered into a distribution agreement with Menarini Diagnostics S. R. L., with its registered office in Italy, which will allow the introduction of a new continuous glucose monitoring device, the GlucoMenDay System - CGM, for diabetic patients in the Polish market. This Agreement is valid until 31 December 2023 with the possibility of extension. The product launch is planned for the end of December 2022. The Company's planned revenue over the next five years is estimated at over PLN 18m. Bioton is committed to building comprehensive diabetes management solutions, which includes those devices that help our patients measure, track and record their blood glucose levels. Continuous Glucose Monitoring (CGM) is one of the most important recent developments in diabetes technology for better diabetes control. CGM is a subcutaneous continuous glucose monitoring system that measures blood glucose levels in real time, supporting the patient significantly.

Management Board of BIOTON SA states that after the balance sheet day after the publication date of this consolidated "extended" quarterly report, except for the listed events, there were no incidents which would have a significant influence on the consolidated financial report.