



**HALF-YEAR CONDENSED
FINANCIAL STATEMENTS
FOR THE 6-MONTH PERIOD
ENDED JUNE 30, 2021**

Kielpin, 30 September 2021

HALF-YEAR CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Explanatory note	Performance for the period			
		01/01–06/30 2021 unaudited	04/01–06/30 2021 unaudited	01/01–06/30 2020 unaudited	04/01– 06/30/2020 unaudited
Revenues	17	105,096	57,669	77,091	43,077
Revenues from the sale of drugs		91,771	48,603	63,224	32,666
Revenues from grants		11,520	8,405	7,419	3,967
Other revenues		967	112	26	23
Revenues from the sale of licenses		839	550	6,422	6,422
Operating costs	15	102,563	55,561	75,856	39,040
Amortization and depreciation		20,328	10,900	13,780	8,024
Raw material consumption		33,220	17,373	18,489	9,435
Third party services		16,911	10,138	20,697	9,941
Employment costs		26,232	13,504	19,674	9,962
Other costs		5,871	3,646	3,216	1,678
Profit/loss from sales		2,533	2,108	1,234	4,037
Other operating income	18	71	63	572	32
Other operating costs	18	694	644	41	-29
Operating profit/loss		1,910	1,528	1,765	4,097
Interest income	19	10	0	142	30
Other revenue	19	0	0	0	0
Financial costs	19	1,794	-322	813	728
Net profit/loss		126	1,849	1,094	3,399
Income tax		-176	-168	112	-62
Net profit/loss from continuing operations		302	2,017	982	3,460
Discontinued operations					
Net profit/loss from discontinued operations					
Net profit/loss for the financial year		302	2,017	982	3,460
Other comprehensive income		0	0	0	0
Items not subject to reclassification to the profit/loss in subsequent reporting periods		0	0	0	0
Actuarial gains/losses on defined benefit schemes		0	0	0	0
Net profit/loss from financial instruments measured at fair value		30,428	-4,653	-24,070	11,663
through other comprehensive income		0	0	0	0
Income tax on other comprehensive income		5,781	884	4,573	11,362
Other net comprehensive income not subject to reclassification to profit/loss		24,647	-3,769	-19,496	9,447
in subsequent reporting periods		0	0	0	0
Other net comprehensive income		24,647	-3,769	-19,496	9,447
ANNUAL COMPREHENSIVE INCOME		24,949	-1,751	-18,514	12,907
Profit/loss per share		0.01	0.01	0.02	0.08
- basic profit for the financial year		0.01	0.01	0.02	0.08
- basic profit from continuing operations for the financial year		0.01	0.01	0.02	0.08
- diluted profit for the financial year		0.01	0.01	0.02	0.08
- diluted profit from continuing operations for the financial year		0.01	0.01	0.02	0.08

HALF-YEAR CONDENSED STATEMENT OF THE FINANCIAL SITUATION

ASSETS	Explanatory note	As at 06/30/2021 unaudited	As at 12/31/2020 audited	As at 06/30/2020 unaudited
Non-current assets		436,322	412,646	396,390
Tangible fixed assets	21	335,882	331,414	294,566
- including right-of-use assets		18,664	16,826	7,342
Intangible assets		35,418	41,096	56,941
Investments in other entities	10	43,300	12,872	24,461
Other financial assets		156	93	93
Other non-financial assets		0	0	0
Deferred tax assets	11	21,566	27,171	20,331
Current assets		101,230	119,242	101,484
Inventories	23	27,106	29,760	26,852
Trade receivables	24	37,528	32,528	48,342
Income tax receivables	24	1,566	1,536	1,356
Other receivables	24	3,949	7,957	5,887
Other non-financial assets		6,076	3,470	2,162
Other financial assets		0	13	0
Cash and cash equivalents		25,005	43,978	16,886
TOTAL ASSETS		537,552	531,888	497,875

EQUITY AND LIABILITIES	Explanatory note	As at 06/30/2021	As at 12/31/2020	As at 06/30/2020
Equity		366,331	344,532	355,199
Share capital	25	4,500	4,500	4,500
Supplementary capital		411,469	393,124	393,124
Revaluation reserve		30,129	5,482	14,250
Retained earnings/ losses brought forward		-80,068	-57,657	-57,657
Net profit/loss for the current period		302	-917	982
Long-term liabilities		70,430	73,210	84,454
Deferred tax provision		0	0	0
Provisions		0	0	0
Leasing liabilities		8,663	9,158	8,305
Other liabilities (investment liabilities)		25,151	24,380	38,753
Other non-financial liabilities		0	0	0
Accruals and deferred income from grants	28	36,616	39,672	37,396
Short-term liabilities		100,791	114,145	58,222
Trade liabilities	26	24,459	20,480	13,324
Liabilities due to loans		12,307	12,838	2,259
Leasing liabilities		6,135	3,485	3,119
Other liabilities (investment liabilities)	26	24,085	25,633	14,782
including: dividends payable		3,150	0	0
Income tax liabilities		0	0	0
Liabilities due to employment costs	26	6,063	4,709	3,890
Other non-financial liabilities	26	1,503	1,226	967
Provisions	28	1,190	0	0
Accruals and deferred income from grants		25,050	45,775	19,880
Total liabilities		171,221	187,356	142,676
EQUITY AND LIABILITIES		537,552	531,888	497,875

HALF-YEAR CONDENSED STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW	01/01–06/30 2021	01/01–06/31 2020
Cash flows from operating activities		
Profit (loss) before tax	126	1,094
Adjusted for:	-1,267	12,838
Amortization and depreciation	20,328	13,780
Costs of share-based payments	0	0
Foreign exchange gains/losses	-980	0
Gains/losses on investing activities	-46	-304
Increase/decrease in trade receivables and other receivables	-1,022	-9,868
Increase/decrease in inventories	2,653	3,210
Increase/decrease in other assets	-2,656	-1,119
Increase/decrease in liabilities, except for loans	2460	6,256
Interest income/costs	586	320
Change in prepayments, accruals and deferred income due to grants	-23,781	763
Change in provisions	1,190	-200
Income tax paid	0	0
Other	0	0
Net cash flows from operating activities	-1,141	13,932
Cash flows from investing activities		
Sale of tangible fixed assets and intangible assets	85	365
Purchase of tangible fixed assets and intangible assets	-14,916	-60,452
Sales of shares in other entities	0	0
Purchase of shares in other entities	0	0
Sale of other financial assets	0	45,436
Purchase of other financial assets	0	0
Dividends received	0	0
Interest received	0	0
Other	0	0
Net cash flows from investing activities	-14,831	-14,650
Cash flows from financing activities		
Inflows from issue of shares	0	0
Inflows/expenditure due to loans incurred	-531	2,259
Repayment of loans	0	0
Repayment of leasing liabilities	-1,885	-1,990
Interest on leasing liabilities	-392	-145
Interest on loans	-194	-176
Other interest	0	0
Other	0	0
Dividends paid	0	-3,600
Net cash flows from financing activities	-3,002	-3,651
Net cash flows	-18,974	-4,370
Cash at the beginning of the period	43,978	21,256
Cash at the end of the period	25,005	16,886

HALF-YEAR STATEMENT OF CHANGES IN EQUITY

	Share capital as at 06/30/2021	Supplement ary capital 06/30/2021	Revaluation reserve 06/30/2021	Retained earnings/ losses brought forward 06/30/2021	Net profit/loss 06/30/2021	Total equity 06/30/2021
Opening balance	4,500	393,124	5,482	-57,657	-917	344,532
Net profit/loss for the year					302	
Other comprehensive income			24,647			
Comprehensive income for the year			24,647		302	24,949
- issue of shares						
- costs of issue of shares						
- share-based payments						
- transfer of profit or loss from financial instruments designated at fair value through other comprehensive income						
- dividends paid				-3,150		
- transfers/reclassifications		18,345		-19,261	917	
Closing balance	4,500	411,469	30,129	-80,068	302	366,331

	Share capital 06/30/2020	Supplement ary capital 06/30/2020	Revaluation reserve 06/30/2020	Retained earnings/ losses brought forward 06/30/2020	Net profit/loss 06/30/2020	Total equity 06/30/2020
Opening balance	4,500	384,789	33,747	-34,756	-10,966	377,314
Net profit/loss for the period					982	
Other comprehensive income			-19,496			
Comprehensive income for the year					982	982
- issue of shares						
- costs of issue of shares						
- share-based payments						
- transfer of profit or loss from financial instruments designated at fair value through other comprehensive income						
- dividends paid				-3,600		
- transfers/reclassifications		8,335		-19,301	10,966	
Closing balance	4,500	393,124	14,250	-57,657	982	355,199

ADDITIONAL EXPLANATORY NOTES

1. General information

Celon Pharma S.A. ("Company") is a joint-stock company with its seat in Kielpin, at ul. Ogrodowa 2A. Its shares are subject to the public exchange of securities on the Warsaw Stock Exchange. The half-year condensed financial statements of the Company cover the 6-month period ended June 30, 2021 and include comparative data for the 6-month period ended June 30, 2020 and balance sheet data as at December 31, 2022. The half-year condensed statement of comprehensive income covering the 6-month period ended June 30, 2021 together with comparative data for the 6-month period ended June 30, 2020 were subject to a review performed by a certified auditor.

Celon Pharma Spółka Akcyjna, hereinafter also referred to as the "Company," with its registered office in Kielpin, ul. Ogrodowa 2A, was established on 25 October 2012, as a result of the transformation of the company under the name of Celon Pharma Sp. z o.o., with its registered office in Kielpin. Celon Pharma S.A. was entered into the Register of Entrepreneurs in the National Court Register, kept by the Regional Court in Warsaw, 14th Business Department of the National Court Register, under KRS number: 0000437778, on 25 October 2012. Celon Pharma Sp. z o.o. was entered into the Register of Entrepreneurs in the National Court Register on 20 June 2002, under KRS number: 117523, and was stricken therefrom by virtue of law, on the date of the company's transformation into a joint-stock company. The duration of the Company is indefinite.

The core business – manufacture of medicines and other pharmaceutical products, PKD 2120Z.

2. Composition of the Company's corporate authorities

The composition of the Management Board as at the balance sheet date:

- Maciej Wieczorek – President of the Management Board,
- Jacek Glinka – Vice-President of the Management Board,
- Iwona Giedronowicz – Member of the

Management Board, The composition of the Supervisory

Board as at the balance sheet date:

- Robert Rzeźmiński – Chairman of the Supervisory Board,
- Urszula Wieczorek – Member of the Supervisory Board,
- Bogusław Galewski – Member of the Supervisory Board,
- Krzysztof Kaczmarczyk – Member of the Supervisory Board,
- Artur Wieczorek – Member of the Supervisory Board.

On February 16, 2021, the Extraordinary General Meeting of Shareholders appointed Bogusław Galewski as Member of the Supervisory Board.

On February 11, 2021, Michał Kowalczewski notified the Company about his resignation from the Supervisory Board, with effect from the opening of the Company's next General Meeting of Shareholders on February 16, 2021.

3. Approval of the financial statements

These financial statements were approved for publication by the Management Board on September 29, 2021.

4. Company's investments

The Company is one of the four historical founders of Mabion S.A., i.e., it has held this investment since the establishment of Mabion S.A. During this period, no shares were sold, which confirms that the capital commitment in Mabion S.A. is not of a short-term nature.

Mabion S.A. operates in the same industry as the Company.

Moreover, the Company – in line with the nature of its core business – does not have any other capital investments. The intention of the Company is to keep the shares in the company for a longer period, rather than to profit from the change in the value of shares, therefore the investment in Mabion has been classified as measured at fair value through other comprehensive income.

As at June 30, 2021, the Company's percentage share in the capital and the number of votes were as follows:

Entity:	Registered seat	Core business activity	Number of shares	The Company's percentage shareholding in the capital	The Company's percentage share in the number of votes
Mabion S.A	Konstantynów Łódzki	Manufacture of drugs and pharmaceutical products	620,350	3.84%	6.28%

As at December 31, 2020 and June 30, 2020, the Company's percentage share in the capital and the number of votes were as follows:

Entity:	Registered seat	Core business activity	Number of shares	The Company's percentage shareholding in the capital	The Company's percentage share in the number of votes
Mabion S.A.	Konstantynów Łódzki	Manufacture of drugs and pharmaceutical products	620,350	4.52%	7.28%

Shares were diluted as a result of the increase in the capital of Mabion in 2021. Celon Pharma did not acquire the newly issued shares, as a consequence of which its share in the capital and voting rights decreased.

5. Basis for the preparation of the financial statements

These half-year condensed financial statements were prepared in accordance with the International Financial Reporting Standard no. 34 "Interim financial reporting" approved by the European Union ("IAS 34").

The half-year condensed financial statements do not cover all information and disclosures which are obligatory for the annual financial statements and they should be read together with the Company's historical financial data drawn up in line with the International Financial Reporting Standards ("IFRS") authorized by the EU covering the years ended December 31, 2020, December 31, 2019 and December 31, 2018. The Company's financial statements for the year 2020 was approved and published on April 7, 2021.

Unless indicated otherwise, all values indicated in the interim financial statements are presented in PLN thousands.

6. Going concern principle

These half-year condensed financial statements have been prepared under the assumption of the Company's going-concern in the foreseeable future. The Company has been focusing on its operational activity, i.e. production of generic drugs and conducting research on new drugs for several years now. All projects are financed from the Company's current operations and grants received by the Company. The Company's Management Board has not identified any risk for the continuity of its operations in the present form.

The Management Board's assessment of risk associated with the ongoing COVID-19 pandemic has not been changed since the date of approval of the previous annual financial statements for the year 2020 and the historical financial data for the years 2018-2020.

The conducted risk analysis takes into account all aspects applicable since the beginning of the pandemic, in particular:

- no loss of revenues from the sale of drugs,
- expanding trade contacts with suppliers, taking into account the risk of supply chain disruption,
- the Company manufacturing its own inhaler – i.e. the key type of packaging for its operations,
- servicing the machinery park with the Company's own resources and with close cooperation with machine suppliers,
- no issues with trade receivables due from wholesalers.

7. Significant accounting policies

The accounting principles (policies) applied in the preparation of the interim condensed financial statements are consistent with the principles applied in the preparation of the Company's historical financial data for the year that ended on December 31, 2020, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after January 1, 2021.

The amended standards and interpretations that became applicable for the first time in 2021 have no material impact on the Company's interim condensed financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 – official translation from the OJ of the EU.

The proposed changes include temporary exceptions addressing the results of replacing the Interbank Offered Rates (“IBOR”) with an alternative benchmark close to the risk-free rate (“RFR”) and their effect on the financial reporting. The changes include the following practical solutions:

- practical solution which requires that changes to an agreement or changes of cash flows which are a direct consequence of a reform are treated as changes to the floating interest rate, which is tantamount to the change of the market interest rate,
- permission to adjust the hedge accounting documentation in terms of designating and documenting hedging relationships without dissolving them, if such changes were necessitated directly by the IBOR reform,
- granting entities temporary exemption from the requirement to meet the separate identification criterion, if the RFR instrument has been designated as a hedging of the risk component.

The Company has not opted for early application of any standard, interpretation or amendment that has been published but has not yet become effective under the legislation of the European Union.

8. The effect of changes in the entity's structure during the interim period, including changes resulting from mergers, acquisitions or disposal of subsidiaries and long-term investments, restructuring and discontinuation of operations.

There were no mergers in the period in question.

9. Seasonal nature of the business

The Company's business is not seasonal.

10. The type and amount of items affecting assets, liabilities, equity, net financial result or cash flows, which are unusual due to their type, size or frequency.

There was an over 45% increase in the drug sales in 1H2021, compared to 1H2020, as a result of increase in export. Considering the same period, the domestic drug sales dropped by approx. 11%.

During the same period, the operating segment costs increased by nearly PLN 21.7 m, which constitutes an increase by approx. 33%.

The increase of financial costs results from a negative valuation of settlements in connection with a significant increase of the foreign exchange rates.

The increase of trade liabilities is closely related with the increase of sale revenues, it does not result from extending of the receivers' loan term.

The Company holds 620,350 shares in Mabion S.A., the valuation of which is presented at fair value, based on share listings (level 1 of valuation to fair value). As at June 30, 2021, December 31, 2020 and June 30, 2020, the value of 1 share amounted to: PLN 69.80, PLN 20.75 and PLN 38.20, respectively.

	As at 06/30/2021	As at 12/31/2020	As at 06/30/2020
Investments in other entities	43,300	12,872	23,697

As at June 30, 2020, the Company also held shares in Action for Development for Research Sp. z o. o. in the amount of PLN 763 thousand; they were sold in December 2020.

Other financial instruments

In the Company's opinion, the fair value of other assets and financial liabilities of the Company does not significantly deviate from the balance values mainly due to the short maturity.

11. Nature and amounts of changes in estimated amounts presented in prior financial years, provided they have a material effect on the current interim period

	June 30, 2021	December 31, 2020	June 30, 2020
Taxable temporary differences			
- Leased fixed assets	19,428	16,826	13,114
- Valuation of shares in Mabion S.A.	37,196	6,768	17,593
- Estimated profit-sharing receivables	607	2,541	0
- Valuation of monetary investments	0	0	0
Total deferred income tax provision	10,874	4,966	5,834
Deductible temporary differences			
- Leasing liabilities	14,797	12,513	11,423
Accruals, deferred income and provisions	997	2,263	346
- Provisions for employment costs	2,880	2,303	1,910
- R&D projects except for salaries	116,172	116,172	124,032
- 2020 tax loss + R&D tax relief	35,887	35,887	0
Total deferred income tax assets	32,440	32,136	26,165
On balance	21,566	27,171	20,331
- change charged to the profit or loss account	176	-4,671	112
- change charged to equity (valuation of Mabion S.A. shares)	-5,781	-6,629	-4,573

As at June 30, 2021, the Company has PLN 35.9 m of tax losses relating to 2020 not carried over. This loss is available for use over five (5) consecutive years, that is for the year 2025 inclusive – however, not more than 50% in each tax year. The value of recognized deferred tax asset due to existence of tax losses for 2020 not carried over amounts to PLN 6.8 m. As at June 30, 2021 there are no unrecognized tax loss assets and other deductible temporary differences.

The Company carried out an analysis of the recoverability of the tax loss asset based on its assumptions, taking into account the possible occurrence of non-recurring events in the form of commercialization of ongoing innovative projects, including their potential sale to external partners upon completion of a specific phase of clinical trials.

The analysis was based on the guidelines arising from para. 35 and 36 and 82 IAS12, as well as ESMA 32-63-743 guidelines of July 15, 2019. Consideration was given to the significant increases in the sales revenue already achieved (mainly export) and the possibility of commercializing certain innovation projects in the near future. The analysis was prepared using best estimates in the most likely expected variant.

The performed analysis is sensitive (in particular) to changes in the anticipated amount of revenues and tax costs generated by operating activities, including settlements due to the so-called R&D relief.

The Company's Management Board estimates that the occurrence of the above-mentioned event is highly probable in the period in which the tax loss may be settled in time; however, the Board is not able to provide precise deductible amounts in subsequent tax years.

At the same time, it should be pointed out that the Company's operating activities in the generic segment are highly profitable and the possible abandonment or slowing down of the pace of clinical trials in the innovative segment (or completion of these projects with the successful launch of new drugs on the market) will generate significant tax income allowing for the settlement of the tax loss for 2020 under deferred tax assets as at June 30, 2021.

12. Issues, repurchases and repayments of debt and equity securities

On February 16, 2021, the Extraordinary General Meeting of Shareholders adopted a number of resolutions, among others on amending of the Company's Articles of Association (amendment registered by the competent regional court on April 12, 2021) and authorizing the Company's Management Board to increase the share capital within the authorized capital with the possibility of the Management Board excluding the share subscription rights issued within the authorized capital in whole or in part with the consent of the Supervisory Board; the Management Board of the Company hereby announces that a resolution on the issue of a maximum of 15,000,000 ordinary D-series bearer shares has been adopted as part of the above-mentioned increase of its authorized share capital. This resolution was registered by the competent registry court on May 5, 2021.

On September 15, 2021, the Management Board of the Warsaw Stock Exchange (“WSE”) has adopted a resolution on the admission and introduction of the Company’s ordinary D-series bearer shares to stock exchange trading on the WSE Main Market List. On September 22, 2021, the Company was informed of the publication of an announcement by Krajowy Depozyt Papierów Wartościowych S.A. (the Central Securities Depository of Poland). The Company’s ordinary D-series bearer shares were registered in the securities depository under ISIN PLCLNPH00015 code on September 22, 2021. Therefore, the condition for the introduction of the aforementioned shares to trading on the primary market of the Warsaw Stock Exchange on September 22, 2021 has been met.

13. Dividends paid, by ordinary shares and other shares

Dividends were not paid during the current reporting period.

Pursuant to the resolution of the Ordinary General Meeting held on June 29, 2021 and the recommendation of the Management Board of the Company dated May 31, 2021, the dividend in the amount of PLN 3,150,000 was transferred to the Central Securities Depository of Poland on August 3, 2021.

14. Costs by type

The Company’s intensive development resulted in increased employment. As at June 30, 2021 and June 30, 2020, the Company employed 514 and 437 individuals, respectively.

Revenues increased by 45.15% and by 55.26% in the operating segment and in the R&D segment, respectively.

	Performance for the period		total increase/decrease	Performance for the period	
	01/01-06/30/2021	01/01-09/30/2020		04/01-09/30/2021	04/01-06/30/2020
Operating costs	102,563	75,856	35.21%	55,561	39,040
Amortization and depreciation	20,328	13,780	47.52%	10,900	8,024
Raw material consumption	33,220	18,489	70.67%	17,373	9,435
Third party services	16,911	20,697	-18.29%	10,138	9,941
Employment costs	26,232	19,674	33.33%	13,504	9,962
Other costs	5,871	3,216	82.60%	3,646	1,678

16. Operating segments

For management purposes, the Company has been divided into parts based on manufactured products and services provided. Consequently, the following operating segments exist:

The generic drug segment that comprises all operating activities which lead to the Company manufacturing and selling drugs already registered and authorized for marketing.

The innovative segment involving all activities aimed at developing the documentation on the basis of which a drug could be registered or commercialized at the stage prior to drug registration.

The Management Board monitors the operating results of the segments separately, in order to make decisions regarding the allocation of resources, assess the effects of this allocation and the results of operations. Results of operations are evaluated based on the operating profit or loss that, to some extent, as explained in the table below, are measured differently from the operating profit or loss in the financial statements. Financing of the Company (including financial costs and revenue) and income tax are monitored at the level of the Company and they are not allocated to segments.

There are no transactions between the segments.

The table below presents revenue by categories aligned with information on revenue disclosed by the Company for each reporting segment:

	Continuing operations				Overall operations	
	06/30/2021		06/30/2020		06/30/2021	06/30/2020
	Generic drug segment	Innovative segment	Generic drug segment	Innovative segment		
Revenues from the sale of finished products	91,771	0	63,224	0	91,771	63,224
Revenues from grants	0	11,520	0	7,419	11,520	7,419
Other revenues	967	0	26	0	967	26
Sale of licenses	839	0	6,422	0	839	6,422
Total revenues of the segment	93,576	11,520	69,671	7,419	105,096	77,091
Total costs by type:	68,964	33,599	47,352	28,504	102,563	75,856
including depreciation and amortization	15,863	4,466	12,027	1,753	20,328	13,780
including materials	26,931	6,288	14,505	3,984	33,220	18,489
including services	4,112	12,799	5,276	15,421	16,911	20,697
including employment costs	16,291	9,942	12,443	7,231	26,232	19,674
including other costs	5,767	104	3,101	114	5,871	3,216
Profit/loss of the segment	24,613	-22,079	22,319	-21,084	2,533	1,234
Other operating income					71	572
Other operating costs					694	41
Operating profit/loss					1,910	1,765
Financial income					10	142
Financial costs					1,794	813
Net profit (loss)					125	1,094
Income tax					0	0
Status change – deferred tax					-176	112
Net profit/loss					302	982

16. Revenues by categories

	June 30, 2021			June 30, 2020		
	Generic drug segment	Innovative segment	Total	Generic drug segment	Innovative segment	Total
Type of good or service						
Revenues from the sale of drugs	91,771	0	91,771	63,224	0	63,224
Revenues from grants	0	11,520	11,520	0	7,419	7,419
Other revenues	967	0	967	26	0	26
Revenues from the sale of licenses	839	0	839	6,422	0	6,422
Total revenues	93,576	11,520	105,096	69,671	7,419	77,091
Geographical region						
domestic	43,828	11,520	55,348	49,386	7,419	56,805
Export	49,748	0	49,748	20,285	0	20,285
Total revenues	93,576	11,520	105,096	69,671	7,419	77,091

Revenues from contracts with clients, after excluding revenues from grants, for the periods from 01/01/2021-06/30/2021 and 01/01/2020-06/30/2020 amounted to PLN 93,576 thousand and PLN 69,671 thousand, respectively.

17. Other revenues and costs

	06/30/2021	06/30/2020
Other operating income	71	572
-including: profit from the sale of property, plant and equipment	46	304
-including: other operating income	25	268
Other operating costs	694	41
-including other operating costs	694	41

18. Financial revenues and costs

	06/30/2021	06/30/2020
Interest income	10	142
Other revenue	0	0
Financial costs	1,794	813
-including interest	589	319
-including exchange differences	1,205	494

19. Changes to contingent liabilities or contingent assets that took place since the last balance-sheet date

Not applicable.

20. Purchase and sale of property, plant and equipment 30/06/2021

Title	Land	Buildings, premises	-including leased real estate	Technical equipment and machinery	- including leased equipment	Vehicles	- including leased vehicles	Other fixed assets	- including leased equipment	Assets under construction	Advances	Total
Gross value												
1. Opening balance	6,352	177,488	3,986	147,039	5,871	15,103	3,507	54,845	11,699	31,497	17,611	449,935
2. Increases	0	0	0	3,638	0	250	249	9,243	3,280	15,362	477	13,131
a) purchase	0	0	0	3,638	0	250	249	9,243	3,280	15,362	477	13,131
3. Decreases	0	0	0	0	0	125	0	0	0	0	6,416	125
a) sales and liquidation	0	0	0	0	0	125	0	0	0	0	0	125
a) transfers	0	0	0	0	0	0	0	0	0	370	6,416	
4. Closing balance	6,352	177,488	3,986	150,677	5,871	15,228	3,756	64,088	14,979	46,489	11,672	471,994
Accumulated amortization and depreciation (redemption)												
1. Opening balance	0	15,216	1,712	81,717	2,622	8,281	3,367	13,307	576	0	0	118,521
2. Increases	0	2,772	285	8,250	350	1,243	70	5,243	947	0	0	17,508
a) amortization and depreciation for the period	0	2,772	285	8,250	350	1,243	70	5,243	947	0	0	17,508
b) other	0	0	0	0	0	0	0	0	0	0	0	0
3. Decreases	0	0	0	0	0	125	0	0	0	0	0	125
a) sales and liquidation	0	0	0	0	0	125	0	0	0	0	0	125
4. Closing balance	0	17,988	1,997	89,967	2,972	9,399	3,437	18,550	1,523	0	0	135,904
Impairment write-downs												
1. Opening balance	0	0	0	0	0	0	0	0	0	0	0	0
a) increase	0	0	0	0	0	0	0	0	0	0	207	207
2. Closing balance	0	0	0	0	0	0	0	0	0	0	207	207
Net value at the beginning of the period	6,352	162,272	2,274	65,322	3,249	6,822	140	41,538	11,123	31,497	17,611	331,414

CELON PHARMA S.A.

Half-year condensed financial statements for the 6-month period ended June 30, 2021
(EXPRESSED in thousands of PLN)

06/30/2020

Title	Land	Buildings, premises	-including leased real estate	Technical equipment and machinery	- including leased equipment	Vehicles	- including leased vehicles	Other fixed assets	- including leased equipment	Assets under construction	Advances	Total
Gross value												
1. Opening balance	6,352	54,941	3,986	131,998	5,291	16,307	3,507	18,285	0	95,395	12,708	335,986
2. Increases	0	0	0	7,381	0	128		6,364	2,355	43,995	11,493	13,873
a) purchase	0	0	0	7,381	0	128		6,364	2,355	43,995	11,493	13,873
3. Decreases	0	0	0	0	0	1,157	0	0	0	7,037	676	8,194
a) sales and liquidation	0	0	0	0	0	1,157	0	0	0	0	0	1,157
a) transfers	0	0	0	0	0	0	0	0	0	7,037	676	
4. Closing balance	6,352	54,941	3,986	139,379	5,291	15,278	3,507	24,649	2,355	132,353	23,525	396,477
Accumulated amortization and depreciation (redemption)												
1. Opening balance	0	11,358	1,141	66,420	1,983	7,506	3,125	7,916	0	0	0	93,200
2. Increases	0	1,082	285	7,716	309	1,301	151	2,329	147	0	0	12,428
a) amortization and depreciation for the period	0	1,082	285	7,716	309	1,301	151	2,329	147	0	0	12,428
b) other	0	0	0	0	0	0	0	0	0	0	0	0
3. Decreases	0	0	0	0	0	1,157	0	0	0	0	0	1,157
a) sales and liquidation	0	0	0	0	0	1,157	0	0	0	0	0	1,157
4. Closing balance	0	12,440	12,440	74,136	2,292	7,650	3,276	10,245	147	0	0	104,471
Impairment write-downs												
1. Opening balance	0	0	0	0	0	0	0	0	0	0	0	0
a) increase	0	0	0	0	0	0	0	0	0	0	0	0
2. Closing balance	0	0	0	0	0	0	0	0	0	0	0	0
Net value at the beginning of the period	6,352	43,583	2,845	65,578	3,308	8,801	382	10,369	0	95,395	12,708	242,786
Net value at the end of the period	6,352	43,501	2,560	65,243	2,999	7,628	231	14,404	2,208	132,353	23,525	292,006

21. Commitments made for the purchase of property, plant and equipment

In the current financial year, the Company plans to purchase property, plant and equipment at the amount of approx. PLN 20 m.

22. Inventories

	06/30/2021	12/31/2020	06/30/2020
Inventories	27,106	29,760	26,852
Materials	13,660	15,513	14,801
Semi-finished products and work in progress	5,235	3,164	3,879
Finished products	7,192	9,136	8,171
Materials in transit	1,019	0	0
Advances for supplies	0	1,947	0

As at June 30, 2021, the Company carried out a write-down the finished products. The write-down due to utilization of the finished products amounted to PLN 1,861 thousand.

23. Trade receivables and other receivables

Receivables	06/30/2021	12/31/2020	06/30/2020
Trade receivables	37,528	32,528	48,342
- including advances	1,339	998	1,754
Income tax receivables	1,566	1,536	1,356
Other receivables	3,949	7,957	5,887
- including budget receivables	3,812	4,865	4,742

The Company has not identified the necessity to prepare impairment write-downs as at June 30, 2021 and June 30, 2020.

24. Equity

Ownership structure of the share capital as at 06/30/2021, 12/31/2020 and 06/30/2020

Shareholder	Number of shares	Nominal share value	Share value in PLN	Share in the total number of votes
Glattton Sp. z o.o.	30,003,300	0.10	3,000,330.00	75%
Funds managed by Generali PTE S.A.	4,619,182	0.10	461,918.20	7.70%
Dispersed shareholding	10,377,518	0.10	1,037,751.80	17.30%
Nominal value of one share = PLN 0.10				

25. Trade liabilities and other liabilities

Liabilities	06/30/2021	12/31/2020	06/30/2020
Trade liabilities	24,459	20,480	13,324
- including accruals	3,115	2,063	346
Other liabilities (investment liabilities)	24,085	25,633	14,782
Liabilities due to employment costs	6,063	4,709	3,890
- including payroll liabilities	2,456	1,937	1,703
- including liabilities due to unused holidays	2,739	2,294	1,901
- including provision for pensions	141	9	9
- including the social fund	617	469	278
Other non-financial liabilities	1,503	1,226	967
- including budgetary liabilities	1,503	1,226	967

26. Bank loans

In May 2020, the Management Board of the Company signed a one-year agreement with Alior Bank for granting an overdraft loan up to PLN 15 m. In August 2021, the agreement was prolonged by a year on the existing terms, with an increased limit of PLN 20 m. As at June 30, 2021 the used amount amounted to 12,307. As at June 30, 2020 – 2,259

27. Accruals and deferred income

Accruals and deferred income from grants	06/30/2021	12/31/2020	06/30/2020
- short-term	25,050	45,775	19,880
- including advances	21,941	42,666	16,771
- long-term	36,616	39,672	37,396

Changes in accruals and deferred income result from signed agreements for financing new projects and the use of advance payments for those projects.

28. Remuneration of members of the Management and Supervisory Boards

The table below presents a collective overview of the payable amounts for 1H2021 and 1H2020 – data provided in PLN.

	06/30/2021	06/30/2020
Supervisory Board – appointment	139,800	40,100
Management Board – provision of services	378,000	63,000
Management Board – employment agreement	162,000	270,000
Supervisory Board – appointment	240,000	40,000

29. Transactions with affiliates

The list of entities recognized as affiliates has not changed since the last approved annual financial statements. None of the transactions are deemed as significant by the Company. There were no transactions other than at arm's length transactions.

Company name	06/30/2021	12/31/2020	06/30/2020
1. ADR Concept Sp. z o.o.			
- loans granted	0	0	0
- receivables	0	0	0
- liabilities	0	0	0
- sales	0	0	0
- purchases	0	0	0
2. Glatton Sp. z o.o.			
- loans granted	0	350	0
- receivables	0	0	0
- liabilities	0	0	0
- gross sales	0	0	0
- purchases	0	0	0
3. Neitec Sp. z o.o.			
- loans granted	0	0	0
- receivables	31	31	31
- liabilities	0	0	0
- gross sales	0	0	0
- purchases	0	40	2
Entity	06/30/2021	12/31/2020	06/30/2020
1. Urszula Wieczorek			
- loans granted	0	0	0
- receivables	0	0	0
- liabilities	162	216	270
- sales	0	0	0
- purchase (lease of office space)	54	108	54

Due to the Company's small (3.84%) share in Mabion S.A that entitles the Company to 6.28% votes at the General Meeting of Shareholders of Mabion S.A (see the description in point 4), as well as after having analyzed the personal connections, the Issuer does not treat this entity as an affiliate within the meaning of provisions of IAS 24.

Moreover, there is no operational cooperation between Mabion S.A and Celon Pharma S.A.

30. Litigations

On June 29, 2021, a claim for payment was filed against the Company by Polfarmex S.A. with its registered office in Kutno before the District Court in Warsaw, 22nd Intellectual Property Division. The plaintiff in the above-mentioned case filed a

claim for an amount of PLN 658,776.72 with statutory interest calculated from December 30, 2020 until the payment date, adopting the remuneration allegedly resulting from the implementation of the joint venture agreement of September 28, 2010 and the subsequent amendments thereto as the grounds for the claim. In particular, the purpose of the agreement and its amendments was the joint commercialization in the French market of a medicinal product comprising a combination of salmeterol and fluticasone.

In its response to the claim dated August 26, 2021, the Plaintiff motioned that the claim be dismissed in its entirety on the grounds that it was unfounded, and that the Plaintiff pay the costs of the proceedings.

31. Post-balance sheet events

All significant events are disclosed in the form of current reports. After the balance-sheet day, the Management Board of the Company made the following announcements:

On June 22, 2021, the Company's Management Board announced the submission of an application for consent to commence a phase II trial of CPL'280 in treatment of type 2 diabetes.

The Company and Tarchomińskie Zakłady Farmaceutyczne S.A. with its registered seat in Warsaw ("TZF") signed a letter of intent on June 24, 2021

On June 25, 2021, the Management Board of the Company adopted a resolution on amending the resolution on the share capital increase as part of its authorized capital, announced by the Company in its current report 22/2021 of May 10, 2021. The resolution adopted by the Extraordinary General Meeting of the Company on February 16, 2021 authorized the Company's Management Board to make one or several increases in the Company's share capital over the course of 3 years by way of issuing up to 15 million new ordinary bearer shares (current report 9/2021) i.e. assumes the Company will obtain the funds to cover its 5-year investment program. The Company's Management Board has decided to issue only 6 million shares and obtain approx. EUR 60 million for the purpose of financing its investment needs over the course of the next two years. This is in line with the usual market practice observed in the segment of biotechnological companies. After the above-mentioned change, pursuant to the resolution of the Management Board on the share capital increase under the authorized capital, the Company's share capital shall be increased by an amount not lower than PLN 0.10 and not exceeding PLN 600.000, whereas the above-mentioned capital share increase will be made by way of issuing between 1 and 6 million D-series bearer shares with the nominal value of PLN 0.10 each. The stipulation of § 8 (1) of the Company's Articles of Association is amended adequately.

On July 15, 2021, the Management Board of the Company allocated 6,000,000 D-series bearer shares with the nominal value of PLN 0.10 each. The required cash contributions were paid in full by every entity taking over the aforementioned D-series shares. The issue price of D-series shares amounted to PLN 36 per share.

On August 10, 2021, the Management Board of the Company announced the completion of the phase IA clinical trial of an innovative JAK/ROCK kinase inhibitor (CPL'116) with potential therapeutic efficacy in autoimmune diseases. On August 09, 2021, the Company received information on the completion of the administration of the studied compound CPL'116 to healthy volunteers in the phase IB clinical trial. This means the completion of the entire phase I clinical trial for this compound.

Withdrawal of Valzek 80mg and 160mg from the market

On 23 September 2021, by way of a decision issued at the request of Celon Pharma, the Chief Pharmaceutical Inspector withdrew the available batches of Valzek nationwide. The product unavailability is temporary and short-term. Newly manufactured Valzek batches will be distributed to wholesalers at the beginning of October 2021 and subsequently will be made available to patients in pharmacies. The purpose of the procedure implemented by the Company is to adapt the product to the new qualitative specifications set by regulators. These are associated with azide impurities, which can occur as a by-product at certain synthesis steps during the manufacture of sartan active substances.

The role of the relevant EU and Polish regulatory authorities is to issue guidelines for pharmaceutical manufacturers on the control and determination of various impurities in the products they manufacture. Following the receipt of such guidelines, regarding the mutagenicity of azide impurities, Celon Pharma implemented its own validated method for determining this impurity, tested all Valzek batches available on the market and, after receiving the results, took action to withdraw the product from the market. At the same time, it launched a manufacturing process based on the active substance valsartan, which complies with the new qualitative guidelines with regard to the control of this type of impurity, which will enable the rapid and efficient launch of new Valzek batches to the market.

In the opinion of the Company's Management Board, the situation in question is a common occurrence in the pharmaceutical industry and remains without significant impact on the Company's financial result as well as on its current business operations.

The Company's liabilities towards the wholesalers due to the withdrawal of the drug which were valued by the Management Board amounted to PLN 510 thousand and reduced the period sales result. Due to the utilization of the finished product, the Company has formed a provision in the amount of PLN 1,861 thousand which reduced the inventories of the finished product in the warehouse.

Maciej Wiczorek

Document signed by
Maciej Wiczorek
Date: 09/30/2021
15:16:43 CEST

Signature Not Verified

 Document signed by
Jacek Glinka Date:
09.30.2021
15:42:45 CEST

