MABION

Other information to the quarterly report of Mabion S.A. for the first quarter of 2024

Konstantynów Łódzki, 14 May 2024

In case of any discrepancies between Polish version and English translation, Polish version shall prevail.

Contents

1 SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	in PLN thousand		in EUR thousand	
	from 01.01.2024 to 31.03.2024	from 01.01.2023 to 31.03.2023	from 01.01.2024 to 31.03.2024	from 01.01.2023 to 31.03.2023
Net income from sales of products, commodities, and materials	33,974	39,545	7,862	8,413
Operating profit (loss)	13,537	18,036	3,133	3,837
Net profit (loss)	17,541	16,470	4,059	3,504
Net profit (loss)	17,541	16,470	4,059	3,504
Net cash flows from operating activities	24,017	17,551	5,558	3,734
Net cash flows from investing activities	(8,643)	(1,120)	(2,000)	(238)
Net cash flows from financing activities	(14,428)	(604)	(3,339)	(128)
Total net cash flows	947	15,827	219	3,367
	31.03.2024	**31.12.2023**	**31.03.2024**	**31.12.2023**
Total assets	213,918	208,254	49,738	47,897
Liabilities and provisions for liabilities	78,601	90,478	18,276	20,809
Long-term liabilities	34,991	35,156	8,136	8,085
Current liabilities	43,610	55,323	10,140	12,724
Equity	135,317	117,776	31,462	27,087
Share capital	1,616	1,616	376	372
Number of shares (in pcs)	16,162,326	16,162,326	16,162,326	16,162,326
Profit (loss) per ordinary share (in PLN/EUR)	1.09	0.78	0.25	0.17

Selected balance-sheet items presented in EUR have been translated according to the average EUR exchange rate announced by the National Bank of Poland on 31 March 2024 (4.3009 PLN/EUR) and 31 December 2023 (4.3480 PLN/EUR). Selected items of the income statement and cash flow statement have been converted into EUR at the exchange rate being the arithmetic average of the average exchange rates announced by the National Bank of Poland for the euro effective as at the last day of each month in the period of three months ended 31 March 2024 and the period of three months ended 31 March 2023 (respectively: 4.3211 PLN/EUR and 4.7005 PLN/EUR).

2 INFORMATION ON MABION S.A.

2.1 Introduction

Mabion S.A. (hereinafter: "Mabion" or "Company") was established on 30 May 2007 as a limited liability company with its registered office in Kutno. The legal form of the Company changed on 29 October 2009 as a result of the transformation into a joint-stock company. Currently, Mabion S.A. is entered on the Register of Entrepreneurs of the National Court Register kept by the District Court for Łódź Śródmieście in Łódź, 20th Commercial Department of the National Court Register under KRS number 0000340462. The Company was assigned tax identification number NIP 7752561383 and statistical identification number REGON 100343056.

The Company's registered office is located at ul. gen. Mariana Langiewicza 60 in Konstantynów Łódzki.

Mabion is a Polish biopharmaceutical company that provides services in the scope of development, analytics, and manufacturing of biologic medicines as a contract development and manufacturing organisation (CDMO).

On 18 April 2023, the Management Board of Mabion S.A adopted the Company's Strategy for 2023–2027 ("Strategy for 2023–2027"). In line with its strategy, the Company's Management Board intends to continue the Company's development towards a fully CDMO with a biological profile. As a target, the Company will provide the full range of services typical of an integrated CDMO to clients who need support at various stages of their product development and commercialisation (from early-stage projects to commercial-scale manufacturing).

The Company's shares have been listed on the regulated market of the Warsaw Stock Exchange since 2010.

2.2 Bodies of the Company

2.2.1 Management Board

As at 31 March 2024 and as the date of submitting this report, the composition of the Company's Management Board was as follows:

- Mr. Krzysztof Kaczmarczyk – President of the Management Board,
- Ms. Julita Balcerek – Member of the Management Board,
- Mr. Grzegorz Grabowicz – Member of the Management Board,
- Mr. Sławomir Jaros – Member of the Management Board,
- Mr. Adam Pietruszkiewicz – Member of the Management Board.

In Q1 2024 and until the date of this report, there were no changes in the composition of the Company's Management Board.

The distribution of key areas, tasks and responsibilities within the Company at the Management Board level is as follows:

- Krzysztof Kaczmarczyk – President of the Management Board, Chief Executive, CEO He directs the work of the Management Board. The main duties of the President of the Management Board include the implementation of the Company's business strategy and investment policy and the acquisition of strategic partners for the Company. The President of the Management Board is also responsible for HR, legal, administration, investor relation areas, and for overseeing the proper performance of the Company's business, scientific, operating, and financial activities,
- Julita Balcerek – Member of the Management Board, Chief Operating Officer. Responsible for managing, overseeing and integrating the Company's operational areas in the scope of development, manufacturing, investment, and operation maintenance and qualification activities. She is responsible for developing and implementing new process technologies and analytics to characterise biological products and processes. She oversees activities related to procurement, warehousing, transport, and investment processes,
- Grzegorz Grabowicz – Member of the Management Board, CFO. Responsible for managing the Company's financial policy. He is responsible for acquiring funds, management reporting – including developing the Company's financial plans, and for accounting and financial reporting,
- Sławomir Jaros – Member of the Management Board, Head of Science and Quality, SCO, SQO Responsible for shaping the Company's science and quality policy as well as for defining the direction of development in terms of technology and the Company's offer, for creating, implementing, and delivering a regulatory and quality strategy. As part of the execution of orders for clients, he is responsible for internal consultation as well as supervision and control of service provision. Furthermore, he is responsible for the development and implementation of IT solutions to support the Company's growth, as for supporting the business development area in building business and industry relationships contributing to the Company's development,
- Adam Pietruszkiewicz – Member of the Management Board, Head of Business Development, CCO. Responsible for the Company's business development, for acquiring new clients, building new industrial relations, and leading selected strategic projects related to the Company's international expansion. It was at his initiative that the contract with the Company's key client, Novavax, Inc., was initiated.

2.2.2 Supervisory Board

As at 31 March 2024 and as the date of submitting this report, the composition of the Company's Supervisory Board was as follows:

- Robert Koński – Chairman of the Supervisory Board, Independent Member,
- Sławomir Kościak – Deputy Chairman of the Supervisory Board, (Independent Member),
- Józef Banach – Independent Member of the Supervisory Board,
- David John James – Independent Member of the Supervisory Board,
- Wojciech Wośko – Supervisory Board Member,
- Zofia Szewczuk – Independent Member of the Supervisory Board.

In Q1 2024 and until the date of this report, there were no changes in the composition of the Company's Supervisory Board.

2.3 Share capital structure

As at 31 March 2024 and as of the date of this report, the Company's share capital amounts to PLN 1,616,232.60 and is divided into 16,162,326 shares with a nominal value of PLN 0.10 each, including:

Tabele 1. Share capital structure

Number of shares	Type of shares	Kinds of shares	Series
450,000	registered	preference	A
450,000	registered	preference	B
450,000	registered	preference	C
450,000	ordinary	ordinary	D
100,000	registered	preference	E
100,000	registered	preference	F
20,000	registered	preference	G
2,980,000	ordinary	ordinary	H
1,900,000	ordinary	ordinary	I
2,600,000	ordinary	ordinary	J
790,000	ordinary	ordinary	K
510,000	ordinary	ordinary	L
360,000	ordinary	ordinary	M
340,000	ordinary	ordinary	N
300,000	ordinary	ordinary	O
1,920,772	ordinary	ordinary	P
11,000	ordinary	ordinary	S
2,430,554	ordinary	ordinary	U

Registered shares of A, B, C, E, F and G series are privileged in such a way that each of them entitles to two votes at the General Meeting.

The total number of votes resulting from all issued shares of the Company is 17,732,326 votes.

In Q1 2024 and until the date of submission of this report, there were no changes to the Company's share capital.

2.4 Shareholding structure

To the best knowledge of the Management Board of the Company, as at the date of submission of this report, i.e. 14 May 2024, the following shareholders held at least 5% of votes in the total number of votes at the General Meeting of the Company.

Table 2. Shareholding structure

No.	Shareholder	Number of shares	Number of votes	Participation in the share capital	Share in the total number of votes
1.	Twiti Investments Limited	2,674,617	3,268,917	16.55%	18.43%
2.	Maciej Wieczorek through:*	1,717,485	2,210,335	10.63%	12.47%
	Glatton Sp. z o.o.	*1,097,135*	*1,097,135*	*6.79%*	*6.19%*
	Celon Pharma S.A.	*620,350*	*1,113,200*	*3.84%*	*6.28%*
3.	Polfarmex S.A.	1,474,346	1,957,196	9.12%	11.04%
4.	Other	10,295,878	10,295,878	63.70%	58.06%
	Total	**16,162,326**	**17,732,326**	**100%**	**100%**

* Mr Maciej Wieczorek holds 100% of the share capital of Glatton Sp. z o.o. and indirectly, through Glatton Sp. z o.o., 58.81% of the share capital of Celon Pharma S.A. and 68.17% of the total number of votes in Celon Pharma S.A.

In the period from the date of the previous interim report, i.e. the annual report for 2023 published on 16 April 2024, to the date of this report, there were no changes in the ownership structure of significant blocks of shares of the Issuer.

2.5 Number of shares held by managing and supervising persons

As at the date of submission of this report, i.e. 14 May 2024, Members of the Management Board of Mabion S.A hold the following quantities of Company's shares:

Table 3. Number of shares held by managing and supervising persons

	Management Board
Krzysztof Kaczmarczyk	holds directly 7,140 shares of the Company with a nominal value of PLN 0.10 each, constituting 0.04% of the Company's share capital and entitling to 0.04% of votes at the General Meeting.
Julita Balcerek	holds directly 3.423 shares of the Company with a nominal value of PLN 0.10 each, constituting 0.02% of the Company's share capital and entitling to 0.02% of votes at the General Meeting.
Grzegorz Grabowicz	holds directly 700 shares of the Company with a nominal value of PLN 0.10 each, constituting 0.004% of the Company's share capital and entitling to 0.004% of votes at the General Meeting.
Sławomir Jaros	holds directly 5,468 shares of the Company with a nominal value of PLN 0.10 each, constituting 0.03% of the Company's share capital and entitling to 0.03% of votes at the General Meeting; in addition, a person with regard to whom there is a presumption of agreement within the meaning of Article 87(4)(1) of the Act on Public Offering (...) directly holds 70 shares in the Company with a par value of PLN 0.10 each
Adam Pietruszkiewicz	holds directly 10.000 shares of the Company with a nominal value of PLN 0.10 each, constituting 0.06% of the Company's share capital and entitling to 0.06% of votes at the General Meeting.

As at the date of submission of this report, i.e. 14 May 2024, members of the Supervisory Board of Mabion. S.A. do not hold any shares in the Company.

Members of the Management Board and Supervisory Board of Mabion S.A. do not have any rights to Company's shares.

In the period from the date of the previous interim report, i.e. the annual report for 2023 published on 16 April 2024, to the date of this report, there were no changes in the holdings of shares and entitlements to shares in the Company among the management and supervisory staff.

2.6 Changes in the organisation of the capital group

Mabion S.A. has no subsidiaries and does not form a capital group.

3 OPERATIONS OF MABION S.A. IN Q1 2024

3.1 Object of activity

Mabion is an integrated biopharmaceutical company and possesses expertise in the protein-based therapeutic product development and manufacturing stages, including medicine development, analytics, transfer of technology, upscaling, manufacture of therapeutic substances and finished medicinal products. The Company has long term experience in the area of mammalian cell cultures and, in particular, in the production and characterisation of recombinant protein biopharmaceuticals, including monoclonal antibodies (mAbs), and vaccine antigens – in the field of manufacturing and analysis.

The Company's income from sales in Q1 2024 was mainly earned from a CDMO service project involving collaboration with Novavax, Inc. (hereinafter: Novavax) in the area of the Nuvaxovid vaccine. The Agreement with Novavax and the additional orders entered into thereunder were of key importance to the Company in Q1 2024, both on the operational and financial level.

The cooperation with Novavax is based on the Manufacturing Agreement entered into in October 2021 for the contract manufacturing of an active substance, i.e. a vaccine antigen for COVID-19 branded as Nuvaxovid® ("product"), and on additional orders. In September 2022, annexes to the Manufacturing Agreement and Statement of Work #1 (Statement of Work #1) were executed, under which the parties updated the manufacturing schedule and agreed on a guaranteed amount of Mabion's manufacturing capacity for Novavax until the end of May 2024 (period of the counterparty's unconditional commitment to acknowledge the performance). The term of the Manufacturing Agreement was extended to the end of 2026 and the a remuneration for the Company was introduced in the absence of manufacturing orders, on account of Mabion guaranteeing and making its production capacity available. On 6 April 2023, the Company entered into Annex no. 2 to Statement of Work No. 1 with Novavax to extend the scope of the cooperation by including the manufacture of antigens being the active substance for the Omicron variant vaccines. In H1 2023, the company successfully completed GMP validation and production for the Omicron BA.5 variant and carried out a technical run for a further sub-variant, Omicron XBB.1.5 (informally Kraken).

In Q1 2024, the Company executed the order for Novavax as per the production needs of the counterparty, and in the absence of orders, kept a manufacturing slot in accordance with the provisions of the Manufacturing Agreement. In this period, Mabion also completed additional orders for Novavax under the Manufacturing Agreement, based on the Statements of Work ("SOW") entered into by the Parties as set out in the table below.

Table 4. Additional orders implemented in Q1 2024 under the existing Manufacturing Agreement between Mabion and Novavax

No.	Order name	Order date	Scope
1	SOW#2	18 January 2022	Additional analytical services to Novavax in the area of analytical research related to the quality control of the Nuvaxovid® vaccine. Order completed. The task is implemented on a continuous basis, depending on the samples supplied for analysis.
2	SOW#9	23 November 2022 (annex no. 1 of 14 April 2023)	The development of a method for and conducting a peptide mapping analysis for the active substance (DS) as well as the finished product (DP) of rS SARS-CoV-2 protein samples of Novavax products. Order completed. The task is implemented on a continuous basis, depending on the samples supplied for analysis.
3	SOW#10	9 February 2023	Logistics services, including the transportation and storage of materials, vaccine active substances, and finished products. Order completed. The task is open-ended, depending on Novavax's logistical needs.

On 11 April 2024 (an event after the balance-sheet date), the Company received a letter from the Chief Pharmaceutical Inspectorate (GIF) confirming that GMP Certification was continued after the inspection. The certificates cover areas such as:

- manufacturing operations – quality control tests (microbiological tests: sterile products, physico-chemical tests, biological tests),
- manufacturing operations relating to investigational medicinal products – quality control tests (microbiological tests: sterile products, physico-chemical tests, biological tests),
- manufacturing operations – active substances: Rutiximab and SARS-CoV-2 rS.

3.2 Description of significant achievements and failures of the Company in Q1 2024

In Q1 2024, there were no significant events in the Company's operations. The Company implemented the agreement for Novavax, Inc. in accordance with its assumptions and pursued activities to implement the Company's Strategy for 2023–2027. The detailed objectives of the Strategy are set out in the Company's annual report for 2023, published on 16 April 2024. In Q1 2024, the Company successfully completed the following activities:

- executing commercial orders for partners in the field of contract manufacturing, analytics, and development, including:
  - orders from Novavax,
  - analytical and development services for the characterisation of a biological investigational product dedicated to a clinical trial under agreements entered into in November 2023 with a Polish biotech company. In addition, a further two agreements have been signed in the same area, which have been completed by the date of this report,
  - analytical work related to the characterisation of critical quality attributes for an EU client,
- developing platform solutions for recombinant protein generation processes to expand opportunities for CDMO services,
- presentation of offers and commercial and technology-related discussions to build the Company's portfolio of CDMO orders,
- intensification of sales activities to acquire new contracts and to continue the activities to position the Company as a fully integrated actor on the CDMO market, by expanding the Company's portfolio of competences and services,
- the implementation of computerised systems such as the eQMS (electronic Quality Management System) – enables supervision over the Pharmaceutical Quality System documentation, training, and quality processes such as those related to deviations, change control, training, OOS (out-of-specification results) and CAPA (corrective and preventive actions), and the LIMS (Laboratory Information Management System) – streamlines the quality control processes, ensures compliance with the latest standards in terms of documentation collection, archiving, data integrity, and allows for an increased scope of preventive actions, which is appreciated by CDMO clients,
- installing and qualifying (which involves a series of confirmation tests) the process equipment purchased in 2023 as part of the upgrade of the Company's existing production facility (sterile filling line, Cytiva bioreactors, buffer tanks) for commissioning in accordance with GMP requirements,
- expansion of the structures of the Business Development Department and strengthening the team with a Head of Business Development dedicated to North America, including the key US market, Marty Henehan, DSc., with over 20 years of experience in the industry and a Head of Business Development dedicated to Europe, Nigel Stapleton,
- further work related to the selection of an entity responsible for the verification and adaptation of the existing Mabion II facility design for the provision of advanced CDMO services,
- efforts to find a partner interested in licensing of MabionCD20[1].

3.3 Description of factors and events, including of unusual nature, having a significant impact on the condensed financial statements

In Q1 2024, there were no factors or events, including those of an unusual nature, other than those indicated in the other sections of the report, which would have a significant impact on the Company's condensed financial statements.

3.4 Transactions with related parties

In Q1 2024, the Company did not enter into any transactions with related parties.

3.5 Sureties and guarantees granted

n Q1 2024, the Company did not provide any loan or borrowing sureties or guarantees in aggregate to any one entity or its subsidiary where the total value of the existing sureties or guarantees would be significant for the Company.

[1] MabionCD20 monoclonal antibody – developed by the Company – a proposed biosimilar to the reference medicines MabThera/Rituxan® (Roche), whose efficacy and safety have been clinically demonstrated.

3.6 Proceedings pending before a court, an authority competent to conduct arbitration proceedings, or a public administration body

In Q1 2024, no material proceedings concerning the Company's liabilities or receivables were pending before any court, arbitration authority, or public administration authority.

3.7 Position of the Management Board on the feasibility of previously published forecasts

The Company has not published financial result forecasts for 2024.

3.8 Events after the balance-sheet date

Up to the date of submission of this report, no material events occurred after the balance-sheet date.

3.9 Factors to affect the results to be achieved within at least the next quarter

The main factors to affect the Company's performance in the coming quarters are:

- a possibility of acquiring new clients in the CDMO area, in terms of manufacturing, development, and analytical work, as well as extending cooperation with current clients other than Novavax to continue analytical work and to extend the cooperation to cover further elements offered as part of the Mabion's portfolio,
- implementation of the commercial contract manufacturing agreement concerning the Nuvaxovid® antigen (Wuhan variant and Omicron variants) for Novavax, until the end of May 2024, execution of additional orders placed under the agreement, and payments from the contractor,
- the possibility of changing Novavax's manufacturing plans in terms of further cooperation in the future under a manufacturing agreement or additional orders,
- future possible changes in the terms and conditions of the agreement with Novavax affecting settlement in the income recognition model over time, in proportion to the degree of fulfilment of the performance obligation,
- expenditure on the renovation and upgrade of the existing facility in Konstantynów Łódzki, related to commercial contract manufacturing for Novavax and the possibility of providing other CDMO services,
- the possibility and effectiveness of EBRD financing used to further retrofitting of the current facility, as well as the possibility of obtaining additional funding to build another facility (Mabion II),
- a possibility of acquiring a licensee for MabionCD20 and an ability to produce this antibody for a business partner that will choose to launch MabionCD20 on the market under a licence acquired from Mabion, enabling thereby the Company to meet the result indicator under the NCBR grant,
- changes in remuneration costs and general administration costs of the Company,
- conceptual and preparatory work for the launch of construction of another production facility on the property owned by Mabion S.A., located in Konstantynów Łódzki,
- exchange differences resulting from changes in foreign currency exchange rates,
- inflation and interest rates affecting the level of generated costs.

Factors associated with the situation in Ukraine

On 24 February 2022, Russia invaded Ukraine. At the time of submission of this report, the armed conflict in Ukraine, a country neighbouring Poland, is still continuing. The international community has imposed heavy sanctions on Russia, targeting specific entities and economic sectors. As at the date of this report, the sanctions and the armed conflict have not had a direct impact on the Company's business and therefore, having analysed the impact of the Russian invasion to date and its current and future possible effects for the Company, the Management Board is of the opinion that the invasion and its effects do not affect the measurement and classification of assets and liabilities in the financial statements as at 14 May 2024.

However, volatile exchange rates, interest rates, the potential for economic growth, the impact of higher immigration and the possibility of the proliferation of conflict, have increased the uncertainty of the environment in which the Company operates. The current economic situation in the East has caused the Company to closely monitor the regulations introduced by the Polish Government, the governments of other EU countries, and the United States. A protracted conflict may result in a further increase in prices of, for example, energy, restrictions on free trade, or other business restrictions, including disruptions in the supply chain for goods and services. All the above mentioned phenomena may have a direct impact on the financial situation of the Company in the future.

4 OTHER INFORMATION RELEVANT TO THE ASSESSMENT OF THE COMPANY'S CONDITION

As of the date of this report, there is no other information than that presented below which would be relevant for the assessment of the staff, property, financial condition, financial result and changes thereof, as well as information that is relevant for the assessment of the possibility of Mabion fulfilling its obligations.

ESG Strategy for 2024–2027

On 19 January 2024, the Management Board of Mabion S.A. adopted and the Supervisory Board subsequently issued a positive opinion on the ESG Strategy for 2024–2027. The ESG Strategy was developed with participation of employees, experts, and stakeholders from the Company's environment. The ESG strategy is structured around 3 pillars – environmental, social, and corporate governance. As part of these pillars, the Company has developed eight strategic objectives consisting of twenty-three operational objectives and specific objectives that will enable Mabion to monitor the progress of the ESG Strategy implementation (KPIs). The ESG Strategy provides real support for the Company's business operations. It defines Mabion's approach and objectives, among others things, in terms of green transformation, environmental impact reduction, as well as working conditions, interaction with local communities, and responsible management, to name but a few. The detailed information of the ESG Strategy for 2024–2027 is presented in the Company's annual report for 2023, published on 16 April 2024. The Company is currently undertaking activities related to the implementation of the ESG Strategy and the actions resulting from the implemented strategy.

Renewal of the GLP certificate for the laboratories of the Research and Development Centre in Łódź.

In February 2024, the laboratories of the Research and Development Centre in Łódź successfully underwent another routine GLP (Good Laboratory Practice) audit, as a result of which the validity of the certificate was extended. The GLP certificate was obtained in March 2014 from the Bureau for Chemical Substances (Biuro do spraw Substancji Chemicznych). Holding the certificate indicates the top quality of the research and analyses conducted. Analyses in the scope of medicine quality parameters (pharmacokinetics, pharmacodynamics, immunogenetics) and clinical parameters provide unbiased, reliable results acceptable by medicine registration offices throughout the world.

Partial repayment of the loan received from the European Bank for Reconstruction and Development

On 25 March 2024, the Company repaid, as scheduled, the third tranche of the loan received under the loan agreement with the European Bank for Reconstruction and Development of 6 February 2023, for USD 15 million. The entire loan amount of USD 15 million was disbursed on 28 September 2023. The first two principal instalments of the loan were repaid according to the terms and conditions of the loan agreement: on 29 September 2023 and 28 December 2023. Under the applicable agreement, the last tranche of the loan will be repaid on 30 June 2024.

5 CONTACT DETAILS

Company name:	Mabion Spółka Akcyjna
Registered office:	Konstantynów Łódzki
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E-mail address:	info@mabion.eu
Website:	www.mabion.eu

Management Board

Krzysztof Kaczmarczyk

President of the Management Board

Julita Balcerek	Grzegorz Grabowicz	Sławomir Jaros	Adam Pietruszkiewicz
Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

Konstantynów Łódzki, 14 May 2024

MABION

SCIENTIFIC AND INDUSTRIAL COMPLEX OF MEDICAL BIOTECHNOLOGY

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