MABION

MABION S.A. Directors' Report for the year 2022

Konstantynów Łódzki, 18 April 2023

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1 ORGANISATION OF MABION S.A.

1.1 Basic information about the Company

Mabion S.A. ("Company", "Mabion") was established on 29 October 2009 as a result of transforming Mabion spółka z ograniczoną odpowiedzialnością (limited liability company) registered on 30 May 2007, into a joint-stock company. Mabion S.A. is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court for Łódź-Śródmieście in Łódź, 20th Department of the National Court Register, with reference number KRS 0000340462.

The Company was also assigned a tax identification number (NIP): 7752561383 and a REGON statistical identification number: 100343056.

Contact details

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Registered office:	Konstantynów Łódzki
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Mabion is a Polish biopharmaceutical company that was established to develop, manufacture, and market biological medicines in the form of recombinant proteins. Since its establishment, the Company has focused on the development of its own products, particularly the process for obtaining the MabionCD20 monoclonal antibody, which is a candidate biosimilar to MabThera/Rituxan®, but has also implemented projects for external clients (including a project involving the development of a process for obtaining insulin analogues for human use, feline insulin, or an antibody biosimilar to ranizimumab).

As a consequence of the COVID-19 outbreak, Mabion decided to use its resources, expertise, and competence gained by its team during the development of its own projects to collaborate with Novavax, Inc. ("Novavax") by transferring technology and by producing – as a contract manufacturing service – a recombinant protein vaccine antigen, the main component of Novavax' COVID-19 vaccine. The successful transfer of technology, as well as the GMP- (Good Manufacturing Practice) -compliant standard production capacity the Company has at its disposal, enabled it to sign and commence implementation of a subsequent agreement with Novavax, for the commercial contract manufacturing of the vaccine antigen, and to expand the cooperation to include further areas of Mabion's business, including the generation of cell banks, development, and regular analytical tests.

The experience and competence built up over more than 1 5 years have enabled the Company to:

- developed advanced technological processes for the manufacture and packaging of the recombinant-protein class biologics (e.g. monoclonal antibodies, vaccine antigens) using mammalian and insect cell lines;
- develop effective planning and control methods to repetitively produce high-quality products to schedules;
- achieve a high level of integration and the capacity to offer a broad range of services in the areas of protein development, analytics, and production, as well as consulting and regulatory advisory services;
- build a dynamic team with extensive interdisciplinary experience and capabilities to operate in compliance with GLP (Good Laboratory Practice) /GMP standards;
- accumulate state-of-the-art GLP/GMP-certified analytical and manufacturing assets in the EU.

The cooperation with Novavax and the resulting implementation of the project in line with the Customer's guidelines were, on the one hand, a demonstration of Mabion's competence and, on the other hand, an opportunity to complement and enhance its expertise in the new area of vaccine protein antigen manufacturing and the processes and analytical methods associated with this type of process and molecule. The cooperation has also testified to the Company's ability and operational readiness to deliver projects in a demanding and highly competitive international environment.

On 18 April 2023, the Management Board of Mabion S.A adopted the Company's Strategy for 2023-2027 ("Strategy for 2023-2027"), which was endorsed by the Company's Supervisory Board. In line with its strategy, the Company's Management Board intends to continue the Company's ongoing transformation into a fully integrated contract development and manufacturing organisation (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).

Detailed information on the Strategy for 2023–2027 can be found in section 4.1 of this report.

1.2 Branches

The Company has no isolated branches within the meaning of the Accounting Act.

Currently, the Company has two centres (plants) – the Research and Development Centre (Centrum Badawczo-Rozwojowe, CBR)[1] in Łódź, ul. Fabryczna 17, and the Scientific-Industrial Complex for Medical Biotechnology (Kompleks Naukowo-Przemysłowy Biotechnologii Medycznej) in Konstantynów Łódzki, ul. gen. Mariana Langiewicza 60, which is also the registered office of the Company.

1.3 Changes in the Company's management rules

In 2022, no significant changes were noted in the basic principles of management in the Company.

1.4 Organisational or equity relationships

Mabion does not own any shares in any entities; there are no circumstances which could lead to the conclusion that the Company is a parent company within the meaning of Article 4 § 1.4) of the Polish Code of Commercial Companies ("CCC"). The Company is not owned, whether directly or indirectly, by another entity – to the Company's best knowledge, there are no entities which would meet the premises of the definition of the Company's parent pursuant to Article 4 (14) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Public Offering Act) and of the definition of the Company's parent pursuant to Article 4 § 1.4 of the Polish Code of Commercial Companies. In addition, to the Company's best knowledge, the shareholders and members of the Company's bodies are not bound by an agreement referred to in Article 87.1 (5) and Article 87. 4 of the Act on Public Offering. Significant shareholders have no voting rights other than those resulting from the shares held by them.

2 OPERATIONS OF MABION S.A. IN 2022

2.1 Calendar

January	On 14 and 18 January 2022, the Company and Novavax signed additional orders in the form of Statement of Work #2 ("SOW#2") and Statement of Work #3 ("SOW#3") as part of the commercial contract manufacturing agreement. On 28 January 2022, 500 S series ordinary bearer shares of the Company with a nominal value of PLN 0.10 each were allotted (i.e. recorded in the securities accounts of eligible persons) as a result of the registration of the shares with the Krajowy Depozyt Papierów Wartościowych S.A. (Central Securities Depository of Poland, "KDPW"), thereby increasing the share capital of the Company.
February	On 24 February 2022, the Company decided to discontinue its research project concerning the development of MabionEGFR.
April	On 19 April 2022, the Company entered into an annex to the project funding agreement for the expansion of the Research and Development Centre, under which the related eligibility period for expenditures was extended to the end of 2023 and an additional research area, i.e. vaccine therapies, became available for inclusion in the project. On 19 April 2022, the Company was informed that the Company's activity type as a manufacturer of the SARS-CoV-2 rS active substance were registered in the National Register of Manufacturers, Importers and Distributors of Active Substances operated by the Chief Pharmaceutical Inspectorate ("GIF"). On 20 April 2022, the Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange S.A., "GPW") admitted to exchange trading on the GPW Main Market of 500 S series ordinary bearer shares of the Company. The aforementioned shares were introduced to trading on 26 April 2022.

[1] Proper name.

May	On 25 May 2022, the Company's Supervisory Board adopted resolutions to appoint the Company's existing Management Board Members as Management Board Members for the second joint term of office, following the expiry of their first joint term of office. On 27 May 2022, the Company received a further additional order signed by Novavax in the form of Statement of Work #4 ("SOW#4"), submitted as part of the commercial contract manufacturing agreement.
June	On 7 June 2022, the Company received a further additional order signed by Novavax in the form of Statement of Work #5 ("SOW#5"), submitted as part of the commercial contract manufacturing agreement. On 21 June 2022, the Ordinary General Meeting of the Company was held.
July	On 6 and 20 July 2022, the Company and Novavax signed further additional orders in the form of Statement of Work #6 ("SOW#6") and Statement of Work #7 ("SOW#7") as part of the commercial contract manufacturing agreement. On 12 July 2022, Mabion S.A. and Glatton Sp. z o.o. entered into an annex to the borrowing agreement amounting to PLN 15 million, amending the terms and conditions of the borrowing with regard to tranches and repayment date. On 14 July 2022, the amendments to the Company's Articles of Association adopted at the Company's Ordinary General Meeting with regard to the Company's business objects, responsibilities and composition of the Company's bodies were registered with the National Court Register ("KRS").
August	On 2 August 2022, the Company and Novavax signed a further additional order in the form of Statement of Work #8 ("SOW#8") as part of the commercial contract manufacturing agreement. On 25 August 2022, 500 S series ordinary bearer shares of the Company with a nominal value of PLN 0.10 each were allotted (i.e. recorded in the securities accounts of eligible persons) as a result of the registration of the shares with the KDPW), thereby increasing the share capital of the Company.
September	On 22 September 2022, the Company and Novavax entered into annexes to the commercial contract manufacturing agreement and Statement of Work no. 1 ("SOW#1") amending the terms and conditions of the cooperation, extending the duration of the agreement until the end of 2026 and extending its scope to include the possibility of collaboration on the Omicron variant.
October	On 18 October 2022, the Company became aware that the credit committee of the European Bank for Reconstruction and Development ("EBRD") had granted approval to provide the Company with financing in the form of a long-term loan of USD 15 million. The committee's approval represents an intermediate step and is not tantamount to the EBRD's commitment to mobilise funds. On 26 October 2022, the Company decided to terminate the project agreement for the expansion of the Research and Development Centre, due to a possible change in the scope of the investment and the inability to implement the project in accordance with the terms and conditions and within the time frame stipulated in the agreement.
November	On 23 November 2022, the Company and Novavax signed a further additional order in the form of Statement of Work #9 ("SOW#9") as part of the commercial contract manufacturing agreement.
December	On 9 December 2022, the GPW Board admitted to exchange trading on the GPW Main Market of 500 S series ordinary bearer shares of the Company. The aforementioned shares were introduced to trading on 16 December 2022.

2.2 Products and services provided in 2022

Mabion is an integrated biopharmaceutical company and possesses expertise in the 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.

In the reporting period, i.e. in 2022, as since 2021, the Company has focused in its business activities on two areas of activity:

- development, manufacturing and marketing of biosimilars, i.e. biological medicines that are developed to be similar to the original biotech drugs;
- implementation of commercial orders for partners in the field of contract development and manufacturing (as a Contract Development and Manufacturing Organisation, CDMO).

In 2022, Mabion's project catalogue consisted of three project groups: i.e. active projects (MabionCD20, MabionMS, and MabionEGFR), new projects (denosumab and omalizumab), and CDMO service projects (Nuvaxovid® vaccine).

The most advanced active project is MabionCD20, a proposed biosimilar to reference medicines, MabThera/Rituxan® (Roche). To sum up, as part of the research and development work on MabionCD20 in 2022, the Company considers the following activities to be successfully carried out:

- verification of the parameters of the antibody subjected to stability tests under routine and accelerated storage conditions for the validation batches;
- development of analytical methods for qualitative and comparative analyses of MabionCD20, as well as clinical analytics as part of the characterisation of pharmacokinetics, pharmacodynamics and immunogenicity in MabionCD20-003RA clinical trial;
- extending the scopes of Quality Target Product Profile (QTPP) to take into account rituximab reference products coming to the market, and to monitor, on an ongoing basis, the quality characteristics of the aforementioned products.

In 2022, the implementation of the above activities in respect of the MabionCD20 project did not involve any income from sales for the Company, but only expenditure typical of research and development activities during the product development phase.

As regards the other projects in the active project group and the new projects, in 2022 the Company did not carry out any significant development work or incur any significant expenditures, nor did it generate any income from sales. The Company's income from sales in 2022 was mainly earned from a CDMO service project involving collaboration with Novavax, Inc. in the area of the Nuvaxovid vaccine.

As part of the commercial contract manufacturing agreement ("Master Contract Manufacturing Agreement" or "MCMA") and Statement of Work #1 (SOW#1) entered into with Novavax in October 2021, the Company agreed to manufacture a certain number of batches of the active substance, i.e. the COVID-19 vaccine antigen, branded as Nuvaxovid® ("Product") in the period up to 2025. In December 2021, the Company started, in line with the assumptions, the first manufacturing activities related to the preparation of the manufacturing facility, securing raw materials, approving raw materials for manufacturing in terms of quality, ensuring analytical capacity for process and product control, as well as commencing the implementation of the manufacturing schedule covering the period of 12.2021–12.2022. In line with its assumptions, the schedule implemented throughout 2022 was cumulative in time, i.e. the initial batches were planned as a sequence, and over time the ratio of simultaneous batches per unit of time increased.

Following the change in Novavax' production needs, Q3 2022 saw a suspension of production in order to develop a new schedule for the new vaccine variant. Under the annex to the Manufacturing Agreement and SOW#1 (signed on 22 September 2022), the manufacturing schedule was updated and the parties have agreed a guaranteed capacity volume for Novavax until Q2 2024. Novavax is not entitled to reduce the capacity volume reserved in that period (until Q2 2024). The duration of the Manufacturing Agreement was extended until 2026. The annex also introduced remuneration for the Company in the absence of manufacturing orders, on account of Mabion guaranteeing and making its production capacity available. As at the date of this report, there were no departures from the schedule adopted under the annex referred to above.

In 2022, under the existing Manufacturing Agreement, Mabion signed additional orders with Novavax presented in the table below. Detailed information on the additional orders executed as part of the cooperation with Novavax is presented in section 2.6.1 of this report.

Table 1. Additional orders signed in 2022 under the existing Manufacturing Agreement between Mabion and Novavax

No.	Order name	Agreement 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.
2	SOW#3	14 January 2022	The manufacture of cell banks for Novavax in compliance with the GMP standard.
3	SOW#4	27 May 2022	The extension of the range of analytical tests implemented by the Company to include a quality test performed for the purposes of the finished product analysis.
4	SOW#5	7 June 2022	The stability testing of intermediates and buffers manufactured and used in the production of the SARS CoV-2 rS active substance for the Nuvaxovid® vaccine.
5	SOW#6	6 July 2022	The stability testing of stationary phases used in the production of the active substance of the vaccine produced for Novavax.
6	SOW#7	20 July 2022	The generation of cell banks carrying genetic structures that will be used for the manufacturing processes of the active substance of one of Novavax's formulations.
7	SOW#8	2 August 2022	Stability tests on the SARS CoV-2 rS active substance.
8	SOW#9	23 November 2022	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.

The Manufacturing Agreement with Novavax and the additional orders entered into thereunder were of the most critical importance to the Company in 2022, both on the operational and financial level.

In 2022, the only recipient of the services provided by the Company worth more than 10% of its sales income was Novavax. The amount of income recognised in the financial statements for this entity reached a value corresponding to 99.99% of the Company's sales income. Due to the share indicated above, the Company is dependent on Novavax in terms of its income. The production for Novavax is conducted on the basis of the manufacturing process made available by the client who, due to binding contractual provisions and issues relating to intellectual property rights, is also the only entity entitled to receive the manufactured batches of the active substance. No formal relationship other than that arising from the 2021–2023 agreements and orders exists between the Company and Novavax.

For details of income generated by the Company, see note 9 to the Financial Statements.

2.3 Sales markets

In 2022, nearly 100% of the Company's sales income came from exports, as the Company's main client is Novavax, a company with its registered office in the USA.

Table 2. Income from sales of Mabion S.A. by domestic and foreign markets

Sales direction	PLN thousand	%
Domestic	9	**0.01%**
Export	161,141	**99.99%**

2.4 Supply sources

In 2022, work carried out by the Company was related to very diverse areas (both in-house and contract projects) – small scale process work, scale-up process work, commercial scale process work, research and development analytical work, quality control analytical work. In consequence of the advancement of technologies developed in Mabion and the much differentiated level of project topics, the Company uses a wide range of products and services available on the market. This is reflected in the number of sources of supply used by the Company.

Producing an advanced biotechnological product as a monoclonal antibody or vaccine protein antigen requires maintaining appropriate sterility conditions and cleanliness areas, as well as certified input materials, including disposable materials. The final product is subject to release procedures of the Quality Control Department, which often require using appropriately characterised reagents or outsourcing analyses to appropriately certified bodies.

In the period covered by this report, the Company was not engaged in production of its own finished products (other than relating to the implementation of the CDMO agreement), hence the procurement and inventories include mainly materials that are used for research and development work. Raw materials purchased by the Company and used in the implementation of the CDMO agreement are recognised in the profit and loss account upon purchase rather than when actually used in production, unless they have an alternative use. Raw materials supplied and then used in the manufacturing process on order are specifically traceable. The Company does not have the right to use the raw materials for purposes other than contract manufacturing, and other circumstances also indicate that control over the raw materials is transferred to the contracting party by the Company at the time of acquisition of the raw materials. Consequently, the Company does not recognise purchases of raw materials acquired for the purpose of contract manufacturing in the balance-sheet under inventories. However, it should be emphasised that the process of supplying raw materials and ensuring adequate levels of raw materials in accordance with the existing agreement rests with the Company.

In 2022, suppliers (including suppliers delivering for the purposes of the CDMO agreement) that the Company purchased from in excess of 10% of its total sales income were: Sartorius Stedim Poland Sp. z o.o. (with the amount of purchases in relation to income of 13.88%) and Global Life Sciences Solutions Poland Sp. z o.o. (with the amount of purchases in relation to income of 13.59%). No entities presented above are related to Mabion S.A.

The Company cooperates with the entities listed above in the area of supply of process equipment, consumables, substances, as well as services related to the projects implemented by the Company.

In order to prevent possible risks of dependence on listed suppliers, the Company each time takes into account alternative solutions by monitoring the market of producers and suppliers. The measures described above enable some diversification of suppliers. The Company exercises due diligence to ensure that all orders are prepared well in advance to prevent possible delays in the supply chain. The facility upgrade, described in detail in section 4.1 of this report, will allow for a broader list of suppliers and reduce the risk of dependency in this respect, but still what materials and raw materials the Company will purchase as a CDMO will depend on the decisions of its clients (the Company procures the materials on behalf of the client contracting the service).

2.5 Main domestic and foreign investments of the Company

In 2022, the Company did not make any significant investments in securities, financial instruments, or intangible assets.

In the reporting period of 2022, the Company implemented agreements with foreign contractors for the supply of property, plant and equipment to retrofit an existing manufacturing facility. The value of agreements signed with 3 key suppliers of property, plant and equipment (I.M.A. Industria Macchine Automatiche S.p.A. – an order for a packaging line, EbeTech GmbH – an order for a filling line, Adolf Kuhner AG – an order for bioreactors) in previous periods and 2022 amounted to EUR 8,383 thousand, of which – as at the balance-sheet date of 31.12.2022 – the value of the liabilities amounts to EUR 3,302 thousand. The Company intends to fund these purchases from its own resources and by using debt opportunities with banks or financial institutions. Previously incurred expenditures were financed from the Company's own funds, mainly from the issue of U shares.

2.6 Agreements entered into or terminated in the financial year 2022 and after the balance-sheet date

2.6.1 Material agreements in the area of operations

In 2022, the crucial operating area of the Company consisted primarily of further additional orders placed as part of the Company's cooperation with Novavax. The cooperation of the parties is based on the Manufacturing Agreement, together with SOW#1, under which the Company manufactures, on a commercial scale, the COVID-19 vaccine antigen under the name of Nuvaxovid® for Novavax in compliance with the GMP standard. The successive orders under the Manufacturing Agreement and the annex concluded over the course of 2022 have allowed for an expansion of the services provided to Novavax as detailed below.

Mabion receives an order for product quality control analytical services – SOW#2

On 18 January 2022, the Company and Novavax signed an additional order in the form of SOW#2, under which the Company provides additional analytical services to Novavax in the area of analytical research related to the quality control of the Nuvaxovid® vaccine. Based on SOW#2, the Company has first performed and duly documented feasibility studies for certain analytical methods not covered by previous contracts or

orders and carried out the transfer of methods in accordance with Novavax's specifications. The above work commenced in January 2022 and the transfer was completed as planned in the Q3 2022. The Company will perform the tests using the aforesaid analytical methods on the Product samples indicated by Novavax throughout the duration of the Manufacturing Agreement. Pursuant to SOW#2, the testing may cover samples originating from the Company's facility as well as samples supplied by Novavax from other facilities involved in contract manufacturing for Novavax. The value of SOW#2 depends on the number of analytical tests carried out by the Company in each year, and according to the Company's current estimates, despite the high margin of the contract, the financial value in relation to the originally signed Manufacturing Agreement should not be significant in assessing the materiality of the additional order for the Company. Nevertheless, the extension of the cooperation with Novavax to a new area, i.e. the implementation of additional contract analytics in the key scope, i.e. related to the release of individual Product batches on the market, remains a very important business aspect for the Company. In the opinion of the Management Board, the Company's selection in the bidding process held by the contractor confirms once again the Company's qualifications as a Contract Development and Manufacturing Organisation (CDMO).

The Company informed on receiving SOW#2 in Current Report no. 3/2022 of 18 January 2022.

Mabion receives an order to manufacture cell banks – SOW#3

On 14 January 2022, the Company and Novavax, Inc. signed an additional order in the form of SOW#3. Based on the SOW#3, in addition to its existing work, the Company is producing GMP-compliant cell banks for Novavax, which will be used as key biological material to form the basis for the production of vaccine antigens of the Nuvaxovid® product. Despite the fact that, in relation to the originally signed Manufacturing Agreement, the financial value of SOW#3 itself is not relevant for the assessment of the materiality of the order for the Company, the extension of the cooperation with Novavax into another new area, i.e. the production of cell banks, remains an important and key business value for the Company. At the same time, the event in question represented a major operational action to increase Novavax's vaccine production capacity. In the Management Board's opinion, the Company's selection in the bidding process held by the contractor confirms the Company's qualifications as a Contract Development and Manufacturing Organisation (CDMO).

The Company informed on receiving SOW#3 in Current Report no. 2/2022 of 14 January 2022.

Extension of the services under the Manufacturing Agreement with Novavax – SOW#4

On 27 May 2022, the Company received an extension to the scope of services under the Manufacturing Agreement, signed by Novavax, in the form of SOW#4. The extended scope of cooperation includes the quality test to be carried out by the Company, which is one of the most important analyses of the finished product. Accordingly, the Company has become an entity involved in the processes of release of finished products to the market. The scope of SOW#4 includes, in the first instance, an assessment of feasibility to be carried out by the Company with regard to the analytical method ("feasibility" stage) and transferring, by the Company, the aforementioned method to the Company's quality system. In 2022, the Company completed the feasibility stage and laboratory work on the transfer of the aforementioned method. Currently, both parties are finalising a report summarising the work performed which will enable the method to be introduced into the Company's quality system. Then, during the term of the Manufacturing Agreement, i.e. in 2022–2026, (in accordance with the annex of 22 September 2022 to the Manufacturing Agreement, as referred to in this item above) under SOW#4, the Company will, on behalf of Novavax, perform sample analyses of the Novavax finished product (final product in the form of Nuvaxovid® vaccine manufactured outside the Company) using the aforementioned GMP-compliant method, together with preparation of a certificate confirming the analysis performed. The value of SOW#4 depends on the number of analytical tests performed by the Company in each year, with the maximum annual budget currently agreed at USD 1.8 million. In view of the Management Board, signing of SOW#4 is important for the Company primarily due to the next step in the process of expanding the cooperation with Novavax allowing the Company to further develop its CDMO activities.

Until the date of publication of this report, Novavax has not placed an order with the Company to carry out the tests covered by SOW#4 and therefore the Company has not received any related remuneration to date.

The Company informed about receiving SOW#4 in Current Report no. 17/2022 of 28 May 2022.

Extension of cooperation with Novavax, Inc. – SOW#5

On 7 June 2022, the Company received a further extension to the scope of services under the Manufacturing Agreement, signed by Novavax, in the form of SOW#5. The scope of SOW#5 covers the stability testing of intermediates and buffers manufactured and used in the production of the SARS CoV-2 rS active substance for the Nuvaxovid® vaccine. The work covered by SOW#5 started immediately after signing the statement. The tests were conducted according to the agreed schedule. Their results are summarised in two reports accepted by Novavax in October and November 2022, which constituted the basis for the settlement of SOW#5 and the completion of the order in accordance with its stated objective and by the set deadline. In the opinion of the Management Board, SOW#5 is important for the Company primarily due to the further extension of cooperation with Novavax, and the tests covered by the additional order have facilitated the management of the manufacturing process carried out in the Company under the Manufacturing Agreement.

The Company informed about receiving SOW#5 in Current Report no. 18/2022 of 8 June 2022.

Extension of cooperation with Novavax, Inc. – SOW#6

On 6 July 2022, the Company signed an extension to the scope of services under the Manufacturing Agreement with Novavax, in the form SOW#6. The scope of SOW#6 covers the stability testing of stationary phases used in the production of the active substance of the vaccine produced for Novavax. The tests were carried out in the production area, in a GMP-compliant environment. The Company immediately commenced the work covered by SOW#6 and completed the planned work in Q4 2022. The work was summarised in 2 reports. In the opinion of the Management Board, SOW#6 is important for the Company first and foremost due to the further expansion of cooperation with Novavax.

The Company informed about the conclusion of SOW#6 in Current Report no. 21/2022 of 6 July 2022.

Extension of cooperation with Novavax, Inc. – SOW#7

On 20 July 2022, the Company signed another extension to the scope of services under the Manufacturing Agreement with Novavax, in the form of SOW#7. The scope of SOW#7 entails the Company's generation of cell banks carrying genetic structures that will be used for the manufacturing processes of the active substance of one of Novavax's formulations. The banks will be manufactured in a GMP-compliant environment. The resulting material will then be subjected to the relevant analytical tests, after which it will be transferred to Novavax. Immediately after signing SOW#7, preparations for the implementation of the tasks thereunder commenced. In November 2022, the work related to the preparation of the viral banks was completed and their evaluation by analytical testing began. In Q1 2023 (work carried out after the balance-sheet date), analytical testing was completed and the quality criteria for the viral banks produced were confirmed. On their basis, in March 2023 the Company released the prepared material for use and settled the contracted scope of work. The viral banks will be transferred to Novavax in Q2 2023, when Novavax has provided the necessary transport information.

The Company informed about concluding SOW#7 in Current Report no. 25/2022 of 20 July 2022.

Extension of cooperation with Novavax, Inc. – SOW#8

On 2 August 2022, the Company signed another extension to the scope of services under the Manufacturing Agreement with Novavax, in the form of SOW#8. The scope of SOW#8 entails the Company conducting stability tests on the SARS CoV-2 rS active substance. The tests will be conducted in a GMP-compliant environment, for the batches produced at the Company's facility and indicated by Novavax. The order is long-term and will be executed over a period of three years for each batch subjected to the test. Preparation for the work covered by SOW#8 commenced immediately after the order was signed and, as at the date of this report, the work is in progress.

The Company informed about the conclusion of SOW#8 in Current Report no. 26/2022 of 2 August 2022.

Signing of annexes – Broadening and extension of cooperation with Novavax

On 22 September 2022, the Company entered into an annex to the Manufacturing Agreement with Novavax and an annex to SOW#1. As a result of the annexes, the Agreement's duration has been extended until the end of 2026 and, based on the schedule agreed between the parties, the Company will either receive remuneration for the Product batches manufactured or remuneration for the readiness to manufacture the Product based on the production capacity guaranteed to Novavax.

The scope of cooperation has been specified for each year in the period between 2022 and 2026. Under the Agreement, the parties have agreed a guaranteed capacity volume for Novavax until Q2 2024. Novavax is not entitled to reduce the capacity volume reserved until Q2 2024. According to the schedule current as at the date of the Annexes, it is assumed that the Company should realise more than 15% of the total value of the Agreement between the onset of the Agreement and the end of 2023. The Company should realise approx. 55% of the total value of the Agreement between 2024 and 2025. In 2026, the Company should achieve approximately 30% of the total value (this does not include indexation of agreement terms based on the inflation rate).

The Parties took steps to enter into a further annex to SOW#1, covering the detailed scope of the Omicron Product manufacturing rules. The Company commenced work on the transfer of technology for the new vaccine variant, and completed the manufacturing technology transfer process reflecting the commercial-scale production process at the end of 2022.

Entering into the annexes does not deprive the Company of its ability to carry out contracting activities as a CDMO for other counterparties, excluding those engaged in activities competitive to Novavax, as defined in detail in the Agreement.

As a result of the annexes, the price for the manufactured batches of the Product will remain unchanged from the one originally specified in the Agreement. Starting from January 2023, the fixed unit price per batch and for maintaining the guaranteed capacity will be subject to annual indexation until the end of the Agreement. For details of income generated by the Company, see note 9 to the Financial Statements.

The Company informed about the event in Current Report no. 31/2022 of 22 September 2022.

Extension of cooperation with Novavax, Inc. – SOW#9

On 23 November 2022, the Company's Management Board signed another extension to the scope of services under the Manufacturing Agreement with Novavax, in the form of SOW#9. The scope of SOW#9 involves the Company's tasks consisting in

conducting peptide mapping analyses for the active substance (DS) as well as the finished product (DP) of rS SARS-CoV-2 protein samples of Novavax products – both Wuhan and Omicron variants. The contracted tasks involve a method feasibility study, method validation and regular testing of samples produced at Mabion and other entities providing manufacturing services to Novavax. If required by Novavax, routine testing of samples will be carried out in a GMP-compliant environment. The first stage of the work consisted in adapting the peptide mapping method developed at Mabion to Novavax's products and needs, and validating the method. After completion of the validation, Mabion commenced regular analyses of the commissioned samples (within 1 month of the delivery of a given sample), ending with the issuance of an appropriate certificate, confirming the analysis result. The remuneration for the work on the development and validation of the method, which constitutes the first stage of the order, amounted to more than USD 400 thousand, while the total value of SOW#9 will depend on the next stage of the order, namely the number of regular analyses carried out by the Company in each reporting period.

The Company started the first phase immediately after SOW#9 was signed. In Q1 2023 (work conducted after the balance-sheet date), Mabion carried out laboratory and documentation tasks, completing the first phase of work, and commenced regular analysis of Novavax' samples.

The Company informed on the conclusion of SOW#9 in Current Report no. 34/2022 of 23 November 2022.

Extension of cooperation with Novavax, Inc. – SOW#10

On 9 February 2023 (an event after the balance-sheet date), the Company signed another extension to the scope of services under the Manufacturing Agreement with Novavax, in the form of Statement of Work #10 (SOW#10). The scope of SOW#10 comprises logistics services, including the transportation and storage, by the Company, of materials, vaccine active substances, and finished products under suitable transport and storage conditions agreed by the parties. All these services will be provided in a GMP-compliant environment. The extension of services entered into force on the date of signing of SOW#10 and will remain in force until the services are completed in full, unless the parties jointly decide to terminate the work under the order at an earlier date. The value of SOW#10 will depend on the volume of transport services commissioned by Novavax and the products to be stored, and the duration of their storage by the Company.

The Company informed about concluding SOW#10 in Current Report no. 4/2023 of 9 February 2023.

Entering into an annex with Novavax, Inc. for the manufacture of COVID-19 vaccine antigen: Omicron variant

On 6 April 2023 (an event after the balance-sheet date), the Company entered into Annex No. 2 (Annex No. 2") to Statement of Work No. 1 (SOW#1) with Novavax regarding the Company's ability to be contracted by Novavax to manufacture agreed batches of the COVID-19 Omicron variant vaccine antigen ("Omicron").

Annex no. 2 specifies the previously agreed and partially implemented activities aimed at including a further Omicron product in the scope of the cooperation, including the performance of technology transfer, process validation and subsequent manufacturing of the Omicron product in compliance with the GMP standard, in line with the detailed rules set out in Annex no. 2. Pursuant to Annex no. 2, when Novavax places an order for the Omicron product, the Company's responsibilities include, in particular, manufacturing the product, analytical testing of product samples, stability research, procuring raw materials for production, quality management and supervision, and supporting Novavax in complying with registration requirements by submitting the relevant documentation.

The number of batches of the Omicron product commissioned for manufacture will be agreed between the parties on an ongoing basis. The Omicron product will be manufactured within the capacity guaranteed to Novavax to date (manufacturing slots) referred to in the above mentioned report no. 31/2022. As a result of the applicable Annex no. 2, the original Agreement and the Statements of Work contained therein also apply to the Omicron product.

The Company informed about concluding Annex no. 2 in Current Report no. 5/2023 of 6 April 2023.

2.6.2 Agreements relating to loans and borrowings

In the financial year 2022 and after the balance-sheet date, the Company has not entered into or terminated any agreements relating to loans or borrowings other than those indicated below.

Conclusion of an annex to the borrowing agreement with Glatton Sp. z o.o.

On 12 July 2022, the Company entered into an annex to an agreement of 15 July 2020 for a borrowing of PLN 15 million with Glatton Sp. z o.o. Under the annex, it was agreed that the Borrowing will be repaid in two tranches: the first tranche of PLN 5 million will be repaid by 30 September 2022, while the second tranche of PLN 10 million – by 31 December 2022; the existing one-off repayment date was 12 July 2022. The other significant terms and conditions of the borrowing agreement remain unchanged. Under the terms and conditions of the annex, on 28 September 2022 the Company repaid the first tranche of the loan in the amount of PLN 5 million together with due interest. Subsequently, on 2 November 2022 the Company effected an early repayment of the second tranche in the amount of PLN 10 million, together with due interest, and therefore, as at 31 December 2022, the Company's liability under the loan has been fully repaid.

The Company informed about concluding the Annex in Current Report no. 22/2022 of 12 July 2022.

Expiry of agreements with the European Investment Bank

On 25 October 2022, as a result of the expiry of the 36-month loan availability period, the agreements entered into in 2019 with the European Investment Bank, including the Financing Agreement for contingent financing of up to EUR 30,000 thousand in total and the Warrant Agreement, as communicated by the Company in Current Report no. 26/2019 of 21 October 2019 and subsequently in subsequent interim reports, expired. As the conditions for the disbursement of any of the loan tranches provided for in the Financing Agreement had not been met, and as the contractual conditions for the disbursement of the financing had not been amended, the Company did not utilise the financing.

Signing of a loan agreement for USD 15,000 thousand with the European Bank for Reconstruction and Development

On 6 February 2023 (an event after the balance-sheet date), the Company entered into a loan agreement with the European Bank for Reconstruction and Development ("EBRD") for USD 15,000 thousand ("Loan Agreement"). The financing to the Company was approved by the credit committee of the EBRD on 18 October 2022. The loan will be provided by the EBRD to finance the expansion and upgrade of the Company's facility located in Konstantynów Łódzki, to support the implementation of commercial contract manufacturing performed under the Manufacturing Agreement entered into with Novavax, and the implementation of other possible CDMO projects (hereinafter referred to as "Project"). The loan will be disbursed once the standard conditions precedent specified in the Loan Agreement have been met, at the request of the Company, in one lump sum or in amounts of not less than USD 5,000,000. The loan will be disbursed at the latest within nine months of the date of the Loan Agreement, with the first loan disbursement occurring not later than within six months as of the date thereof. The loan will bear interest at a variable rate composed of the interest base, i.e. the compounded Secured Overnight Financing Rate (SOFR), plus a margin. It will be repaid in four different instalments on 30 September 2023, 31 December 2023, 31 March 2024, and 30 June 2024, in line with the schedule specified in the Loan Agreement.

The EBRD's amounts due under the Loan Agreement will be collateralised for the benefit of the EBRD by: (i) the establishment of a contractual mortgage on the Company's real estate located in Konstantynów Łódzki; (ii) the establishment of a registered pledge on certain Company's assets related to the Project; (iii) the establishment of registered pledges on the Company's bank accounts; (iv) the assignment of rights or pledge of receivables under the Agreement with Novavax; (v) the assignment of rights under insurance contracts for certain Company's assets; and (vi) the declaration of submission to execution by the Company in the form of a notarial deed. The Loan Agreement contains certain provisions that impose restrictions on the Company with respect to, among other things: (i) the termination or amendment of the terms and conditions of the Production Agreement with Novavax if as a result the Company's proceeds are reduced; (ii) the disposal of, or encumbrance on, material assets of the Company; and (iii) incurring certain financial liabilities in excess of agreed amounts, including incurring, or committing to incur, capital expenditure (CAPEX) in excess of PLN 5,000,000 (or an equivalent in another currency) in any financial year for purposes unrelated to the Project. The Loan Agreement includes the EBRD's entitlement to grant the Company a written waiver of the restrictions imposed on the Company under the Loan Agreement. The right referred to in the preceding sentence is subject to the sole discretion of the EBRD. The Loan Agreement includes financial covenants regarding restrictions on dividend payments above the Debt Service Coverage Ratio (DSCR) specified in the Loan Agreement. Should the Company breach the obligations specified in the Loan Agreement, it will entitle the EBRD to terminate thereof and demand immediate repayment of the loan together with contractual default interest and any other due costs or fees. Under the Loan Agreement, the Company undertook to implement an Environmental and Social Action Plan to carry out ESG (Environmental, Social and Corporate Governance) activities in accordance with EBRD Performance Requirements 1–8 and 10 of April 2019, as well as to pursue its business in accordance with the EBRD's anti-corruption guidelines.

The Company informed of the EBRD credit committee's approval of the financing in Current Report no. 32/2022 of 18 October 2022. The Company informed about entering into the Loan Agreement in Current Report no. 2/2023 of 6 February 2023.

Termination of non-binding agreement with Polski Fundusz Rozwoju S.A.

On 6 February 2023 (an event after the balance-sheet date), the Management Board of Mabion S.A., in connection with the conclusion of a Loan Agreement with EBRD, decided to terminate the non-binding agreement regarding the entry conditions of the investment of Polski Fundusz Rozwoju S.A. ("PFR") amounting to up to PLN 40 million, entered into by the Company and the PFR on 3 March 2021, as informed by the Company in Current Report No. 16/2021 of 3 March 2021, and to withdraw from further implementation of its provisions. To date, the agreement has been implemented in the part concerning the subscription of the Company's shares up to the amount of PLN 10 million as part of an issue of U series shares, of which the Company informed in Current Reports No. 12/2021 of 23 February 2021 and No. 23/2021 of 15 March 2021.

The Company informed of the termination of the agreement in Current Report no. 3/2023 of 6 February 2023.

2.6.3 Borrowings granted

In the financial year 2022, the Company did not grant any borrowings.

2.6.4 Sureties and guarantees

During the reporting period ended 31 December 2022, the Company did not issue or receive any sureties or guarantees.

2.6.5 Other agreements financing the Company's business

Project co-financing agreement on MabionEGFR development – discontinuation of the project

On 24 February 2022, the Company's Management Board decided to abandon further implementation of the research project concerning the development of MabionEGFR, entitled "Development of a biotechnological medicine through the development of an innovative monoclonal IgG1 subclass antibody with reduced content of unfavourable glycoforms compared with the reference medicine – targeted against EGFR", due to the fact that, in the opinion of the Management Board, it was not reasonable to continue with the project. The implementation of the project was covered by a co-financing agreement entered into in October 2017 with the National Centre for Research and Development (NCBR) as part of the sectoral programme: InnoNeuroPharm, Measure 1.2: "Sectoral R&D Programmes", funded by the SGOP 2014–2020. Following this decision and in accordance with the provisions of the co-financing agreement, the Company has submitted to the NCBR an application for payment together with final information on the project implementation. Under the agreement, the value of co-financing amounted to approx. PLN 28 million, of which until the date on which further agreement implementation was abandoned the Company had submitted payment applications to NCBR for approx. PLN 4 million.

In October 2022, the NCBR informed the Company that the project had been recognised as substantially and financially complete. Thus, the three-year period of the project duration commenced, which will end in October 2025. The final value of the funding received is PLN 3.9 million.

The Company informed about the decision in Current Report no. 7/2022 of 24 February 2022.

Agreement on co-financing the project entitled "Expansion of the Research and Development Centre of Mabion S.A. – research on the new generation of medicines" – conclusion of an annex and termination of the agreement

On 19 April 2022, the Company concluded, with the Ministry of Development Funds and Regional Policy, an annex to the agreement of 11 June 2018 on co-financing of the project entitled "Expansion of the Research and Development Centre of Mabion S.A. - research on the new generation of medicines". According to the annex, the period of expenditure eligibility for the project was extended until 31 December 2023 (previously, it was 31 December 2021). Moreover, due to the inclusion of an additional research area in the Company's activity, i.e. vaccine therapies, the objective and material and financial scope of the Project were changed to the extent enabling the introduction of the aforementioned research area to the Project. The annex was concluded at the request of the Company due to circumstances affecting the project in previous years, i.e. first issues related to the funding of the own contribution and then the COVID-19 pandemic and the need to accommodate the area of vaccine therapies.

Thereafter, on 26 October 2022, the Company's Management Board decided to terminate the financing agreement for the aforementioned project. The termination of the agreement was related to the fact that the Company had been considering a change in the scope of the planned investment and that it had not been possible to implement the project on the terms and conditions and within the timeframe stipulated in the co-financing agreement. Pursuant to the agreement, the total cost of the project was set in 2018 at approximately PLN 173 million, and the value of the co-financing was approximately PLN 63 million, of which the Company has used – up to the day on which it was decided to terminate the agreement – payments totalling approximately PLN 0.3 million. As at 31 December 2022, the Company has repaid the aforementioned liability. The co-financing agreement has terminated on 26 November 2022.

However, its termination does not mean that the Company will abandon the construction of the new Mabion II facility as, in particular, the expansion of manufacturing and analytical capacity for external clients. Information on the Company's plans related to Mabion II in the context of the Company's Strategy for 2023–2027 adopted on 18 April 2023, can be found in section 4.1 of this report.

The Company informed of the conclusion of the agreement and the annex to the agreement in Current Reports no. 42/2018 of 11 June 2018 and no. 10/2022 of 19 April 2022. The Company informed about the Agreement termination in its Current Report no. 33/2022 of 26 October 2022.

2.6.6 Transactions with related parties

The Company's transactions with related parties are presented in Notes 24 and 29 of the financial statements.
In 2022, the Company did not enter into transactions with related parties on terms other than arm's length.

2.7 Factors and events in the Company's operations

Information on the agreements concluded in the area of operations and financing is presented in section 2.6 of this report. Other significant factors and events occurring in the Company's operations include mainly those set out in the sections below.

2.7.1 Material events occurring during the financial year and after the balance-sheet date

Registration of the Company as a manufacturer of the SARS-CoV-2 rS active substance in the Register of the Chief Pharmaceutical Inspectorate

On 19 April 2022, the Company was informed that the Company's activity type as a manufacturer of the SARS-CoV-2 rS active substance were registered in the National Register of Manufacturers, Importers and Distributors of Active Substances operated by the Chief Pharmaceutical Inspectorate ("GIF"). From the operational side of the implementation of the Manufacturing Agreement with Novavax, obtaining the entry was a neutral event, i.e. it was not related to the tasks and settlements carried out to date, nor did it affect the tasks planned for subsequent periods, the settlements between the parties, or the timetable for the production of vaccine antigen. All these elements are governed by the Manufacturing Agreement, which the Company implements as planned. The event was significant for the Company from a regulatory perspective. It represented the final regulatory element for which the Company, as the manufacturing operator, was responsible as part of its cooperation with Novavax, i.e. having the relevant manufacturing permit and achieving registration as a manufacturer of the SARS-CoV-2 rS active substance in the Register of the Chief Pharmaceutical Inspectorate as the competent authority for the Company. The remaining regulatory activities, namely those related to updating the regulatory dossier on the product side, rest with Novavax. Thanks to the registration, all batches of the product, i.e. the vaccine antigen for COVID-19 bearing the name of Nuvaxovid®, once the formalities have been completed by Novavax, are marketable.

The Company informed about the entry in Current Report no. 11/2022 of 19 April 2022.

Mabion S.A. adopts the Strategy for 2023–2027

On 18 April 2023 (an event after the balance-sheet date), the Company's Management Board passed a resolution on the adoption of the Mabion's Strategy for 2023–2027. Pursuant to §22 (1) (g) of the Company's Articles of Association, the Strategy was endorsed by the Company's Supervisory Board on the same date. Detailed information on the Strategy can be found in section 4.1 of this report.

The Company informed of the adoption of the Strategy in Current Report no. 7/2023 of 18 April 2023.

2.7.2 Other events

Composition agreement with Altiora d. o.o.

On 13 January 2022, the Company has signed with Altiora d. o.o., based in Zagreb ("Altiora"), a composition agreement before a court mediator, under which the Company agreed to pay Altiora the amount of PLN 363 thousand (which was paid in February 2022). The parties specified that the payment of the aforementioned amount exhausts all their claims, including the costs of the trial, covered by the proceedings before the District Court in Łódź, initiated by a lawsuit filed by Altiora, which was received by the Company on 31 March 2021, in relation to one of the agreements between the parties concerning the delivery of clinical trials ("Master Service Agreement" of July 2013). On 27 January 2022, the Regional Court in Łódź approved, by way of a decision, the composition agreement in the part concerning payment of the aforementioned amount and discontinued the proceedings. The above event brought the dispute with Altiora to an end, which the Company reported on, among other things, in the Company's annual report for 2021, and all effects of the agreement have been accordingly presented in the financial statements.

Ordinary General Meeting of Mabion S.A.

On 21 June 2022, the Ordinary General Meeting of Mabion S.A. was held, which, among other things, adopted a resolution on the distribution of profit for the financial year 2021. Pursuant to the resolution, the Company's net profit for the financial year ending 31 December 2021, in the amount of PLN 1,903,385.37, was earmarked in its entirety to cover previous years' losses. Furthermore, the Ordinary General Meeting of the Company also adopted a resolution to amend the Company's Articles of Association by, *inter alia*, changing the Company's business objects. The business objects were broadened following the Company's analysis of the possibilities of increasing the efficiency of its operations and in order to enable meeting the Company's intentions. The amendment to the Articles of Association of the Company will allow the latter to undertake activities in additional and complementary areas and thus will not have a material impact on the Company's core business. On 14 July 2022, the amendments to the Company's Articles of Association were registered by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, of which the Company informed in Current Report no. 24/2022 of 18 July 2022.

FDA grants the ODD status for rituximab in the indication of membranous nephropathy and autoimmune haemolytic anaemia

In January 2023, the US Food and Drug Administration (FDA) granted the Orphan Drug Designation (ODD) status to Mabion S.A. for rituximab in the indication of membranous nephropathy. In February 2023, the FDA issued another positive decision for the Company, granting the ODD status to Mabion S.A. for rituximab in the indication of autoimmune haemolytic anaemia.

The orphan drug designation (or ODD) procedure, was established by the FDA to support the development of medicines and therapies to prevent and treat rare diseases. The ODD status means that the Agency, on the basis of the data presented by Mabion on the MabionCD20 molecule, as well as the clinical literature, considered it reasonable to continue the proceeding of the project already under the orphan drug procedure. Owing to

this, the Company has a prospective business advantage when licensing the MabionCD20 antibody to an external partner, as this status potentially increases the value of this product to the licensee. Obtaining FDA registration for an orphan drug with the ODD status can ensure, inter alia, market exclusivity (the FDA will not approve the same or a similar drug in the same indication unless the drug demonstrates clinical superiority) for up to seven years.

Membranous nephropathy is a rare autoimmune disease leading to renal failure, with incidence of approximately one case per 100,000 people per year in the USA. Autoimmune haemolytic anaemia (AIHA) involves a severe breakdown of red blood cells (erythrocytes) induced by antibodies directed against the surface antigens of the organism's own erythrocytes. As a result, the lifespan of these cells decreases from 120 to just a few days, causing symptoms such as shortness of breath, fatigue, muscle weakness, headache, pale skin and, in the most severe cases, limb ischaemia and gangrene. The annual incidence for this indication is estimated at 0.8 to 2.4 cases per 100,000 people and it is estimated that approximately 60,000 people in this United States suffer from the disease.

3 ANALYSIS OF THE COMPANY'S FINANCIAL AND ASSETS POSITION

3.1 Selected financial data

Table 3. Selected financial data of Mabion S.A.

	in PLN thousand		in EUR thousand	
Selected financial data	2022	2021	2022	2021
Net income from sales	163,982	56,873	34,977	12,424
Operating profit (loss)	28,215	-9,832	6,018	-2,148
Profit (loss) before tax	22,040	-10,255	4,701	-2,240
Net profit (loss)	23,192	1,903	4,947	416
Net cash flows from operating activities	38,839	-32,910	8,284	-7,190
Net cash flows from investing activities	-16,064	-31,283	-3,426	-6,834
Net cash flows from financing activities	-17,844	110,505	-3,806	24,141
Total net cash flows	4,930	46,312	1,052	10,117
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Total assets	186,175	184,237	39,697	40,057
-/Cash and cash equivalents**	53,638	48,707	11,437	10,590
Liabilities and provisions for liabilities	109,668	130,924	23,384	28,465
Long-term liabilities	35,365	34,787	7,541	7,563
Current liabilities	74,303	96,137	15,843	20,902
Equity	76,507	53,313	16,313	11,591
Share capital	1,616	1,616	345	351
Number of shares (in pcs)	16,162,326	16,161 326	16,162,326	16,161,326
Weighted average number of shares (in pcs)	16,161,966	15,555,287	16,161,966	15,555,287
Net profit (loss) per ordinary share	1.43	0.12	0.31	0.03
Book value per share	11.52	11.40	2.46	2.48
Dividend declared or paid per share	-	-	-	-

** Part of Total assets

Individual items of the balance sheet were translated into EUR at the average exchange rate for a specific balance sheet date, announced for EUR by the National Bank of Poland; (31 December 2022: PLN 4.6899, 31 December 2021: PLN 4.5994). Individual 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 EUR effective on the last day of each month of the financial year (2022: 4.6883, 2021: 4.5775).

3.2 Accounting principles applied to preparing financial statements

The separate financial statements of Mabion have been drawn up in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union as at the reporting date.

The separate annual financial statements of Mabion S.A. include

- statement of financial position as at 31 December 2022;

and the following statements for the financial year from 1 January to 31 December 2022:

- statement of comprehensive income;
- statement of changes in equity;
- cash flow statement;

and

- additional information containing a description of the adopted accounting principles and other explanatory information.

The financial statements cover the annual reporting period from 1 January to 31 December 2022 and the comparative period from 1 January to 31 December 2021.

The financial statements have been drawn up on the historical cost basis except for derivative financial instruments, available-for-sale financial assets which have been measured at fair value. The separate financial statements, with the exception of the separate cash flow statement, have been prepared on an accruals basis.

The financial statements have been drawn up in accordance with the going concern principle, which provides that the Company will continue to operate in the foreseeable future (presented in more detail in Note 3 to the financial statements). Therefore, no adjustments have been made to the financial statements which might be necessary if there was a risk that the Company would not continue as a going concern.

As at 31 December 2022, the Company has generated a net profit of PLN 23,192 thousand The implementation of the manufacturing agreement in cooperation with Novavax and further acquisition of new clients for CDMO services should provide the Company with the necessary funding for its ongoing operating and investing activities.

In the financial statements for the year 2022, the same accounting principles (policies) as in the financial statements for the year 2021 were applied. The accounting policy applied in 2022 has been supplemented in accordance with the applicable IFRSs with the first-time application of revenue accounting for the manufacturing agreement under the CDMO formula. There were no changes in the rules for measuring assets and liabilities and financial result in 2022.

The scope of the annual report of the Company is consistent with the Minister of Finance Regulation of 29 March 2018 on current and periodic reporting by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Polish Journal of Laws of 2018, item 757) and covers the annual reporting period from 1 January to 31 December 2022.

3.3 Main economic and financial figures as well as events and factors influencing the results achieved by the Company

In the presented reporting period, the Company generated income from its core activities consisting in the provision of manufacturing and sales services under the CDMO formula, as well as from research services.

In the reporting period, an agreement with Novavax was implemented. As part of the agreement entered into in October 2021 and SOW#1, the Company has committed to manufacture a specified number of batches of the active substance within a specified period (until the end of 2026). The production is carried out on the basis of technology provided by the contracting party, which – due to binding contractual provisions and issues related to intellectual property rights is also the only entity entitled to receive the manufactured batches of the active substance.

Income from the production of the active substance, which is accounted for over time using the input-based method, and the fulfilment of long-term obligations under the CDMO agreement, and income from operating leases where the Company is the lessor, related to the performance of this agreement. The income from the contract manufacturing services is recognised in the amount of costs incurred plus the expected recoverable margin. The income is based solely on costs directly related to the fulfilment of the obligation and does not take into account overheads, possible inefficiencies, excess consumption, etc. Where the incurred costs are not proportionate to the degree of fulfilment of the contractual obligation, income is recognised only up to the amount of the incurred costs.

Implementing the agreement in question, the Company has also accounted for the lease elements of the contract manufacturing agreements as operating leases. Lease income is recognised from the lease origination date, i.e. the date on which the Company as the lessor makes the underlying asset available for use by the lessee, taking into account the full production cycle, including test production.

The costs of operating activities in the period of 12 months of 2022 amounted to PLN 45,361 thousand. Their volume was mostly influenced by the general administration costs, which in 2022 amounted to PLN 28,663 thousand, and the costs of development work, which amounted to PLN 15,115 thousand. The operating profit for 2022 amounted to PLN 28,215 thousand, with an operating loss of PLN 9,832 thousand in the comparable period. The Company's net profit during the 12 months of 2022 amounted to PLN 23,192 thousand.

In the 2021 financial statements, the Company recognised deferred tax assets for the first time and measured the amount expected to be deducted from income tax in the foreseeable future based on the prudence principle. In 2022, a corresponding revaluation of the deferred tax asset was carried out, which is presented accordingly in Note 14.

The Company has historically realised significant negative temporary differences to tax, resulting mainly from ongoing research and development work that will reduce the income tax base in the future. In addition, the Company holds zone permits and the resulting gross subsidy equivalents and has generated deductible tax losses from non-zone activities in the last 5 years. The existing entitlements to exercise the deduction from the tax base and the right to benefit from public aid have been verified, considering the expected income from both the activities within the zone and outside it in a period most probable from the point of view of the estimates.

The tax asset as at 31.12.2022 was estimated at PLN 13,310 thousand.

The Company's balance-sheet total at the end of December 2022 amounted to PLN 186,175 thousand and increased by PLN 1,938 thousand in relation to the end of December 2021. At the end of 2022, a significant share in the total assets, i.e. PLN 103,991 thousand, were fixed assets, including property, plant and equipment (mainly fixed assets related to the implementation of investments in Konstantynów Łódzki). Cash at the end of December 2022 amounted to PLN 53,638 thousand and was generated mainly from payments resulting from the Annex signed on 22 September 2022 for manufacturing readiness ("Manufacturing slot fees"), an invoiced advance payment for manufactured batches, advance payments on account of the agreement implementation, and the procurement of raw material volumes sufficient for the future commercial production of the active substance involving the Company's full production capacity in the period agreed upon by the parties.

The Company is planning to finance its operating and investing activities with proceeds from sources such as the implementation of contracts and orders in the area of the Company's core business, i.e. CDMO, and also debt financing, grants, subsidies, targeted funds for new projects.

3.4 Income structure per product

Table 4. Income structure.

in PLN thousand	2022	2021
Income from non-repayable advance payments (agreement with Mylan)		20,811
Income from manufacturing and services	90,587	18,217
Income from the provision of antibody technology development services to Celon Pharma S.A.		1,590
Income from the purchase of materials	67,711	14,944
Lease income	5,684	1,311
Income from agreements with customers	**163,982**	**56,873**

Due to the nature of the sales income generated by the Company in 2022, it is not possible to quantify the services performed in each income group.

The production is carried out using a process rendered available by the contracting party, which due to binding contractual provisions and issues related to intellectual property rights is also the only entity entitled to receive the manufactured batches of the active substance. The performance rendered by the Company creates an asset with no alternative use and the Company is entitled to remuneration at each stage of the performance. Therefore, the conditions for recognising income from the performance of this agreement over time were considered to be met.

In view of the homogeneity of all the batches (a series of similar performances), the total number of batches was considered by the Company to be a single performance obligation. Moreover, the aforementioned agreement in force contains elements of a lease, resulting from the fact that in order to fulfil the aforementioned obligation under the agreement, the Company allocated certain fixed assets (a set of interrelated assets constituting a production line) exclusively to the entity commissioning the production.

Accordingly, the remuneration associated with the fulfilment of the aforementioned obligation under the agreement includes the following components (lease and non-lease):

- income from the production of the active substance, which is accounted for over time using the input-based method, and
- income from operating leases where the Company is the lessor, related to the implementation of this agreement.

In the period covered by these financial statements, the Company conducted its business activities only in Poland.

3.5 Financial and non-financial performance indicators

In 2022, in accordance with its accounting policies and principles, the Company has recognised income from its core operations derived from the provision of CDMO manufacturing and sales services and the provision of research services. The sources of generated income, which include in particular the cooperation with Novavax started in 2021, are presented in section 3.3 of this report. In total, the Company's net sales income realised in 2022 amounted to PLN 163,982 thousand, and gross profit on sales

for 2022 amounted to PLN 65,987 thousand. Net profit for 2022, after accounting for deferred tax estimates of PLN 13,310 thousand, amounted to PLN 23,192 thousand.

The Company has set the following financial indicators* for 2022 in connection with the achievement of net sales income in 2022:

- EBITDA (i.e. operating profit adjusted for depreciation and amortisation) amounted to PLN 37,191 thousand.
- The return on assets (ROA, i.e. the ratio of net profit to the closing balance of assets) in 2022 was 12.46%.
- The return on equity (ROE, i.e. the ratio of net profit to the closing balance of equity) in 2022 was 30.31%.
- The return on revenue (ROR, i.e. the ratio of net profit to total income) in 2022 was 14.14%.

As part of the Manufacturing Agreement and SOW#1 entered into with Novavax in October 2021, the Company has committed to produce a certain number of batches of an active substance until 2025. Pursuant to annexes to this Manufacturing Agreement and SOW#1 signed on 22 September 2022, the duration of the Manufacturing Agreement and SOW#1 was extended to 2026. At the same time, the period during which the parties are bound by enforceable rights and obligations under the Manufacturing Agreement and SOW#1 was extended to 31.05.2024.

The income earned in 2022 resulted from the implementation of the agreement as well as additional orders for services implemented by the Company for Novavax.

* The financial indicators presented here are Alternative Performance Measures (APMs) within the meaning of the ESMA Guidelines on Alternative Performance Measures. Alternative Performance Measures do not constitute a measure of financial performance under International Financial Reporting Standards and should not be regarded as measures of financial performance. These figures were not audited by an independent auditor. Furthermore, the indicators are not uniformly defined and may not be comparable to indicators presented by other companies. APMs should only be analysed as additional financial information. The selected scope of the APMs presented in the report was based on the assessment by the Company's Management Board of the individual indicators commonly used in financial analysis as to their usefulness and meaningfulness in the context of the present stage of development of the Company's business. The APMs presented in the report may, in the opinion of the Company's Management Board, provide additional information on the Company's financial and operating position as well as facilitate the analysis and evaluation of the financial results achieved by the Company. No changes have occurred in the calculation of individual APMs relative to 2021.

3.6 Current and projected financial situation of the Company

Before signing the agreement with Novavax, the Company has financed its operations with cash received from shareholder borrowings, capital issues, bank loans, grants and proceeds from distribution partners for MabionCD20. The Manufacturing Agreement and the different SOWs entered into in 2021 with Novavax have provided the opportunity of positive cash flows over the next 4 years until the end of 2025 and have become, in 2022, the main source of funding for ongoing operations and manufacturing capacity expansion.

The Manufacturing Agreement together with SOW#1 has been initially concluded for a fixed period of time until the end of 2025, with an option for renewal. The total value of the Manufacturing Agreement and SOW#1 during the term of the former was estimated at USD 372 million i.e. PLN 1.46 billion (the value was estimated at the USD exchange rate applicable on the day before the day on which the agreement was signed, and on the theoretical assumption of future zero inflation during the entire term of the agreement). Initially, in 2022 the Manufacturing Agreement and SOW#1 were implemented and settled per batch of the product, at a specified unit price per batch. Then, in September 2022, the Company entered into annexes to the Manufacturing Agreement and SOW#1 with Novavax, pursuant to which the duration of the agreement was extended until the end of 2026. At the same time, a period of unconditional commitment of the counterparty to accept the performance in the period up to Q2 2024 was agreed upon and adopted. The estimated level of orders outside the above-mentioned period is not guaranteed. Detailed information on the income from the Manufacturing Agreement with Novavax is presented in Note 9 to the financial statements.

What is more, the Company does also exclude a future use of other sources of financing such as external debt financing, grants, subsidies from EU funds, earmarked funds for the implementation of new projects, or other sources where a decision is taken to start implementing an investment aimed at a substantial increase in manufacturing capacity by constructing a new manufacturing facility located by the existing facility.

The current financial position is detailed in Note 3 to the financial statements.

3.7 Issues of securities

In 2022, the entitlements under the 2018–2021 Incentive Scheme, adopted by resolution 24/VI/2018 of the Company's Ordinary General Meeting of 28 June 2018 (OGM) on the introduction of the Incentive Scheme, were exercised in the Company. As part of the Incentive Scheme in 2022 and in the previous years, the Company issued periodically S series shares in performance of OGM Resolution No. 25/VI/2018 on the issue, for the purpose of implementing the Incentive Scheme, of A and B series subscription warrants with the exclusion of the pre-emptive right of the existing shareholders, entitling to take up R series shares and S series shares, and on the conditional increase of the share capital through the issue of R series shares and S series shares, with the exclusion of the pre-emptive right of the existing shareholders, and the related amendment of the Company's Articles of Association.

2021 was the last financial year for which entitlements under the above Incentive Scheme were exercised. The deadline for exercising the right to take up shares within the Incentive

Scheme was 31 July 2022 and all eligible persons made the relevant declarations before the deadline.

In the financial year 2022, S series shares for 2020 were allotted, registered, and admitted and marketed, and eligible persons took up and subscribed for S series shares for 2021, which were subsequently allotted, registered, and admitted and marketed.

S series shares for 2020:

As part of the Incentive Scheme, on 28 January 2022, 500 S series ordinary bearer shares with a nominal value of PLN 0.10 each taken up by the eligible persons between 2 July and 15 December 2021 were allotted within the meaning of Article 451 § 2 of the CCC, i.e. recorded on the securities accounts, in connection with the exercise of rights under the B series subscription warrants granted to those persons as part of the Incentive Scheme for 2020. The shares were taken up for cash contributions made in full before the shares were allotted. Along with the allocation of the shares to eligible persons, the share capital of the Company was increased.

The shares were allotted in line with the KDPW's statement of 18 January 2022, in which the KDPW announced that, in response to the Company's application, an agreement had been concluded for the registration with the Depository for Securities of up to 500 S ordinary bearer shares of the Company with a nominal value of PLN 0.10 each. The above-mentioned shares were registered on the basis of settlement orders, in connection with the deregistration of subscription warrants under which the right to take up the above-mentioned shares was exercised.

On 20 April 2022, the GPW Board adopted a resolution on the admission and introduction to exchange trading on the GPW Main Market of S shares of the Company, in which the GPW's Board stated that 500 S series ordinary bearer shares of the Company are admitted to trading on the main market. At the same time, the GPW's Board decided to introduce, as of 26 April 2022, the above mentioned Company's shares to trading, on the condition of assimilation, on 26 April 2022, of these shares with outstanding shares of the Company by the KDPW. On 21 April 2022, the KDPW issued a statement whereby, at the Company's request, it was decided to assimilate in the depository system, on 26 April 2022, the above 500 S shares with shares of the Company admitted to stock trading. Thus, the condition for the introduction of the shares to stock trading on 26 April 2022 was fulfilled.

The Company informed of the above events in Current Reports no. 4/2022 of 18 January 2022, no. 5/2022 of 31 January 2022, no. 12/2022 of 20 April 2022 and no. 13/2022 of 21 April 2022.

S series shares for 2021:

Then, as part of the Incentive Scheme, on 4 July 2022, the Company issued 500 B series registered subscription warrants as part of the implementation of the Incentive Scheme for 2021. The subscription warrants were taken up on 18 November 2019, free of charge, by eligible persons, i.e. persons appointed by the Company's Supervisory Board. Each B series subscription warrant entitled to take up 1 S series ordinary bearer share of the Company at the issue price equal to the nominal value of shares of PLN 0.10 each. All eligible persons submitted declarations on taking up their S series shares on 4 July 2022. The S series shares (500 pcs) were issued as part of a conditional share capital increase, therefore no allocation of shares took place. The allotment of S shares within the meaning of Article 451 § 2 of the CCC took place upon their registration in the securities accounts of the eligible persons, which took place on 25 August 2022. A total of 500 S series ordinary bearer shares of the Company with a nominal value of PLN 0.10 each were allotted. The shares were taken up for cash contributions made in full before the shares were allotted. Along with the allocation of the aforementioned shares, the share capital of the Company was increased.

The shares were allotted in line with the KDPW's statement of 24 August 2022, in which the KDPW announced that, in response to the Company's application, an agreement had been concluded for the registration with the Depository for Securities of up to 500 S ordinary bearer shares of the Company with a nominal value of PLN 0.10 each. The above-mentioned shares were registered on the basis of settlement orders, in connection with the deregistration of subscription warrants under which the right to take up the above-mentioned shares was exercised.

On 9 December 2022, the GPW Board adopted a resolution on the admission and introduction to exchange trading on the GPW Main Market of S shares of the Company, in which the GPW's Board stated that 500 S series ordinary bearer shares of the Company are admitted to trading on the main market. At the same time, the GPW's Board decided to introduce, as of 16 December 2022, the above mentioned Company's shares to trading, on the condition of assimilation, on 16 December 2022, of these shares with outstanding shares of the Company by the KDPW. On 12 December 2022, the KDPW issued a statement whereby, at the Company's request, it was decided to assimilate in the depository system, on 16 December 2022, the above 500 S shares with shares of the Company admitted to stock trading. Thus, the condition for the introduction of the shares to stock trading on 16 December 2022 was fulfilled.

The Company informed of the above events in Current Reports no. 27/2022 of 8 August 2022, no. 28/2022 of 24 August 2022, no. 29/2022 of 30 August 2022, no. 35/2022 of 12 December 2022 and no. 36/2022 of 13 December 2022.

3.8 Financial instruments used

In line with the IFRS 9 classification, the Company has financial instruments such as long-term receivables, trade receivables, cash, repayable advances for distribution rights, trade liabilities, and loans and borrowings.

A description of the above instruments together with the financial risk management methods and the exposure of each instrument to currency risk, interest rate risk, credit risk, and liquidity risk is provided in Note 28 of the Financial Statements.

3.9 Financial risk management objectives and methods

The Management Board of the Company maintains a continuous risk management process in all significant areas of the Company's operations. Due to the dynamic situation on the pharmaceutical and CDMO market, the Management Board monitors, audits and updates potential risks on an ongoing basis, through:

- anticipating and identifying the potential risk groups, examining the risk in depth to actively prevent it;
- continuously monitoring and controlling the existing risk;
- avoiding the risk – refraining from certain high-risk activities;
- taking preventive actions – developing action plans and relevant procedures to be implemented immediately if a potential risk arises;
- keeping the risk within the predetermined limits or implementing risk minimization plans;
- reporting the identified risk and its nature;;
- adhering to "Best Practice for GPW Listed Companies 2021".

Information on financial risk management is detailed in Note 28 to the financial statements.

The Company's principal objective is to maintain the Company's current and long-term liquidity using all instruments available on the market and, in particular, to implement the agreement with a partner for contract manufacturing in a CDMO formula. As regards a significant expansion of production capacity by constructing a new facility, the decision will be taken once an appropriate level of funds for the planned project has been secured.

3.10 Assessment of financial resource management

Financial resource management in 2022

As at 31 December 2022, the Company's equity has a positive value of PLN 75,836 thousand, while the general debt due to long-term and short-term liabilities (supplies and services, and borrowings) amounts to PLN 112,500 thousand.

In evaluating its financing needs, the Company takes the following factors into account on an ongoing basis:

- the extent of cooperation with the CDMO partner and the progress of the agreement implementation;
- the opportunity to acquire new clients in the CDMO area;
- possibilities of obtaining financing for the expansion of manufacturing capacity at existing and planned production facilities;
- current and planned level of cash generated from grants, subsidies, VAT refund and finance activities;
- current structure of financing of non-current and current assets;
- anticipated real investment level;

In the opinion of the Management Board, the Company's management of financial resources is adequate to the needs and capabilities of the Company.

Going concern assumption

In the current reporting period, the Company's operational focus was mainly on the implementation of its contract manufacturing MCMA agreement with Novavax Inc. under which it manufactured or provided manufacturing readiness, in compliance with GMP standard, for Novavax's COVID-19 vaccine antigen under the name of Nuvaxovid®. As part of that agreement, the Company also provided other services as a CDMO, including services complementary to manufacturing, to Novavax under signed SOWs (Statements of Work).

The MCMA agreement (with subsequent amendments, including annexes of 22 September 2023 and of 6 April 2023) was entered into for a fixed term until the end of 2026, with a guaranteed period of unconditional commitment by the counterparty to provide remuneration for the performance until Q2 2024.

The period of unconditional remuneration for performance provided for in the agreement guarantees that the Company will receive remuneration for the manufactured batches of product or remuneration for the readiness to manufacture the product.

The remuneration for the manufactured batch of product results from the agreement and is reduced by the value of the materials used to produce the batch in question. The amount of charge for available manufacturing capacity represents an equivalent of the unit price per manufactured batch, adjusted for the value of the production materials. Including prepayments and other exceptions as indicated in the schedule to the agreement, fees for available manufacturing capacity will be payable on a regular basis – monthly. Starting from January 2023, the Company is entitled to annual indexation until the end of the agreement in respect of the agreed unit price per batch and capacity made available.

After the balance-sheet date, on 28 February 2023, i.e. the date of publication of the annual report for 2022, the key counterparty of the Company, Novavax, expressed doubts as to its ability to continue as a going concern. Novavax stated that there is significant uncertainty regarding its expected income levels in 2023, the ability of the US government to provide funding, and the pending arbitration with its counterparty, Gavi. The existing agreement between the Company and Novavax is guaranteed until Q2 2024 and, regardless of the execution of manufacturing orders, the Company receives manufacturing capacity availability payments. As at the date of these financial statements, there are no arrears under the agreement and a significant portion thereof, regarding the services provided, has been paid in advance.

Pursuant to the Company's strategy for 2023–2027, the Management Board intends to transform the Company into a fully integrated CDMO by 2023–2024, whereas the growth dynamics will mainly depend on the available new production and research capacity that the Company plans to develop, and on the acquisition of new clients and new contracts.

After the balance-sheet date, on 6 February 2023, the Company entered into a loan agreement with the European Bank for Reconstruction and Development (EBRD) for USD 15 million. The loan was provided by the EBRD to finance the expansion and upgrade of the Company's facility located in Konstantynów Łódzki, to support the implementation of commercial contract manufacturing performed under the agreement entered into with Novavax, and the implementation of other possible CDMO projects. The loan is intended in particular to finance the expansion and upgrade of the Company's current facility and extension of the IT infrastructure.

The Company is planning to finance its operating and investing activities with proceeds from sources such as the implementation of contracts and orders in the area of the Company's core business, i.e. CDMO, and also debt financing, grants, subsidies, targeted funds for new projects.

As at the date of these financial statements, the Company holds letters of support received from the key shareholders (Twiti Investments Limited, Glatton Sp. z o.o, Polfarmex S.A.), whose contents indicate that these shareholders are willing and able to continue their financial support for the Company's day-to-day operations in the near future covering a period of at least another 12 months from the date of signing of these financial statements, should the Company's financial situation so require, which, according to the Management Board's current knowledge, will not be the case.

Following the analysis, no significant uncertainties have been identified that may cast doubt on the Company's ability to continue as a going concern.

3.11 Dividend policy

In the financial year 2022, the Company did not pay out any dividend. The Company's Management Board adjusts its dividend policy to the Company's changing business situation, taking into account the scope of necessary investment expenditure. Currently, the Company is in the growth stage and it does not intend to pay any dividend.

3.12 Explanations of discrepancies between the actual financial results and the previously published forecasts

The Company has not published financial result forecasts for 2022.

4 PROSPECTS OF MABION S.A.

4.1 Development strategy of Mabion S.A.

On 18 April 2023, the Management Board of Mabion S.A. adopted the Company's Strategy for 2023–2027. The Strategy for 2023-2027 was positively reviewed by the Company's Supervisory Board on the same date.

The Strategy for 2023–2027 is based on the expertise and resources accumulated over the years, enabling the Company to seize the market opportunity and begin, in 2021, its transformation into a CDMO. The Strategy for 2023–2027 provides for the continuation of the commenced transformation and further investment in the skills and assets related to the CDMO business.

The Company's strategic vision

As a fully integrated CDMO focused on biologics, Mabion provides a full spectrum of services for medium-sized and smaller projects, from early discovery to commercial manufacturing phase, for clients at various stages of development.

CDMO

The decision to proceed with the Company's transformation from a company focusing on the development and launch of its own products to a company concentrating on contract manufacturing, analytics and development (CDMO) services followed an in-depth analysis of Mabion's competencies and resources, combined with an analysis of market trends and an assessment of the attractiveness of business consisting in the independent launch of Company's own products (in particular MabionCD20).

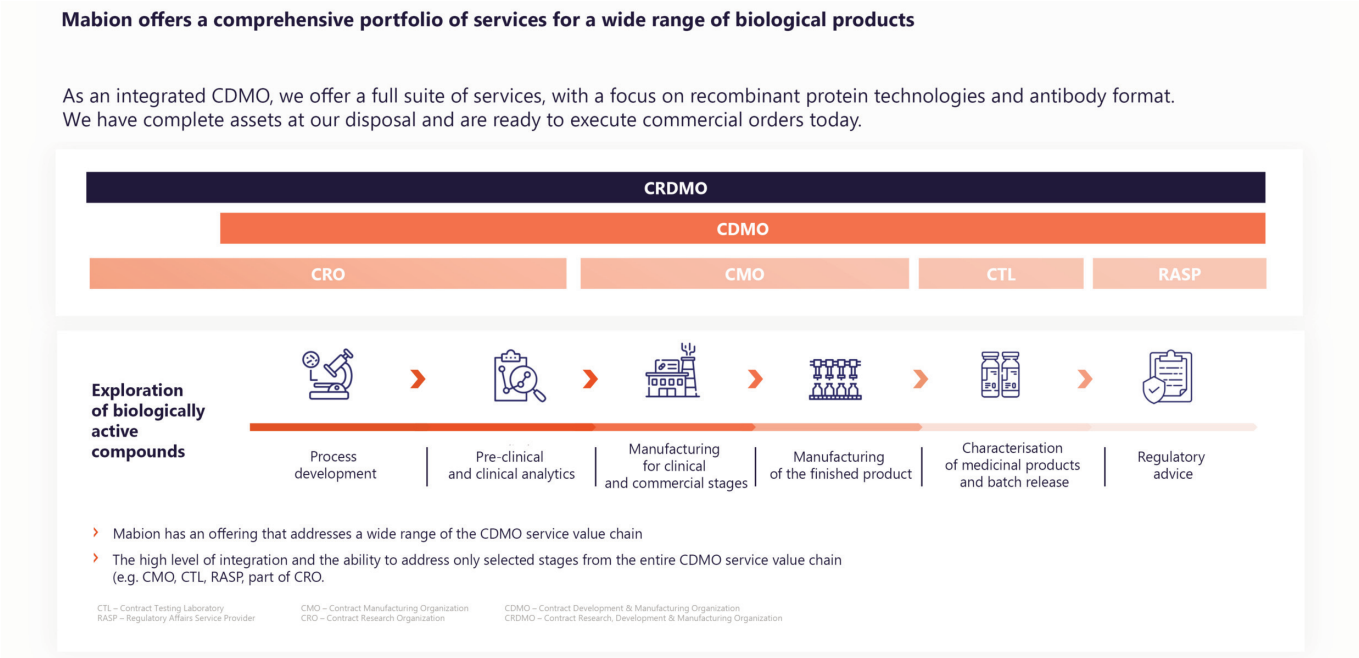
Analysis of the CDMO market prospects has led to two key conclusions. Firstly, the global CDMO market has attractive and long-term growth potential and there is room for new market players. Secondly, the range of services requested by potential clients coincides with the Company's current capabilities.

Based on the assessment of the Company's Management Board, the main benefits stemming from the completion of the Company's transformation will include:

- diversification of income (by offering diversified services to a wider range of clients, which consequently leads to a lower portfolio concentration);
- shorter time necessary to implement and commercialise Company's competencies and resources (shorter "time to market");
- more flexible and better timed investments (answering to real demand on the part of the clients);
- significantly faster return on invested capital;
- substantial reduction in the regulatory risk profile in the Company's business.

The objective of the Management Board is that the Company, as a fully integrated player on the CDMO market, expands its range of expertise and services to become a competitive and attractive partner in the development and manufacture of biopharmaceutical products. The Company has the ability to implement projects at various stages of development.

Table 5. Mabion as a fully integrated CDMO, offering a comprehensive portfolio of services to clients:



The infrastructure assets and team competencies available for the Company, enabling it to offer a wide range of services to the market and allowing to classify Mabion as a fully integrated CDMO, are expected to allow the Company to generate income in its three areas of operation in 2023–2027:

1) development of the biological product production process,
2) in-process and finished product analytics (from development to DP release and stability testing),
3) manufacturing for clinical trial and commercial-scale manufacturing.

Table 6. Income streams in the CDMO business

Transformation – Mabion as a fully integrated CDMO

Completion of the transformation started in 2021 – enhancement of the key income streams

Process development	Pre-clinical and clinical analytics	Manufacturing for clinical and commercial stages	Manufacturing of the finished product	Characterisation of medicinal products and batch release	Regulatory advice
Process and analytical method development and optimisation services Scalable technologies and methodologies, transferable to a GMP-compliant environment Assistance with process characterisation using DoE-based methods Cooperation between teams ensures that the production of the first clinical batches is a smooth continuation of the development work	Testing of pre-clinical and clinical trial samples for endpoints such as: - pharmacokinetics - pharmacodynamics - immunogenicity Tests according to ICH guidelines and EMA and FDA regulatory agencies GMP standard	Clinical scale manufacturing; for assets in: - pre-clinical phase - phase I-II Commercial scale manufacturing for assets in: - clinical phase III - commercial phase Manufacturing, quality control, logistics Commercial scale for commercial assets with shorter runs Partners in Europe, America and Asia	GMP-compliant services for aseptic filling of liquid forms into immediate packaging Quality control, packaging into intermediate and bulk packaging, and sterilisation Own warehouse and fleet of service vehicles	Comprehensive testing of proteins from development stages through to release and stability testing of clinical and commercial material Analytical tests including comprehensive molecule characterisation, QTPP, similarity and comparability assays Structural characterisation tests of: - product purity - physico-chemical characteristics - structural characteristics - biological activity	Support in process development, analytical methods development, effective and fast product implementation for clinical trials, approval and marketing, commercial manufacturing Substantive and regulatory oversight in all aspects of operations: - CMC development, - pre-clinical, clinical, - scale-up, GMP transfers - commercial phases (manufacturing processes, analytics) Development of project and regulatory dossiers, including plans and reports on research, development, implementation, for Scientific Advice meetings with regulators (e.g. EMA, FDA), registration dossiers

The presented division of income sources results from the fact that each of them can function independently and can be related to the implementation of different projects for several clients interested in selected cooperation areas. As a fully integrated company, Mabion can offer a comprehensive range of services to clients and, on commission, develop a therapeutic product from the concept level, employing all of the above streams (manufacturing, analytics, and process and product development), as well as respond to the needs of a client who would only like to use selected services.

As at the date of this report, the Company is ready to provide services within the analytical stream (intermediate product, finished product, clinical analytics), the process and product development stream at laboratory scale and the manufacturing stream for clinical trials and commercial scale the using orbital-shaking technology.

The retrofitting of the existing facility in Konstantynów Łódzki, planned for 2023-2024, includes:

> diversification of bioreactor culture technology – complementing the development and process equipment with stirred tank bioreactors, which will enable Mabion to offer both the already developed orbital shaking technology as well as a technology based on the use of the classical mixing system in bioreactors, which is the most common technology on the market);
> development in the field of finished product services – purchase of a new high throughput isolator-based filling line, and an optical and leakage post-filling product control system.

Completion of the upgrade, understood as the completion of construction and installation works in the existing manufacturing zone in Konstantynów Łódzki, is planned for Q4 2023. In Q4, the facility will be recommissioned for the manufacture of the active substance for Novavax. In Q1–Q3 2024, additional manufacturing equipment will be systematically installed, qualified, commissioned to increase the technical capacity of the facility for the purpose of future orders, including production at the finished product stage.

The amount of income and the positive prospects for expansion of manufacturing operations for clinical trial and commercial purposes will trigger decisions regarding the construction of Mabion II and thus the possibility of commencing operations within the manufacturing stream of "novel modalities" biological products or other recombinant proteins.

The scope of services offered by the Company will be fully integrated, meaning that the Company will be able to deliver the full scope of the project commissioned by the client. This does not preclude, however, the provision of services within separate and

not interconnected between streams or scopes. Accordingly, it is possible, for example, to concurrently manufacture a biological medicine for clinical trials for one client, and conduct filling operations for another.

The existing manufacturing facility, its infrastructure and process organisation have been designed for the development and production of MabionCD20 and need adaptation to enable the Company to increase its potential as a CDMO – an entity rendering comprehensive DS (drug substance) and DP (drug product) contract services. At present, it is not possible for the Company to undertake and deliver to several clients simultaneously most of the services offered by it.

To achieve the CDMO excellence expected by the market, the Company must demonstrate, among other things:

- proper response time to the requirements of prospective clients;
- lexibility with regard to the commencement and execution of orders in line with schedules;
- high degree of comprehensiveness of the service offer - it is beneficial for the client that external services related to the same product do not have to be distributed among multiple entities, as this ensures a cost and time advantage
- ability to conduct several manufacturing, analysis, and product development projects concurrently;
- security of the generated data and the expected quality of processes and analytics;

it is necessary to upgrade the existing facility and laboratories and to improve selected operational processes, which will include the improvement and implementation of an appropriate IT infrastructure.

Strategic objectives

As part of the Strategy for 2023–2027, the Company will focus on the implementation and delivery of the following strategic objectives:

2023–2024

- Business model – shift of the Company's business model from products to services[2] (including the marketing of MabionCD20 by acquiring a licensee and possibly acting as a CMO for MabionCD20, completion of work on the Company's own portfolio of other products);
- Transformation – completing the Company's transformation into a fully integrated CDMO (maximising expenditure and investment for the development of innovative CDMO services);
- Upgrade and scale-up – upgrading the existing facility and laboratories to enable multiple services to be provided to multiple clients in parallel, and developing a new plan for the Mabion II facility with a view to providing services as a CDMO, and leveraging funds to commence its construction;
- Recognisability – creating a diversified client portfolio and gaining recognition in the sector of companies providing CDMO services to global clients;
- A self-funded entity – maintaining the dynamics of "profitable business growth" in order to generate positive cash flows enabling medium-term self-financing of operations and development; while the process of securing a strategic investor remains open for discussion with potential partners, transformation to a CDMO becomes a priority.

2025–2027

- Market positioning – Mabion becomes a recognisable and competitive business partner for international clients in the CDMO segment;
- Diversification – achieving attractive business diversification in terms of services on offer and client portfolio;
- Mabion II – construction and commissioning of a new production facility – Mabion II;
- Scale -up – reaching full operational and organisational readiness to scale up the business using the second manufacturing facility (Mabion II).

Subsequently, after 2027

- Mabion II is fully operationally ready to render CDMO services;
- New production lines and a significant increase in production capacity are in place.

The assumed effects of the Strategy's implementation in the horizon of the first 5 years of the investment will comprise, inter alia, an upgraded existing facility of the Company and a higher production capacity (10,000 l), a change in the profile of the manufacturing facility from a single-product plant to one enabling different processes to be carried out at the same time, stabilisation of income and ongoing cash flows allowing the Company to self-finance until the investment in Mabion II is commenced.

MabionCD20

The Strategy for 2023–2027 also defines the plan and conditions for the further development of the MabionCD20 project and its commercialisation. In line with the Strategy for 2023–2027, the Company anticipates further development of the project in a model involving licensing to an external partner who will carry out the registration of the medicine and will be responsible for sales and distribution. The Company's function in such a model would be to contract manufacture the medicine (Contract Manufacturing Organization, CMO) for the licensee.

MabionCD20 is the most advanced project in the Company's own product portfolio, ready to enter the final, registration phase of clinical trials. The schedule for further development work on

[2] In this context, the Company's product-based business model means that the Company develops and markets its own products, either independently or with a partner. This business model will not be continued. The Company's new service-based business model means that the Company will not independently develop and market its own products, but will focus on providing contract services to clients as a CDMO. One of the services planned to be provided by the Company is the manufacture of MabionCD20 for a business partner that will choose to launch MabionCD20 on the market under a licence acquired from Mabion. Launching MabionCD20 on the market through licensing is the Company's objective in the next two years.

MabionCD20 needs to be agreed with the future partner (licensee). The Company alone will not incur significant development expenditure on the project, but it will continue to incur expenses in terms of maintaining the project's potential and its readiness for the purposes of entering into a licence agreement.

Own products

As regards the Company's other existing product projects, in view of the assumed continuation of the transformation of the Company's profile from products to services, the Strategy for 2023–2027 provides for discontinuation of work on the Company's own product portfolio and limitation of expenditures on early-stage projects (including denosumab, omalizumab, MabionMS, MabionEGFR) to the extent necessary to maintain the projects and possibly commercialise them.

Investments in the existing facility in Konstantynów Łódzki

Mabion has a GMP-certified facility for the production of sterile biotech medicines. The facility has been adapted primarily for manufacturing as part of the MabionCD20 project, but can also be efficiently used for contract manufacturing of other biological products, as exemplified by the cooperation with Novavax. Due to the transformation of Mabion into a CDMO, a decision was made to introduce changes to the organisation of the manufacturing space and to retrofit the facility and expand the base of bioreactor technology.

These plans to reorganise the manufacturing space are aimed at optimising manufacturing processes for external clients, enabling a smooth transition between manufactured biological products and separating the DS (Drug Substance) and DP (Drug Product) manufacturing zones.

The facility will be retrofitted with selected manufacturing equipment primarily to increase flexibility in the provision of services as a contract manufacturer and to increase manufacturing capacity. In 2023–2024, the retrofitting includes, among other things:

- diversification of bioreactor culture technology – complementing the development and process equipment with stirred tank bioreactors (implementation of a new cell culture technology in bioreactors, which will enable Mabion to offer both the already developed orbital shaking technology as well as a technology based on the use of the classical mixing system in bioreactors, which is the most common technology on the market);
- development in the field of finished product services – purchase of a new high throughput isolator-based filling line, and an optical and leakage post-filling product control system.

Completion of the upgrade, understood as the completion of construction and installation works in the existing manufacturing zone in Konstantynów Łódzki, is planned for Q4 2023. In Q4, the facility will be recommissioned for the manufacture of the active substance for Novavax. In Q1–Q3 2024, additional manufacturing equipment will be systematically installed, qualified, commissioned to increase the technical capacity of the facility for the purpose of future orders, including production at the finished product stage.

Part of the expenditure incurred as part of the facility conversion will constitute investment expenditure under permit No. 301 issued by the Łódź Special Economic Zone. Under the permit entries, the Company is to incur expenditure in the area of the Łódź Special Economic Zone in the amount of at least PLN 20,000 thousand (within the meaning of § 6 of the Regulation of the Council of Ministers of 10 December 2008 on public aid granted to entrepreneurs operating on the basis of a permit for conducting business activity in special economic zones), related to the increase of production capacity of the existing facility. The time limit for incurring these expenditures and completing the investment is 31 December 2024. Under permit no. 301, as at the date of this report, the Company made investment expenditures of PLN 4,223 thousand.

Construction of Mabion II

In 2017, the Company started preparation activities connected with the expansion of the existing production facility (stage MABION II – Technological and Scientific Centre for Advanced Medical Biotechnology of Mabion S.A.), with an aim to increase significantly the production as well as R&D capacity of the Company. The Company holds a construction permit for a building with necessary infrastructure in Konstantynów Łódzki, detailed designs for all building and installation sectors, and detailed user requirement specifications for critical installations and major process lines. The building permit allows for the commencement of works on the extension of the existing plant, however, the moment of their commencement depends on the Company's financial capabilities.

In 2018, the Company signed a co-financing agreement with the Minister of Investment and Development for the project "Expansion of the Research and Development Centre of Mabion S.A. – research on the new generation of medicines". The objective of the project was, among other things, to prepare the necessary infrastructure: the building of the Research and Development Centre, and the purchase of research equipment. The total cost of the project was set at PLN 172,880 thousand, with a co-financing of PLN 63,250 thousand. In October 2022, the Company decided to terminate the co-financing agreement (refer to section 2.6.5 of this report for details), which was related to the fact that the Company had been considering a change in the scope of the planned investment and that it had not been possible to implement the project on the terms and conditions and within the timeframe stipulated in the co-financing agreement. Up to the date of the decision to terminate the agreement, the Company had used payments amounting to a total of approximately PLN 0.3 million, which had been settled with the managing authority. The co-financing agreement has terminated on 26 November 2022. However, its termination did not mean that the Company will abandon the construction of the new Mabion II facility. To enable the Company to provide the full range of services typical of an integrated CDMO, in line with the Strategy for 2023-2027 adopted on 18 April 2023, it is

necessary to multiply production capacity and increase the number of independent manufacturing lines. In line with the strategy, the Company plans to expand the existing site with another production facility, Mabion II.

Current assumptions for the project:

- nearly 20,000 sq.m. of modern manufacturing, quality control, development, and office space;
- facility adapted to CDMO operations;
- independent manufacturing lines.

The decision to commence and on the course of the investment will depend on business factors, including the development of Mabion's CDMO business, the number of clients it has and agreements in place and in progress, but also the number of projects in progress at the Company and the sequence of operations. The Company's financial results, e.g. EBITDA, as well as the availability of external financing will also inform – to a significant extent – the decision-making process.

According to the Company's strategy, work will be initiated in 2023 to develop a new plan for the Mabion II manufacturing facility that will be aligned with the Company's future CDMO business. In 2024, the Company will endeavour to leverage funding for the construction of the new facility so that the works can begin in 2025. The period of construction and commissioning of the new facility is estimated to run from 2025 to 2027. At the same time, the Company assumes that the new facility can be built in stages and that the pace of up-fitting it can be aligned with the rate of development of the client and contract portfolio.

The schedule for the commencement of the Mabion II investment may be accelerated if the Company's financial performance is better than expected, and may be slowed down if the Company's transformation is delayed.

Benefits to Mabion from the construction and commissioning of the Mabion II facility:

- increasing the service potential, and consequently the revenue potential, by multiplying manufacturing capacity;
- expanding the client base to include parties wishing to produce high-volume orders (commercial scale manufacturing);
- opportunity to acquire long-term contracts;
- possibility of running several manufacturing processes concurrently on a commercial scale.

4.2 Implementation of the strategy in the financial year

In the reporting period 2022 (i.e. prior to the adoption of the Strategy for 2023-2027), the Company pursued its existing development directions. Starting from 2021, it has focused in its business activities on two areas:

- development, manufacturing and marketing of biosimilars, i.e. biological medicines that are developed to be similar to the original biotech drugs;
- executing commercial orders for partners in the field of contract development and manufacturing.

Until the date of adoption of the Strategy for 2023–2027, Mabion's project catalogue consisted of three project groups: i.e. active projects (MabionCD20, MabionMS, and MabionEGFR), new projects (denosumab and omalizumab), and partner projects (Nuvaxovid® vaccine).

MabionCD20

Activities implemented in 2022 in respect of the MabionCD20 project are presented in section 2.2 of this report. At present, MabionCD20 is the most advanced project in the Company's own product portfolio, ready to enter the final, registration phase of clinical trials. The Company anticipates further development of the project in a model involving licensing to an external partner.

MabionMS

With regard to the MabionMS (multiple sclerosis, MS) innovative therapy project, in 2022 the Company did not carry out any work. Due to the discontinuation of its own product portfolio, the Company expects to limit its expenditure on this project to only the expenditure required for its maintenance and possible commercialisation.

MabionEGFR

The MabionEGFR project concerns the development of a medicine to treat patients with metastatic colorectal cancer expressing the epithelial growth factor receptor (EGFR), wild-type RAS genes, and patients with squamous cell carcinoma in the head and neck region. Part of the expenditure related to the development of the drug was co-financed from EU funds. On 24 February 2022, the Company's Management Board decided to abandon further implementation of the project as part of the funding due to the fact that its further implementation was not justified. Consequently, the Company submitted a final payment request and final information on the implementation of the project to the NCBR. In October 2022, the documents in question were accepted by the institution and the project entered a three-year sustainability period. In 2022, the Company did not engage in any activity as part of the project. Due to the discontinuation of its own product portfolio, the Company expects to limit its expenditure on this project to only the expenditure required for its maintenance and possible commercialisation.

Denosumab and omalizumab

The projects for which the Company started research and development work in 2019 concern three biosimilar drugs in the area of autoimmunity, metabolic diseases and oncology (denosumab and omalizumab antibodies). In 2022, the Company did not conduct any development work on these projects. Due to the discontinuation of its own product portfolio, the Company expects to limit its expenditure on these projects to only the expenditure required for their maintenance and possible commercialisation.

CDMO projects (Nuvaxovid® vaccine)

In 2022, as part of this group of projects, the Company implemented a long-term project related to the conclusion of a framework agreement (March 2021) and a commercial contract manufacturing agreement (October 2021) with Novavax, Inc.

On their basis, in 2021 the Company, with the participation of Novavax, carried out operations related to the transfer of the manufacturing process technology and antigen analytics of the vaccine against COVID-19 called Nuvaxovid® and conducted technical trial runs of the process on a commercial scale at the Company's facility. At the same time, the Company transferred some of the analytical methods necessary for process evaluation as well as product evaluation. A range of documentation and procedures was also created to enable the implementation and management of various processes in a single facility. The latter task has also involved transforming the Company's quality and work system to handle a wide variety of processes and products efficiently and safely, which is an asset to support continued growth of the CDMO business. All this work has been successfully completed in 2021, within the planned schedule, resulting in the commencement of the regular commercial production and analysis of the vaccine antigen.

In December 2021, the Company started, in line with the assumptions, the first manufacturing activities related to the preparation of the manufacturing facility, securing raw materials, approving raw materials for manufacturing in terms of quality, ensuring analytical capacity for process and product control, as well as commencing the implementation of the manufacturing schedule covering the period of 12.2021–12.2022. As assumed, the schedule is cumulative in time, i.e. the initial batches are planned as a sequence, and over time the ratio of simultaneous batches per unit of time will increase.

In 2022, Mabion completed the manufacturing process validation for the SARS-CoV-2 vaccine antigen (Wuhan variant) and produced a batch with commercial potential for this variant. In addition, a transfer of the analytical and manufacturing process with a documentation update for a new SARS-CoV-2 vaccine antigen variant (Omicron) was carried out and technical batches of the new product variant were produced. In addition, in 2022 Mabion executed additional orders under the existing Manufacturing Agreement, consisting in the provision of certain services (see section 2.2 of this report for a summary of orders). Detailed information on the additional orders and their implementation is presented in section 2.6.1 of this report.

4.3 Development prospects of the Company

Pursuant to the Strategy for 2023-2027, adopted on 18 April 2023, the Management Board intends to complete the Company's transformation, which began in 2021, into a fully integrated CDMO focused on biologics. As a target, the Company will provide the full range of services to clients who need support at various stages of their product development (from early-stage projects to commercial-scale manufacturing).

Mabion has the capacity to commercially develop and manufacture a wide range of biologics, founded on years of work on biosimilar monoclonal antibodies. Its competencies allow it to provide services not only in the field of monoclonal antibodies and biosimilars, but – with additional expenditure on equipment and personnel – also ADCs, BsAbs, as well as viral vectors and fusion proteins. The range of recombinant proteins produced in mammalian cells (in addition to bacterial cells) also includes coagulation factors, hormones, growth factors, interferons, interleukins and TNFs, for which the Company also has manufacturing potential, with minor adaptation needed to meet the specific needs of the client's manufacturing process.

The diversification of agreements and clients creates extensive growth opportunities, enabling to expand the range of both manufacturing and analytical services. Possible directions could include both broadening the experience in the area of therapeutic protein production and scaling up services (construction of Mabion II), as well as including the production of 'novel modalities' (ADCs, BsAbs, VVs), or scaling up or expanding commercial analytical services for proteins.

Increasing the client base can bring benefits in the form of entities looking to implement high-volume, long-term manufacturing agreements, with a focus on routine production of registered biotech medicines.

Resources

The manufacturing facility in Konstantynów Łódzki, with an area of 6331 sq.m., together with a plot of land of 1.9 ha, operating within the Łódź Special Economic Zone, as well as leased laboratory and office premises in Łódź at Fabryczna Street, provide the infrastructure necessary for operations as regards the planned CDMO offer.

As at 31 December 2022, the Company employed 255 people on the employment contract basis. Mabion's current resources, developed through years of research and development, include both fully functional analytical laboratories, a manufacturing area, and technical and operation know-how regarding quality systems required for production and analytics. Certifications held by the Company include: GMP for manufacturing and analytics, GLP for clinical analytics, and ISO (environmental protection and occupational health and safety).

Mabion has been operating in quality systems for pharmaceutical manufacturing since 2011 and has undergone numerous audits, inspections and certifications, which makes it a reliable CDMO partner.

Since its incorporation, the Company has focused mainly on research and development work on biosimilars such as therapeutic monoclonal antibodies. The products developed by the Company are medicines which are more cost-effective in production than the manufacture of original products thanks to the technologies developed by the Company, including:

- proprietary genetic, cellular and process engineering technologies, which enable achieving high productivity in medicine manufacturing;

- fully integrated disposables technology, which enables the flexible use of manufacturing capacity and reducing fixed manufacturing costs;
- industrial orbital shaking technology, which enables a cost-effective development of biofermentation processes.

The technology of manufacturing therapeutic monoclonal antibodies is a relatively new area of medical biotechnology explored by the largest global pharmaceutical concerns, an area which has been dynamically developing over the last 20 years. The Company is a pioneer in the area of modern biotechnology, not only on a domestic scale, but also in the area of Central and Eastern Europe. The global supply of biosimilars is provided exclusively by large international pharmaceutical corporations. Within several years Mabion S.A. acquired competencies to manufacture any biotechnological medicine, from the stage of designing, through the selection of the technological path, to manufacturing the finished medicine.

The Company has managed to acquire competencies unique on the Polish market in the development, clinical and regulatory development, and production of highly specialised protein medicines. As of 2021, this enabled the Company to diversify its business by offering services under the CDMO model. Using its competences, the Company becomes a natural partner for other entities at all stages of the process of development and production of biological medicines. The cooperation with Novavax in the manufacture of the protein vaccine antigen further strengthens the Company's credibility and improves its growth prospects as a CDMO.

4.4 Market environment

The CDMO market is a market with enormous growth prospects because of the steady increase in R&D spending in the pharmaceutical industry, the increase in the number of molecules in development, and the growing willingness of pharmaceutical and biotechnology companies to outsource production.

Forecasts for the CDMO/CRDMO[3] market point to its very robust growth (according to Bloomberg estimates[4], from USD 13.2 billion in 2021 to USD 31.8 billion in 2030 which implies the CAGR[5] of 10.3% for 2021–2030). An increasing demand for biologic medicines, driven among other things by the ageing population, boosts the development of new products and new technologies, resulting in a wide range of biologics in the research and development phase. This situation is facilitated by growing healthcare spending as well as a conducive regulatory environment, including for biosimilar medicines, contributing to their availability for patients relative to more expensive originator medicines.

At the same time, one can observe an increasing level of outsourcing in many areas, including manufacturing, due to high specialisation and complexity of biologic medicine manufacturing processes as well as the cost-effectiveness and time advantages brought by specialised CDMOs/CRDMOs entrusted with manufacturing.

[3] Contract Research, Development, and Manufacturing Organization
[4] https://www.bloomberg.com/press-releases/2022-05-12/biologics-cdmo-market-to-reach-31-839-7-million-by-2030-says-p-s-intelligence
[5] CAGR – Compound Annual Growth Rate

The increase in the number of clients for CDMOs/CRDMOs is driven by the growth of numerous start-ups, medium-sized and smaller companies, stemming from the growing, long-term and enduring demand for biologic medicines. New projects, which require a tailored and flexible approach, as well as the ongoing need to increase efficiency and productivity, are resulting in significantly increased demand for contract manufacturing and support services. To optimise their R&D processes and for the purposes of subsequent scaling-up and manufacturing, pharmaceutical companies cooperate with CDMOs/CRDMOs. Being able to outsource certain processes to a contact manufacturer makes it possible for them to operate without a comprehensive infrastructure for the development of a therapeutic product. New projects, which require a tailored and flexible approach, as well as the ongoing need to increase efficiency and productivity, are resulting in significantly increased demand for contract manufacturing and support services. Manufacturing sites in highly regulated markets are preferred, which is an advantage in terms of the Mabion's position, as the Company is located in the European Union and regulated by the European Medicines Agency.

Such a cooperation formula is particularly attractive for small and emerging biopharmaceutical companies that have neither advanced development and manufacturing capabilities nor expertise backed by years of experience. The COVID-19 pandemic has boosted the growth of the CDMO/CRDMO market due to the global demand for COVID-19 vaccine and therapies. With the increased demand for R&D activities, numerous small and medium-sized companies are involved in developing new medicines and in pre-clinical research. Already at the stage of pre-clinical development of biological medicines, dynamic growth in the value of their market is forecast and confirmed by the high number of projects at the clinical trial stage. There are currently 7,800[6] biopharmaceutical products in clinical development globally.

Accordingly, the demand for CDMO/CRDMO services is rising and such companies are consolidating and offering a comprehensive service - from clinical research to the manufacture of the final product on a commercial scale.
The contract manufacturing by Mabion may be a response to the rapidly increasing demand for the production of therapeutic proteins within the broad spectrum of biological medicine candidates manufactured using mammalian cells.

Trends in biotechnology

Among the trends observed in biotechnology, the dominant and growing market share of monoclonal antibodies (mAbs; from 50% in 2011 to 80% in 2021[7]), which is a field in which Mabion is highly specialised, is still highlighted. The majority of biologic medicines (around 70% at present) are manufactured using mammalian cell culture technologies, and it the case of Mabion it is no different. Even though bacterial/yeast cells can also be used as a substrate for biopharmaceuticals, the most commonly

[6] https://www.nature.com/articles/s41587-022-01582-x
[7] https://www.nature.com/articles/s41587-022-01582-x

used platform is mammalian cells due to their ability to efficiently produce complex therapeutic proteins (containing post-translational modifications), similar to those found in humans. The demand for biologic medicines produced in mammalian cells continues to grow, fuelled by the increasing incidence of oncological and immunological diseases.

At the same time, new technologies are developing that to a large extent overlap with the monoclonal antibody technology, such as bispecific antibodies (BsAbs), antibody-drug conjugates (ADCs), as well as therapies based on the use of viral vectors (VVs), whose culture processes are to some extent specific, but nevertheless draw on purification processes developed for antibodies. Regulation around the aforementioned biotech medicines (often referred to as 'novel modalities' in biotechnology) is encouraging their development, as evidenced by the increasing number of products approved by European and US regulators across the aforementioned groups. This offers additional potential for Mabion in terms of attracting new clients, due to the possible adaptation of Mabion's expertise and equipment for the development, manufacture or analysis of "novel modalities", in particular BsAbs and ADCs. Mabion's accession to the group of CDMOs is also facilitated by the increasingly popular single-use technologies possessed by the Company, which enable a switchover between the production of different therapeutic proteins for different clients, ensuring a time and financial advantage, as well as minimising the risk of potential cross-contamination and reducing the amount of research necessary for multi-product manufacturing.

Competitive advantages

Mabion has a full portfolio of services to offer to other companies for the purposes of the development phase of mammalian cell-based medicines, including active substance and finished product manufacturing, development, as well as an outstandingly extensive range of analytical methods. At the same time, the Company offers a flexible client approach, time efficiencies, and a competitive range of services and prices. The expertise gained in medicine development also allows Mabion to support earlier development stages (from before GMP-compliant manufacturing to clinical or commercial research), as well as a thorough characterisation of the active substance and medicinal product which are inherent in the drug development and regulatory processes, and technical advice at all stages of the development.

4.5 Regulatory environment

The regulatory environment for biopharmaceutical service companies (CDMOs) mirrors the high standards and strict quality requirements for the biopharmaceutical sector as a whole. The requirements are defined by regulatory agencies such as the FDA (Food and Drug Administration), EMA (European Medicines Agency), and local regulators. Manufacturing and analytical operations for products intended for clinical trials or commercial use are subject to the principles of Good Manufacturing Practice (GMP), which ensure the quality, safety, and efficacy of biopharmaceuticals. The regulations cover manufacturing, including the manufacturing unit, equipment, personnel, processes, and quality control. Mabion has a long track record of GMP certification for sterile manufacturing of biotech drugs, by national standards. CDMOs must also comply with health and safety requirements and legal requirements in the area of environmental protection, and – among other things – hold the relevant administrative decisions. The manufacture of products for clinical trials is also subject to clinical trial guidelines (GCP). In the USA, Europe, and Japan, compliance with globally harmonised ICH recommendations is required.

New guidance or updates to the existing guidance on the regulation of biological medicines, which may be relevant from the perspective of the Company's further development or, through the publication of transparent requirements, facilitate manufacturing, research, or regulatory processes, are outlined below.

Requirements of Good Manufacturing Practice (GMP)

In August 2022, a revised Annex 1 of the Good Manufacturing Practice requirements was published. The new rules reinforce the importance of risk management, quality assurance, and patient safety in sterile manufacturing. One of the most important new requirements is the contamination control strategy, with stricter requirements for personnel handling the operations of the highest purity classes, as part of which the final stages of medicine production (sterile filling) are carried out. The Annex enters into force in August 2023. At present, Mabion is and is in the process of analysing and implementing the new requirements into its internal quality system.

Requirements of the EMA (European Medicines Agency)

- "Guideline on the requirements for quality documentation concerning biological investigational medicinal products in clinical trials", European Medicines Agency, 27 January 2022. In the guideline, the EMA has added a section describing how to deal with a significant change in the dossier of an investigational medicine (e.g. resulting from a modification of the manufacturing process). In such a situation, the company is required to update the dossier (called IMPD, for short). The guideline can help Mabion to develop internal documentation, as well as assist in regulatory activities for Clients pursuing manufacturing or analytical operations, as regards the preparation of the IMPD.
- "European Medicines Agency pre-authorization procedural advice for users of the centralized procedure", 21 December 2022. The document contains, among other things, a revised section defining the scope of manufacturing, testing, and release information that must be included in a registration request, a revised section describing the transfer of analytical methods between the different entities responsible for the manufacture of a medicine, and a revised section on how to submit a dossier. There was also an update on the duration of the evaluation of applications. The guideline can help Mabion to develop internal documentation, as well as assist in regulatory activities for Clients pursuing manufacturing or analytical operations, as regards the preparation of the registration dossier.
- "Guidance for applicants/MAHs involved in GMP, GCP and GVP inspections coordinated by EMA", v. 3.1, 13 October 2022. This is a new document providing general information

on how to carry out inspections in the GMP, GCP, and GVP areas. Among other things, the guidelines describe the methods of notification of planned inspections, the related fees, and the scope of documentation to be verified. This information may prove to be important from the Company's point of view in the event of further GMP inspections.
- A document containing frequently asked questions and answers regarding the Scientific Advice procedure and the support provided by the EMA in the development of a clinical trial protocol: „European Medicines Agency Guidance for Applicants seeking scientific advice and protocol assistance", 14 October 2022. The update of this document will facilitate the consultation process with the European Medicines Agency, and may therefore affect Mabion's regulatory advisory services.

Requirements of the FDA (US Food and Drug Administration)

- An update of the guideline for the conditional authorisation of vaccines against COVID-19 ("Emergency Use Authorisation for Vaccines to Prevent COVID-19 Guidance for Industry MARCH 2022"), which sets out the Agency's requirements for, among other things, the documentation to be provided to Regulators regarding where and how the active substance is manufactured and controlled. This information is potentially relevant to the agreement with Novavax concerning the production of the Nuvaxovid vaccine protein antigen.
- A guideline presenting the Agency's requirements for bioanalytical method validation and patient sample analysis in clinical research ("M10 Bioanalytical Method Validation and Study Sample Analysis", November 2022). As part of its activities, Mabion offers validated bioanalytical methods to be used for, among other things, research on serum drug concentrations. The Company is committed to ensuring that all its research is implemented not only in line with the regulations of the European agency, but also with the FDA, which sets international standards for bioanalytics. The publication of the above document is important from the Company's perspective, as it will enable it to align its methodology for bioanalytical research with the expectations of the US regulator.

2022 has witnessed important regulatory changes favourable to the development of biosimilar medicines, which may foster the search for a licensee for MabionCD20. These changes include the EMA's communication on the interchangeability of biosimilar medicines, in which the Agency states that biosimilar medicines authorised in the European Union can be freely interchanged with relevant reference medicines, as well as with other biosimilars. While the interchangeability has already been applied in many member states before, the communication harmonises the EU's approach to the issue. Also the MHRA, the UK medicines agency, has decided to take a similar step.

4.6 Assessment of the feasibility of investment plans

Due to the transformation of Mabion into a CDMO, a decision was made to introduce changes to the organisation of the manufacturing space and to retrofit the facility and expand the base of bioreactor technology. The plans to reorganise the manufacturing space are aimed at optimising manufacturing processes for external clients, as well as enabling a shift in the profile of the facility from a single-product facility to one offering a possibility of running different processes at the same time, and above all – at a separation of the operation zone for DS and DP manufacturing.

The Company plans to finance the implementation of the aforementioned investments tasks as described in sections 3.10 and 4.1, which means that – until the commencement of the work related to the upgrade of the existing production facility – the funding sources will include the following:

- cash flows from current operations;
- a long-term loan of USD 15 million from the EBRD.

The Company's liquidity may be adversely affected by:

- problems with client acquisition;
- insolvency of clients;
- interruptions in production material supply chains;
- shifts in work schedules;
- inability to carry out contract manufacturing at anticipated levels;
- limitation of supply financing by partners commissioning production;
- rising infrastructure investment costs and lack of adequate financing to expand manufacturing capacity;
- delays in the reimbursement of Value Added Tax (VAT);
- significant rise in energy and other fixed costs.

Having in mind the above mentioned sources of financing, the Company's Management Board does not currently recognise any threat to the implementation of the investment plans and further development of the Company.

In January 2021, the Management Board took a decision to proceed to acquiring a strategic investor for the Company, as the Company informed in Current Report no. 3/2021. The Management Board initiated this process, pointing out that the acquisition of a strategic investor should be beneficial to the Company's long-term business objectives. Since then, the Management Board, together with financial advisor Rothschild & Co, has conducted talks with several interested parties from the US, Europe, and Asia. After Q3 2022, these discussions slowed down significantly as the investment climate declined, particularly in the biotech sector. Therefore, based on an assessment of the dynamics of the capital market, as well as considering the Company's development potential, the Management Board has decided to keep the process of acquiring a strategic investor open to possible interested investors, with the reservation that the Management Board's current priority is to build the Company's value through the effective implementation of the Strategy for 2023–2027, and only in the second place to acquire a long-term investor. Together with its financial advisor, the Management Board will continue to monitor the market situation on a regular basis and, should circumstances be favourable, will decide to resume active discussions regarding possible equity transactions.

4.7 Factors important for the development

Standards relating to studies

The research and development work of the Company is conducted within the pharmaceutical quality systems.

The medicines are manufactured according to the principles of Good Manufacturing Practice. This was confirmed by obtaining the GMP certificate from the Main Pharmaceutical Inspectorate:

- in July 2019, for the Scientific and Industrial Complex for Medical Biotechnology of Mabion S.A. in Konstantynów Łódzki at ul. Gen. M. Langiewicza 60 (in the scope of production of active substance);
- in August 2019, for the Scientific and Industrial Complex for Medical Biotechnology of Mabion S.A. in Konstantynów Łódzki at ul. Gen. M. Langiewicza 60 (in the area of medicinal product manufacturing);
- in April 2021, for the Scientific and Industrial Complex for Medical Biotechnology of Mabion S.A. in Konstantynów Łódzki at ul. Gen. M. Langiewicza 60 (in the scope of investigational medicinal product manufacturing and import of the investigational medicinal product).

The analytics related to samples originating from clinical projects are carried out in accordance with Good Laboratory Practice (GLP) principles. This was confirmed by obtaining a GLP certificate in March 2014 from the Bureau for Chemical Substances (Biuro do spraw Substancji Chemicznych). Holding such a 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. In March 2022, the laboratories of the Research and Development Centre in Łódź successfully underwent another routine GLP audit, as a result of which the validity of the certificate was extended. The activities related to planning, conducting, documenting and communicating the results of human clinical trials are performed in accordance with the principles of good clinical practice (GCP), i.e. the international ethical and scientific standards developed by the ICH (International Council on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use).

Information on collective experience and knowledge of key technical personnel

The organisational structure of Mabion includes operational departments and divisions: Development, Regulation, Manufacturing, Quality Control, Quality Assurance, Administration, Finance, Operation Maintenance, Business Development, Project Management, and support units such as: OHS, independent Qualified Persons and Pharmacovigilance. The plans for 2023 include expanding and building the competences of the Business Development Department, with the objective of dynamic client acquisition for the CDMO business. During its existence, the Company has gathered a stable and experienced research personnel team, both in the substantive and operating dimensions. An integral part of the Company's development is its dedication to the development of its staff, which is why Mabion takes great care and ensures that its employees have the opportunity to continuously improve and enhance their professional competences.

The company maintains close cooperation with the academic environment, implementing the provisions of cooperation agreements entered into with the Faculty of Biology and Environmental Protection of the University of Łódź and the Faculty of Biotechnology and Food Sciences at the Łódź University of Technology. In addition, Mabion has been cooperating for years with universities (Medical University, Łódź University of Technology) in the implementation of didactic work, student internships and mentoring programmes (e.g. "Młodzi w Łodzi"). Owing to such programmes, students can learn about the special nature of research projects, benefit from the exceptional experience of Mabion's specialists, and work on best-in-class professional laboratory equipment.

Cooperation with Higher Education Career Offices, in particular at the Łódź University of Technology and the Medical University of Łódź, as well as the Wrocław University of Technology gives the Company an opportunity to prepare a team of young specialists for cooperation as part of scientific and commercial projects run by the Company. The Company aims to develop academic contacts and establish an active presence in many research and teaching centres in Poland. This includes cooperation with the Poznań University of Life Sciences, where Mabion S.A. representatives delivered lectures to students of the Faculty of Food Sciences and Nutrition. A cooperation agreement with the Jagiellonian University has also been concluded.

The Company allocates significant funds for the participation of key employees in the most prestigious conferences and foreign trainings. It also supports their development by financing employee participation in post-graduate and doctoral studies.

4.8 Risk and threat factors

Risk related to the macroeconomic, legal and political situation

Potential unfavourable changes in the macroeconomic, legal or political environment on the markets, for example the slowdown in the rate of economic growth or reduced healthcare expenditure, may have a negative impact on the Company's operations and financial results. Significant economic factors that have impact on the results achieved by our Company include the level of GDP, average wages, unemployment level, inflation level, volume of healthcare expenditure, rapid changes in the legislative environment that have a negative impact on legal certainty.

The Company has taken measures to mitigate the inflation risk by including a provision in the annex to the agreement with Novavax, regarding annual indexation of the agreed unit price per batch and for the capacity made available from January 2023 until the end of the Agreement term.

The rising inflation rate throughout 2022 and 2023 translated into the higher prices of a number of commodities purchased by the Company, as well as energy prices and interest rates on leases held by the Company.

Domestic and foreign laws and regulations which relate to the Company's operations require the Company to adapt its internal regulations and procedures to the requirements of the legislator. Failure to comply with the applicable regulations may result in the imposition of financial or other penalties on the Company. The Management Board monitors the macroeconomic, legal and political situation on an ongoing basis, trying to adapt the Company's strategy to changes in these areas sufficiently in advance.

Risk of force majeure

If unforeseen events occur, such as wars or terrorist attacks or epidemics, adverse changes in economic conditions and the financial market may occur, which may adversely affect the Company's financial condition and/or the schedules of projects carried out by the Company. In addition, such random events as fires, floods and other extraordinary natural disasters may cause failures or destruction of material property belonging to Mabion S.A., as well as disruptions to the Company's operations, which may adversely affect the Company's financial results.

On 24 February 2022, Russia invaded Ukraine. At the time of drafting 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 for today, the sanctions and the armed conflict have not had a direct impact on the Company's business. 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 ongoing economic situation in the East - due to the war in Ukraine – has caused the Management Board 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.

The Company has analysed the impact of the Russian military invasion of Ukraine and its current and future possible consequences for the Company. The Management Board is of the opinion that the invasion and its effects are post balance-sheet events that do not affect the measurement and classification of assets and liabilities in the financial statements as at 31 December 2022. The Management Board has assessed the possible impact on the Company and has included appropriate disclosures in the financial statements to describe both the existence of this event arising after the balance-sheet date and an assessment of its potential impact on the Company, including its financial performance in 2023 and beyond.

Risk related to operations carried out on an international scale

Operations on an international scale involve a number of risks, including:

- multiple, conflicting and changing laws and regulations, including those relating to privacy, tax, export and import restrictions, labour law, regulatory requirements and other administrative consents, permits and licences;
- failure to obtain or to keep by co-operating entities the regulatory permits for use of the Company's products in various countries;
- additional potentially significant patent rights of third parties;
- complex and difficult aspects of obtaining protection and pursuing intellectual property rights;
- complex aspects related to the management of multiple reimbursement systems, public payers or patient payment systems by cooperating entities;
- limitations of Company's capabilities and the possibilities of cooperating entities in the scope of entering international markets;
- financial risks such as long payment cycles, debt collection difficulties, the impact of local and regional financial crises on demand and payment for products, as well as exposure to the risk of exchange rate fluctuations;
- natural disasters, political and economic instability, including war, terrorism, civil unrest, outbreak of disease, boycotts, restriction of freedom of trade and other business constraints;
- certain expenses, including travel, translation and insurance expenses;
- regulatory and compliance risks that relate to reliable information and control over sales and operations.

The Management Board monitors the risks associated with international operations on an ongoing basis, and endeavours to adapt the Company's strategy and procedures in sufficient advance to possible changes in the business environment.

Risk related to the coronavris (COVID-19) pandemic

As at the date of this report, in the Company's opinion, it is not possible to exclude a possible impact of the pandemic on the Company's operations if further waves of cases occur. In order to prevent the aforementioned risk, the Management Board monitors the global situation on an ongoing basis, trying to adapt the Company's strategy to changes in the threats in the areas described above in advance. As regards the epidemic risk, the Management Board systematically implements measures aimed at significantly reducing the risk of infections among employees by, among other things, implementing solutions to protect their health. In the event of significant new circumstances related to SARS-CoV-2 coronavirus pandemic and affecting the Company's operations, the latter will introduce appropriate solutions, adapting to administrative decisions.

Risk related to changes in legal regulations and their interpretation

Frequent regulatory changes that are typical of the Polish legal system may expose the Company to a risk that its business forecasts will become obsolete and its financial condition will deteriorate or even totally collapse. Regulatory changes that have the greatest impact on the Company operations are in particular those related to tax law (in 2022, significant changes in this regard were introduced by so called "Polski Ład" (Polish Governance)), laws governing the operation of the social security system and publicly funded healthcare services, as well as pharmaceutical and intellectual property laws. Amendments to the above regulations may significantly reshape the Company's legal environment and thus alter its financial results. Also discrepancies in interpretation of the legal order prevailing in Poland and in the EU constitute a material factor which may have impact on the development prospects, results achieved and the financial position of the Company. Disparity in legal interpretations by national courts and public agencies and Community courts can have both direct and indirect consequences for the Company. The Management Board constantly monitors changes in laws and interpretations that are of key importance for the Company in an effort to proactively adapt the Company strategy to such developments.

Risk related to the tax policy

One of the main elements that influence the entrepreneurs' decisions is Polish tax law: frequently changed, imprecise and more often than not suffering from the lack of uniform interpretations. Indeed, practices of fiscal authorities and court decisions on tax issues are all based on vague legal regulations, which translates into an increased business risk in Poland compared to the more stable tax systems in the countries with mature economies. However, tax regulations are gradually harmonised so as to ensure their unequivocal interpretation by enterprises and tax authorities alike.

Risk related to administrative decisions

The Company is unable to ensure that it will obtain particular permits, licences and consents required to complete biotechnological or construction projects, or those related to the environment protection, within timeframes assumed by the Company, or that no current or future permits, licences, or consents will be revoked. A negative development of the state of affairs may either delay the original projects or necessitate their change and so have an adverse impact on the Company business and financial performance.

Exchange rate risk

Some of the raw materials necessary for the production of the active substance are purchased in a foreign currency or denominated into PLN on the transaction date (USD and EUR). In addition, the Company may carry out significant investment purchases related to the retrofitting of the facility where the currency of the agreement is EUR or USD.

Implementation, and in particular the repayment of the loan agreement and the servicing costs of the EBRD financing, can also generate currency risk, as the USD is the settlement currency in the financing agreement.

Part of laboratory equipment and reagents for research and development is purchased by the Company in foreign currencies, mostly in EUR and USD.

The costs of advisory services purchased by the Company, denominated in foreign currencies and provided in future reporting periods, may also generate currency risk.

Unfavourable changes in exchange rates (depreciation of the Polish zloty against foreign currencies) may contribute to an increase in the level of the Company's capital outlays and increase research and development costs and current costs, which may have an adverse effect on the Company's financial results.

It cannot be excluded that the Company may generate exchange rate differences arising from fluctuations in exchange rates as a result of the difference in the periods in which the receivable or liability arises and the realisation of the payment denominated in a foreign currency, including as a result of the conversion of the received funds into PLN.

The Company has signed an agreement for the manufacture of an active substance, denominated in USD, which gives rise to exchange rate risk in terms of the earned income. It is expected that the risk of exchange rate fluctuations arising from emerging liabilities will be mitigated by the delivery of services using natural hedging.

The Company analyses the level of foreign exchange risk and the potential impact of the above changes on the results of the period on an ongoing basis. At present, the Company's management does not apply hedging instruments to mitigate the impact of changes resulting from temporary fluctuations in foreign exchange rates on its financial results and capital position.

Risks associated with the implementation of the strategy adopted by the Company

On 18 April 2023, the Company's Management Board adopted the Strategy for 2023–2027. Pursuant to the Company's strategy, the Management Board intends to fully transform the Company into an integrated CDMO with a biological profile.

Considering the business direction chosen by the Company, many of the previous risks are ceasing to exist and are being replaced by new risks for Mabion in specific categories:

> *Business risks*

At the date of this report, the Company's main client is Novavax. The agreement, binding upon the parties, is valid until the end of 2026 and provides for remuneration to Mabion both for producing a certain number of batches of the active substance and for remuneration should production not be commissioned.

The liabilities arising from the above agreement and its schedule may preclude the Company's availability to engage with other clients. To counter this risk, the Company will focus on acquiring medium-sized and smaller projects (from early, discovery stage to manufacturing for clinical trials), for clients at various stages of development. This will ensure efficient use of Mabion's resources, and fits in with market trends (demand for R&D activities, development of new medicines, and pre-clinical trials).

Since Mabion is building its credibility as a CDMO and is a new entrant in the contract services market, it needs to effectively establish its visibility, brand reliability, and a competitive offering. The plans for 2023 include expanding and building the competences of the Business Development Department, with the objective of dynamic client acquisition for the CDMO business. To attract new counterparties, the Company will also actively participate in industry events and trade fairs.

However, the risk that client acquisition will take a different course than the Company currently assumes, in terms of schedule or type of projects, cannot be ruled out, which will require flexibility and ability to adapt on the part of the Company. Before the strategy was adopted, a thorough analysis of Mabion's competences and resources was conducted, as well as an analysis of market trends and market development prospects for CDMOs, so the Company is ready for diverse business scenarios.

> *Business risks*

To achieve its strategic objectives, the Company needs to make significant investments in the upgrade of the manufacturing area, the retrofitting of laboratories, and the implementation of IT systems. The risk that the implementation schedule and the shape of the investment will be affected by factors such as the increasing cost of equipment and construction works, the cost of implementation of computerised systems, or the costs associated with the induction of personnel to work with the new systems cannot be excluded.

The Company plans to fund the above investment tasks from the following sources:

> cash flows from current operations;
> loan of USD 15 million from the EBRD.

In the Company's opinion, these sources of funding are sufficient to cover the costs necessary to complete the Company's transformation into a fully integrated CDMO. To mitigate the risk, the Company plans to apply for additional of EU funding.

The last risk in this group is client insolvency risk. It is a situation that cannot be excluded the current economic or geopolitical situation. The Company endeavours to counteract this risk by drawing up agreements with precise provisions that guarantee the protection of its rights, as well as by way of well-considered business decisions.

> *Operating risks*

Possible delays in the supply chain at the level of the construction works or the installation of process equipment could adversely affect the planned facility upgrade schedule. An important risk factor is also the GIF inspection, whose result determines the possibility of launching manufacturing work after upgrading the production area.

The Company has also to supplement missing competences in the team (reinforce the teams with specialists and experts who will significantly support, inter alia, the areas of Business Development, Quality Assurance, Research and Development, and Manufacturing; replenish the teams with new employees, enabling operational activities in the areas of, among other things, Quality Assurance, and Manufacturing). It will be also of crucial importance to take care of currently employed staff in order to counter staff turnover, secure succession, support talent development.

The implementation of computerised systems entails a number of challenges, from selecting the right systems supplier, to deploying and validating the systems according to the intended plan, integrating them into Mabion's existing systems, and training staff to work with the new systems.

Acquiring a number of clients raises operational risks as it requires relevant infrastructure and an expanded crew, and systems to plan and control the projects in order to manage them efficiently.

To minimise the this risk, the Company has adopted a new organisational structure and developed a plan of intensive training support for the employees.

Risk relating to competition

Mabion has a full portfolio of services to offer to other companies for the purposes of the development phase of mammalian cell-based medicines, including active substance and final product manufacturing, development, as well as an extensive range of analytical methods. At the same time, the Company offers a flexible client approach, time efficiencies, and a competitive range of services and prices. The expertise gained in medicine development also allows Mabion to support earlier development stages (from before GMP-compliant manufacturing to clinical or commercial research), as well as a thorough characterisation of the active substance and medicinal product which are inherent in the drug development and regulatory processes, and technical and strategic advice at all stages of the development.

However, the risk that competition on the CDMO market will make it necessary for Mabion to seek new competitive advantages cannot be excluded. As it results from the L.E.K Report drawn up for Mabion in 2021, the CDMOs are mainly selected on the basis of aspects such as quality, credibility, and operational capacity. The Company will develop its offering, bearing in mind what is most important to potential clients.

Risks associated with the implementation of the Manufacturing Agreement with Novavax

In 2021, the Company entered into a Manufacturing Agreement, together with SOW#1 with Novavax pursuant to which the Company manufactures for Novavax, on a commercial scale, in compliance with the GMP standard, an antigen for a COVID-19 vaccine called Nuvaxovid®. The parties agreed on the scope and budget of the work contracted to the Company as part of the production of engineered and commercial batches of the protein antigen Nuvaxovid®.

The risk that the planned timetable may change due to a number of factors of a technological and logistical nature at the level of supply of materials and substances necessary for the planned work, as well as those related to the COVID-19 pandemic of the present geopolitical situation, cannot be excluded. Due to a number of factors, there is a risk of delays in the implementation of the work and the need to postpone the assumed work schedule.

The Company has started to implement the agreement on schedule, while on 22 September 2022, it entered into an annex to the manufacturing agreement with Novavax and an annex to SOW#1. As a result of the above-mentioned annexes, the Agreement's duration has been extended until the end of 2026 and, based on the schedule agreed between the parties, the Company will either receive remuneration for the Product batches manufactured or remuneration for the readiness to manufacture the Product based on the production capacity guaranteed to Novavax. In the opinion of the Management Board, the annex does not change the subject matter of the Agreement, but simply the mechanics of income calculation.

Despite the annex in place, it cannot be excluded that as a result of the ongoing work and discussions with the partner, the assumptions relating to the manufacturing process or associated processes will change, which may also affect the work schedule. The production plans may also be affected by Novavax's financial situation. Novavax informed about its financial situation in its annual report for 2022.

The new provisions on remuneration for the readiness to manufacture safeguard the Company against loss of income, even if Novavax' production plans change.

Furthermore, to minimise the risks presented above, the Company's Management Board carries out ongoing monitoring of project work, participates in regular working group meetings and arrangements with the partner so as to counteract possible delays as far in advance as possible. The Company has specialised teams dedicated to the procurement of materials and equipment required for the project, as well as an extensive network of suppliers. A preliminary analysis of project risks (e.g. at the level of the quality system, technology, regulatory matters, technical installation) is also carried out and updated, and measures are taken to minimise possible risks. The team, dedicated to ongoing monitoring and risk analysis, undertakes ongoing activities to mitigate possible risks to the project.

Risk related to low quality or loss of biological material

The basic material used in Mabion S.A. products is biological material. It is both manufactured by the Company and delivered by third party suppliers. Selecting optimal cell clones which form the basis for further medicine production on a larger scale is very important for the process of developing and producing biotechnological medicines. The quality of the biological material and its storage in strictly determined conditions is of key importance for the success of the work. There is a risk that the biological material acquired from third party suppliers will be of low quality or that the material produced by the Company will be damaged or destroyed, which would have a negative impact on achieving the Company's assumed revenues and financial results.

Mabion S.A. entered into cooperation with verified suppliers, it controls the quality of the supplies and stores the biological material in dedicated devices, using monitoring and two independent power sources. In addition, the original deposit of the biological material used by the Company for the production of medicines is stored in an independent storing place outside Poland so as to be able to continue its production in any other external facility in case of any unexpected events.

The Company also monitors the workflow of the production process and the quality of the manufactured products, introducing necessary organizational, personnel, and technological changes in the framework of improving the quality management processes.

Risks related to the production process and quality control process

One of the key elements in the production of biotechnological medicines is the production process, which must be carried out in compliance with the previously planned parameters. The process of producing such medicines consists of several stages and even the smallest change in any of them may negatively affect the properties of the drug (e.g. in terms of efficacy or safety). An extremely important element of the medicine manufacturing process is the transition from a small laboratory scale to the scale of industrial production (up-scaling). It is very important to ensure continuity, stability and purity of the entire production process. The Company's quality control laboratories are equipped with state-of-the-art equipment that ensures maximum accuracy and repeatability of the obtained results. A panel of validated analytical methods ensures maximum accuracy, precision, specificity and reproducibility of the results. Designed in accordance with the regulator's guidance requirements, it enables reliable product inspection. A key parameter of analytical methods is their variability, which is influenced by a number of factors determined during validation. Continuous control of method variability over time is critical for research where results are collected over years (e.g. product stability, quality tests). The absence of a reliable analysis of method trends may adversely affect the final assessment of both production processes and the products themselves. The materials used in the production zone have appropriate certificates for use in the pharmaceutical

industry. The installed production line is based on sterile materials. The managing staff of the Company's departments are high-ranking specialists with a major education background, trained and properly prepared to carry out their scope of duties both by internal and external experts. A major change in terms of the manufacturing process will be the retrofitting of the facility with classical stirred tank bioreactors (scheduled for Q4 2023), which will enable the production of biological medicines using the technology most commonly used nowadays. Having two bioreactor technologies at the Company's disposal guarantees higher production versatility for clients. Before this technology is implemented, both laboratory work to optimise the culture processes as well as preparations for transfers and final testing at the manufacturing process scale will be carried out, as well as appropriate training for manufacturing department personnel.

The Company's production also depends on key suppliers. In the case of disposable technology, the Company depends on specialist solutions (disposable bags) and this may have an impact on production. In addition, the quality of the bags may vary and in some cases may affect the product, which will make it unsuitable.

The Company is also dependent on timely deliveries and the quality of all raw materials essential for the effective production of products. Even if the Company is able to successfully produce commercial quantities at our plant, it cannot guarantee that it will not face challenges in terms of guaranteeing a stable supply to global markets in the future.

Any unfavourable events having a negative impact on the Company's production activities could significantly increase costs and reduce the supply of the Company's products. Even small deviations from the normal production process could lead to reduced productivity, batch loss, product defects and other supply disruptions. If microbial, viral or other contamination is detected in the Company's products or production plant, the plant may have to be closed for a longer period of time to investigate and handle the contamination. Any adverse event affecting the Company's product manufacturing operations may lead to shipping delays, lack of stock, batch failures, recalls or other interruptions in the supply of products. The Company may also be forced to make inventory write-downs and incur other fees and costs due to products not meeting the specification, costly repair work or looking for more expensive production alternatives.

An extremely important factor in the Company's operations is maintaining appropriate conditions on the premises where the Company's products are being developed. Currently, Mabion holds all required approvals for the equipment and laboratory and manufacturing premises in both plants. The production process is monitored on a continuous basis and verified in accordance with the procedures adopted at the company, owing to which the Company systematically seeks to reduce the level of risk in this area.

The company meets the requirements of Good Manufacturing Practice (GMP), holds the necessary approvals and permits (including a GMP Certificate for the Complex in Konstantynów Łódzki, issued by the Main Pharmaceutical Inspector).

Risk related to a possible failure in reaching capacity/demand balance

Due to the transformation of Mabion into a CDMO, a decision was made to introduce changes to the organisation of the manufacturing space and to retrofit the facility and expand the base of bioreactor technology. The abovementioned plans to reorganise the manufacturing space are aimed at optimising manufacturing processes for external clients, as well as enabling a shift in the profile of the facility from a single-product facility to one offering a possibility of running different processes at the same time, including, above all – at a separation of the operation zone for DS and DP manufacturing.

The facility will be retrofitted with selected manufacturing equipment primarily to increase flexibility in the provision of services as a contract manufacturer and to increase manufacturing capacity.

The construction and operation of the Mabion II manufacturing facility will allow the Company to significantly increase its production capacity and thus increase its potential. The Company will be able to execute production orders on a commercial scale with the possibility of long-term agreements. This will allow the client base to be broadened by entities seeking to implement high-volume, long-term manufacturing agreements, and ensure the ability to run several manufacturing processes in parallel on a commercial scale.

Risks related to the employment in the Company

Mabion's business is based on the knowledge and experience of its highly skilled managers and scientific and research personnel. However, there is a risk that key employees may leave the Company in the future, which could adversely affect the quality of its products. The Company may also be unable to attract or retain qualified personnel due to strong competition for such personnel among biotechnology, pharmaceutical and other companies. This is relevant in relation to the Company's agreement for the production of vaccine antigen for Novavax, Inc., as well as other future orders of the Company. If the Company is unable to attract, retain and motivate the necessary staff to achieve its business objectives, it may face constraints that will make it significantly more difficult to achieve the objectives of the Company's business strategy. The Company's performance will also depend, in part, on the future employment level, and on the Company's ability to successfully integrate newly hired executive officers into its management team and the Company's ability to develop an effective working relationship among senior management.

In order to counteract the above risk, the Company's Management Board pursues an active HR policy aimed at employing and retaining the most valuable specialists in the company and supporting their development. The success of the Company depends, among other things, on the continuous ability to attract, maintain and motivate highly qualified management and scientific staff. The Company's Management Board systematically monitors trends on the remuneration market, including the subject of non-wage benefits, implementing new solutions at Mabion on an ongoing basis.

In addition, the Company implements activities aimed at supporting the professional development of its employees, e.g. through their participation in internal and external training, support in undertaking doctoral studies, etc.

Risk related to disclosure of trade secrets

The actual implementation of the Company's plans may depend on the confidentiality of the Company's confidential information, in particular on research and technological processes. It cannot be ruled out that such information will be disclosed and used by Company business partners or, in particular, its employees, and so it will become available to and used by competitors. If this is the case, the remedies, defences and claims of the Company may prove to be inadequate to protect it against negative consequences of the disclosure. The Company has taken a number of legal steps to eliminate this risk.

Risk related to industrial and intellectual property disputes

The Company operates in the area where industrial and intellectual property rights and their protection are issues of key importance. There are no pending proceedings regarding infringement of intellectual and industrial property. Also, the Company intends to operate in such a way so as to avoid any infringements of such third party rights. However, it cannot be ruled out that third party claims for infringement of the industrial and intellectual property rights are brought against the Company, especially at the research stage and when the Company is trying to obtain marketing authorisations for its medicinal products. Such claims, even if they prove unfounded, may adversely affect the time required to obtain the said authorisation, and the defence against such claims may require considerable spending, which in turn could negatively affect the Company's financial performance.

Risk related to the funding obtained

In the reporting period, Mabion was a party to the following funding agreements in connection with its R&D and implementation projects:

- *„Development and scaling of the innovative process for manufacturing the therapeutic recombined monoclonal antibody to enable the industrial implementation of the first Polish biotechnological medicine for oncological and autoimmune therapies"*
  - Value of the project: PLN 54,188 thousand
  - Value of co-financing (contribution from the EU Funds): PLN 27,094 thousand
  - Project implementation period: 01.11.2016 – 29.12.2020

In accordance with the assumed deadline (December 2020), the Company has completed all the tasks provided for in the aforementioned project and has submitted the relevant documentation to the NCBR. In August 2021, the Company signed an annex to the co-financing agreement with the NCBR, providing for final settlement of both the project value (PLN 53,896 thousand) as well as the value of obtained co-financing (PLN 26,948 thousand). In May 2022, the Company was informed that the Final Report and the final payment request had been accepted, and it received the final tranche of funding. The final value of the co-financing received by the Company was PLN 24,897 thousand and the Project entered a three-year sustainability period.

The Company is required to achieve, by the end of the project's duration (May 2025), the assumed result indicator, i.e. to implement the results of the R&D work completed as part of the project into its own activities (commercial manufacturing of MabionCD20) and to obtain income from the implemented R&D work (income from the sales of the medicine). Because of a number of force majeure factors, the Company has identified risks in meeting the above-mentioned indicators and immediately started a dialogue with the NCBR. As at the date of this report, the Company is awaiting a response to the request submitted to change the form of implementation in its business in order to be able to license the Company's intellectual property rights to another entrepreneur. In the Company's opinion, this solution is a chance to realise the implementation indicator for the project results and to achieve income from the implementation of R&D works. As the agreement on co-financing provides for such a form of implementation in the beneficiary's own operations, as at the date of these financial statements the Company did not identify any significant risk of NCBR's refusal to accept the Company's request. Considering the time horizon remaining until the expiry of the sustainability period, the Company assesses that the indicated form of implementation is within the Company's capabilities and represents, in this circumstances, an optimal solution. However, it should be noted that this scenario presents a risk of failure in terms of acquiring and licensing another entrepreneur. Should the result indicator not be achieved, the Company may be called upon by the NCRB to repay part or all of the co-financing, together with interest due. The Company is not able to exclude such risks, but assesses it as low at this point in time and without impact on the Company's results presented in these statements.

- *"Development of a biotechnological medicine through the development of an innovative monoclonal IgG1 subclass antibody with reduced content of unfavourable glycoforms compared with the reference medicine – targeted against EGFR"*
  - Value of the project: PLN 39,965 thousand
  - Value of co-financing (contribution from the EU Funds): PLN 28,354 thousand
  - Project implementation period: 01.08.2017 – 25.02.2022

On 23 February 2022, a decision was taken to abandon further implementation of the Project due to the fact that, in the opinion of the Management Board, its further implementation is unjustified. Consequently, a final application for payment and Final Information on the Project implementation were submitted to the NCBR. In October 2022, the documents in question were accepted by the National Centre for Research and Development and the project entered a three-year sustainability period. The final amount of co-financing received by the Company as part of the Project amounted to PLN 3,912 thousand.

> *„Expansion of the Research and Development Centre of Mabion S.A. - research on the new generation of medicines*"
  - Value of the project: PLN 172,876 thousand
  - Value of European Regional Development Fund co-financing: PLN 63,247 thousand
  - Project implementation period: 20.01.2018 – 31.12.2023

The objective of the Project is to develop the Company's research and development facilities by preparing the necessary infrastructure: the building of the Research and Development Centre, and the purchase of research equipment to conduct research on innovative medicines. Due to the planned extension of the scope of the project to include an additional R&D component, and the issues related to the financing of its own contribution, the project work was delayed with respect to the originally assumed schedule. Accordingly, the Company requested the Managing Authority (MA) to amend the project and extend its implementation until the end of 2023. On 19 April 2022, the Company concluded an annex to the Project funding agreement with the Ministry of Development Funds and Regional Policy. According to the annex, the period of expenditure eligibility for the Project was extended until 31 December 2023 (previously 31 December 2021). Moreover, due to the inclusion of an additional research area in the Company's activity, i.e. vaccine therapies, the objective and material and financial scope of the Project were changed to the extent enabling the introduction of the aforementioned research area to the Project.

Despite the aforementioned changes, on 26 October 2022, the Management Board decided to terminate the co-financing agreement, which was associated with the fact that the Company had been considering a change in the scope of the planned investment and that it had not been possible to implement the Project on the terms and conditions and within the timeframe stipulated in the co-financing agreement. Up to the date of the decision to terminate the Agreement, the Company had used payments amounting to a total of approximately PLN 0.3 million, which had been settled with the MA. The co-financing agreement has terminated on 26 November 2022.

> *"Improvement of competitiveness of Mabion S.A. through implementation of a process innovation"*
  - Value of the project: PLN 1,082,400.00
  - Value of European Regional Development Fund co-financing: PLN 396,000.00
  - Project implementation period: 01.07.2021 – 19.01.2023

On 14 December 2021, the Company entered into a co-financing agreement with the Entrepreneur Service Center in Łódź, which is an Intermediate Body under the Regional Operational Programme of the Łódzkie Voivodeship 2014–2020, for the implementation of the project in question. The main objective of the project is to deploy an innovation process at Mabion S.A., i.e. an innovation on the scale of the Łódzkie Voivodship (and applied on a national scale for more than 3 years), consisting of the introduction of a validated method for determining critical parameters of a medicinal substance – the purity of monoclonal antibodies, working in accordance with the requirements of the GMP-compliant environment, to regular use. The main objective of the project will be possible thanks to the use of a high-performance and reproducible electrophoretic method which will make it possible to analyse a larger number of samples compared to the traditional and often labour-intensive SDS-PAGE method.

The Company's liabilities arising from its agreement with Novavax and additional orders have necessitated a change in the timing of the Project. Consequently, the Company applied to the Intermediate Body (IB) for an extension of the Project implementation period. In June 2022, the IB agreed to extend the Project until 30 June 2023 (previous deadline: November 2022). In September 2022, the annex in question was signed. Notwithstanding this change, introduced in December 2022, the Company decided to terminate the co-financing agreement as a result of a shift in the Company's objectives, which translated into an inability to achieve the project objective, as well as a significant increase in prices due to, among other things, inflation and exchange rate rises, which would result in the need for additional higher financial expenditure. The agreement was terminated on 19 January 2023.

> *"Development of an analytical methods panel to characterise immunogenicity in a clinical trial targeting rheumatoid arthritis patients using rituximab as a therapeutic substance"*
  - Value of the project: PLN 3,724 thousand
  - Value of European Regional Development Fund co-financing: PLN 2,368 thousand
  - Project implementation period: 18.09.2021 – 31.12.2023

The agreement for co-financing the Project as part of the Regional Operational Programme of the Łódzkie Voivodeship for 2014–2020 was entered into in May 2022. The subject matter and main objective of the Project is to boost R&D activity through the development and implementation of a new Company-wide panel of analytical methods to assess the immunogenicity of rituximab-based medicinal products in a clinical trial aimed at demonstrating the similarity between the biosimilar medicine MabionCD20 and the originator medicines MabThera® (EU) and Rituxan® (US) in the rheumatoid arthritis patient population. The Project will result in the implementation of an innovative solution in the form of a product, i.e. a service consisting in running a panel of analytical methods for assessing the immunogenicity of biological products in clinical trials, rendered commercially. In a wider perspective, implementing the result of the Project, i.e. R&D work, will also contribute to deployment of innovation in the production process of MabionCD20 as an obligatory point in the registration procedure with the EMA and the FDA. The Company's liabilities arising from its agreement with Novavax and additional orders as well as the limited possibility of conducting the planned clinical trial in Ukraine present risks that can translate into delays in the adopted timetable for the Project. In recognition of these risks, the Company has applied to the Intermediate Body for an extension of the implementation period until 31 December 2023, and was granted formal consent.

All the above indicated co-financing agreements stipulate in detail the dates and scope of tasks which may be subsidized. There is a risk that if the Company fails to complete the planned work within the deadlines set by the Managing Institution /Intermediary Body, uses all or part of the subsidy contrary to its intended purpose or without complying with the applicable

procedures, collects all or part of the subsidy in an undue or excessive manner, it will be obliged to reimburse part or the full amount of the subsidy plus interest. There is also a risk that the Managing Institution/Intermediary Body does not grant consent in the event of further problems related to substantive or financial progress, which may be related to the termination of co-financing agreement(s) and the necessity to return the funds collected together with interest. During the project period (i.e. after the completion of project work and the settlement of the project in question with the IB), there are risks associated with the achievement of specific results and indicators assumed under the project. Should the latter not be met, there is a risk that part or all of the funding will have to be repaid, together with statutory interest calculated as from the date of payment of the tranche in question. The amount of reimbursement is decided by the relevant Body. As a result, if the conditions giving rise to the liability are met, the Company's financial position may deteriorate. In order to counteract the above risk, the Company has put in place internal procedures for the ongoing monitoring of project expenditures – the spending methods used and the schedule of spending implementation, as well as closely cooperates with intermediary institutions, informing on the ongoing basis on any possible risks.

Liquidity risk

In 2022, the Company generated proceeds from sales of products and services under the existing agreements, and its activities were also co-financed, to a very limited degree, by public funding. In the period under review, the Company took measures to secure the financing of its investment activities, including the expansion and upgrade of its existing production potential, by obtaining external financing. As a result, a financing agreement was signed with the EBRD securing access to USD 15 million.

The Company's management monitors current forecasts for the Company's liquid assets and liabilities based on projected cash flows.

The risk related to limited access to funding due to the global liquidity situation, or to the Company's financial position, cannot be excluded. Here, it is important to highlight the risks associated with the lack of change in the terms and conditions of the existing financing agreements and the inability to use this financing, or the suspension of financing currently in use. In particular, the current situation resulting from the pandemic and the warfare in Ukraine, and their impact on capital markets should be borne in mind, as this may cause significant restrictions on sources of funding, including equity funding from share issues.

Risk related to operations in the Łódź Special Economic Zone
Mabion S.A. conducts research and development, and production operations, and has built a fully-equipped Scientific-Industrial Complex in the Łódź Special Economic Zone (LSEZ). In accordance with the Act on Special Economic Zones, the income earned on business activities in a special economic zone, under the permit received, is exempt from Corporate Income Tax. Mabion S.A. is exempt from the tax until 31 December 2026. There is a risk of changes in law provisions concerning the operation of special economic zones or in tax advantages applicable in those zones. There is also a risk that the Company will cease meeting the conditions specified in the permit which entitles it to avail itself of these advantages. Upon the expiry of the permit or if the Company loses the permit before its expiry Mabion's further operations in the LSEZ may become unfavourable and increase tax burden.

5 CORPORATE GOVERNANCE STATEMENT

5.1 Applied corporate principles

In the financial year 2022, the Company was subject to the corporate governance principles defined in "Best Practice for GPW Listed Companies 2021" (DPSN 2021), adopted by the GPW Board by resolution of 29 March 2021, which came into force on 1 July 2021.

The DPSN 2021 document is available on the Warsaw Stock Exchange's website dedicated to corporate governance issues at.: https://www.gpw.pl/dobre-praktyki2021.

On 21 June 2022, the Ordinary General Meeting of Mabion S.A., by resolution no. 27/VI/2022, accepted the Best Practice for GPW Listed Companies 2021 for application. The General Meeting declared that, acting within its powers, it will follow the DPSN 2021 in the scope applicable to general meetings and shareholders, taking into account the applicable legislation and the Articles of Association of Mabion S.A..

5.2 Corporate governance principles and recommendations not applied

In the financial year 2022, the Company did not apply 10 DPSN 2021 principles: 1.4., 2.1., 2.2., 3.3., 4.1., 4.8., 4.9.1., 6.2., 6.3., 6.4., and, in addition, the Company was not affected by the 2 DPSN 2021 principles: 3.2 and 3.7.

Explanations relating to DPSN 2021 principles not applied or not applicable:

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial.

The above principle is not applied.

The Company's comment: The Company's business strategy does not specify all the categories of information listed in principle 1.4. The Company will incorporate the criteria of principle 1.4 in its next business strategy and will publish them on the Company's website at that time.

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

The above principle is not applied.

The Company's comment: The Company does not have a diversity policy. However, at the stage of selection of the Management Board and the Supervisory Board, all applications are considered on the same basis, irrespective of gender, age, views, etc., and therefore there is no discrimination or unequal treatment of applications due to the above characteristics.

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

The above principle is not applied.

The Company's comment: The composition of the Company's bodies does not meet the diversity criteria indicated in principle 2.1. and 2.2. However, at the stage of selection of the Management Board and the Supervisory Board, all applications are considered on the same basis, irrespective of gender, age, views, etc., and therefore there is no discrimination or unequal treatment of applications due to the above characteristics.

3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

This principle does not apply to the Company.

The Company's comment: This principle does not apply to the Company due to the nature of the Company's business and its stage of development (research and development activities, and from Q4 2021 contract development and manufacturing services for the Company's first customer - Novavax, Inc.). Once the actual scale of the Company's business and its nature support a separation of units responsible for particular systems, the Company's Management Board will take action in this respect.

3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

The above principle is not applied.

The Company's comment: At present, the Company does not have an internal auditor – the function of internal audit is exercised by the Management Board of the Company. The Company's Management Board is keeping an eye on the

possible appointment of an internal auditor and once the actual scale of the Company's business and its nature justify the existence of an internal auditor in the Company, the Company's Management Board will take steps to appoint such a person. Independently of the Company's Management Board, the Audit Committee assesses on an annual basis whether there is a need to appoint such a person.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

This principle does not apply to the Company.

The Company's comment: The Company does not belong to a capital group.

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

The above principle is not applied.

The Company's comment: The Company does not apply this principle in view of the lack of expectations reported to the Company by shareholders in this respect and the excessive legal risks, which, in the Company's opinion, arise from the organisation of the e-meeting.

4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

The above principle is not applied.

The Company's comment: Bearing in mind the interests of the shareholders, in particular individual shareholders, the Company does not impose any restrictions on the possibility of proposing draft resolutions for the General Meeting beyond those provided for by law.

4.9.1. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office, candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

The above principle is not applied.

The Company's comment: The Company does not apply any restrictions on the possibility to propose candidates for the Supervisory Board before the General Meeting. The candidate proposals are posted on the Company's website as soon as they are received, ensuring that shareholders have equal access to information in this respect.

6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

The above principle is not applied.

The Company's comment: From 2022 onwards, there are no operating incentive schemes in the Company. The Incentive Scheme adopted by resolution no. 24/VI/2018 of the Ordinary General Meeting of the Company of 28 June 2018, effective for the period 2018–2021, did not correspond to the guidelines of principle 6.2.

6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

The above principle is not applied.

The Company's comment: From 2022 onwards, there are no operating incentive schemes in the Company. The Incentive Scheme adopted by resolution no. 24/VI/2018 of the Ordinary General Meeting of the Company of 28 June 2018, effective for the period 2018–2021, did not correspond to the guidelines of principle 6.3.

6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.

The above principle is not applied.

The Company's comment: The current system of remuneration for members of the Company's Supervisory Board does not correspond to the guidelines of principle 6.4. The remuneration system results from the Policy on Remuneration of the Members of the Company's Management Board and Supervisory Board adopted by the Company's General Meeting.

5.3 Shares and shareholders of Mabion S.A.

5.3.1 The Company's share capital

As at 31 December 2022 and as at 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:

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, and accordingly the total number of votes attached to all issued Company's shares was 17,732,326.

In the financial year 2022, there have been changes to the amount and structure of the Company's share capital relating to the issues of S shares under the incentive scheme, as further described in this report in section 3.7. Issues of securities.

5.3.2 Shareholders of the Company holding significant blocks of shares

To the best knowledge of the Management Board of the Company, as at the date of approval of this report, i.e. 18 April 2023, the following shareholders held at least 5% in the general number of votes at the General Meeting of the Company.

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., 58.84% of the share capital of Celon Pharma S.A. and 68.19% of the total number of votes in Celon Pharma S.A.

5.3.3 Number of Company's shares held by managing and supervising persons

As at the date of publication of this report, i.e. 18 April 2023, Members of the Management Board of Mabion S.A hold the following quantities of the Company's shares::

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.
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.
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.

Considering the extent of information provided by the members of the Supervisory Board in their statements regarding, inter alia, relationships, business relations and transactions entered into in respect of the shares, to the best knowledge of the Management Board, as at the date of publication of this report, i.e. 18 April 2023, members of the Supervisory Board of Mabion. S.A. do not hold any shares of the Company.

Members of the Management Board and Supervisory Board of Mabion S.A. do not hold any shares in the Company's related entities.

5.3.4 Employee share ownership plan

The financial year 2022 was the last year of exercise of entitlements under the Incentive Scheme for 2018–2021, adopted by resolution of the Ordinary General Meeting of Mabion S.A. of 28 June 2018. The Incentive Scheme was addressed to persons of key importance for the Company indicated by the Supervisory Board (Eligible Persons), in the form of subscription warrants incorporating the right to acquire Company's shares within a conditional share capital increase. The objective of the Scheme was to ensure optimal conditions for the growth of the Company's financial results and long-term growth of the Company's value through continuous association of the persons participating in the Incentive Scheme with the Company and its objectives.

The Company did not have a separate control system for employee share schemes.

The decision on the form of exercising the rights was taken by the Supervisory Board of the Company after verification of the fulfilment of the criteria specified in the Incentive Scheme and on the basis of the recommendation of the Management Board. Detailed conditions for the Incentive Scheme were set out in the Incentive Scheme Rules and Regulations adopted by a Resolution of the Company's Supervisory Board. The Rules and Regulations are available at: https://www.mabion.eu/dokumenty-korporacyjne/.

The Incentive Scheme was implemented as envisaged through the issue and allotment to the Eligible Persons of up to 114,000 A series registered subscription warrants and up to 11,000 B series registered subscription warrants entitling the holders to acquire separately issued, within a conditional share capital increase, respectively, up to 114,000 R series ordinary bearer shares and 11,000 S series ordinary bearer shares of the Company. The subscription warrants were issued free of charge and taken up by Eligible Persons in the quantity indicated for a specific year in a resolution of the Supervisory Board. Each A and B series subscription warrant entitled to subscribe, respectively for 1 R or 1 S series share. The issue price of shares for A series subscription warrants was to amount to PLN 91 per each R series share, and for B series subscription warrants – PLN 0.10 per each S series share. According to the Rules and Regulations of the Incentive Scheme, if the market goal is not met in a given year, subscription warrants of A series not granted for this reason could be granted together with warrants of series A for the year in which the market goal was met. The rights resulting from subscription warrants could be exercised until 31 July 2022.

As regards the implementation of the Incentive Scheme for 2018, in February 2019 the Supervisory Board concluded that Eligible Persons were entitled to take up 28,500 A subscription warrants in total for 2018, while the market objective constituting one of the two conditions for the right to take up and exercise the rights attached to A series warrants to become applicable was not met. As regards B subscription warrants, the condition for the right to take up and exercise rights attached to B warrants was fulfilled, and thus the Supervisory Board granted the Eligible Persons the right to take up a total of 9,500 B series warrants for 2018. The aforementioned B series warrants were issued in November 2019, after which the Eligible Persons submitted statements to take up their S series shares. 9,500 S shares were allotted (i.e. credited to the securities accounts) in January 2020.

As regards the implementation of the Incentive Scheme for 2019, in February 2019 the Supervisory Board established that Eligible Persons were entitled to take up 28,500 A subscription warrants in total for 2019, and subsequently, in January 2020, it concluded following a review that the market objective in relation to the A warrants had not been met. As regards B subscription warrants, the condition for the right to take up and exercise rights attached to B warrants was fulfilled, and thus the Supervisory Board granted the Eligible Persons, the right to take up a total of 500 B subscription warrants for 2019. The aforementioned B series warrants were issued in June 2020, after which the Eligible Persons submitted statements to take up their S series shares. 500 S shares were allotted in February 2021.

As regards the implementation of the Incentive Scheme for 2020, in February 2020 the Supervisory Board established that Eligible Persons were entitled to take up 28,500 A subscription warrants in total for 2020, and subsequently, in January 2021, it concluded following a review that the market objective in relation to the A warrants had not been met. As regards B subscription warrants, the condition for the right to take up and exercise rights attached to B warrants was fulfilled, and thus the Supervisory Board granted the Eligible Persons, the right to take up a total of 500 B subscription warrants for 2020. The B series warrants were taken up by the Eligible Persons in July 2021, after which, until December 2021, the Eligible Persons made declarations to take up the Company's S series shares to which they were entitled. 500 S shares were allotted on 28 January 2022.

As regards the implementation of the Incentive Scheme for 2021, in April 2021 the Supervisory Board determined that the Eligible Persons were entitled to take up in total a maximum of 28,215 A series warrants for 2021 and then in January 2022, it adjusted the number of the warrants to 27,645 due to the fact that the seniority criterion was not met by two Eligible Persons, and concluded as a result of verification that the market target with respect to A series subscription warrants was also not met. As regards B subscription warrants, the condition for the right to take up and exercise rights attached to B warrants was fulfilled, and thus the Supervisory Board granted the Eligible Persons, the right to take up a total of 500 B subscription warrants for 2021. The B series warrants were taken up by the Eligible Persons in July 2022, after which the Eligible Persons made declarations to take up the Company's S series shares to which they were entitled. 500 S shares were allotted (i.e. credited to the securities accounts) on 25 August 2022.

The above issue marked the end of the Incentive Scheme for 2018–2021. As part of the Incentive Scheme, a total of 11,000 B series subscription warrants were issued, resulting in the issue of a total of 11,000 S series ordinary bearer shares of the Company. As part of the Incentive Scheme, no A series subscription warrants were issued due to the market target not being met during the term of the Scheme, i.e. until 31 July 2022.

5.3.5 Purchase of own shares

In the financial year 2022, the Company did not acquire or dispose of its own shares.

5.3.6 Holders of securities with special control rights

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 of Mabion S.A. No other securities giving special control rights exist in the Company.

Holders of registered shares of Mabion S.A.:

Series	Number of shares	Shareholder	Number of series shares held by the shareholder as at 31 December 2022
A	450,000	Celon Pharma S.A.	450,000
B	450,000	Polfarmex S.A.	450,000
C	450,000	Twiti Investments Limited	450,000
E	100,000	Celon Pharma S.A.	32,850
		Polfarmex S.A.	32,850
		Twiti Investments Limited	34,300
F	100,000	Celon Pharma S.A.	10,000
		Twiti Investments Limited	90,000
G	20,000	Twiti Investments Limited	20,000

5.3.7 Restrictions on the exercise of voting rights

The Company's Articles of Association do not provide for any restrictions as to the exercise of voting rights or any provisions according to which, in cooperation with the Company, capital rights attached to securities would be separated from the possession of securities. Restrictions on the exercise of voting rights may result, in the case of the Company, only from the generally applicable provisions of law.

5.3.8 Restrictions on the transfer of ownership of securities

The Company's Articles of Association do not provide for restrictions on trading in the Company's ordinary bearer shares. A, B, C, E, F and G series shares of the Company are registered shares – the shareholders entitled under registered shares have the priority right and the pre-emption right to purchase registered shares intended for sale.

5.3.9 Agreements which may result in changes in the proportions of shares held by existing shareholders

To the best knowledge of the Company's Management Board, there are no arrangements which, if implemented in the future, could cause changes in the way the Company is controlled. The Articles of Association of the Company contain provisions related to the rules of disposal of privileged registered shares of A, B, C, E, F and G series (pre-emption right and priority right of purchase of registered shares for other owners of registered shares of the Company), on the basis of which a registered share can be disposed of to people other than shareholders entitled under the registered shares only on the condition that those entitled from the pre-emption right and from the priority right of purchase will not execute this right.

5.4 Management Board of Mabion S.A.

5.4.1 Members of the Management Board, its changes and rules of appointing Members of the Management Board

The Management Board of Mabion S.A. consists of three to seven members. Members of the Management Board are appointed by the Supervisory Board for a joint term of office of 5 years. Each Member of the Management Board may be suspended or dismissed by the Supervisory Board or the General Meeting.

In the financial year 2022 and up to the date of this report, the composition of the Company's Management Board was as follows:

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

Description of the Management Board Members' experience and competence, scope of responsibility, and term of office:

1. Krzysztof Kaczmarczyk – President of the Management Board

Experience and competencies:

A manager with more than 20 years of experience in investment banks and international corporations.
In 1999-2008, he worked at Deutsche Bank, and his tasks included market analysis in the region of Central and Eastern Europe. In 2008-2010, he held managerial positions in Telekomunikacja Polska and Orange Group, being responsible for strategy and business development. In 2010-2011, he worked for a Swiss investment bank, Credit Suisse. In 2012–2015, he held a position of Deputy President of the Management Board for Strategy and Development at Emitel, an operator of the terrestrial radio and television network in Poland. In 2016–2018, advisor to the Management Board of KGHM Polska Miedź S.A. for strategy and development. In parallel, he built up more than 15 years of supervisory experience by serving on the supervisory boards of more than 40 private and GPW-listed companies, on several occasions as chairman of the supervisory board or chairman of the audit committee.
A graduate of the Warsaw School of Economics with specialization in Finance and Accounting, and a former student at the University of Warsaw, majoring in International Relations.

Scope of responsibility:

He manages the work of the Management Board and coordinates the work of other Management Board Members. The main duties of the President of the Management Board include the development of the Company's business strategy and investment policy and the acquisition of business and strategic partners for the Company. The President of the Management Board is also responsible for risk management, disclosure obligations and investor relations, and for overseeing the proper performance of the Company's operating and financial activities.

Term of office:

Mr. Krzysztof Kaczmarczyk has served on the Company's Management Board since 14 May 2021. Pursuant to a resolution of the Company's Supervisory Board of 13 May 2021, he was appointed as President of the Management Board for the first joint term of office of 5 years, which expired on the date of the Company's General Meeting approving the financial statements for the financial year 2021, i.e. on 21 June 2022. By virtue of a resolution of the Company's Supervisory Board of 25 May 2022, Mr. Krzysztof Kaczmarczyk was appointed to the Management Board of the Company for the second joint 5-year term of office, which commenced on 22 June 2022. By the same resolution, Krzysztof Kaczmarczyk was re-appointed as President of the Company's Management Board.

2. Sławomir Jaros – Member of the Management Board, Chief Operating and Scientific Officer

Experience and competencies:

Manager and scientist, PhD in biotechnology, author of numerous scientific publications, involved in building the Company's team and technology since its inception.
Graduate of the Warsaw University of Life Sciences, in Biotechnology. He obtained his DSc in biological sciences with honours, in the field of the development of an innovative vaccine against *Fasciola hepatica* using the recombinant protein and nucleic acid technology at the Polish Academy of Science in Warsaw.
Graduate of the Polish-American Executive MBA studies, organised by the University of Maryland and the University of Lodz. He graduated with the best student award. Author and co-author of tens of scientific publications in biotechnology. Since 2015, he has been regularly invited by the Medical University of Lodz to deliver expert lectures on topics such as the development of biosimilar medicines.

Scope of responsibility:

As a Member of the Management Board, he is responsible for supervising, managing, and integrating the following areas in the Company: medicine design, technology development and analytics, clinical trials area, and occupational safety and pharmaceutical risk control. His duties include cooperation with external partners in the field of technology, science and commerce, and the development of strategies for new products and technologies. He is also responsible for the area of manufacturing, quality control and quality assurance, and for implementing technological and analytical processes in the pharmaceutical environment, for scaling up processes, process quality, time and cost optimisation, as well as for supervising manufacturing processes and operational management.

Term of office:

Slawomir Jaros has served on the Management Board of the Company since 5 October 2011. By virtue of the amendments to § 26 of the Company's Articles of Association – effected on 16 February 2017 by the Extraordinary General Meeting of the Company – a joint 5-year term of office for Management Board Members was introduced. As a result, by Resolution of the Supervisory Board of 10 March 2017, the Management Board was dismissed and Mr. Sławomir Jaros (and the other members of the Management Board) was appointed as Member of the Management Board for the first joint term of office of 5 years, which expired on the date of the Company's General Meeting approving the financial statements for the financial year 2021, i.e. on 21 June 2022. By virtue of a resolution of the Company's Supervisory Board of 25 May 2022, Mr. Sławomir Jaros was appointed to the Management Board of the Company for the second joint 5-year term of office, which commenced on 22 June 2022.

3. Grzegorz Grabowicz – Member of the Management Board, Chief Financial Officer

Experience and competencies:

Experienced CFO of GPW-listed companies, statutory auditor, since 2003 associated with companies in the financial and medical industry.

Since January 2019, Member of the Management Board Member and Chief Financial Officer of the Company. He acquired knowledge and experience in management, working successively: from 1998 to 2003 in the Audit Department at Deloitte, and from 2003 to 2017 as deputy president of the management board and chief financial officer at Magellan S.A. (now BFF Polska S.A.). In parallel, rom 2010 to 2013 he served as president of the management board of MEDFinance S.A. and from 2007 to 2017, he was a member of the supervisory board of Magellan (Czech Republic) and Magellan (Slovakia). In 2013–2017, chairman of the supervisory board of MEDFinance S.A.

Mr. Grzegorz Grabowicz was also a member of the supervisory boards of companies listed on the GPW: Skarbiec Holding S.A., Develia S.A. (former LC Corp S.A.) and Medicalgorithmics S.A. At present, he is a member of the supervisory board of PRAGMAGO S.A. and XTB S.A.

He graduated from the University of Lodz, Faculty of Management and Marketing, specialising in Accounting, with a Master's Degree in Management and Marketing. In 2010, he completed a programme organised by Nottingham Trent University, obtaining the title of EMBA (Executive Master of Business Administration). He is certified as a Statutory Auditor.

Scope of responsibility:

The member of the Management Board, Chief Financial Officer is responsible for managing the Company's financial policy. He is responsible for acquiring funds, developing the Company's financial plans, for financial reporting and the day-to-day IT operation and development.

Term of office:

Mr. Grzegorz Grabowicz has served on the Company's Management Board since 2 January 2019. Pursuant to a resolution of the Company's Supervisory Board of 24 December 2018, he was appointed as Member of the Management Board for the first joint term of office of 5 years, which expired on the date of the Company's General Meeting approving the financial statements for the financial year 2021, i.e. on 21 June 2022.
By virtue of a resolution of the Company's Supervisory Board of 25 May 2022, Mr. Grzegorz Grabowicz was appointed to the Management Board of the Company for the second joint 5-year term of office, which commenced on 22 June 2022.

4. Adam Pietruszkiewicz – Member of the Management Board, Chief Sales Officer

Experience and competencies:

He has extensive expertise in the area of business scale-up, with a track record of completed strategic projects in the CEE region.

A graduate of Boston University, in International Management and International Relations. Mr. Adam Pietruszkiewicz has more than 20 years of experience in private equity: he managed the operations of the Coast2Coast Capital fund in Poland, and was previously associated with The Riverside Company fund for over 13 years, where he served as managing director. By investing in and developing companies from various sectors (e.g. healthcare, IT, industry, food) he has developed a network of strong relationships in the business environment in our country and in the entire region of Central and Eastern Europe. As of November 2019, Mr. Adam Pietruszkiewicz is a partner at Twiti Investments Limited.

From 16 June 2020, Mr. Adam Pietruszkiewicz acted as Member of the Supervisory Board of Mabion S.A., being delegated twice by the Supervisory Board to perform the duties of Member of the Management Board, first from 17 September 2020 to 17 December 2020, and then from 25 January 2021 until the date of his resignation from the Supervisory Board due to his appointment to the Management Board of the Company.

Scope of responsibility

In the Management Board, Adam Pietruszkiewicz is responsible for business development of the Company, for strategic projects, and for acquisition of new partners. It was at the initiative of Adam Pietruszkiewicz that the business relationship with Novavax was established.

Term of office:

Initially, Mr. Adam Pietruszkiewicz has served as Member of the Company's Supervisory Board delegated to act as Member of the Management Board, while since 3 June 2021, pursuant to a resolution of the Company's Supervisory Board, he was appointed as Member of the Management Board for the first joint term of office of 5 years, which expired on the date of the Company's General Meeting approving the financial statements for the financial year 2021, i.e. on 21 June 2022. By virtue of a resolution of the Company's Supervisory Board of 25 May 2022, Mr. Adam Pietruszkiewicz was appointed to the Management Board of the Company for the second joint 5-year term of office, which commenced on 22 June 2022.

Changes in the composition of the Management Board of Mabion S.A.

On 25 May 2022, due to the expiry of the first joint term of office of Members of the Company's Management Board, the Supervisory Board of Mabion S.A. adopted resolutions to appoint the existing Members of the Management Board to the Management Board of the Company for the second joint term of office: Krzysztof Kaczmarczyk, Sławomir Jaros, Adam Pietruszkiewicz and Grzegorz Grabowicz. The Supervisory Board's resolutions will become effective on the day following the date of the Ordinary General Meeting of the Company approving the financial statements for the financial year ended 31 December 2022, i.e. as of 22 June 2022. The Company informed about the event in Current Report no. 16/2022 of 25 May 2022.

5.4.2 Powers and description of the Management Board's activities

The Management Board exercises all rights to manage the Company with the exception of rights reserved by law or the Company's Articles of Association for decisions of the General Meeting and the Supervisory Board (§ 27 of the Company's Articles of Association). The right to take a decision on the issue or purchase of shares is vested in the General Assembly (§ 17 of the Company's Articles of Association). Two Members of the Management Board acting jointly or one Member of the Management Board acting together with a proxy are authorised to make declarations of will on behalf of the Company. The Management Board is obliged to conduct the Company's affairs and manage its assets with due diligence required in business transactions, observe the law, provisions of the Company's Articles of Association and resolutions adopted by the General Meeting and the Supervisory Board.

5.4.3 Remuneration, bonuses and conditions of employment contracts of the Management Board Members

The table below presents the value of remuneration due and paid in 2022 to the Management Board Members for serving on the Company's Management Board.

Table 7. Remuneration of the Management Board Members.

Member of the Management Board	Gross fixed remuneration payable for 2022	Remuneration paid for 2022, gross
Adam Pietruszkiewicz	PLN 532,500.00	PLN 487,500.00
Krzysztof Kaczmarczyk	PLN 873,256.05	PLN 800,889.65
Sławomir Jaros	PLN 540,000.00	PLN 495,000.00
Grzegorz Grabowicz	PLN 540,000.00	PLN 495,000.00

The Company does not have any subsidiaries, therefore the Members of the Management Board did not receive any remuneration from the Company's subsidiaries in 2022. In 2022, no performance bonuses or awards were also paid to Management Board members, nor any additional remuneration, other than the base salary under employment contracts and management contracts.

In 2018, the Company introduced an Incentive Scheme for persons of key importance to the Company, the principles of which are described in section 5.3.4 of this Report. The financial year 2022 was the last year of exercise of entitlements under the Incentive Scheme for 2018–2021. The A series warrants for the respective years in the period 2018–2021 were not granted due to non-fulfilment of the market target in these periods. The B series subscription warrants for 2018–2021 have been granted and the rights thereunder have been exercised, as a result of which the eligible persons took up the Company's S series shares to which they were entitled.

Among the Members of the Company's Management Board, an eligible person exercising rights under the Incentive Scheme in the financial year 2022 was Mr. Sławomir Jaros – Member of the Management Board.

On 2 July 2021, Mr. Slawomir Jaros took up free of charge 213 B series warrants for 2020 and then made a statement on taking up 213 S series shares to which he was entitled under these warrants. The S shares were released by crediting them to the securities account, which occurred on 28 January 2022.

On 4 July 2022, Mr. Slawomir Jaros took up free of charge 213 B series warrants for 2021 and then made a statement on taking up 213 S series shares to which he was entitled under these warrants. The S shares were released by crediting them to the securities account, which took place on 25 August 2022.

5.4.4 Contracts with management members

No contracts have been entered into with members of management which would provide for compensation in the event of their resignation or removal from the position without a valid reason, or in the event that the removal or lay-off is a result of a merger by acquisition, except for provisions relating to severance payments or compensation for non-compete compliance.

5.5 Supervisory Board of Mabion S.A.

5.5.1 Composition, changes in composition and principles of appointing Members of the Supervisory Board.

The Supervisory Board of Mabion S.A. consists of five to nine members. Members of the Supervisory Board are elected for a joint term of office, which lasts 3 years. Members of the Supervisory Board are appointed and dismissed by the General Meeting. At least two members of the Supervisory Board should be members independent of the Company within the meaning of the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Act on Statutory Auditors) and have no real or significant relationship with any shareholder holding at least 5% of the total number of votes in the Company. At least one Member of the Company's Supervisory Board should have knowledge and skills in accounting or auditing of financial statements. At least one Member of the Company's Supervisory Board should have knowledge and skills in the industry in which the Company operates.

In the financial year 2022 and up to the date of 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 – Member of the Supervisory Board;
- Zofia Szewczuk – Independent Member of the Supervisory Board.

Changes to the composition of the Supervisory Board of Mabion S.A.

In the financial year 2022, there were no changes in the composition of the Company's Supervisory Board.

On 20 April 2022, the Supervisory Board of Mabion S.A appointed Mr. Sławomir Kościak as Deputy Chairman of the Supervisory Board effective as of 20 April 2022.

Curricula vitae of Supervisory Board Members

1. Robert Koński – Chairman of the Supervisory Board, Independent Member;

Experience and competencies:

Graduate of the John F. Kennedy School of Government (MPA) at Harvard University and Tufts University (BA) in the United States. Since July 2022, he has served as deputy president of the management board at Figene Capital (listed on New Connect), a company that builds and operates wind farms and photovoltaic farms. Formerly, from March 2020, the President of the Management Board and a Partner in the consulting company Five Rand Sp. z o.o. In recent years, he has worked for, inter alia, PGE Polska Grupa Energetyczna S.A., Kulczyk Holding S.A., Euronet Worldwide, Inc. and Horton International. Between 1990 and 1995, he acted as an advisor to the Minister of Finance (from Leszek Balcerowicz to Grzegorz Kołodko) on the transformation and restructuring of the Polish financial services sector. He was also a member of the team negotiating the agreement with the London Club. Currently, he serves on the supervisory board of Platige Image S.A.

Term of office:

Mr. Robert Koński has served on the Company's Supervisory Board since 14 June 2017, when, pursuant to a resolution of the Company's Ordinary General Meeting, he was appointed as Member of the Supervisory Board for the first joint term of office of 3 years, which expired on the date of the Company's General Meeting approving the financial statements for the financial year 2019, i.e. on 15 June 2020. By virtue of a resolution of the Company's Ordinary General Meeting, passed on 16 June 2020, Mr. Robert Koński was appointed to the Supervisory Board of the Company for the second joint 3-year term of office, which commenced on 16 June 2020. Mr. Robert Koński has assumed the position of Chairman of the Supervisory Board as of 14 May 2021.

Criterion for independence of a Supervisory Board member:

Mr. Robert Koński meets the independence criteria referred to in principle 2.3 of the document "Best Practice for GPW Listed Companies 2021". In accordance with the statement submitted by him, Mr. Robert Koński meets the independence criteria specified in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, and does not have any real and significant relations with any shareholder holding at least 5% of the total number of votes in Mabion S.A.

2. Sławomir Kościak – Deputy Chairman of the Supervisory Board, Independent Member;

Experience and competencies:

Licensed Investment Advisor with license number 303 and holder of the CFA (Chartered Financial Analyst) title. Graduate of the Warsaw School of Economics with a major in Finance and Banking, he also studied at the Aarhus School of Business in Denmark and Universität zu Köln in Germany, and completed the Community of European Management Schools – Master's in International Management (CEMS MIM) management programme. Scholarship holder of the Educational Enterprise Foundation. He lectured at courses for stockbrokers (Association of Brokers and Advisors, ZMiD) and for investment advisers (PERK). He has more than 10 years of experience in asset management. He worked, among others, at the European Investment Fund in Luxembourg and the Morgan Stanley real estate fund in Frankfurt.

In 2009-2020, he managed a number of different funds and investment strategies within TFI PZU, both with the PZU Group's own funds and those entrusted by external clients, equity, mixed and absolute return funds. The investment portfolio included companies listed on the GPW as well as those listed on stock exchanges in the EU and the USA. Member of the Investment Committee, AUM of over PLN 20 billion. From 2014, a Medical Sector Director at TFI PZU responsible for investments in companies from the healthcare sector.

At present, he serves as member of the supervisory board and the appointment and remuneration committee at Medicalgorithmics S.A., member of the supervisory board and the audit committee at Urteste S.A., and member of the supervisory board at Auxilius Pharma S.A.

In accordance with the statement submitted by him, Mr. Sławomir Kościak has knowledge and skills in accounting or auditing of financial statements and skills in the industry in which Mabion operates.

Term of office:

Mr. Sławomir Kościak has served on the Company's Supervisory Board since 23 February 2021. Pursuant to a resolution of the Company's Extraordinary General Meeting, he was appointed as Member of the Supervisory Board for the second joint term of office of 3 years, which commenced on 16 June 2020. By virtue of a resolution of the Company's Ordinary General Meeting. Mr. Slawomir Kościak has served as Deputy Chairman of the Supervisory Board since 20 April 2022.

Criterion for independence of a Supervisory Board member:

Mr. Sławomir Kościak meets the independence criteria referred to in principle 2.3 of the document "Best Practice for GPW Listed Companies 2021". In accordance with the statement submitted by him, Mr. Sławomir Kościak meets the independence criteria specified in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, and does not have any real and significant relations with any shareholder holding at least 5% of the total number of votes in Mabion S.A.

3. Józef Banach – Independent Member of the Supervisory Board

Experience and competencies:

Graduate of the Faculty of Law at the Jagiellonian University in Cracow. Legal Adviser, partner in Ontilo Banach Szczypiński Sp. K. He started his career in the Ministry of Finance, then for a number of years worked at PricewaterhouseCoopers sp. z o.o., most recently as a leader of the Proceedings and International Tax Law team. Member of a number of supervisory boards of capital companies, including in the position of Chairman of the Supervisory Board of Poczta Polska and PHN S.A. A long-term expert of the Tax Council at PKPP Lewiatan, including the acting head of the Tax Council. Author of numerous publications in the field of law, including the commentary "Polish Agreements on Avoidance of Double Taxation" by CH Beck. Repeated proxy of the parties in proceedings before administrative authorities and administrative and common courts which ended with a success of the client.

In accordance with the statement submitted by him, Mr. Józef Banach has knowledge and skills in accounting or auditing of financial statements and skills in the industry in which Mabion operates.

Term of office:

Mr. Józef Banach has served on the Company's Supervisory Board since 28 June 2018, when, pursuant to a resolution of the Company's Ordinary General Meeting, he was appointed as Member of the Supervisory Board for the first joint term of office of 3 years, which expired on the date of the Company's General

Meeting approving the financial statements for the financial year 2019, i.e. on 15 June 2020. By virtue of a resolution of the Company's Ordinary General Meeting, Mr. Józef Banach was appointed to the Supervisory Board of the Company for the second joint 3-year term of office, which commenced on 16 June 2020.

Criterion for independence of a Supervisory Board member:

Mr. Józef Banach meets the independence criteria referred to in principle 2.3 of the document "Best Practice for GPW Listed Companies 2021". In accordance with the statement submitted by him, Mr. Józef Banach meets the independence criteria specified in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, and does not have any real and significant relations with any shareholder holding at least 5% of the total number of votes in Mabion S.A.

1. David John James – Independent Member of the Supervisory Board;

Experience and competencies:

Graduate of the University of Cambridge, certified auditor at the Polish Chamber of Chartered Accountants and ICAEW (Institute of Chartered Accountants in England and Wales). At present: International Liaison Partner, Grupa Strategia, Poland. He has more than 34 years of experience in audit and internal control. Member of the management boards of many companies and a start-up advisor in the CEE region for nearly fifty companies. Partner responsible for auditing the financial statements of over 100 companies and groups of companies from multiple sectors of the economy, both listed companies, private equity funds and family businesses. His portfolio includes over 80 due diligence analyses, he dealt with statutory, internal and forensic financial audits and provided business advisory services to many clients. He has worked in Poland, UK, Germany, Czech Republic, Slovakia and Russia. He is fluent in eight languages and speaks twelve others. David James spent four years mentoring about 100 teams of young entrepreneurs participating in the Cambridge Python Project. As part of this project, organised under the aegis of the British Embassy and the University of Cambridge, David James trained students from all over Poland in creating modern business plans and budgeting. David James is the creator of an original method of foreign language learning.

According to the statement made by Mr. David James, he has knowledge and skills in accounting or auditing of financial statements.

Term of office:

Mr. David John James has served on the Company's Supervisory Board since 23 March 2017, when, pursuant to a resolution of the Company's Extraordinary General Meeting of 16 February 2017, as of the date on which the amendments to the Articles of Association were registered by the registry court, Mr. David John James was appointed as Member of the Supervisory Board for the first joint term of office of 3 years, which expired on the date of the Company's General Meeting approving the financial statements for the financial year 2019, i.e. on 15 June 2020. By virtue of a resolution of the Company's Ordinary General Meeting, passed on the same day, Mr. David John James was appointed to the Supervisory Board of the Company for the second joint 3-year term of office, which commenced on 16 June 2020.

Criterion for independence of a Supervisory Board member:

Mr. David John James meets the independence criteria referred to in principle 2.3 of the document "Best Practice for GPW Listed Companies 2021". In accordance with the statement submitted by him, Mr. David John James meets the independence criteria specified in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, and does not have any real and significant relations with any shareholder holding at least 5% of the total number of votes in Mabion S.A.

2. Wojciech Wośko – Member of the Supervisory Board;

Experience and competencies:

Graduate of the Faculty of Medicine at the Medical University of Lodz and the postgraduate studies in Management Accounting at the University of Lodz. Licensed securities broker (licence no. 449). Associated with the capital market since 1994. He worked at HSBC Securities Polska, Dom Maklerski BZ WBK and Santander Biuro Maklerskie, where he was responsible for sales in the field of institutional clients (investment funds, pension funds, asset management companies). He has expertise in dealing on domestic and international spot and derivatives markets, and contributed to the preparation and implementation of numerous offerings of public companies on the primary and secondary market. Since July 2020, he has been associated with Polfarmex S.A.

In accordance with the statement submitted by him, Mr. Wojciech Wośko has knowledge and skills in accounting or auditing of financial statements and skills in the industry in which Mabion operates.

Term of office:

Mr. Wojciech Wośko has served on the Company's Supervisory Board since 23 February 2021. Pursuant to a resolution of the Company's Extraordinary General Meeting, he was appointed as Member of the Supervisory Board for the second joint term of office of 3 years, which commenced on 16 June 2020.

Criterion for independence of a Supervisory Board member:

In accordance with the statement submitted by him, Mr. Wojciech Wośko does not meet the independence criteria specified in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, and has real and significant relations with a shareholder holding at least 5% of the total number of votes in Mabion S.A.

3. Zofia Szewczuk – Independent Member of the Supervisory Board.

Experience and competencies:

Graduate of ESCP-EAP Europe and Poznań University of Economics and Business with titles of Master of Science in Finance and Accounting for Business and Master of Science in Management. She has over 14 years of experience in the private equity industry, gained by working for leading funds in Poland and abroad. Since 2016, she has been associated with Polski Fundusz Rozwoju S.A., where she currently acts as Head of the Investment Department. Her previous experience includes Mid Europa (2011–2015) and 3i (2009–2011). In that time, she has the pleasure to participate in numerous transactions in sectors such as new technologies, services, manufacturing, health, and tourism.

Ms. Zofia Szewczuk has extensive ownership and supervisory experience, gained when representing the investor side. Her work entails regular cooperation with the management boards of companies in the implementation of development and recovery initiatives and performance monitoring. At present, she is a member of the supervisory board of Polskie Koleie Linowe S.A. and serves as an observer at HCP.

In accordance with the statement submitted by her, Ms. Zofia Szewczuk has knowledge and skills in accounting or auditing of financial statements and skills in the industry in which Mabion operates.

Term of office:

Ms. Zofia Szewczuk has served on the Company's Supervisory Board since 22 June 2021 when, pursuant to a resolution of the Company's Ordinary General Meeting, she was appointed as Member of the Supervisory Board for the second joint term of office of 3 years, which commenced on 16 June 2020.

Criterion for independence of a Supervisory Board member:

Ms. Zofia Szewczuk meets the independence criteria referred to in principle 2.3 of the document "Best Practice for GPW Listed Companies 2021". In accordance with the statement submitted by her, Ms. Zofia Szewczuk meets the independence criteria specified in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, and does not have any real and significant relations with any shareholder

5.5.2 Powers of the Supervisory Board and description of its operations

Pursuant to § 22 of the Company's Articles of Association, the competences of the Supervisory Board of Mabion S.A. comprise actions reserved for it in the Commercial Companies Code, and moreover:

a) passing resolutions on the purchase and sale of real estate, perpetual usufruct or share in real estate of a value exceeding PLN 250 thousand;
b) appointing a statutory auditor to audit the Company's financial statements;
c) appointing and dismissing the Company's Management Board Members;
d) determining the amount of remuneration of Management Board Members;
e) assessing Management Board motions as to distribution of profit or loss coverage;
f) approval of the Rules of Procedure of the Management Board;
g) giving opinions on the Company's multi-year strategic plans;
h) passing the Rules of Procedure which determine the procedures of operation of the Supervisory Board;
i) granting consent for the sale of Company's fixed assets the value of which exceeds 10% of the Company's equity;
j) granting consent to pledging or granting usufruct in respect of registered shares
k) granting consent for the Company to enter into a significant agreement with a shareholder holding at least 5% of the total number of votes in the Company or an entity related to the Company, except for typical transactions concluded on arm's length as part of the Company's operating activity with entities belonging to the Company's capital group.

In addition to the activities listed above, the Supervisory Board should:

a) once a year, draw up and present to the Ordinary General Meeting information on the composition and activities of the Supervisory Board and its committees, implementation of the diversity policy, evaluation of the Company's situation, including the assessment of the internal control systems, risk management, compliance and internal audit function, assessment of the application of the corporate governance principles, and appropriateness of sponsorship expenditure, to the extent indicated in DPSN2021,
b) examine and give opinions on issues that are to be subject General Meeting's resolutions.

Supervisory Board Members exercise their rights and duties personally. Meetings of the Supervisory Board are held where necessary, however not less frequently than three times in the financial year A Supervisory Board's meeting is convened by the Chairman of the Supervisory Board, and if they are provisionally incapable of performing their duties – the Deputy Chairman of the Supervisory Board or at least two Members of the Supervisory Board. A meeting of the Supervisory Board may also be convened upon request of the Management Board. Meeting of the Supervisory Board may be attended by Company's Management Board Members in advisory capacity. Resolutions of the Supervisory Board are be adopted by an absolute majority of votes of the Supervisory Board Members present at the meeting. Notwithstanding the manner of adopting resolutions by the Supervisory Board – at a meeting, in writing, or using direct means of distant communication, in the event of a tied vote, the Chairman has the casting vote. Resolutions of the Supervisory Board require inviting all Members of the Supervisory Board and presence of at least half of them in order to be valid. The Supervisory Board adopts resolutions in an open ballot, unless otherwise required by relevant provisions of the applicable law.

The Supervisory Board appoints the Audit Committee responsible for supervising the Company's financial affairs. The Audit Committee comprises at least three persons elected by the Supervisory Board from among its Members. The majority of the Members of the Audit Committee, including its Chairman, should be independent from the Company within the meaning of the Act on Statutory Auditors. At least one member of the Audit Committee should have knowledge and skills in accounting or auditing of financial statements. At least one member of the Audit Committee should have knowledge and skills in the industry in which the Company operates.

Moreover, the Supervisory Board may appoint the Nomination and Remuneration Committee responsible for preparing assessments of candidates for Members of the Management Board and determining the remuneration principles and amounts of remuneration of Members of the Management Board. The Remuneration Committee comprises at least three Members appointed by the Supervisory Board from among its Members, where at least one of the Members of the Remuneration Committee should be an independent Member of the Supervisory Board within the meaning of the provisions of § 21 of the Company's Articles of Association.

5.5.3 Remuneration, bonuses and terms and conditions of employment contracts of Members of the Supervisory Board

The value of the remuneration due for performing functions on the Company's Supervisory Board and paid in respect of the year 2022 was as follows:

Table 8. Remuneration of the Supervisory Board Members.

Supervisory Board Member	Remuneration due for 2022, gross*	Remuneration paid for 2022, gross**
Józef Banach	PLN 102,000.00	PLN 93,000.00
David James	PLN 102,000.00	PLN 93,000.00
Robert Koński	PLN 102,000.00	PLN 93,000.00
Zofia Szewczuk	PLN 54,000.00	PLN 49,000.00
Wojciech Wośko	PLN 53,000.00	PLN 48,000.00
Sławomir Kościak	PLN 54,000.00	PLN 49,000.00

* The amount stated above is inclusive of the remuneration due in respect of the year 2022 for performing the function of Member of the Supervisory Board.
** The increased amount stated above is inclusive of the remuneration paid in 2022.

The Company does not have any subordinated entities, therefore, Members of the Supervisory Board did not receive any remuneration from the Company's subordinated entities in 2022.

In 2022, no bonuses, benefits or remuneration were paid out to Members of the Supervisory Board based on plans for bonus schemes or participation in profits. The Company's corporate regulations do not provide for the Members of the Supervisory Board to receive remuneration in the form of bonus schemes or participation in profits.

In 2022, no remuneration was paid to Members of the Supervisory Board in the form of share options. The Company's corporate regulations do not provide for the Members of the Supervisory Board to receive remuneration in the form of share options.

In 2022, the Company did not grant any in-kind benefits to Members of its Supervisory Board.

In accordance with the Resolution of the Extraordinary General Meeting of the Company dated 16 February (no. 26/II/2017), remunerations of the Supervisory Board Members were as follows:

- Members of the Supervisory Board are entitled to remuneration of PLN 1,000 gross for participating in a Supervisory Board meeting;
- Members of the Supervisory Board appointed to Supervisory Board Committees are entitled to monthly remuneration of PLN 4,000 gross.

In 2022, Members of the Supervisory Board did not receive any remuneration for services provided in any capacity except for additional remuneration for membership of the Audit Committee and the Nomination and Remuneration Committee, which was shown in the table above and remuneration for participating in the Supervisory Board's meeting.

5.5.4 Committees of the Supervisory Board of Mabion S.A.

The Company has an Audit Committee and an Appointment and Remuneration Committee of the Supervisory Board.

1. Audit Committee

In the financial year 2022, the composition of the Audit Committee was as follows:

- Mr. David John James – Chairman of the Audit Committee;
- Mr. Józef Banach – Member of the Audit Committee,
- Mr. Robert Koński – Member of the Audit Committee,
- Mr. Sławomir Kościak – Member of the Audit Committee,
- Ms. Zofia Szewczuk – Member of the Audit Committee.

Changes to the composition of the Audit Committee of the Supervisory Board of Mabion S.A.

In 2022 and up to the date of this report, there have been no changes to the composition of the Audit Committee.

The Audit Committee operates in line with the provisions of the Act on Statutory Auditors, and its organisation and operation are specified in the rules of procedure adopted by the Supervisory Board.

In 2022, the Audit Committee held 2 meetings.

The criteria of independence within the meaning of the Act on Statutory Auditors in the composition of the Audit Committee in 2022 were fulfilled by David James, Józef Banach, Robert Koński, Sławomir Kościak and Zofia Szewczuk. These persons also met the independence criteria within the meaning of the Best Practice for GPW Listed Companies 2021.

Responsibilities and powers of the members of the Audit Committee.

Members of the Audit Committee who have declared that they had knowledge and skills in the field of:	
accounting or audit of financial statements:	the industry in which Mabion S.A. operates:
> David John James	> Józef Banach
> Józef Banach	> Sławomir Kościak
> Zofia Szewczuk	> Zofia Szewczuk
> Sławomir Kościak	

Information on the sources of knowledge and skills acquired by individuals in accounting or auditing and the industry in which Mabion S.A. operates is presented in section 5.5.1 of this report.

2. Appointment and Remuneration Committee

The Appointment and Remuneration Committee is an advisory body to the Supervisory Board. Members of the Committee exercise powers set out in the Rules of Procedure of the Appointment and Remuneration Committee adopted by the Company's Supervisory Board, pursuant to Article 390 of the Code of Commercial Companies.

In the financial year 2022, the composition of the Appointment and Remuneration Committee was as follows:

- Mr. Robert Koński – Chairman of the Appointment and Remuneration Committee,
- Mr. David John James – Member of the Appointment and Remuneration Committee,
- Mr. Józef Banach – Member of the Appointment and Remuneration Committee,
- Mr. Wojciech Wośko – Member of the Appointment and Remuneration Committee.

Changes to the composition of the Appointment and Remuneration Committee of the Supervisory Board of Mabion S.A.:

In 2022 and up to the date of this report, there have been no changes to the composition of the Appointment and Remuneration Committee. In 2022, among other tasks, the Appointment and Remuneration Committee worked on the Company's new incentive scheme and bonus system which would be motivating and ensure effective and smooth management of the Company while remaining relevant to its size and economic performance and taking into account the responsibilities associated with the role and the level of remuneration of Management Board members in similar companies, on a comparable market.As part of the aforementioned activities, the Appointment and Remuneration Committee issued recommendations to the Supervisory Board in particular with regard to the adoption of a bonus system and rules and regulations for bonuses for Management Board members, as well as the adoption of individual targets within the bonus system.

5.5.5 Procedures related to the selection and services of an audit firm

Audit firm selection policy and policy for the provision of permitted non-audit services

Pursuant to § 22.1 (b) of the Company's Articles of Association, the Company's Supervisory Board selects an audit firm to audit and review the Company's financial statements. When selecting an audit firm, the Supervisory Board acts on the basis of the indicated criteria and the recommendation of the Audit Committee.

The policy and procedure for selecting an audit firm to conduct the audit and the Policy for the provision of permitted non-audit services were adopted by resolutions of the Audit Committee on 20 October 2017 (updated on 21 April 2020 following amendments in law provisions).

The main assumptions of the implemented policy for the selection of an audit firm and the policy for the provision of permitted non-audit services are as follows:

The audit firm is selected in appropriate advance so that the contract for statutory audit of financial statements can be signed in time to allow the audit firm to participate in the stocktaking of significant assets.

The selection is made taking into account the principles of impartiality and independence of the audit firm and taking into account the principle of rotation of the audit firm and the key statutory auditor. The first audit agreement is entered into with an audit firm for a period of not less than two years with the possibility of extension for further periods of at least two years.

It is forbidden to include contractual clauses in agreements entered into by the Company, as invalid by virtue law, which would limit the possibility of selecting an audit firm by the Supervisory Board of the Company, for the purpose of carrying out the statutory audit of the Company's financial statements, to certain categories or lists of audit firms.

The Audit Committee, acting as part of the Supervisory Board of the Company, takes a decision on a recommendation to extend or not to extend the agreement with an audit firm, of which it informs the Supervisory Board of the Company.

If the Supervisory Board of the Company decides not to extend the agreement with the audit firm for a subsequent period and if the extension of the agreement for a subsequent period is not permissible in line with the rotation principle, the procedure for the selection of the audit firm shall apply.

The Tender Committee appointed by the Company's Management Board is responsible for organizing the selection procedure for the statutory audit of the Company's financial statements, including for drawing up tender documentation.

The request for proposals for the selection of an audit firm for the purposes of the statutory audit of the Company's financial statements is prepared by the Tender Committee in consultation with the Audit Committee and is subject to publication on the website www.mabion.eu and is sent to selected audit firms within a specified period of time.

Collected offers of audit firms together with a report containing conclusions from the selection procedure are submitted to the Audit Committee for approval.

The Audit Committee decides on the approval of the report containing the conclusions of the selection procedure and submits a recommendation to the Supervisory Board, which includes at least two options for selecting an audit firm with a justification and an indication of the Audit Committee's reasonable preference for one of them.

If the Supervisory Board's decision to appoint an audit firm deviates from the recommendations of the Audit Committee, the Supervisory Board justifies the reasons for non-compliance with the recommendations of the Audit Committee and communicates such justification to the General Meeting.

In accordance with Article 5(1) of Regulation (EU) No 537/14 of the European Parliament and of the Council of 16 April 2014, a statutory auditor or an audit firm carrying out the statutory audit of a public-interest entity, or any member of the network to which the statutory auditor or the audit firm belongs, shall not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the Union any prohibited non-audit services in:

a) the period between the beginning of the period audited and the issuing of the audit report; and

b) the financial year immediately preceding the period referred to in point (a) in relation to the services listed in Article 5(1), second paragraph, point e) of the above mentioned Regulation.

Services prohibited under Article 136.1 of the Act on Statuory Auditors include also other services which are not financial audit activities. Where a statutory auditor or an audit firm provides the said services to the Company, its parent undertaking or entities controlled by it for a period of at least three consecutive financial years, the total remuneration for such services shall be limited to a maximum of 70 % of the average remuneration paid in the last three consecutive financial years for the statutory audit(s) of the Company and, where applicable, its parent undertaking, entities controlled by it, and the consolidated financial statements of that group of undertakings. For the purposes of the limitations set out in the first sentence, non-audit services other than those referred to in the preceding paragraph and in this paragraph which are required to be provided under EU or national legislation shall be excluded.

The services indicated in Article 136.2 of the Act on Statutory Auditors are not prohibited services. The provision of these services is possible only to the extent not related to the tax policy of the audited entity, after the Audit Committee has carried out an assessment of threats to and safeguards of independence referred to in Articles 69-73 of the Act on Statutory Auditors and after the Audit Committee has given its consent.

Audit firm

The audit of the Company's financial statements for 2022 and the review of the Company's condensed interim financial statements for the period from 1 January 2022 to 30 June 2022 were conducted by PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp. k. with its registered office in Warsaw ("PwC"). The audit firm to conduct audits and reviews of the financial statements for the period 2022–2024 was selected by the Supervisory Board by resolution no. 1/II/2022 dated 24 February 2022 on the basis of the authorisation provided for in the Company's Articles of Association. The audit firm was selected on the basis of recommendations of the Audit Committee. The recommendation of the Audit Committee met the applicable conditions and was drawn up as a result of the procedure for selecting an audit firm meeting the applicable criteria, organised by the Company. By means of the aforementioned Resolution, the Supervisory Board selected PwC to carry out the audit of the Company's annual financial statements for 2022, 2023, and 2024, and to review the Company's semi-annual financial statements for the six-month periods ended 30 June 2022, 30 June 2023, and 30 June 2024. In 2022, PwC provided permitted non-audit assurance services to the Company in the form of an assessment of the Company's Management Board and Supervisory Board remuneration report for 2021. Pursuant to resolution no. 2/II/2022 of 24 February 2022, the Supervisory Board selected PwC to evaluate the reports on the remuneration of the Management Board and Supervisory Board members of the Company for the years 2021–2024.

The services listed above have been given a prior positive recommendation by the Audit Committee of the Company's Supervisory Board regarding the auditor's independence assessment. The Company's Supervisory Board has agreed to the provision of the above services.

For more information on the audit firm, please refer to point 6.4.

5.6 General Meeting of Mabion S.A.

5.6.1 Operating principles of the General Meeting

The General Meeting acts based on the Code of Commercial Companies and the Rules of Procedure of General Meetings of Mabion S.A.

General Meetings of the Company are held at the Company's registered office, either in Łódź or in Warsaw. General Meetings are convened in the manner set out in the CCC. The General Meeting is opened by the Chairman or another Member of the Supervisory Board, and in their absence by the President of the Management Board or a person designated by the Management Board. Shareholders may attend the General Meeting and implement voting rights in person or by proxy.

The General Meeting only considers matters included in the agenda. In matters not included on the agenda, resolutions may be adopted provided that the entire share capital is represented and none of the attending shareholders has objected to the adoption of the resolution. To be valid, a resolution on removing items included in the General Meeting's agenda requires a majority of 3/4 of the votes cast in the presence of shareholders representing at least 50% of the Company's share capital, with the consent of the shareholders filing a justified motion to abandon investigating the item in question. In the event that a motion for removing an item is filed by the Management Board, the resolution of the General Meeting requires an absolute majority of votes cast. Removing items included in the agenda upon request made pursuant to Article 401 of the CCC requires consent of the shareholder who made the request.

The General Meeting is capable of adopting binding resolutions irrespective of the number of shares represented at it, subject to the provisions of the CCC providing for a qualified majority. All resolutions of the General Meeting are adopted by an absolute majority of votes, unless the provisions of the CCC or the Company's Articles of Association stipulate other conditions for the adoption of such resolutions. Voting at the General Meeting is conducted in an open ballot, except as provided for in the CCC.

On 21 June 2022, the Ordinary General Meeting of Mabion S.A. adopted resolution No. 26/VI/2022 to amend the Rules of Procedure of the Company's General Meeting. The Ordinary General Meeting accepted the consolidated text of the Rules of Procedure for the General Meeting, as communicated in Current Report no. 19/2022 of 21 June 2022 and available on the Company's website at: https://www.mabion.eu/dokumenty-korporacyjne/.

5.6.2 Essential powers of the General Meeting

The competence of the General Meeting includes issues reserved for it by the Code of Commercial Companies, while the purchase and sale of real estate, perpetual usufruct or share in real estate or perpetual usufruct do not require the adoption of a resolution by the General Meeting (§ 17.2 of the Company's Articles of Association).

Pursuant to §17 (1) of the Company's Articles of Association, the competence of the General Meeting includes in particular:

a) examining and approving the Management Board's report on the operations of the Company and the financial statements, and the Supervisory Board's report for the financial year;
b) distributing profit and covering losses;
c) discharging Members of the Supervisory Board of the Company and Members of the Management Board of the Company of their duties;
d) increasing or decreasing the share capital;
e) amending the Company's Articles of Association, including changing the object of activity;
f) merging the Company with other entities;
g) dividing and transforming the Company;
h) dissolving the Company;
i) adopting the Rules of Procedure of the Company's General Meeting;
j) other matters provided for in the Articles of Association and the provisions of the applicable law.

Moreover, the competence of the General Meeting includes:

- appointing and dismissing Members of the Supervisory Board;
- suspending or dismissing Members of the Management Board;
- determining the manner in which the Company's profit is to be allocated;
- determining the dividend date.

To be valid, a resolution on the merger or division of the Company requires a majority of 3/4 of the votes cast.

5.6.3 Rights of shareholders and the manner of their execution

Rights and obligations related to the Company's shares are determined in the provisions of the Code of Commercial Companies (CCC), in the Articles of Association, and in other legal regulations.

Property rights attached to the Company's shares resulting from the Articles of Association

The Company's shareholders have the following property rights following from specific provisions of the Articles of Association:

1) Right of first refusal in the purchase of registered shares by the-then holders of registered shares in proportion to the shares held (§ 13 of the Company's Articles of Association)

2) Right to redeem the shares held (§ 12 of the Company's Articles of Association).

Corporate rights vested in the Company's shareholders in connection with participation in the Company:

1) Right to participate in the General Meeting in person or through a proxy (Article 412 of the CCC) and right to vote at the General Meeting (Article 411 § 1 of the CCC).
   Voting rights from the existing Company shares are as follows:
   a. two votes at the General Meeting are attached to each of the A, B, C, E, F, G series shares;
   b. one vote at the General Meeting is attached to each of the D, H, I, J, K, L, M, N, O, P, S, U series shares.
2) The right to convene the Extraordinary General Meeting by shareholders representing at least one-half of the share capital or at least one-half of the votes in the Company (Article 399 § 3 of the CCC).
3) The right of shareholders with at least one-twentieth of the Company's share capital to request that the Extraordinary General Meeting be convened and to request that certain items be put on the agenda (Article 400 § 1 of the CCC). If within two weeks of the date of presenting the request to the Management Board the Extraordinary General Meeting is not convened, the registration court may authorise the shareholders who requested the Meeting to convene it (Article 400 § 3 of the CCC).
4) The right of shareholders with at least one-twentieth of the Company's share capital to request that certain matters be put on the agenda of the next General Meeting (Article 401 § 1 of the CCC). The request should contain at least a justification or draft resolution relating to the proposed item on the agenda (Article 401 § 1 of the CCC).
5) The right to appeal against General Meeting resolutions pursuant to the rules specified in Articles 422-427 of the CCC.
6) The right to request appointing the Supervisory Board in separate groups. Pursuant to Article 385 § 3 of the CCC, on motions from shareholders representing at least one-fifth of the share capital. The Supervisory Board should be then appointed by the next General Meeting by voting in separate groups.
7) The right to request that a specific item related to the incorporation of a public company or running it be audited by a statutory auditor (an auditor for special issues). The respective resolution should be adopted by the General Meeting upon a motion by a shareholder or shareholders holding at least 5% of the total voting rights at the General Meeting (Article 84 of the Act on Public Offering). For this purpose, the shareholders may request that the Extraordinary General Meeting be convened or that the passing of such a resolution be included in the agenda of the next General Meeting. If the General Meeting dismisses the motion for appointing an auditor for special issues, the motioners may request that such an auditor be appointed by the Registration Court within 14 days of passing the resolution (Article 85 of the Act on Public Offering).
8) The right to obtain information about the Company in the scope and manner specified by the law, in particular pursuant to Article 428 of the CCC. During a General Meeting, at the request of a shareholder the Management Board has to provide information relating to the Company, if this is justified for assessing an item on the agenda; a shareholder who is refused such information during a General Meeting and who reports his/her objection to the minutes of the Meeting may file a motion with the Registration Court to oblige the Management Board to provide such information (Article 429 of the CCC).
9) The right to request the release of documents corresponding in content to the Directors' Report on the Company's activities, its financial statements, the Supervisory Board's report or the audit report. The release of these documents may be requested as from the date of the convening of the ordinary general meeting. The documents must be made available without delay, and no later than two business days after the request. Upon request by a shareholder, documents will be made available in electronic form, including by means of electronic communication (Article 395 § 4 of the CCC).
10) The right to inspect, on the premises of the Management Board, the list of shareholders entitled to participate in the General Meeting and to request a copy of such a list, subject to payment of the costs of its preparation, and to request that the list be sent free of charge to an electronic delivery address or by e-mail (Article 407 § 1–11 of the CCC).
11) The right to request copies of motions regarding items on the agenda, within a week preceding the date of the General Meeting (Article 407 § 2 of the CCC).
12) The right to file a motion for checking the list of attendees to the General Meeting by a specially appointed committee comprising at least three persons. The motion may be filed by shareholders holding one-tenth of the share capital represented at such a General Meeting. The motioners are entitled to appoint one of the members of the committee (Article 410 § 2 of the CCC).
13) The right to inspect the book of minutes and request that copies of resolutions certified by the Management Board be issued (Article 421 § 3 of the CCC).
14) The right to file a claim for repairing damage caused to the Company according to the principles specified in Article 486 and 487 of the CCC, if the Company does not file a lawsuit for damages within a year of the date of disclosing the action which caused the damage.
15) The right to inspect documents and request that the copies of documents referred to in Article 505 § 1 of the CCC (in the event of a merger of the Company), in Article 540 § 1 of the CCC (in the event of a division of the Company) and in Article 561 § 1 of the CCC (in the event of the Company's transformation) be made available on the Company's premises free of charge.
16) The right to request that a commercial company which is a Company's shareholder provide information whether it is the parent or subsidiary of a given commercial company or co-operative which is a Company's shareholder, or whether it ceased to be such a parent or subsidiary. A shareholder may also request that the number of shares or votes be disclosed, or the number of shares or votes that the commercial company holds, including as a pledgee, user or based on agreements with other persons. The demand for information should be filed in writing (Article 6 § 4 and 6 of the CCC).

5.7 Principles for amending the Company's Articles of Association

The principles for amending the Company's Articles of Association are regulated by the Code of Commercial Companies. Amendments to the Articles of Association require a resolution of the General Meeting and entry into the National Court Register. The General Meeting may authorise the Supervisory Board to set the consolidated text of the Company's amended Articles of Association or to make other editorial changes as specified in the resolution of the Meeting.

5.8 Main features of internal control and risk management systems

The Company does not have an institutionalised, formalized internal control system or a financial risk management system in respect of the process of drawing up the financial statements. Data for the purpose of financial statements and the financial statements themselves are prepared by the Company's finance department. A Management Board Member for Financial Matters supervises the preparation of the financial statements.

6 SUPPLEMENTARY INFORMATION

6.1 Remuneration policy

On 15 June 2020, the Ordinary General Meeting of the Company adopted a resolution on the adoption of the Remuneration Policy for the Members of the Management Board and Supervisory Board of Mabion S.A. ("Remuneration Policy"). Then, on 22 June 2021, the Ordinary General Meeting of the Company adopted a resolution on the adoption of amendments to the Remuneration Policy for the Members of the Management Board and Supervisory Board of Mabion S.A.

The Remuneration Policy is available on the Company's website at: https://www.mabion.eu/dokumenty-korporacyjne/.

The Remuneration Policy contains the framework and general principles for the remuneration of the Management Board and the Supervisory Board Members, to be followed by the Supervisory Board and the General Meeting when determining the remuneration of individual members of the company's bodies in accordance with statutory requirements. The objective of these principles is to lay the foundations for the implementation of the Company's strategy and its stable development, to ensure effective and smooth management of the Company, to increase the long-term value for investors, to ensure the Management Board's loyalty to investors, to build motivation of members of the Management Board to take actions conducive to long-term development of the Company and innovation, without taking excessive risk, to create a framework to manage potential conflicts of interest and to take into account the interests of employees and respect for the environment.

The terms and conditions, and amounts of remuneration for 2022 separately for individual Members of the Company's Management Board, and non-financial elements of remuneration for which they are eligible in 2020 are presented in sections 5.4.3 and 5.5.3 of this Report.

6.2 Liabilities under pensions and similar obligations

In 2022, the Company did not have any liabilities for pensions or similar benefits towards former members of its managing or supervisory bodies, or any liabilities incurred in connection with such pensions.

6.3 Lawsuits

In 2020, the Company was not a party to any proceedings before a court, an arbitration authority or a public administration authority which in the opinion of the Management Board of the Company could have a material adverse effect on the financial situation, operations or cash flows of the Company.

6.4 Information about the audit firm

The audit of the Company's financial statements for 2022 and the review of the Company's condensed interim financial statements for the period from 1 January 2022 to 30 June 2022 were conducted by PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp. k. with its registered office in Warsaw, at ul. Polna 11, entered on the list of audit firms kept by the Polish Agency for Audit Oversight with no. 144 ("PwC"). The agreement with PwC was entered into on 1 September 2022 for a period of 3 years and includes the audit of interim financial statements and the audit of annual financial statements for 2022, 2023 and 2024. The total remuneration for the performance of the aforementioned services covered by the agreement was set at PLN 897,000 net.

In previous years, Mabion S.A. used the services of PwC in the following scope:

- audit of the annual financial statements for the different years in the period 2015–2021, review of the interim condensed financial statements for the period from 1 January to 30 June of the different years in the period 2015–2021, and audit of the remuneration policy report for 2019–2020 and 2021;
- services related to the planned issue of the Company's shares on a stock exchange outside the territory of the Republic of Poland (on the territory of Europe or the United States), i.e. support for the Company in the preparation for the conversion of the financial statements for 2016 and 2015 prepared in accordance with PAS into IFRS-compliant statements, audit of the Company's financial statements for 2016 and 2015 prepared in accordance with the IFRS, preparation of comfort letters in connection with the planned listing of the Company's shares on the aforementioned stock exchange, support and other services related to the preparation of issue documents necessary for the implementation of the share issue on the aforementioned stock exchange;

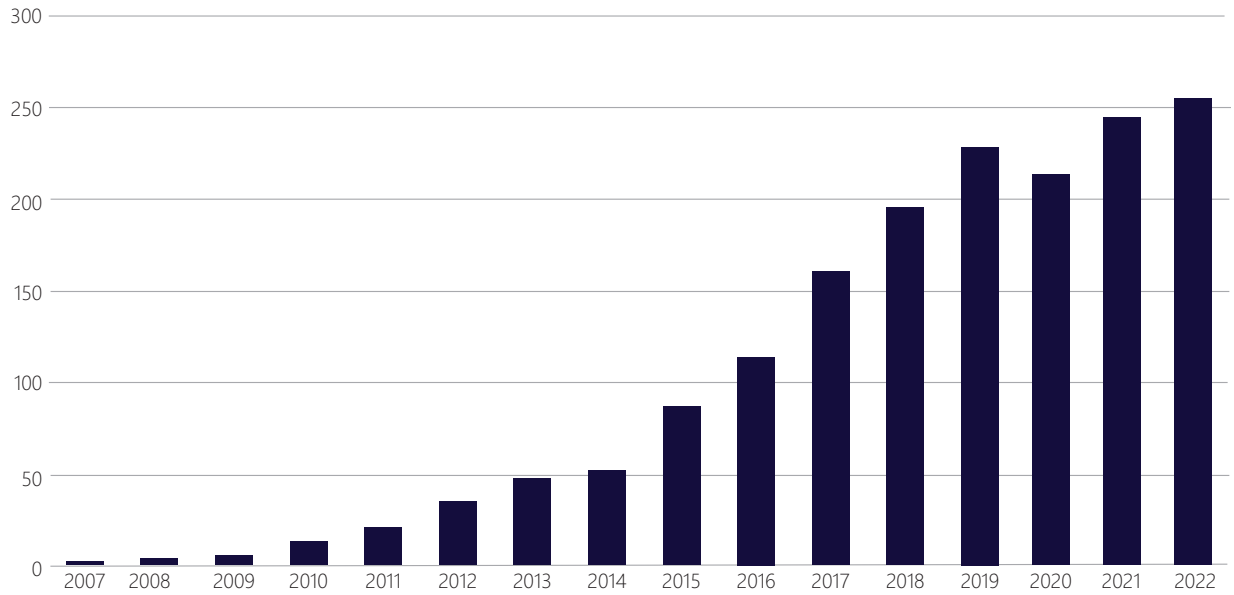
Remuneration due to PwC for services provided in 2022 and 2021 is presented in the table below.

PLN thousand	2022	2021
Audit of the annual financial statements	200	180
Other attestation services, including the review of interim financial statements and a service relating to the assessment of the remuneration report	122	83
Tax consultancy services	0	0
Other services	0	31

6.5 Employment

As at 31 December 2022, the Company employed 255 people on the employment contract basis, while the average employment in 2022 was 254.72 full-time equivalents.

Figure 1. Employment at Mabion S.A. in 2007–2022.



6.6 Major research and development achievements

The Company's experience in the research and development area and its assets enabled it to operate as a CDMO. The Company showcased its skills as part of its first CDMO order from Novavax, where a vaccine antigen manufacturing process was successfully transferred to the Mabion's laboratories and the process was subsequently scaled up to its intended commercial level.

As a fully integrated CDMO, the Company will offer a full range of services such as process and analytics development, preclinical and clinical analytics, manufacturing for the clinical stage and commercial manufacturing – DS (drug substance, active substance) and DP (drug product, finished product), characterisation of medicinal products and batch release, regulatory consulting. The development and manufacturing services will be able to accommodate a wide spectrum of biological products such as: monoclonal antibodies, monoclonal antibody-based products, protein vaccines, other recombinant protein-based products.

The Company has the ability to implement projects at various stages of development.

> **Manufacturing for clinical trials and commercial manufacturing**

The Company implements state-of-the-art technology, building on many years of experience in the production of macromolecular medicinal products. It specialises in the production of sterile biotechnology products at its facility in Konstantynów Łódzki, which meets Good Manufacturing Practice (GMP) requirements.

The Company's objective is to optimally translate scientific assumptions into technological solutions for the production of biological substances and medicinal products based on recombinant proteins, including mAb, ADCs, BsAbs, and vaccines. This is achieved through the implementation of recombinant protein processes whereby proteins are obtained using different expression systems and purification techniques, up to the final sterile end product, which is accompanied by full process control exercised by a dedicated department and individuals qualified in analytical, microbiological, and documentation areas.The aforementioned processes are conducted in line with the highest regulatory standards (e.g. EMA, FDA).

> **Production of finished products**

Mabion offers GMP-compliant glass vial sterilisation services, aseptic automated sterile vial filling, as well as labelling and packaging, for a wide range of biological products for both small-scale clinical supply and large-scale commercial production. The Company has its own warehouse and fleet of delivery vehicles, which makes it independent of external suppliers.

> **Process development**

Mabion's Process Development and Analysis team comprises experienced experts in the field of upstream and downstream processes and the analytics required to characterise a protein-based therapeutic at the development stages of the manufacturing process and the finished product. It is the basis of the Company's approach to process and product development to understand every process variable and step that affects the final product. To do this, Mabion uses its strength in the form advanced analytics, both biological, as well as physicochemical

and structural. Owing to extensive experience in commercial scale manufacturing, the Company uses technologies and methodologies enabling it to scale up and transfer processes from a small laboratory setting to a GMP-compliant environment. Since the Development, Production and Quality Control teams closely collaborate, the production of the very first clinical batches, supported by analyses, is a smooth continuation of the development work. Additionally, the Company is able to support clients in the characterisation of processes with the use of the DoE (design of experiment) approach.

> **Preclinical and clinical analytics**

The Company has expertise in the development, transfer, and validation of bioanalytical methods for the evaluation of the pharmacokinetics, pharmacodynamics, and immunogenicity of biological medicines in accordance with the relevant guidelines of the ICH and the main regulatory agencies (EMA and FDA). In line with the GCP and GLP standards, Mabion has created a panel of biological methods to analyse samples from preclinical and clinical trials.

> **Characterisation of medicinal products and batch release**

From the initial stages of development to batch release and stability testing of clinical and commercial material, Mabion has the ability to carry out comprehensive research leading to full characterisation of therapeutic protein products. The research can be used as part of, among other things, release/stability testing of the manufactured DS/DP (drug substance/drug product), characterisation of the drug product, QTPP (quality target product profile), determination of biosimilarity and bioequivalence, all with full life-cycle support of analytical tools, including method development, qualification/validation carried out in compliance with the GMP.
In addition to the analytical tests, which are of key importance fo the manufacturing process, the Company can conduct more advanced structural characterisation services, which include mass spectrometry, PTM analysis (including a glycosylation profile), receptor binding assays (SPR, ELISA), and bioactivity assays.

> **Regulatory advice**

By maintaining an ongoing dialogue with Regulatory Authorities, Mabion can offer support in setting a strategy for the development of biological products and help ensure compliance with the requirements of regulatory agencies, including EMA, FDA. In order to ensure compliance with expectations and regulatory requirements, Mabion can oversee product and process development activities and comprehensively support the documentation development process needed for the initiation and conduct of clinical trials, followed by product registration with a specific regulatory agency, and market launch. The Company has been operating in a GMP- and GLP-compliant environment for many years and is in a position to provide consultative support for the development of analytical processes and methods, in line with European quality system requirements.

6.7 Environment protection

Issues related to environmental protection, but also to ensuring safe working conditions and improving energy efficiency are a very important aspect of the Company's operations, which, acting on the basis of current regulations, guidelines and legislation in these areas, pursues the Company's strategic objectives guided by the principle of sustainable development.

An important aspect of the Company's operations is to conduct the processes at the plant in a manner that minimises negative impact on the environment.

Considering the above, the Company has made every effort to implement and maintain an Integrated Management System in accordance with ISO 14001:2015, 45001:2018 and 50001:2018 standards, which contributes to the improvement of its operations in the management of the EP, OHS, and energy areas. The Company has implemented all planned measures to ensure that the plant's operations and processes comply with all guidelines arising from ISO standards and legislation relating to the areas of EP, OHS, and energy.

In November 2020, the Company completed a two-stage certification process, which was conducted by independent auditors from an accredited certification body. The scope of certification covered the main and ancillary processes that comprise research and development activities enabling the development and subsequent implementation of new product of biological origin and biotech medicines, including biosimilar medicines, and activities related to the manufacture of biological preparations and biosimilars.

The audit team reported that the organisation has established and maintains its management system in line with the requirements of the standards and demonstrates the ability to meet in a systematic manner the agreed requirements for products and services in accordance with the organisation's scope of certification, objectives and policy.

The certificates obtained confirm the successful implementation and certification of IMS, which are valid for the period of three years. In order to maintain the validity of the certificates, the Company underwent a second supervisory audit carried out in December 2022 by the aforementioned independent certification body. The supervisory audit of the integrated management system was completed with a positive recommendation from the audit team, confirming the continuous improvement of the Company's activities in the area of environmental, energy, and occupational health and safety management. The basic assumption of the Integrated Management System Policy in the area of environmental protection, occupational health and safety and energy efficiency is to raise the awareness of all employees with regard to the systems in force, which translates into effective implementation of the Policy, as well as to build a sense of responsibility for its implementation with regard to:

- the provision by Senior Management of safe and healthy working conditions,
- the commitment of Senior Management to the promotion of IMS,
- continuous improvement in the areas of environmental protection, occupational health and safety, and energy efficiency;
- elimination of hazards and mitigation of risks;

- prevention of injuries and health problems;
- environmental protection and pollution prevention;
- improving energy performance;
- compliance with the requirements of PN-EN ISO 45001:2018, PN-EN ISO 14001:2015, PN-EN ISO 50001:2018 standards, and with legal and other requirements in the area of environmental protection, occupational health and safety and energy use and consumption, binding upon the Company;
- consultation and participation of employees in building an effective system;
- the availability of information and resources necessary to achieve the objectives and targets;
- taking into account environmental, occupational health and safety, and energy efficiency issues in investment processes and procurement plans.

The idea underlying the environmental management system is to implement environmentally friendly projects with active participation of employees. The events organised in 2022 were educational and raised the awareness of the Company's employees and their families about important environmental issues. They included:

- "No plastic packaging day" – an education event to promote the use of reusable packaging, containers and bags;
- "Battery Day" - information about alkaline batteries, their composition and harmful effects of improper waste management on human health and the environment, and the need for selective waste collection;
- "International Day of Forests" – an information campaign about the beneficial properties of trees;
- "Sparrow Day" – a bird information package, arts competition for children – promoting pro-environmental attitudes also beyond the Company's boundaries;
- "Earth Day" – promoting an environmental attitude conducive to the conservation of the Earth's resources;
- "World Bee Day" – an information campaign on the role of bees in the ecosystem, with an arts competition for children of the Company's employees;
- "European Sustainable Transport Week" - a competition promoting emission-free modes of transport, with the winning team donating the cash prize to Fundacja Dla Przyrody [Foundation for Nature], which supports the protection of biodiversity;
- an educational campaign on Mabion's energy-saving principles and signs that remind to turn off the lights in common spaces.

The Company cooperates with the Recal Foundation on an ongoing basis, by participating in the "Every Can Counts" project. As a result of the selective collection, 15 kg of aluminium cans were gathered and the profit from their sale was donated to environmental causes. With the assistance of the Grotniki Forestry Authority, Mabion volunteers got involved in a tree-planting project and the 29th Clean Up the World campaign coordinated by the Our Earth Foundation.

Some of the campaigns organised by the Company have also had a social dimension, involving employees in active assistance to organisations supporting people in need, or animals. In 2022, a collection of shelf-stable food for the residents of the Single Mother's Home in Łódź and a collection of food for the Łódź animal shelter were organised.

The Company has analysed energy efficiency, use and consumption based on current data and information to detect significant consumption points and identify opportunities to improve energy performance. The summary of these activities is included in a document titled "Energy Review".

These actions are intended to make every effort to improve energy efficiency, increase the level of waste segregation and reduce the consumption of natural resources, while implementing optimal production processes.

The company has two business locations. The Company's registered office is located in Konstantynów Łódzki, at ul. gen. Mariana Langiewicza 60. The office of the Management Board is also located at this address.

The Research and Development Centre for Biotechnological Medicinal Products is located at ul. Fabryczna 17 in Łódź.

The Company has complied with the formal regulations for obtaining administrative decisions and holds the permits and notifications listed below:

1. Decision of the Marshal of the Łódź Region of 29.07.2016 on the integrated permit (reference: RŚVI.7222.190.2015.KK) - for the location of the Company in Konstantynów Łódzki.
2. Decision of the Państwowe Gospodarstwo Wodne Wody Polskie, the Regional Water Management Board in Poznań of 05 July 2022 (reference: PO.RUZ.4210.121.2022.JP.5) on granting the water-legal permit covering the special use of waters consisting in injection of industrial sewage containing substances particularly harmful to the aquatic environment (total phosphorus, nitrite nitrogen, ammoniacal nitrogen) into the sewage system of another entity – for the Company's location in Konstantynów Łódzki. The decision was rectified by the Order of Państwowe Gospodarstwo Wodne Wody Polskie, the Regional Water Management Board in Poznań of 12 July 2022 (reference: PO.RUZ.4210,121.2022.JP.6) on the frequency of industrial wastewater testing.
3. Notification of the fuel combustion installation to the District Office in Pabianice – confirmation of the notification receipt of 3 April 2018 (reference: OŚ.6221.2.2018) – for the Company's location in Konstantynów Łódzki.
4. Notification to the Marshal of Łódź Region of the operation of an installation in the scope of the emission of gases and dust into the air, concerning the test operation for the manufacture of medicinal products or pharmaceutical raw materials, for which the maximum time of emission of substances into the air will amount to 120 hours per year of 30.09.2021 (reference: SRIV.7223.1.2.2021.MO) – for the Company's in Konstantynów Łódzki.
5. Decision No. 65/Op/15 of the Mayor of Łódź of 28 April 2015 on the award of a waste generation permit (reference: DSSOŚR-IV.6221.5.2015) – for the Company's location in Łódź.

The Company also has internal system documents (procedures and instructions of a Good Laboratory Practice and a Good Manufacturing Practice system), regulating issues related to the conduct of rational, environmentally safe waste management at the plant, in accordance with the provisions of law.

The Company's waste management complies with legal requirements – the Company transfers waste to authorised parties on the basis of written agreements in force in 2022 i.e:

- agreement no. 37/JN/2018 of 15.05.2018 entered into with ECO-ABC Sp. z o. o. for the collection and disposal of solid medical waste, together with the most recent annex, no. 01/2021, updating the financial terms and conditions effective from 01.11.2021, and the annex of 31.08.2022.
- agreement of 20.06.2022 with FUH EKO-UTIL Monika PUC for the collection, transport, and disposal of liquid medical waste,
- agreement of 23.02.2022 no. NM-01-/UOO/2022 entered into with "Port Service" Sp. z o. o. for the collection, transport, and disposal of liquid medical waste,
- agreement of 20.07.2020 signed with REMONDIS Sp. z o. o. for the collection and management of mixed and sorted municipal waste, with the most recent revision of the terms of cooperation dated 11.07.2022,
- agreement of 15.06.2021 with REMONDIS Sp. z o. o. for the collection and management of industrial - production waste (secondary raw materials), together with annex no. 1 of 03.10.2022 amending the financial terms and conditions of cooperation, and annex no. 2 of 22.12.2022 and annex no. 3 of 29.12.2022 regarding the collection and management of the remaining industrial - production waste for the locations of Konstantynów Łódzki and Łódź.

To fulfil its obligation under the aforementioned act, on 30 December 2019 the Company also signed, with INTERZERO Organizacja Odzysku Opakowań S.A., agreement no. UM/2019/1244 with annex no. UM/2021/1374 of 22 September 2020 and an annex of 21 November 2022 on the takeover and fulfilment of the entrepreneur's obligation to ensure recovery and recycling of packaging waste. Under the agreement, the Organization undertakes to perform the following activities for and on behalf of the Company:

- collecting packaging waste,
- recovering and recycling packaging waste,
- preparing and submiting an annual report on packaging and packaging waste management to the competent public administration,
- conducting public education campaigns.

The Company has complied with all obligations relating to environmental reporting, which includes the collection and processing of data and information and the production of reports reflecting the environmental performance of the plant. Reports have been submitted to the relevant environmental authorities, on official forms in force. The Company have submitted the following reports:

- List containing a summary of information on the use of the environment and the amount of fees due for the introduction of gases and dusts into the air. The emission sources are: HCl dosing and disinfection of equipment and surfaces, both for basic installation (installation for the production of medicinal products or pharmaceutical raw materials) and auxiliary installation (research and development laboratories, quality control laboratories); fuel combustion installations; combustion of fuels in internal combustion engines.
- The report of the National Centre for Pollution Control and Balancing (KOBiZE) containing information on the amount of greenhouse gas emissions to the atmosphere, the source of which is: HCl dosing in the basic and auxiliary installation; disinfection of equipment and surfaces; fuel combustion installations; combustion of fuels in internal combustion engines.
- Annual report on waste generated and on waste management.
- Annual report containing information necessary for the establishment of the National Pollutant Release and Transfer Register (PRTR) for the transfer of hazardous waste across the country.
- Annual information on the types and quantities of category 2 drug precursors used at the Mabion's facility.
- preparing and submiting an annual report on packaging and packaging waste management to the competent public administration,

Pursuant to Article 28 of the Environmental Protection Law, entities using the environment are obliged by law and by virtue of decisions held by them to measure the level of substances or energy in the environment and the amount of emissions. Such measurements shall be carried out in a periodically repeatable manner. The results of the monitoring shall be recorded and reported or made available for inspection to the relevant environmental protection authorities. The Company fulfils this obligation by carrying out:

- measurements of noise emissions from installations and forwarding test results to the relevant environmental authorities;
- quality tests of industrial wastewater and mixed industrial and household wastewater. The results of the tests have been forwarded to the relevant environmental protection authorities;
- quantitative monitoring of: water intake, industrial wastewater discharge, electricity consumption, network heat consumption, fuel use;
- control of the technical condition and operational inspection of the oil-derivative separator.

In order to monitor the amount of waste generated, the Company keeps full records of generated waste using documents specified in waste management regulations for that purpose and makes entries in the Database on Products, Packaging, and Waste Management.

Fulfilling the obligations specified in the Integrated Permit, the Company also carries out ongoing technological monitoring, which includes measurements of parameters characterising specific technological processes, i.e. consumption of materials, substances, products, and production volume.

6.8 Promotional and charitable activities

In 2022, the Company incurred expenditure to support charitable institutions, social, and environmental organisations.

The most significant group of expenses related to the lease of housing for the Company's employees of Ukrainian origin and their families and the purchase of medical supplies related to the ongoing war in Ukraine. Expenditure for these purposes amounted to more than PLN 162 thousand.

Furthermore, as a result of participation in the competition organised as part of the European Sustainable Transport Week, the Company donated funds to the DLA PRZYRODY ("FOR NATURE") foundation, which promotes the protection of biodiversity. As part of its charitable activities, the Company has supported: Home for Young Children in Lodz and the Joanna Radziwiłł Foundation "Caring Wings" as part of the ALL4Kids Christmas Gifts campaign. In total, these expenses amounted to approximately PLN 3.7 thousand.

6.9 Investor relations

In 2022, similarly to previous years, the Company carried out active and frequent communication activities, reaching out to a wide audience of stakeholders. With the state of epidemic continuing for most of the first half of the year, then changed to the state of epidemic emergency, and the Company's established practice of meeting with stakeholders, the Company focused its activity online, holding webinars for investors and other stakeholders.

Communication activities with the Company's stakeholders, including in the area of investor relations, included:

- participation in numerous national and international fairs and conferences (BIO-Europe 2022, CPHI Frankfurt 2022, BIO International Convention 2022, CEBioForum 2022, to name just a few);
- meetings (mainly online) with institutional and individual investors, analysts from brokerage houses, and the media;
- educational activities among investors and the media;
- preparation and distribution of information and press materials for, among others, the media, institutional and individual investors, and analysts at brokerage houses;
- developing a communication strategy and significantly increasing the Company's activity on business social media (LinkedIn) to enhance the Company's communication reach, as well as to build the image of a socially responsible company that creates an attractive working environment for its people;
- expert statements and comments of the Company's officials in Polish and international media (news media, media from capital market related sectors and specialised industry media dedicated to biotechnology), online interviews and online teleconferences with the Company's Management Board, which, commencing with the results for H1 2022, are available on the Company's official YouTube profile;
- answering direct enquiries from individual investors addressed to the investor relations department on matters relating to the Company's everyday operations and its environment;
- as a result of commencing cooperation with Novavax in the area of production of COVID-19 protein vaccine elements, educational activities conducted by representatives of the Company and invited experts as part of social responsibility activities aimed at promoting vaccination against COVID-19;
- participation in initiatives organised by universities and other institutions (e.g. "Młodzi W Łodzi" initiative and "Doktorat wdrożeniowy" (industrial PhD Programme));
- Company's involvement in the operation of the Union of Biotechnology Companies to develop the innovative biotechnology industry in Poland, through, among other things, consultation in shaping laws, building awareness and knowledge of representatives of public authorities on the role and importance of the biotechnology industry, and mutual support in the process of registration, production of biotechnology products in the European Union.

The purpose of Mabion's investor relations activities is to create value for the Company's Shareholders. The key objective is to have an regular, effective, two-way communication channel with the investors, and to ensure the Company's transparency through full compliance with disclosure obligations and corporate governance principles contained in the Best Practice for GPW Listed Companies 2021.

The Company communicates with investors via its website which contains a separate section for investors and another separate one – for the media, with the materials available in Polish and English. The website complies with the requirements and recommendations specified in the Best Practice for Listed Companies 2021 and the Guidance Notes to the DPSN 2021.

The Company regularly informs about the most important events through current reports published via the ESPI system, as well as through press releases in key daily economic newspapers, on financial and business portals. The Management Board representatives give interviews to key media covering biotechnology and finance. The Company responds to enquiries from investors, shareholders, and other stakeholders on an ongoing basis.

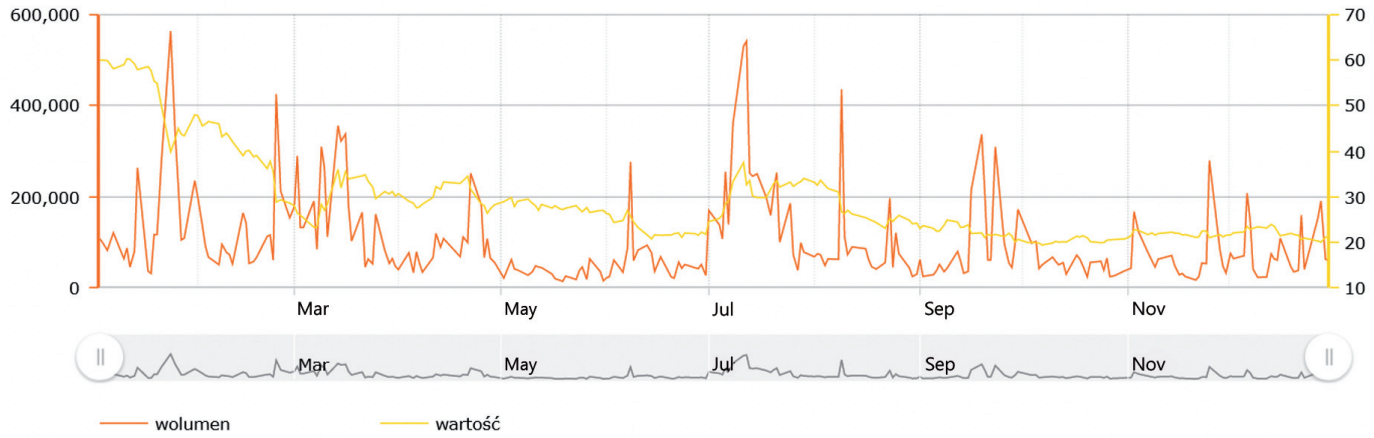
The main topics communicated by the Company in 2022 were:

- gradual development of the cooperation with Novavax regarding manufacturing services for the COVID-19 vaccine antigen, regularly extended to include a broad spectrum of other manufacturing, analytical and logistics services; the cooperation was also updated with plans to expand antigen manufacturing to include the Omicron variant (the relevant Annex was entered into on 6 April 2023);
- phased commercialisation and expansion of the CDMO service offering;
- further diversification of the Company's financing sources, which included obtaining the EBRD credit committee's approval and subsequently (in February 2023) entering into a loan agreement with the EBRD for USD 15 million.

Contact for investors: relacjeinwestorskie@mabion.eu.

6.10 The Company's stock performance on the Warsaw Stock Exchange

Table 9. Mabion S.A. stock quotes on the Warsaw Stock Exchange (03.01.2022 – 30.12.2022) – chart.



Source: https://www.gpw.pl/spolka?isin=PLMBION00016

Table 10. Mabion S.A. stock quotes on the Warsaw Stock Exchange (03.01.2022 – 30.12.2022) – a summary.

Start date:	2022-01-04
End date:	2022-12-30
Reference price:	PLN 61.10 (2021-12-30)
End price:	PLN 21.00 (2022-12-30)
Change:	- 65.63 %
Change:	- PLN 40.10
Minimum:	PLN 19.30 (22-10-07)
Maximum:	PLN 61.90 (22-01-04)
Average:	PLN 28.96
Trading volume:	25,616,661 pcs.
Average volume:	102,058 pcs.
Turnover:	794.312 million
Average turnover:	3.165 million

7 STATEMENT ON NON-FINANCIAL INFORMATION

7.1 Legal basis

GRI: 102-45, 102-46, 102-50, 102-51, 102-52, 102-53

As at the date of publication of the Director's Report of Mabion S.A. for the year 2022, which includes this section entitled Statement on non-financial information ("Statement"), Mabion is not subject to the legal obligation under Art. 49b.1 of the Accounting Act, which identifies the entities required to draw up a statement on non-financial information.

Pending the implementation of the regulations arising from Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 with regard to corporate sustainability reporting and to meet the expectations of the stakeholders, the Company has developed this Statement for 2022 based on its own principles, using selected indicators of the 2016 Global Reporting Initiative (GRI Standards reporting standard.

7.2 Process for defining the report content

The purpose of this Statement is to communicate information about the Company to stakeholders, covering non-financial issues related to the areas of environment, safety, social and labour issues, and governance.

The key areas described in the Statement are:

- risk management;
- corporate governance;
- the impact of the Company's operations on the environment and environment protection;
- safety of employees;
- employee matters.

Mabion has drawn up this first Non-Financial Information Statement, which presents data for the period from 1 January 2022 to 31 December 2022, while both the Statement and the entire Directors' Report cover events that occurred after the balance-sheet date, up to the date of this report.

The Company will report non-financial information on an annual basis.

The Company does not have a capital group and therefore this Statement covers only the issuer.

7.3 Organisation Profile

GRI: 102-1, 102-2, 102-3, 102-4, 102-5, 102-8

7.3.1 Name and legal structure of the organisation

Mabion S.A. was established on 29 October 2009 as a result of transforming Mabion spółka z ograniczoną odpowiedzialnością (limited liability company) registered on 30 May 2007, into a joint-stock company. Mabion S.A. is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court for Łódź-Śródmieście in Łódź, 20th Department of the National Court Register, with reference number KRS 0000340462.

Company details

Company name:	Mabion Spółka Akcyjna
Registered office:	Konstantynów Łódzki
Address:	Mariana Langiewicza 60, 95-050 Konstantynów Łódzki

7.3.2 Location of operations. Information on the form of ownership

The Company carries out all of its activities in the Republic of Poland. The Company has no isolated branches within the meaning of the Accounting Act, whereas it currently has two centres (facilities):

1. **The Scientific-Industrial Complex for Medical Biotechnology (Kompleks Naukowo- Przemysłowy Biotechnologii Medycznej) located in Konstantynów Łódzki, ul. gen. Mariana Langiewicza 60, which is also the registered office of the Company.**

   The facility located in Konstantynów Łódzki is used for manufacturing activities (Manufacturing Department) and laboratory operations, i.e. laboratories of the Development Department and laboratories of the Quality Control Department. The location also houses technical infrastructure of the facility, which is under the care of the Operation Maintenance Department, as well as other Departments, i.e. Quality Assurance, Administration, Regulation and Multifunctional Units, i.e. Project Management Office, Business Development Department, as well as Pharmacovigilance, Qualified Persons and Occupational Health and Safety.

   The Company owns the land on which the facility is situated and the building, as well as the installations and equipment comprising their internal and external infrastructure.

2. **Research and Development Centre for Biotechnological Medicinal Products at ul. Fabryczna 17 in Łódź.**

   The Company is a lessee of office, service, and warehouse premises that are part of the complex owned by Fabryczna 17 SPP spółka z ograniczoną odpowiedzialnością – spółka komandytowo-akcyjna, located in Łódź at 17 Fabryczna Street. Mabion S.A. owns the infrastructure of the above-mentioned premises.

   Laboratory activities, i.e. the Development Department – Medical Division, are conducted at the CBR in Łódź. The location also includes office space used by the Company's Finance Department.

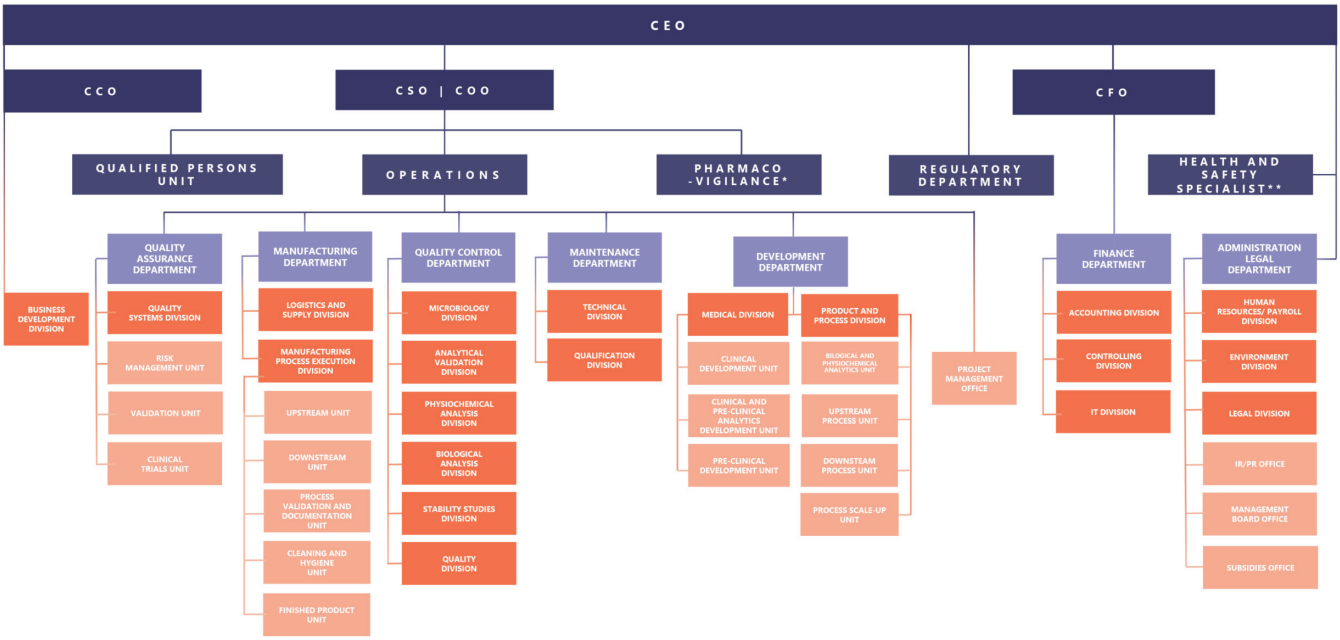
7.3.3 The Company's business objects, including products and services

The Company's objects of activity are described in section 2.2. of the Directors' Reports of Mabion S.A. for 2022. Information on the Strategy of Mabion S.A. for 2023-2027, adopted on 18 April 2023, can be found in section 4.1. of the Report.

7.3.4 Organisational structure

The organisational structure of Mabion S.A. is presented below.

Table 11. Organisational structure of Mabion S.A.



In accordance with Resolution No. 4/IV/2023 r. from 07.04.2023 r. of the Management Board of Mabion S.A. with its registered office in Konstantynów Łodzki

* The Pharmacovigilance employee is within Regulatory Department
** The health and safety specialist is an employee of the Administration Department

7.3.5 Employment structure – information on employees

As at 31.12.2022, Mabion S.A. employed a total of 268 people in 2022, which was 15 employees (approximately 6 %) more than in the previous year.

Below, detailed data presenting the Company's employment status, broken down by gender, employment contract type, and employment type, is presented.

Table 12. Employment level in 2022 by gender, all agreement types

Employment level as at 31.12.2022 – all employees, all agreement types	Quantity
Total number of employees	268
Number of women employed	177
Number of men employed	91

Table 13. Employment level in 2022 under employment contract

Total number of staff employed under employment contract (as at December 2022)	
Total number of staff employed under employment contract	255
Number of women employed	171
Number of men employed	84

Table 14. Employment level by type of employment contract

Total number of staff employed by employment contract type (as at December 2022)		
Total number of staff employed under employment contract	Women	171
	Men	84
	Total	**255**
Number of permanent employees	Women	139
	Men	62
	Total	**201**
Number of temporary employees	Women	32
	Men	22
	Total	**54**

Table 15. Employment level by employment type

Total number of staff employed by employment type (as at December 2022)		
Total number of staff employed under employment contract	Women	171
	Men	84
	Total	**255**
Number of full-time employees	Women	165
	Men	83
	Total	**248**
Number of part-time employees	Women	6
	Men	1
	Total	**7**

7.4 Risk management in the organisation

GRI: 102-15

7.4.1 Risk management

Risk management is an integral part of the Company's management activities.

The Management Board of the Company manages risk on a constant basis in all significant areas of the operations. Due to the dynamic situation on the pharmaceutical market, the Company's Management Board monitors, audits and updates potential risks on an ongoing basis, through:

- anticipating and identifying risk groups, in-depth understanding of the type of risk to enable its active prevention;
- constant monitoring and controlling of existing risks;
- avoiding risks – abandoning activities which expose the Company to high risk;
- taking preventive actions – developing operating plans and appropriate procedures which may be immediately implemented in the event of a potential risk occurrence;
- maintaining risk within predetermined limits or implementing plans to minimize the risks;
- reporting on the risks identified and their nature.

The Company has a risk management system in place in accordance with generally accepted standards (ISO:31000), including detailed guidelines for risk management in a pharmaceutical quality system (in accordance with ICH Q9).

Each year, the Company draws up a document entitled *Management Board report on the assessment of internal control, risk management, compliance and the internal audit function of Mabion S.A.* The report presents, among other things, an analysis of risks in the areas of: finance and accounting, information technology, product technology, and manufacturing.

Below, an analysis of the risks in relation to the areas of environmental, social and corporate governance (ESG) is presented.

7.4.2 Description of key risks

7.4.2.1 Risks of violation of workers' rights

Risk characterisation and mitigation:

The risk of failure to respect workers' rights, in the form of unequal treatment, discrimination, mobbing, to name just a few, is present in any organisation employing staff. The Company endeavours to minimise this risk by complying with the provisions of the Labour Code and the Company's internal regulations, in particular the Rules of Employment, the Remuneration Regulations, and the Promotion Procedure, among other things as regards equal treatment of staff in employment, prohibition of employee discrimination, equal access to promotion, gender-independent remuneration, and equal access to training and upskilling for all employees.

Each new employee is obliged to read the internal regulations, including the Rules of Employment and the Remuneration Regulations, and undergo onboarding training. Moreover, in December 2022 the Company introduced the Mobbing Counteracting Procedure and appointed a Spokesperson responsible for counteracting mobbing and a Deputy spokesperson responsible for counteracting mobbing. A training session was organised in this regard.

The Company tolerates no violations of employee rights, including mobbing. The Mobbing Countermeasures Procedure is aimed at preventing such phenomena and, in the event of their occurrence, enabling the Company to respond immediately.

In line with the aforementioned Procedure, in order to counteract mobbing, the Company is required to take all measures permitted by applicable legislation, in order to, in particular: promote desirable attitudes and behaviours consistent with the principles of social co-existence in interactions between employees, disseminate knowledge on mobbing, its prevention, and consequences, take action in the event of suspected mobbing against the Company's employees, provide assistance to mobbing victims, monitor employee relations in the Company, in particular through the analysis of complaints and through anonymous surveys. The abovementioned tasks were entrusted to the Spokesperson responsible for counteracting mobbing and their Deputy, who are also responsible, inter alia, for initiating an investigation when a complaint is received or when the spokesperson becomes aware of mobbing of an employee, and for supervising the proper and efficient conduct of the investigation. The investigation is conducted by the Complaints Committee, whose work is directed towards establishing the facts and releasing a recommendation to the Company.

Risk materiality level: medium.

7.4.2.2 Employment level risk

Risk characterisation and mitigation:

Every organisation has to account for the risk of insufficient staff resources, in both qualitative and quantitative terms, particularly in the form of vacancies in key business areas. The Company's business is based on the knowledge and experience of its highly skilled managers and scientific and research personnel. However, there is a risk that key employees may leave the Company in the future, which could adversely affect the quality of its products. The Company may also be unable to attract or retain qualified personnel due to strong competition for such personnel. This is particularly relevant in relation to the Company's agreement for the production of vaccine antigen for Novavax, Inc., as well as other future contract orders. If the Company is unable to attract, retain and motivate the necessary staff to achieve its business objectives, it may face constraints that will make it significantly more difficult to achieve the objectives of the Company's business strategy. The Company's performance will also depend, in part, on the future employment level, and on the Company's ability to successfully integrate newly hired executive officers into its management team and the Company's ability to develop an effective working relationship among senior management. Some skills are not easily available on the labour market, so in the case such an employee is lost, it could be difficult to find a successor, especially in the case of positions requiring a narrow specialisation.

In order to counteract the above risk, the Company's Management Board pursues an active HR policy aimed at employing and retaining the most valuable specialists in the company and supporting their development. The success of the Company depends, among other things, on the continuous ability to attract, maintain and motivate highly qualified management and scientific staff. The Company's Management Board systematically monitors trends on the remuneration market, including the subject of non-wage benefits, implementing new solutions at the Company. The Company undertakes efforts aimed at motivating employees and enabling them to improve their competences through both internal and external training, or support to undertake doctoral studies. In addition, a paid employee referral scheme was introduced. In addition, the Company offers salary and non-salary benefits to its employees, participates in job fairs and other events to promote the Company as an employer, and actively engages with the external environment (LinkedIn) and internally. The Company holds periodic meetings, in the form of webinars attended by Employees and the Management Board, to address queries from employees and provide information on current and planned activities in the organisation. Moreover, employee satisfaction surveys are carried out to determine directions for further development in terms of HR and payroll policies.

As part of the Leadership Academy, the Company provides training for team leaders. It is a programme dedicated to future Managers, aiming to assist in developing soft skills necessary to manage a team and in building a professional image of a Leader.

All these activities are aimed at preserving work satisfaction and high motivation among Employees, and counteracting staff turnover.

Excused absences of employees from work, including those related to sick leave e.g. due to SARS-CoV-2, also contribute to the employment level risk. Such situations disrupt the rhythm of team work, often resulting in the need to suddenly and quickly assign a replacement, which is difficult in practice. To counteract this risk, the Company has extended the possibility for employees to work remotely, thus avoiding the spread of infections among its staff. Moreover, the Company has implemented a Procedure for dealing with suspected SARS-CoV-2 coronavirus infection and a Procedure for using antigen tests in case of infection, allowing employees to do tests for the aforementioned virus. The aim of these measures is, inter alia, to ensure the continuity of the Company's operations and to maintain safe working conditions and, in the event of a state of epidemic, to introduce and ensure compliance with an appropriate sanitary regime.

Risk materiality level: medium.

7.4.2.3 Risk analysis for non-compliance with legal requirements, standards, internal regulations, including environmental and occupational health and safety requirements

Risk characterisation and mitigation:

The Company conducts its business in a volatile regulatory environment, which clearly creates a risk of non-compliance with the broadly understood legal requirements. The verification and implementation of legal obligations require expertise and constant monitoring of changes. The Company endeavours to counteract this risk by employing in-house lawyers, regulatory specialists, specialists in specific areas to monitor regulatory developments, and it also uses services of legal and regulatory advisers. The Company needs to constantly adapt to the evolving legal environment, in legal, tax, organisational, and technological terms, which results in operating costs that may increase or decrease depending on the current volatility of the legal environment.

Frequent regulatory changes that are typical of the Polish legal system may expose the Company to a risk that its business forecasts will become obsolete and its financial condition will deteriorate or even totally collapse. Regulatory changes that have the greatest impact on the Company operations are in particular those related to tax law, laws governing the operation of the social security system and publicly funded healthcare services, as well as pharmaceutical and intellectual property laws. Amendments to the above regulations may significantly reshape the Company's legal environment and thus alter its financial results. Also the area of environmental protection and occupational health and safety is characterised by frequent changes in legislation, and not being aware of changing legal conditions can lead to severe environmental impacts, fines for the Company, and health risks for employees. While minimising the risk resulting from dynamic changes in legal regulations in the area of environmental protection and occupational health and safety, the Company conducts a periodic assessment of compliance with legal requirements with the support of external specialists – specialists who represent the aforementioned areas monitor changes in regulations on an ongoing basis and identify the need to introduce possible changes in the Company.

Also discrepancies in interpretation of the legal order prevailing in Poland and in the EU constitute a material factor which may have impact on the development prospects, results achieved and the financial position of the Company. Disparity in legal interpretations by national courts and public agencies, or Community courts can have both direct and indirect consequences for the Company. The Management Board constantly monitors changes in laws and interpretations that are of key importance for the Company in an effort to proactively adapt the Company strategy to such developments.

Risk materiality level: high.

7.4.2.4 Risk of uncontrolled discharge of industrial wastewater

Risk characterisation and mitigation:

By means of a decision issued by Państwowe Gospodarstwo Wodne Wody Polskie (National Water Management Authority) and on the basis of an agreement with the wastewater recipient, the Company is obliged to ensure an appropriate level of quality of the wastewater discharged to the collective sewerage system. Wastewater which exceeds permissible substance parameters may impede the operation of the treatment plant or the effectiveness of the treatment process whose final product is water discharged into watercourses. The hazard to the aquatic environment, the aquatic fauna and flora, is indeed high.

In its location in Konstantynów Łódzki, the Company has its own wastewater sub-treatment plant to which industrial wastewater from technological processes is directed. Industrial wastewater is pre-treated there, using chemical and physical methods, to acceptable parameters. The wastewater treatment process, the quantity and quality of the wastewater produced and the maintenance of adequate levels in the liquid waste tanks are constantly monitored by the Operation Maintenance Department, which minimises the risk of discharging untreated wastewater to an external receiving body. Furthermore, due to the fact that industrial wastewater is not generated in a continuous system, the employees of process departments are informed of the need to provide the representatives of the Operation Maintenance Department and the Environmental Specialist with information on the planned discharge of wastewater, which is executed and facilitates the management of pretreatment plant operations. The Company also conducts periodic monitoring of the discharge quality by commissioning accredited laboratories to carry out tests twice a year. The results are presented to the recipient of the wastewater and to the institution issuing the water permit. Each time there is a significant change in the manufacturing process, the possible composition of the industrial wastewater is analysed and tests are carried out to verify the need to adapt treatment methods or obtain new approvals/permits.

Risk level: medium

7.4.2.5 Risks associated with inadequate waste management (incorrect classification, labelling, initial storage at the point of production)

Risk characterisation and mitigation:

The environment protection requirements focus, inter alia, on the obligation of entrepreneurs to manage waste in a transparent manner, in compliance with the applicable legislation and administrative decisions. Improper waste management, especially of hazardous waste, involves severe environmental consequences. Inappropriate handling and storage of waste can result in harmful emissions of gases and dust into the atmosphere or leakage into the soil, leading to permanent contamination of land and groundwater. Considering the scale of the environmental impact, the Company complies with legal requirements in the area of waste management.

The Company is entered in the Product and Packaging and Waste Management Database register. The registration number identifying the Company as a waste producer is placed on all company documents. An authorised employee maintains ongoing waste records, and monitors the correctness of its separation, labelling, storage period at the place of production, and permitted waste volumes set by administrative decisions. Waste is forwarded to authorised parties on the basis of written agreements and managed in accordance with legal requirements.

The waste management procedure at Mabion guarantees correct waste handling, thereby minimising the risk of environmental impact. The waste management principles are included in the scope of periodic training for all Company's employees, and their effectiveness is assessed by ongoing monitoring, by the Waste Officer, of correct waste collection.

At Mabion, waste is managed transparently and the waste management results are reported annually to the Office of the Marshal of the Lodzkie Region.

Risk level: medium

7.4.2.6 Risks related to possible accidents at work

Risk characterisation and mitigation:

Every job bears occupational risks whose magnitude varies depending on the processes implemented, the working environment and the risk applied minimisation measures. Notwithstanding careful analysis carried out prior to the commencement of work in a particular position, there can still be unforeseen factors that may contribute to an accident scenario, e.g. the human factor. The risk of an accident at work is therefore present in every position in the Company. Depending on the circumstances and consequences of the event, an accident at work can result in health loss and, in extreme cases, death of workers. Depending on the severity of the incident, an accident at work can also affect the Company's image as an employer responsible for the health and life of its personnel. Any work incapacity caused by an accident at work entails a financial loss due to the absence of the injured person and hiring a replacement worker.

As an employer responsible for health and life of its employees, the Company undertakes a number of measures to minimise the risk of accidents at work. Every newly hired employee attends an initial health and safety training course, which includes a general briefing on the Company's basic health and safety rules, and on-the-job training covering the principles of implementing the duties in a specific position. During the period of employment, periodic training in the area of occupational health and safety is also provided.

Risk level: medium

7.4.2.7 Risk of occupational diseases

Risk characterisation and mitigation:

Each employer is legally obliged to identify harmful factors in the working environment and then take measures to minimise the risk involved with the consequences of these factors. The Company identifies areas where work may pose health risks to employees. The employer, with the participation of staff representatives, maps the risks for each work position, assessing where action is needed to minimise the risk severity. The risk assessment is communicated to all employees. The employer takes actions to reduce the risk of harmful factors in the working environment and thus prevents the occurrence of occupational diseases.

The employer monitors working environment conditions on a continuous basis by commissioning tests to accredited laboratories. Preventive measures are applied in the form of procedures, training, technical and organisational solutions, and personal protective equipment to protect workers from the negative effects induced by their work and the environment in which it is performed. Nevertheless, prolonged repetitive activities accompanied by unchanging factors may entail a risk of occupational disease. The severity of occupational diseases may vary depending on the type of activities and the process environment.

Apart from the obvious negative health consequences for employees, cases of occupational illness can affect the Company's reputation as an employer. Moreover, the procedures associated with the diagnosis of an occupational disease entail a risk of financial loss.

Risk level: medium

7.4.2.8 Risk of technical emergencies posing a threat to the health or life of employees

Risk characterisation and mitigation:

To address the negative consequences of emergency situations, the Company takes proactive measures, defining the possibility of occurrence and the type of emergency events that may translate

into employee safety. The manner of conduct in the different emergency situations on the Company's premises is indicated in a written procedure.

The facility is equipped with a fire protection system – a voice alarm system, fire extinguishers, hydrants, and generally available fire safety instructions. The Company monitors presence at the facility on the basis of attendance registers, designates and trains persons authorised to fight fires and organise evacuations, which facilitates evacuation in cases requiring immediate departure from the building. At least once every two years, the Company organises evacuation drills and at least once a year – simulations of other emergency events. There is an efficient first aid system in place in the event of a situation threatening the health or life of employees. A defibrillator and first aid kits are available in the facility, with a list of people who are regularly trained in first aid shown right next to the kits. Thus, the Company undertakes measures to reduce the risk of emergencies and their possible consequences.

Risk level: medium

7.5 Ethics

GRI: 102-16, 102-17

7.5.1 Company's values and ethics

The Company conducts its business in conformity with ethical principles, respecting human rights and applicable legislation. Each employee of the Company may learn about his/her rights and obligations and values embedded in our corporate culture, which translates into clarity and transparency of mutual expectations and rules of conduct in everyday work. Mabion aspires to creating a work environment based on respect and mutual trust. Every person working for the Company is subject to the following rules:

- knows his or her duties;
- may engage in an open and constructive dialogue about his or her work performance;
- may count on professional development assistance;
- is recognised and rewarded based on merit (basic pay system, plus performance bonuses and participation in training and conferences);
- may talk openly and improve the performance of the whole team;
- is treated fairly and respectfully;
- is not discriminated against (see point 1);
- feels supported in pursuing his or her personal priorities.

7.5.2 Description of the measures taken by the Company to counteract mobbing and ensure respect for human rights

The Company recognises diversity and efforts to address any discrimination as important issues in its business operations. The Company places great value on openness and tolerance and is aware that, in this time, diversity is a driving force for economic development, not only for the Company itself but also for the society as a whole. Therefore, fair treatment of all employees and associates is one of the Company's priorities.

The Company accepts no violations of employee rights, including mobbing, and therefore, in December 2022 a Mobbing Counteracting Procedure was adopted and a Spokesperson for counteracting mobbing and a Deputy spokesperson responsible for counteracting mobbing were appointed.

The Mobbing Countermeasures Procedure is aimed at preventing such phenomena and, in the event of their occurrence, enabling the Company to respond immediately by implementing the steps set out in the document.

In line with the aforementioned Procedure, the Company's employees must comply with the prohibition of mobbing against their co-workers, while the Company is required to take all measures permitted by applicable legislation, in order to, in particular: promote desirable attitudes and behaviours consistent with the principles of social co-existence in interactions between employees, disseminate knowledge on mobbing, its prevention, and consequences, take action in the event of suspected mobbing against the Company's employees, provide assistance to mobbing victims, monitor employee relations in the Company. The abovementioned tasks were entrusted to the Spokesperson responsible for counteracting mobbing and their Deputy.

7.6 Information security, including security of the IT environment

At Mabion S.A., personal data are processed in line with the applicable legislation. The information security principles and policies adopted by the Company include, first of all, the Security Policy for the Processing of Personal Data at Mabion S.A., established in order to fulfil the obligations arising from applicable legislation, in particular Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC ("GDPR"). The documentation referred to above has been put in place to ensure adequate protection of personal data held by the Company, appropriate, in particular, to the risks and categories of personal data subject to protection.

It is a requirement for the security of personal data that the controller implements and maintains documentation of the data processing, as well as ensures data confidentiality, integrity, availability and accountability, by implementing and operating the necessary organisational mechanisms and procedures for this purpose.

The principles of data security and data processing apply to all data processed by Mabion S.A., whether in electronic format or on paper. The documentation referred to above relates to the processing of data by employees of Mabion S.A., as well as by other persons with the assistance of whom the Company implements its activities requiring access to personal data.

To ensure the protection of personal data processed on paper and by means of IT systems, the Company has implemented an

IT System Management Instruction. The Instruction applies to all employees and associates of Mabion S.A., and the procedures and guidelines contained therein should be communicated to those responsible for their implementation at the Company, in accordance with their assigned powers and responsibilities. The security level prescribed therein corresponds to the category of risks associated in particular with the fact that the Company uses a system connected to the public network, which involves exposure to potential threats originating from the that network.

Furthermore, there are Rules for the Protection of Personal Data applicable at Mabion S.A., which include an extract of the most important security rules and procedures contained both in the Security Policy for the Processing of Personal Data and in the IT System Management Instruction, which are binding on all individuals processing personal data. The Rules indicated above constitutes an appendix to the Security Policy for the Processing of Personal Data at Mabion S.A. The purpose of the Rules is to make the employees and associates of Mabion S.A. as familiar as possible with the principles of personal data protection, as well as to define their rights and responsibilities in this respect.

As part of its safety policy, Mabion S.A. relies on market standards such as risk analysis, GMP, and MITRE ATT&CK. The tasks of IT department include the regular risk analyses in order to define an action plan, with account taken of the specific nature of the Company's activities regulated by GMP requirements. In its security policy, the IT department has relied on best practices and implemented selected risk minimisation techniques identified by MITRE.

7.7 Management and corporate governance

GRI: 102-18, 102-22

7.7.1 Corporate governance principles

The Company endeavours to conduct its business in a manner consistent with the accepted practices in the area of corporate governance and, as an entity listed on the Warsaw Stock Exchange, applies the principles of corporate governance as set out in "Best Practice for GPW Listed Companies". Simultaneously, the Company makes efforts to apply these principles as widely as possible.

In 2022, the Company was subject to the corporate governance principles defined in "Best Practice for GPW Listed Companies 2021", adopted by the GPW Board's resolution no. 13/1834/2021 of 29 March 2021.

Best Practices 2021 came into force on 1 July 2021. Pursuant to the requirements of DPSN 2021, on 30 July 2021 the Company published a document containing "Information on the Company's application of the Best Practice for GPW Listed Companies 2021". The document is posted on the Company's website at:
https://www.mabion.eu/wp-content/uploads/2022/05/GPW_dobre_praktyki_MABION.pdf

Then, on 15 May 2022, the Company published an updated document containing "Information on the Company's application of the Best Practice for GPW Listed Companies 2021". The document is posted on the Company's website at:
https://www.mabion.eu/wp-content/uploads/2022/02/Informacja-o-aktualnym-stanie-stosowania-rekomendacji-i-zasad-ladu-korporacyjnego-zawartych-w-zbiorze-%E2%80%9EDobre-Praktyki-Spolek-Notowanych-na-GPW-2021.pdf

7.7.2 Internal control, risk management, internal audit, and compliance systems

The control systems in the Company cover both areas related to the operation of a listed company and those resulting from regulations for the pharmaceutical sector related to the compliance with the GMP (Good Manufacturing Practice) and GLP (Good Laboratory Practice) standards. The internal audit system enables the monitoring of processes, procedures, instructions, and records to confirm that the operations comply with the applicable regulations.

The Audit Committee of the Supervisory Board works directly with representatives of the Audit Firm to hear their observations on the operation of the Company's reporting systems. The Company makes management accounting entries for the Management Board and the Supervisory Board, for information purposes.

As regards legal competence, the Company employs in-house lawyers qualified to practise as legal advisers and uses a law firm based in Łódź, experienced in providing legal services to listed companies, which responds to the ongoing needs of the Company's operations. At the same time, for the analysis of distribution agreements with potential partners, the Company uses services of a law firm specialising in the "life science" industry.

There is no isolated unit responsible for risk management, internal audit and compliance in the Company's structure. Risk management at the Company is the responsibility of its Management Board. At present, the Company does not have a separate risk management system. Risk analysis and strategic decisions are ongoing tasks of the Management Board, carried out in consultation with the Supervisory Board in respect of applicable regulations and the evolving market situation. Moreover, the Company's internal control system, which is exercised by the Management Board, is supported on an ongoing basis by the management and other employees as part of their duties. Control activities are carried out in the Company on a continuous basis, as well as when the management checks that tasks are being carried out correctly and controls its subordinates, paying particular attention to ensuring that appropriate control mechanisms are in place. Any possible irregularities are corrected promptly by authorised staff. In view of the above, the Company's bodies have not yet recognised the need to appoint an internal auditor within the Company's organisational structure.

The internal control systems, risk management, compliance, and internal audit function are assessed each year by the Company's Supervisory Board, and the results of this assessment form one

of the elements of the Supervisory Board's report subject to approval by the Company's Ordinary General Meeting.

7.7.3 Articles of Association of the Company

The Company's Articles of Association are amended by the General Meeting of the Company, and any resolution to this effect must be adopted by a three-quarters majority. Any amendment to the Company's Articles of Association requires registration in the Register of Entrepreneurs. The Company's General Meeting may authorise the Company's Supervisory Board to define the consolidated text of the Company's amended Articles of Association or to make other editorial changes as specified in the resolution of the General Meeting.

The up-to-date version of the Company's Articles of Association, incorporating the amendments adopted by the General Meeting to date, constitutes the consolidated text of the Company's Articles of Association as established by Resolution of the Supervisory Board of 12 October 2022, in accordance with the authorisation granted by the General Meeting. The consolidated text of the Company's Articles of Association is published on the Company's website at:
https://www.mabion.eu/wp-content/uploads/2022/06/Statut_tekst-jednolity.pdf

7.7.4 General Meeting of the Company

The operating principles and powers of the Company's General Meeting are described in sections 5.6.1. and 5.6.2. MABION S.A. Directors' Report

7.7.5 Structure of the Governing Bodies of Mabion S.A.

7.7.5.1 Governance structure The role of the top management body in setting objectives, values, and strategy of the Company

The Company's governing bodies are the General Meeting, the Management Board, and the Supervisory Board.

The Management Board exercises all rights to manage the Company and represent it externally, with the exception of rights reserved by law or the Company's Articles of Association for decisions of the General Meeting and the Supervisory Board (§ 27 of the Company's Articles of Association). The Management Board sets short- and long-term objectives, establishes the business strategy, and oversees the implementation of ESG activities.

As at the date of this statement, the Company's Management Board consists of four members.

As at the date of this statement, the Supervisory Board of Mabion S.A. consists of six members. Members of the Supervisory Board are elected for a joint term of office, which lasts 3 years. Members of the Supervisory Board are appointed and dismissed by the General Meeting.

At least two members of the Supervisory Board should be members independent of the Company within the meaning of the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Act on Statutory Auditors) and have no real or significant relationship with any shareholder holding at least 5% of the total number of votes in the Company. At least one Member of the Company's Supervisory Board should have knowledge and skills in accounting or auditing of financial statements. At least one Member of the Company's Supervisory Board should have knowledge and skills in the industry in which the Company operates.

7.7.5.2 Composition of the highest governance body

Management Board of Mabion S.A.

The rules of operation of the Company's Management Board are specified in generally applicable regulations (including the Code of Commercial Companies), the Company's Articles of Association, and the Rules of Procedure of the Management Board.

The Company's Articles of Association are available on the Company's website at: https://www.mabion.eu/wp-content/uploads/2022/06/Statut_tekst-jednolity.pdf.

The Rules of Procedure of the Management Board are available on the Company's website at: https://www.mabion.eu/wp-content/uploads/2022/02/Regulamin-Zarzadu.pdf.

In the financial year 2022, the composition of the Company's Management Board was as follows:

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

A detailed description of the Management Board Members' experience and competence, scope of responsibility, and term of office is described in section 5.4.1. MABION S.A. Directors' Report

Supervisory Board of Mabion S.A.

A description of the operation and powers of the Supervisory Board is presented in section 5.5.2. MABION S.A. Directors' Report

In the financial year 2022, 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 – Member of the Supervisory Board;
- Zofia Szewczuk – Independent Member of the Supervisory Board.

Curricula vitae of Supervisory Board Members are presented in section 5.5.1. MABION S.A. Directors' Report

7.7.6 Diversity policy

There is no formal document regulating the issue of diversity in the Company, but related provisions can be found in a number of internal documents, which demonstrate that the Company recognises diversity as an important issue for its business. The Company places great value on openness and tolerance and is aware that, in this time, diversity is a driving force for economic development, not only for the Company itself but for the society as a whole in general.

Diversity objectives are achieved in particular through:

- equal treatment of employees in employment;
- prohibition of discrimination against employees;
- equal access to promotion for women and men, and thus equal, gender-independent pay;
- continuous wage monitoring, gender-equitable remuneration policies;
- equal access to training and upskilling for all employees regardless of gender;
- openness to employing people experiencing difficulties in finding employment, including people with disabilities;
- openness to employing people struggling with difficult life situations, in particular refugees from Ukraine;
- openness to cultural differences;
- setting up and implementing a remuneration and bonus policy based on equality, non-discrimination, and diversity;
- adapting the work positions to the needs of employees (including breastfeeding mothers);
- support of Work-Life Balance;
- periodic job satisfaction surveys;
- introducing the Mobbing Counteracting Procedure and appointing a Spokesperson responsible for counteracting mobbing and a Deputy spokesperson responsible for counteracting mobbing;
- monitoring the salaries of women and men at different levels in order to close the gender pay gap.

The principles defined in the DPSN 2021 with regard to diversity among the Management Board and Supervisory Board members of the Company have not been met, which the Company justifies as follows:

- **Principle 2.1.** Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity in the Company's corporate bodies, the participation of the minority group in each body should be at least 30%.
  - The above principle is not applied.
  - The Company's comment: The Company does not have a diversity policy. However, at the stage of selection of the Management Board and the Supervisory Board, all applications are considered on the same basis, irrespective of gender, age, views, etc., and therefore there is no discrimination or unequal treatment of applications due to the above characteristics.

- **Principle 2.2.** Decisions to elect Members of the Management Board or the Supervisory Board of the Company should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.
  - The above principle is not applied.
  - The Company's comment: The composition of the Company's bodies does not meet the diversity criteria indicated in principle 2.1. and 2.2. However, at the stage of selection of the Management Board and the Supervisory Board, all applications are considered on the same basis, irrespective of gender, age, views, etc., and therefore there is no discrimination or unequal treatment of applications due to the above characteristics.

7.8 Matters relating to the area of environmental protection

GRI: 302-1, 302-4, 303-1, 303-5, 305-1, 305-2, 305-3, 305-4, 306-1, 306-2, 306-3, 306-5, 307-1

7.8.1 Environmental management

As a biopharmaceutical company, Mabion S.A. has an impact on the environment. To minimise the negative environmental effects, the Company focuses on ensuring that all processes at the facility are carried out in line with current legislation, regulations, and the highest environmental standards.

To achieve the above and to effectively manage the area of environmental protection, improve energy efficiency and enhance occupational health and safety ("OHS"), the Company has taken great care to implement and maintain an Integrated Management System in accordance with ISO 14001:2015, 45001:2018, I50001:2018. In December 2022, the Company successfully passed the second supervisory audit on meeting the requirements of the aforementioned standards, and maintained the certificates as a result.

7.8.1.1 Environmental policy

In 2022, to effectively manage the environmental protection, occupational health and safety, and energy efficiency areas, the Management Board established an Integrated Management System ("IMS") policy applying to these areas. The IMS Policy

("Policy") guides the organisation's activities towards achieving the intended outcomes for the areas it covers. The Policy provides a framework for specific actions whose effects are conducive to reducing the negative impact of the Company's activities on the environment and to improving its energy performance. The IMS Policy is known to all employees and has been made available to the parties concerned.

The Company's environmental and energy management is a process that includes:

- identification of environmental aspects;
- setting measurable and realistic objectives relating to the environment protection and energy management, with measures to achieve them;
- ongoing environmental and technological monitoring;
- emissions reporting;
- monitoring the volume of produced waste;
- internal and external verification of compliance with legal requirements and ISO 14001:2015 and 50001:2018 standards through internal audits and legal audits;
- energy reviews;
- management review;
- training course on environmental protection and energy management;
- promoting ecological and pro-energy attitudes and organising events to improve awareness among the employees.

Below, a list of the Company's procedures, instructions and other internal documents that have been implemented in the Company to ensure responsible management of the environment protection and energy management area is presented.

- IMS Policy;
- Environmental and Technological Monitoring Procedure. Environmental reporting;
- Procedure for energy review and monitoring of energy target;
- Procedure setting out the principles of waste management at the facility.

7.8.1.2 Environmental objectives

In accordance with the process approach, energy and environmental management at the Company is based on planning, implementation, verification, and improvement. Accordingly, in 2022 the Company has set targets to be achieved, which are shown in the table below, together with the tasks to be implemented to achieve them and the results towards the target.

Table 16. Environmental objectives set for 2022, together with an indication of the tasks carried out to achieve the objective and their outcome towards the objective

Purpose	Tasks carried out to achieve the objective	Results towards the objective
Increase the level of correct classification and segregation of waste to a minimum of 85%.	1. Initial and periodic training for staff in waste management. 2. Monitoring of correct classification and waste segregation, reporting on results, and verifying the causes of errors. 3. Improvement of infrastructure to support improved waste segregation – purchase of additional bins.	Ongoing monitoring of the correctness of waste segregation, conducted in 2022, has shown that the expected results have been achieved (an average result of 88%).
Increase energy efficiency by 3% compared to the energy baseline.	1. Ongoing monitoring of electricity consumption. 2. Initial and periodic training for staff on energy conservation principles, awareness raising.	In 2022, a reduction in the energy use rate of 8 % (based on the chosen calculation criteria) was recorded.
Increase environmental awareness among employees and the public.	1. Planning and implementation of environmental activities and thematic educational campaigns in the Company. 2. Organisation of thematic competitions for employees and their children.	In 2022, 12 environmental campaigns were delivered (100% of the plan), which involved employees in active environmental efforts and significantly raised awareness.

7.8.2 Energy consumption

7.8.2.1 Identification of types of energy carriers

Mabion is supplied with energy provided by third-party suppliers on the basis of contractual terms.

The facility uses: electricity, system heat, natural gas and fuels (diesel, petrol).

The table below presents energy consumption for 2022 by type.

Table 17. Energy consumption in the Company in 2022 by type of raw material

Energy consumption, by type	Consumption	Unit
Electricity	3,762.60	[MWh]
Heat (total)	4,556.40	[GJ]
> Heat (technical heat)	3,933.40	[GJ]
> Heat (district heating)	623.00	[GJ]
Natural gas	201.33	[thousands of m^3]
Petrol	1,8957.4	[l]
Diesel	9,629.45	[l]

The consumption of electricity purchased and generated by the Company in 2022 is shown in the table below. The consumption of energy from non-renewable and renewable sources was calculated on the basis of the structure of fuels used to generate energy, published by the supplier, PGE Obrót S.A. For the calculation, data made available for 2022 were used.

Table 18. Electricity consumption, by source

Electricity consumption, by source	Consumption	Unit
Electricity purchased	3,762.60	[MWh]
Electricity generated	n/a	[MWh]
Electricity from non-renewable sources (hard coal, lignite, natural gas)	3,160.96	[MWh]
Share of electricity from non-renewable sources in total consumption	84.01	[%]
Electricity from renewable sources (biomass, hydropower, wind power, solar energy)	601.64	[MWh]
Share of electricity from renewable sources in total consumption	15.99	[%]
Total electricity consumption	3,762.60	[MWh]

7.8.2.2 Measures implemented to reduce electricity consumption

To manage energy efficiently, the Company conducts an analysis of energy consumption based on up-to-date data to detect significant consumption points and identify opportunities for energy efficiency improvements. Every year, the Company performs an energy review in accordance with a defined methodology, analysing the variables affecting energy consumption. A summary of the measures implemented in this area can be found in the document entitled "Energy Review Report".

In 2022, in order to reduce electricity consumption, the Company has implemented the following measures:

- optimisation of WFI water sanitisation processes (extension of intervals from 48h to 168h). Rarer sanitisation results in electricity savings of 10,512.0 kWh per year (with no impact on WFI water quality);
- shutting down chillers during periods of high chilled water demand (water chillers are the most energy-intensive system). This generates energy savings of 50% on average (with no impact on environmental conditions in the manufacturing zone);
- limiting the possibility of individual air-conditioning control in summer in office spaces. The automatic air-conditioning control is set so that the difference between the outside and inside temperature does not exceed 7°C (contribution to efficient energy management).
- refurbishment of office premises and replacement of lighting with energy-efficient systems;
- fitting signs reminding people of the obligation to switch off lights in common areas;
- educational campaigns and internal training on the Company's fundamental energy saving principles.

7.8.3 Water management

7.8.3.1 Information on water intake

The Company does not have its own water intake; its water is supplied from an external supply system, under an agreement. Water is used for everyday needs and technological processes. As part of the Company's manufacturing process, water is used in many stages, so its share in utility consumption is indeed high.

The table below presents water consumption for 2022 by source.

Table 19. Water intake in 2022 by source

Water intake by source	Consumption	Unit
Surface water	0	[m³]
Groundwater	0	[m³]
Rainwater	0	[m³]
Mains water	40,188.00	[m³]
Total water intake	40,188.00	[m³]
Recovered water	n/a	[m³]
Recovered water	n/a	[%]

7.8.3.2 Measures implemented to reduce water consumption

Measures implemented in 2022 to reduce water consumption:

- optimisation of WFI water sanitisation processes (extension of intervals from 48h to 168h). Rarer sanitation contributes to water savings of 3,945.6 m3 per year (9.8% of annual consumption;
- ongoing monitoring of the WFI (water for injection) level in the reservoirs, to reduce it during periods when manufacturing processes are idle. The PW (pure water) from the sanitisation process is reused to cool and maintain the entire WFI water circulation system.

7.8.4 Wastewater management

Due to water consumption for both production and social purposes, the Company generates both industrial wastewater and municipal sewage.

Considering the nature of the processes at the Company, industrial wastewater contains substances that are particularly harmful to the aquatic environment (total phosphorus, nitrite nitrogen, ammoniacal nitrogen). The Company operates its own physico-chemical sub-treatment plant, whereby industrial wastewater is pre-treated to meet the required parameters.

The direct recipient of wastewater from the facility (a mixture of municipal and industrial wastewater) is the municipal sanitary sewage system, into which wastewater is discharged on the basis of an agreement.

Due to its prior treatment at the on-site wastewater pre-treatment plant and due to its low volume, the discharged wastewater will not cause any negative impact on the direct receiving body, the municipal wastewater treatment plant or on the cleanliness of surface and groundwater.

Under the applicable legislation, the Company holds a water permit for the specific use of water consisting in the discharge, into the sewerage system, of industrial wastewater containing substances particularly harmful to the aquatic environment.

The Company monitors the volume of discharged wastewater on an ongoing basis and commissions periodic tests of its quality, carried out by accredited laboratories, to ensure that standards are met and the water environment is safe.

Rainwater or snowmelt water from paved areas, i.e. access roads - is treated in a settling tank and oil product separator before being discharged into the urban rainwater system. Rainwater from roof slopes, as 'conventionally clean' water, is discharged to the receiving body without pretreatment.

The table below presents the volumes of industrial wastewater generated in 2022.

Table 20. Amount of industrial wastewater generated in 2022

Amount of industrial wastewater generated in 2022	Consumption	Unit
Industrial wastewater	30,087.7091	[m³]

7.8.5 Greenhouse gas emissions

7.8.5.1 Processes generating greenhouse gas emissions in the Company

The table below presents the processes at the Company that have been identified as generating GHG emissions, in accordance with the GHG Protocol - A Corporate Accounting and Reporting Standard ("GHG Protocol"), together with the associated emissions of each GHG as defined by the Kyoto Protocol.

Because of the materiality analysis carried out for the Scope 3 audit of the Company's carbon footprint, the following list includes inventories covering Scope 1 and Scope 2. Indeed, by default, the inventory of activities performed by the Company as part of Scope 3 is defined by a list of 15 categories in the supply chain provided by the GHG Protocol.

Table 21. Processes generating greenhouse gas emissions in the Company

No.	Processes generating emissions in the Company	Scope of audit	Greenhouse gas emissions	Comments
1.	Natural gas combustion	I	CO_2, CH_4, N_2O	Based on: Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories
2.	Diesel combustion in car engines	I	CO_2, CH_4, N_2O	
3.	Combustion of petrol in automotive engines	I	CO_2, CH_4, N_2O	
4.	Use of agents in refrigeration systems	I	HFC	
5.	Electricity consumption	II	CO_2	
6.	Use of district heating	II	CO_2	

7.8.5.2 Organisational and calculation boundaries. Determining the base year

In line with the methodology set out in the GHG Protocol, as audit boundaries, the boundaries of the operational audit were adopted. A focus on operational control makes it possible to prioritise those areas where, through the use of operational control mechanisms, direct reductions in greenhouse gas emissions can be achieved.

As the base period for the audit, calendar year 2022 is indicated. 2023 and subsequent years in which the organisation's carbon footprint will be audited will be control years, referring to the base period. An organisation's carbon footprint audit year is defined as a full ended calendar year.

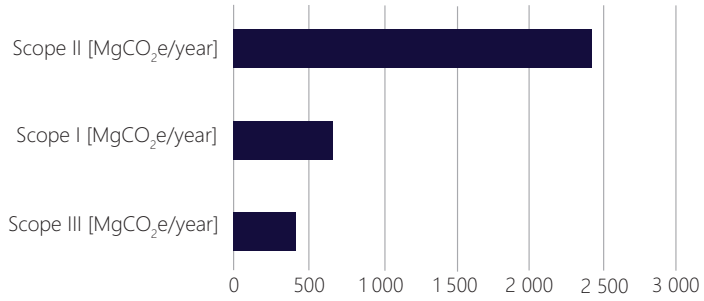
7.8.5.3 Greenhouse gas emissions – Scope 1, 2 and 3

The table below presents a summary of the Company's carbon footprint calculations for Scope 1, 2 and 3. Below the table, a graphical summary of greenhouse gas emissions by scope is presented.

Table 22. Aggregate carbon footprint calculation for the Company

Aggregate calculation of the Company's carbon footprint	Emission volume	Unit
Scope I	660.93	[$MgCO_2e$/year]
Scope II	2,433.76	[$MgCO_2e$/year]
Scope III	417.10	[$MgCO_2e$/year]
TOTAL	**3,511.79**	**[$MgCO_2e$/year]**

Figure 2. Summary of greenhouse gas emissions by scope

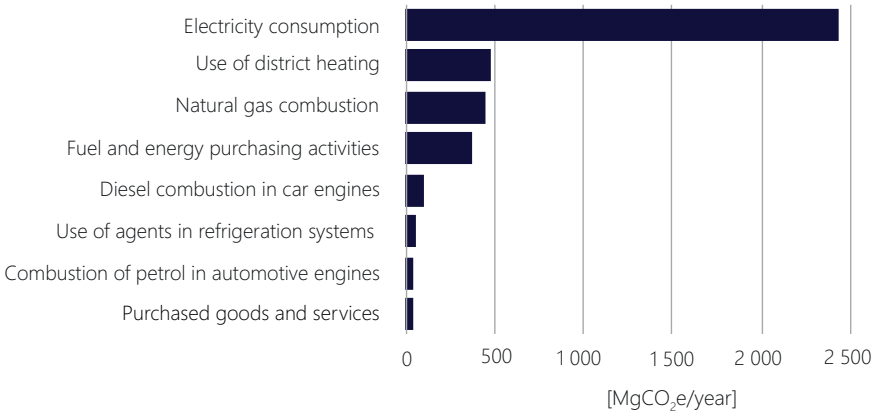


Below, a summary of the Company's greenhouse gas emissions by activity is presented in both table and chart form.

Table 23. Summary of the Company's greenhouse gas emissions by activity

Aggregate calculation of the Company's carbon footprint	Emission volume	Unit
Natural gas combustion	455.00	[$MgCO_2e$/year]
Diesel combustion in car engines	101.44	[$MgCO_2e$/year]
Combustion of petrol in automotive engines	44.43	[$MgCO_2e$/year]
Use of agents in refrigeration systems	60.06	[$MgCO_2e$/year]
Electricity consumption	2,433.76	[$MgCO_2e$/year]
Use of district heating	473.54	[$MgCO_2e$/year]
Purchased goods and services	43.89	[$MgCO_2e$/year]
Fuel and energy purchasing activities	373.21	[$MgCO_2e$/ryear]

Figure 3. Summary of the Company's greenhouse gas emissions by activity



The above figures indicate that the dominant scope of the Organisation's carbon footprint audit in terms of greenhouse gas emissions is Scope 2, with electricity use representing the largest share.

7.8.5.4 Emission intensity ratios

Ultimately, emissions were related to the square metre of area used.

The following emission intensity ratios are specified:

- Ratio I – the sum of Scope 1 and Scope 2 greenhouse gas emissions in the calculation period related to the square metre of area used.
- Ratio II – the sum of Scope 1, Scope 2, and Scope 3 greenhouse gas emissions in the calculation period related to the square metre of area used.

The table below presents the Company's greenhouse gas emission intensity ratio.

Table 24. Aggregate calculation of the Company's carbon footprint

Aggregate calculation of the Company's carbon footprint	Emission volume	Unit
Scope I	660.93	[$MgCO_2e$/year]
Scope II	2,433.76	[$MgCO_2e$/year]
Scope III	417.1	[$MgCO_2e$/year]
Number of square metres of area used [m2]*.	6,446.7	m^3
Ratio I	0.4800	[$MgCO_2e$/year]
Ratio II	0.5447	[$MgCO_2e$/year]

*includes laboratories at CBR in Łódź

7.8.6 Rules for the management of produced waste

As part of its activities, the organisation generates industrial waste (hazardous and non-hazardous) and municipal waste.

The Company has put in place a waste management system at the facility that complies with applicable legislation. The manner of handling the produced waste is described and made available to all employees in the procedure describing the Company's waste management principles.

Furthermore, the Company, as the operator of the installations, has obtained the relevant decisions authorising generation of industrial waste – eparately for both of the Company's locations.

The table below presents a summary of the volumes of industrial waste, taking into account a breakdown between hazardous and non-hazardous waste, generated in 2022.

Table 25. Mass of industrial waste generated in 2022

Mass of generated industrial waste	Quantity	Unit
Total waste generated	122.012	[Mg]
Volume of hazardous waste	15.016	[Mg]
Volume of non-hazardous waste	106.996	[Mg]

The table below presents quantitative data on the management of the industrial waste.

Table 26. Mass of produced waste by type and management method

Mass of industrial waste by type and waste management method	Hazardous waste [Mg]	Non-hazardous waste [Mg]
recycling	0	0
recovery	3.143	20.317
disposal	11.873	86.679
land-filling	0	0

The table below presents data indicating the mass of municipal waste generated in 2022, by type.

Table 27. Volume of produced waste by type

Volume of municipal waste	Quantity	Unit
Total waste generated	80.55	[m^3]
Mixed waste	63.8	[m^3]
Paper	3.19	[m^3]
Metals and plastics	3.96	[m^3]
Glass	3.12	[m^3]
Biodegradable waste	6.48	[m^3]

The measures implemented in 2022 to enable proper management of the produced waste, while meeting legal requirements:

- obtaining the necessary administrative permits for waste generation;
- defining the Company's waste management principles and securing the necessary resources to comply with them (procedures, tools, infrastructure elements, etc.);
- maintaining ongoing records of waste and periodic reporting of generated waste;
- starting cooperation with authorised waste collectors;
- continuous evaluation of the correctness of waste classification, reporting of monitoring results and taking corrective measures;
- initial and periodic training on the Company's waste management principles;
- raising environmental awareness among employees and promoting environmental protection activities.

7.8.6.1 Actions taken to monitor the volume of produced waste

To monitor the amount of produced waste, the Company keeps waste records in the form of:

- partial waste transfer sheets – an internal Company document;
- ompletion of waste transfer and record sheets – in the database on products and packaging and waste management (BDO);
- drawing up an annual summary of data on types and quantities of waste, and methods of waste management.

7.8.6.2 Reducing volumes of waste

As a waste generator, the Company implements measures supporting the reduction of generated waste volumes or allowing the amount of waste to be kept as low as possible. These measures are also aimed at reducing the negative environmental impact of the waste. They include, but are not limited to:

- ational management of raw materials;
- adherence to technological process parameters;
- implementing a routine for employees on separate waste collection and waste minimisation;
- awareness-raising campaigns for employees on the environmental impact of waste;
- training for employees on selective waste collection;
- use of reusable packaging (as far as possible);
- monitoring the volume of produced waste;
- selective storage of waste, with pre-separation of recyclable waste, and a prohibition on mixing, including mixing with non-hazardous waste, in appropriate packaging, in conditions that prevent negative impacts on the ground and water environment.

7.8.7. Events with environmental impacts

The Integrated Management System in place at the Company includes processes for preventing and preparing for possible emergencies with environmental impacts or for environmental incidents – events that could have a negative environmental effect. The emergency procedure established in the Company identifies realistic incidents that could occur during the Company's operations, the scenario to be followed, and the availability of measures to prevent the effects of an emergency from spreading. By regular simulations, personnel is prepared for the possibility of an incident and the proper handling and use of available resources to reduce the risk of environmental damage and loss of health for those involved in such an event. There is a process for recording and addressing the causes of environmental incidents to reduce the risk of recurrence. In 2022, the Company has not recorded any incidents causing adverse environmental effects.

7.8.8. Failure to comply with environmental legislation. Environmental penalties

The environmental management system implemented in place at the Company supports the continuous monitoring of legal requirements and verification of compliance in this regard. As part of its environmental management system and the assessment of the environmental area's compliance with legal requirements, norms and standards, the Company carries out:

- internal audits – in each area, conducted by objective and trained internal auditors;
- legal audits – by an external specialist (once a year);
- annual certification audit for compliance with legal requirements and the requirements of ISO 14001, 45001, and 50001 – carried out by an independent certification body.

The legality of operations is ensured by multi-stage verification. There were no critical non-conformities with serious consequences for the organisation or the environment in the record of the above audits.

No environmental penalties were imposed on the Company in 2022.

7.9 Matters relating to the area of occupational health and safety

GRI: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-9, 403-10

7.9.1 Management of the occupational health and safety

The Company focuses on ensuring safe and healthy working conditions for all employees and that all processes at the facility are carried out in line with current legislation, regulations, and the highest OHS standards.

To achieve the above and to effectively manage, among other things, the area of occupational health and safety, the Company has made efforts to implement and maintain an Integrated Management System based on ISO 14001:2015, 45001:2018, I50001:2018 standards. While implementing the requirements of the occupational health and safety management standard, the Company ensures safe working conditions, complies with legal requirements, and continuously improves its occupational health and safety management system, thus creating a greater sense of comfort for employees and raising awareness of the employer's responsibility for the health and lives of its personnel.

7.9.1.1 OHS Policy

The Integrated Management System Policy in accordance with ISO 14001:2015, 45001:2018, 50001:2018 points out to the Company's activities with regard to, among other things, safe and hygienic working conditions, including the elimination of hazards, prevention of injuries and health conditions, and opportunities for employee participation in the establishment of an effective occupational health and safety management system. With the Company's commitment to meeting the requirements of ISO 45001:2018 and applicable legislation, the organisation is continuously taking measures to maintain and improve its occupational health and safety management system. The IMS policy, adopted by resolution of the Management Board, contains commitments concerning occupational health and safety. The IMS Policy is known to all employees and has been made available to the parties concerned.

7.9.1.2 OHS objectives

In line with the process approach, occupational health and safety management is based on planning, implementation, verification and improvement. Accordingly, in 2022 the Company has set viable and measurable annual targets to be achieved, which are shown in the table below, together with the tasks to be implemented to achieve them and the results towards the target.

Table 28. OHS objectives set for 2022, together with an indication of the tasks carried out to achieve the objective and their outcome towards the objective

Purpose	Tasks carried out to achieve the objective	Results towards the objective
Reduce/ prevent the number of work accidents and improve safety across the work establishment.	1. Introduce technical and organisational solutions that reduce the risk of injury during cleaning operations in room P.101 (manufacturing area). 2. Change of specialised footwear that meets work requirements, to reduce the risk of slipping when moving around the laboratory premises (Quality Control Department). 3. Purchase of oxygen sensors. 4. Purchase of mobile emergency showers. 5. Provide first aid training. 6. Purchase of a defibrillator.	The planned activities support the improvement of occupational safety in the Company. In 2022, 2 occupational accidents and 2 near misses were registered. The accident severity indicator, calculated on the basis of the formula: number of days of work incapacity/ number of accidents, was 0.
Reduce the number of accidents and leaks of hazardous substances.	1. Ongoing maintenance inspections of machinery and equipment, keeping them in working order. 2. Increase staff awareness of the need to report faults and malfunctions of machinery and equipment. 3. Update on the procedure of conduct in emergency situations. 4. Training of employees on handling emergency situations, conducting simulations of emergencies.	In 2022, no breakdowns of equipment or machinery were recorded that would affect the Company's safety performance. The emergency procedure has been updated, and a periodic simulation of emergencies is carried out. The topic of breakdown and safety in relation to the operation of machinery is part of the initial and periodic OHS training programme, so employee awareness in this area is constantly being raised.

7.9.2 Hazard identification, risk assessment, investigation of incidents

7.9.2.1 Processes used to identify work-related hazards and assess risks

For every work position in the Company, an occupational risk analysis is in place. The occupational risk assessment is based on the knowledge of the Occupational Health and Safety Officer and the occupational physician, the responsibility of the employer and the managers of the employees and, above all, the experience of the staff in the positions in question, or their representative. By means of a multi-stage consultation, it is possible to identify the risks occurring during specific activities in the different work positions.

Based on the magnitude of the identified risk, the employer can take action to reduce the impact or probability of hazards. Each time the working environment or process changes, the risk assessment is updated.

In order to ensure safe and healthy working conditions, the Company additionally runs a number of planned processes:

- defining safe working practices in the form of rules, internal regulations, instructions, and processes;
- periodic OHS inspections in departments;
- annual OHS analyses presenting OHS performance to the management;
- meetings of the Occupational Health and Safety Committee with representatives of the employees and the OHS physician in charge of preventive health care for the facility's workers;
- internal audits as part of the Integrated Management System;
- ongoing consultation of the Occupational Health and Safety Service and the Employee Representative with employees;
- assessing compliance with legal requirements in the field of OHS;
- audit by a certification body for compliance with the requirements of the ISO 45001 standard.

The results and recommendations of periodic OHS inspections, annual OHS analyses, employee consultations, internal, legal, and certification audits are implemented as OHS improvement and corrective measures.

7.9.2.2 Description of processes for employee reporting of work-related hazards and dangerous situations

The Company ensures the possibility of occupational health and safety consultation for employees at all levels. An Employee Representative has been appointed to whom members of staff can raise any concerns about working conditions or identify areas for improvement, with the aim of eliminating hazards that could lead to future work accidents. The company also employs an Occupational Health and Safety Officer who inspects the working environment, consults with leadership, provides training and raises awareness of the need to report near misses. As part of the health and safety management system, there is a procedure for reporting and investigating OHS incidents. The identification of hazards, causes of their occurrence, and the implementation of corrective measures is one of the most effective courses of action within the OHS management system.

7.9.2.3 Description of processes used to investigate work-related incidents, including processes for identifying hazards and assessing incident risks, determining corrective measures using a control hierarchy

Pursuant to Article 210 of the Labour Code, any employee has the right to refrain from the implementation of work when working conditions do not comply with occupational health and safety legislation and pose a direct threat to the health or life of the employee or other persons, with immediate notification to the line manager. While applying the legal requirements, the Company puts emphasis on raising awareness among employees of their rights, pointing out that in emergencies, health and life take priority. The possibility of refraining from activities that pose a risk of injury or damage to health is part of the initial and periodic OHS training programme.

Moreover, Employees have the possibility to report any comments or requests regarding OHS conditions directly to their line managers, the OHS Service or the Employee Representative. The Company applies a procedure for reporting OHS incidents, so-called "near misses". These events are analysed for the cause of their occurrence and then, depending on the circumstances and possibilities, following measures are taken to prevent their recurrence:

- improvement measures – concerning observations where erroneous habits can be corrected, improving the functioning of areas where repeated observations could turn into non-conformities in the future;
- adjustment measures – which remove the effect of a non-conformity or incident that has occurred;
- corrective measures – relating directly to the cause of the incident or non-conformity, making its recurrence impossible.

7.9.3 Occupational medicine

Concern for the health of employees is at the core of occupational health and safety management. The employer provides health care for employees and continuous supervision by an occupational physician who is a member of the OHS committee and actively participates in consultations with employees.

The Company has procedures in place to check the health condition prior to undertaking the duties in a particular position. The employer identifies the hazards of each position, working conditions, particularly dangerous factors and then directs employees to initial health checks, without which it is not possible to start work. Based on the results of the checks, the occupational physician determines the frequency of periodic checks. As part of an agreement with a medical centre, the Company's employees have access to a number of preventive healthcare specialists.

7.9.4 Employee participation, OHS consultation and communication

The key to achieving an effective occupational health and safety area is the involvement of employees. In the Company, the employees can participate in the improvement of the OHS area, consultation and communication through:

- submission of OHS observations a one-to-one basis directly to a line manager, OHS Officer or Employee Representative;
- periodic meetings with leaders to discuss current topics pertaining to safe working conditions;
- work of the Team for the Integrated Management System Team made up of representatives from all areas. With a sound knowledge of OHS regulations and rules, and daily communication with co-workers, team members identify areas for consultation. This information is then provided to the Occupational Health and Safety Officer or discussed at the monthly team meetings;
- appointment of the Employee Representative. This function is intended to increase access to unrestricted feedback and consultation on the state of OHS by employees at any level;
- quarterly OHS committee meetings discussing the current needs of employees and opportunities for improving OHS conditions.

7.9.5 Employee OHS training

Prior to commencing duties, each employee undergoes mandatory initial OHS training. The initial training covers general and on-the-job training.

The on-the-job training is a form of dedicated training that prepares the employee for their designated role. It covers the hazards of the specific position, working environment conditions, personal protective equipment required for the safe conduct of processes, and overall tasks and responsibilities of the employee in question. After the expiry of the statutory period, each employee is subject to periodic OHS training intended to recall the Company's safe working practices.

In addition, training courses are organised to update knowledge of existing policies, instructions and procedures. At least once a year, the Occupational Health and Safety Officer conducts an emergency simulation. These drills prepare employees for possible risks of emergency incidents and recall the principles of proper emergency response and conduct.

7.9.6 Promoting and supporting employee health

The Company ensures health care for employees. On the basis of a written agreement with a medical centre, it guarantees access to various specialists.

The Company promotes healthy lifestyles among its staff. As part of the Integrated Management System, campaigns are planned to promote attitudes of environmental protection, social responsibility, health and safety in the workplace. Among the events organised in 2022 by the Company, there was a competition during the European Sustainable Transport Week. With the competition, the Company encouraged employees to opt for zero-emission modes of transport, while promoting sports as an important part of a fit and healthy lifestyle.

7.9.7 Work-related injuries

The Company has identified hazards which may occur at the facility in connection with the work, causing serious consequences. The hazards were identified as a result of consultations with employees, periodic OHS inspections, and the analysis and assessment of occupational risks in work positions. Hazards with serious consequences include: fire or explosion, fall from height, or exposure to hazardous substances.

In 2022, there were no work accidents at the Company caused by these hazards.

To eliminate hazards, the Company is carrying out the measures listed below:

- periodic OHS inspections of work positions;
- consultation with employees and the Employee Representative;
- updating Fire Safety Instructions;
- updating procedures for particularly hazardous work and OHS instructions;
- inspections of fire equipment, inspections of fire zones and of the whole building carried out by the Fire Protection Officer;
- trial evacuations of the building should a fire and other emergency occur;
- supervision, proper labelling and storage of hazardous substances;
- constant supervision of Personal Protective Equipment;
- periodic OHS training, and on-the-job training.

To protect employees and prevent accidents and injuries in the work establishment, a list of actions and procedures undertaken by the Company has been developed to address the following matters:

- hazardous work, including the types of work and activities occurring in the work establishment;
- information for employees of external companies about possible risks in the implementation of their work;
- fire prevention and response;
- conduct in cases of production and industrial accidents;
- storage of hazardous materials and storage of non-hazardous materials;
- in-house and manual transport;
- inspection of ladders and racks;
- conduct in the event of work accidents and near misses;
- inspection of power tools;
- occupational risk assessment.

The tables below present figures detailing the number of work accidents, involved employees of the Company and subcontractors in 2022.

Table 29. Number of work accidents among Mabion S.A. employees in 2022

Number of employee accidents at work in 2022		
	Women	Men
Number of total work accidents	1*	1**
Number of fatal accidents	0	0
Total number of days of work incapacity due to work accidents	0	0
Number of diagnosed occupational diseases	0	0

*minor accident not causing work incapacity **minor accident not causing work incapacity

Table 30. Number of work accidents among Mabion S.A. subcontractors in 2022

Number of employee accidents at work in 2022		
	Women	Men
Number of total work accidents	0	0
Number of fatal accidents	0	0
Total number of days of work incapacity due to work accidents	0	0
Number of diagnosed occupational diseas	0	0

7.9.8 Occupational diseases

The Company takes actions to guarantee the safe working environment and to minimise the negative impact of the related factors on employees' health. Focusing on the health of employees and in order to limit exposure to harmful factors during processes, the Company ensures:

- periodic audits of the working environment, covering particularly harmful factors,
- availability of personal protective equipment limiting the negative impact of the identified factors on health,
- replacement of personal protective equipment to ensure a higher class of protection, introduction of organisational and technical changes in situations where permissible concentrations of harmful agents are exceeded,
- training to raise awareness among the employees concerning the organisation of work and the need to comply with specific procedures and instructions.

No incidence of occupational diseases confirms the effectiveness of the above measures.

7.10 Social and labour issues

GRI: 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2

7.10.1 Human resources policy

The human resources policy implemented at Mabion S.A. is an important element forming part of the Company's overall management system.

To meet the needs and expectations of its employees, the Company is building an organisational culture based on values shared by all.a culture based on values common to everybody. Key values supporting the implementation of the Company's strategy include: orientation on quality and effect of work, work culture, responsibility, communication and cooperation.

The HR policy is a collection of interconnected elements, such as the appropriate selection of employees for positions, the induction process, the employee development i.e. promotion and availability of training, as well as remuneration, performance summary and employee management.

Mabion strives to ensure that the objectives of the HR policy and the Company's mission and strategy are closely and inseparably linked.

The main goals of the policy are, above all, to identify quantitative and qualitative needs in the area of labour resources, to recruit and select employees skilfully, to manage the competences of managers and employees, to staff individual vacancies, to create and develop teams, to monitor the company's performance and to analyse the employees' needs.

Employees create value for the organisation and are its key development drivers. The skills, knowledge, and experience of qualified personnel represent strong human capital. Thus, it is so important at Mabion to manage its human resources efficiently and properly.

A skilled selection of employees, their proper positioning within the Company, creation of favourable conditions for development,

and a fair system of remuneration are among numerous factors that provide Mabion S.A. with an advantage on the competitive labour market.

Employee matters are regulated by the following internal regulations and procedures of Mabion S.A.. The procedures and regulations are known and available to all employees of the Company.

- Rules of Employment of Mabion S.A.;
- Remuneration Regulations;
- Promotion Procedure;
- Mobbing Counteracting Procedure;
- Procedure for professional upskilling;
- Procedure for the creation of works subject to copyright and associated rights;
- Procedure for the Mabion Ambassador loyalty programme;
- Performance Summary Performance;
- Paid employee referral scheme of Mabion S.A.;
- Rules of Implementation of the Industrial PhD Programme at Mabion S.A.

7.10.2 Equal opportunities policy

Mabion pursues a policy of equal opportunities for all employees, in terms of:

- gender;
- race;
- ethnic origin;
- religion;
- views;
- disability;
- system;
- sexual orientation.

Both the scope of responsibilities and the level of remuneration are not differentiated depending on any of the above factors.

The Company employs people of all ages from the age of majority. Religion does not affect employment either, as religious issues are not discussed during the recruitment process or employment. Mabion has been pursuing an equal employment opportunity policy on the various dimensions of its operation since its incorporation. The Company's policy is rooted in the European Union's Directives (including, among other things, Council Regulation (EC) No. 1083/2006).

7.10.3 Recruitment of new staff and staff turnover

To counteract the above risk of losing employees, the Company's Management Board conducts an active HR policy. The activities pursued as part of this policy are described in this chapter.

The table below presents figures showing the total number and rate of new hires by gender and age.

Table 31. Number and rate of new hires in 2022

Number of new hires in 2022 by gender and age			
	Age	Number of new hires	Rate of new hires
Women	below 30	24	37%
	between 30 and 50	22	22%
	above 50	1	17%
Men	below 30	6	36%
	between 30 and 50	18	30%
	above 50	1	14%

The tables below present figures showing the total number of employee departures and the staff turnover rate by age group and gender, and type of departure.

Table 32. Number of employee departures in 2022 by type of departure

Number of employee departures in 2022			
	In general	Women	Men
Total number of employee departures	57	41	16
Number of voluntary departures	38	29	9
Number of non-voluntary departures	19	12	7

Table 33. Table Number of employee departures in 2022 by gender and age

Number of employee departures in 2022 by gender and age			
	Age	Number of departures on voluntary basis	number of departures on non-voluntary
Women	below 30	11	6
	between 30 and 50	17	5
	above 50	1	1
Men	below 30	4	3
	between 30 and 50	4	3
	above 50	1	1

Table 34. Staff turnover in 2022 broken down into voluntary and non-voluntary turnover

Staff turnover in 2022			
	In general	Women	Men
Overall staff turnover	21%	23%	18%
Voluntary staff turnover	14%	16%	10%
Non-voluntary staff turnover	7%	7%	8%

Table 35. Number and rate of employee departures and staff turnover by age group

Number and rate of employee departures and staff turnover by age group					
	Age	Number of employee departures	Staff turnover rate*	Number of new hires	Employment rate
Women	below 30	18	26%	24	37%
	between 30 and 50	24	24%	22	22%
	above 50	2	29%	1	17%
Men	below 30	7	39%	6	36%
	between 30 and 50	6	11%	18	30%
	above 50	2	34%	1	14%

* Number of employee departures in the category by gender/average of all employees in the category as at 21.12.2021.
** Number of employee departures in the category by gender/number of all employees in the category by gender as at 31.12.2021

7.10.4 Measures implemented in the Company to counteract staff turnover

7.10.4.1 Recruitment of employees

Company's recruitment policy ensures equal opportunities for all those interested in getting a job with the Company. The recruitment process is carried out with particular respect for the following rules:

- equal treatment - the same procedures and criteria apply to all candidates;
- unchanging requirements for candidates – before the recruitment process begins, the requirements and criteria for candidates are defined which do not change during the recruitment and selection process;
- impartiality – each Mabion representative participating in the recruitment process acts in a way that eliminates any form of favouritism or discrimination against candidates;
- professionalism – people who take part in a recruitment process are properly prepared for it and keep the official tone of the conversation;
- transparency – the recruitment process is clear and documented, allowing candidates to receive reliable feedback on their application;
- respect for privacy – interviewers avoid questions about candidates' private life, family status and plans to start a family;
- respect for individuality – interviewers tolerate that candidates show other attitudes, behaviour, physical and mental characteristics than their own;

- easy access to job offers – advertisements are published in several ways (industry portals, Mabion website, recruitment portals, social media, and through presence at universities and cooperation with research clubs) allowing a wider group of candidates to apply for a position of their choice.

The recruitment process is divided into a number of stages:

- verification of submitted CVs;
- an initial job interview by phone;
- job interview(s);
- employment.

7.10.4.2 Induction of newly recruited employees

The Company endeavours to ensure professional onboarding, which is the first step in building a lasting relationship between the employee and the Company, allowing the employee to effectively utilise their potential in the Company's areas of operation.

All new employees of the Company undergo a series of compulsory and additional training courses, aimed at their best possible introduction to the team and preparation for their job and position.

During the raining carried out place during the first days of work, employees are provided with knowledge of the Company concerning, inter alia, the following areas:

- HR – as part of HR training, employees receive key information on how the Company operates, including its structure, benefits for employees and development opportunities.
- Human Resources and Legal Area – as a listed Company, Mabion educates employees about confidential information and information circulation and about the agreements to which it is a party.
- Occupational Health and Safety – during the general briefing, employees are introduced to relevant OHS issues.
- Environmental Protection and Integrated Management System in accordance with ISO 14001:2015, 45001:2018, 50001:2018 standards – as part of the training, employees become aware of, among other things, the most important IMS principles and documents and the Company's waste management principles.
- Quality Assurance – this training covers the principles of working in compliance with GMP (Good Manufacturing Practice), GLP (Good Laboratory Practice) and GCP (Good Clinical Practice) standards.
- Induction to work in the area in question – Meeting with the Head of Department and line manager/leader.

Each new employee, before commencing work, reads the Rules of Employment which set out the basic obligations of the employee and the employer, the rights of employees, and contain provisions concerning the organisation of work.

7.10.4.3 Internal Employer Branding

The Company carries out a broad range of activities directed at all Mabion S.A. employees and aimed at increasing employee satisfaction and reducing staff turnover levels.

As part of the internal Employer Branding, the Company:

- conducts regular employee satisfaction surveys (satisfaction survey and pulse checks);
- caters for the development of employees by providing access to training and enabling them to upskill;
- ensures access to promotion;
- supports women returning from maternity leave by aligning salaries with market levels, providing support in reonboarding, and organising working time (return to part-time work, hybrid work for positions allowing this);
- provides employees with the opportunity to complete the industrial PhD programme;
- enables postgraduate studies;
- supports leaders by providing the opportunity to participate in the Leadership Academy programme;
- offers the Ambassador Programme.

7.10.4.4 External Employer Branding

As part of external Employer Branding, Mabion S.A. undertakes a number of activities aimed at enabling students to learn about the practical aspects of working in the sector of biotechnology, as well as showcasing the Company itself as a possible future employer. The company closely cooperates with the academic environment, in particular with the Faculty of Biology and Environmental Protection of the University of Łódź and the Faculty of Biotechnology and Food Sciences at the Łódź University of Technology. In addition, the Company systematically cooperates with the Lodz City Council with regard to:

- teaching;
- student internships;
- apprenticeships;
- mentoring programmes (e.g. "Młodzi w Łodzi").

The cooperation with the Faculty of Biotechnology and Food Sciences of the Lodz University of Technology and the Medical University of Lodz consists in enhancing the teaching of students through the participation of company representatives in seminars, exercises (e.g. Genetic Engineering) and lectures (e.g. GCP/GMP Basics in Business Practice; Development of Biotech Medicines) conducted at the faculties, as well as joint diploma or doctoral courses (conducted by Mabion's Management Board Members, management staff and doctoral students).

Owing to these programmes, students can learn about the special nature of research projects, benefit from the experience of Mabion's specialists, and work on best-in-class professional laboratory equipment.

The Company aims to network with the academia and is actively present in many research and teaching centres in Poland. This includes cooperation with the Poznań University of Life Sciences, where Mabion S.A. representatives delivered lectures to students of the Faculty of Food Sciences and Nutrition. A cooperation agreement with the Jagiellonian University has also been concluded.

The Company cooperates on an extensive basis with academic career centres (mainly the Lodz University of Technology, Medical University of Lodz), which provides the opportunity to prepare a number of young professionals for further cooperation in scientific and commercial projects implemented by the Company.

By means of study visits to the Company's laboratories, lectures at universities, close cooperation with academic authorities, and job fairs, the Company is able to promote achievements and invite graduates for long-term cooperation.

As part of the Employer Branding in 2022, the Company has organised the following events:

- Lectures for Medical University students;
- "Młodzi w Łodzi" open day for students;
- Webinars and scientific publications;
- Lecture for students of the University of Life Sciences in Poznań;
- Participation in the Academic Job Fair.

7.10.4.5 Work-life balance

Mabion believes that acquisition and retention of good employees requires more than just competitive remuneration and a stimulating work environment. The Company also focuses on work-life balance aspects. Therefore, the Company promises to be fully open to employees' work-life balance initiatives.

Convenience solutions introduced in day-to-day work in this scope support professional efficiency, but are above all important for the work-life balance and mental wellbeing of employees.

7.10.4.6 Communication at Mabion S.A.

The Company's Management Board attaches great importance to communication within the organisation, ensuring on a daily basis that employees are aware not only of the Company's strategic objectives but also, well in advance, of short-term goals.

Accordingly, the Company has implemented tools that enable employees to familiarise themselves with the Management Board's plans, as well as provide a broader context for a better understanding of its decisions. In addition, a culture of feedback is fostered at the Company, so periodically the Management Board and the managers seek the opinions of employees on the solutions implemented at Mabion.

Communication activities within the Company are implemented through, inter alia:

- Management Board's webinars;
- operating meetings and other forms of ongoing communication;
- surveys (after onboarding, after the probationary period, an annual employee satisfaction survey);
- integration activities and activities to create a sense of belonging.

7.10.5 Employee benefits

The Company pays constant attention to its employees and their level of job satisfaction and remuneration. There are a number of benefits implemented in the Company (listed below), which ensure that Mabion, as an employer, attends to the health, safety and wellbeing of its staff on an ongoing basis:

- private medical care co-financed by the Employer;
- life insurance co-financed by the Employer;
- co-financed meals;
- a benefits cafeteria system;
- professional upskilling;
- integration events.

7.10.6 Parental leave

Due to the birth/adoption of a child, the employees are entitled to the following leaves: maternity leave, parental leave and childcare leave.

The table below presents figures showing the number of employees who have taken maternity/parental/childcare leave in 2022, figures on the number of employees who have returned from the above-mentioned leave, and the rate of return to work and retention of employment after returning from the above-mentioned leave.

Table 36. Figures presenting the number of employees on parental leave and the ratio of parental leave and returns from parental leave in 2022

Data on parental leave in 2022		
Number of employees on childcare leave in 2022	Women	4
	Men	0
Number of employees on parental leave in 2022	Women	21
	Men	0
Number of employees who returned in 2022 after parental leave	Women	14
	Men	n/a
Number of employees who returned to work after parental leave, and who were still employed 12 months after returning to work	Women	14
	Men	n/a
Return to work and job retention rates of employees who have taken parental leave	Women	100%
	Men	n/a

7.10.6.1 Activation policy and support for women returning from maternity/parental leave

Mabion S.A. is an employer open to hiring parents, in particular young mothers, whom we view as an effective and motivated resource for the Company.

In line with a report by the Responsible Business Forum, there are 5.2 million people in Poland who combine family and work life on a daily basis. As many as 94% of them have experienced problems associated with being a parent at work. As a response to this, the Company is making every effort to become a parent-friendly workplace, especially for mothers. The Company actively pursues a policy of protection of pregnant women and women on maternity leave, granting them several special rights.

Mabion has introduced the following arrangements in the Company to ensure convenient working conditions for women returning from maternity/parental leave:

- setting up a room for breastfeeding mothers;
- possibility of working in a hybrid system[8];
- flexible working hours[9];
- a possibility of delegating women who are pregnant, have recently given birth to a child or who are breastfeeding to another positions which do not pose risks to their health;

We also draw attention to the fact that the Company respects parental rights of female and male employees alike, i.e. the right to additional childcare leave (Article 188 of the Labour Code).

7.10.7 Staff upskilling programme, including training

7.10.7.1 Employee training

The Company's activities in the aspect of human capital development are visible in the increasing amounts of training investments dedicated to our employees. The Company is constantly seeking to upskill its employees.

All employees at Mabion S.A. are subject to training. The staff is trained through general and on-the-job training, both internally and externally. General training is intended to ensure that employees have adequate knowledge of, among other things, the requirements of Good Manufacturing Practice, the Pharmaceutical Quality System, the Integrated Management System in accordance with ISO 14001:2015, 45001:2018 and 50001:2018, Occupational Health and Safety, as well as other legal requirements applicable to the Company. The training is conducted according to the agreed schedule. The aim of on-the-job training is to introduce employees to the requirements of the position by enabling them to systematically acquire and improve the knowledge and skills necessary to perform their tasks. All training is documented in employee training sheets.

In addition to professional competence development, the Company provides employees with access to meetings and development workshops in the areas of personal development, personal resources management, or own brand building.

The Company also conducts specialist training and a series of development training sessions for the managerial staff.

[8] Work and childcare roles of women and men in Poland
[9] applies to professions where the nature of the work makes it possible

7.10.7.2 Employee upskilling

The Company ensures opportunities to continuously improve professional qualifications for its employees. For this purpose, a Procedure for professional upskilling of Mabion S.A. employees has been implemented, to provide transparent rules for upskilling through a system of external and internal training. Each staff member has equal access to development tools in the Company.

Development schemes implemented at Mabion S.A.:

- The Mabion's Ambassador Programme for Company employees – its aim is to support the soft and hard competencies, and to recognise the best employees whose work and attitude contribute to the development of the Company.
- Leadership Academy – the aim of this programme is to make it possible for future leaders to acquire soft skills necessary to manage a team and in building a professional image.
- Industrial PhD programme - its aim is to create conditions for cooperation between higher education and science institutions and the business environment, conducted as part of doctoral schools and involving education of doctoral students in cooperation with the entrepreneurs who employ them.

7.10.8 Evaluation of work performance

The summary of work results is a manifestation of caring for the smooth functioning of the organization and contributes to shaping good interpersonal relations. Mutual feedback serves to build the organisational culture and cooperation of all employees. The summary of work performance has implications for the personal and professional development of employees and for the functioning of the organisation as a whole.

At Mabion, there is a procedure in place to summarise the performance of employees in order to direct their development, recognise their achievements and identify areas for improvement. The summary of performance also offers a basis for promotion decisions, the responsibilities entrusted to the employee, the form of employment, and remuneration, or other forms of material reward or non-material recognition.

7.10.9 Remuneration policy Pay gaps

7.10.9.1 Remuneration policy

Remuneration forms an integral part of human resource management and should be an efficient management instrument. Not only is it necessary to pay and motivate employees appropriately, but also to treat them as subjects, to create conditions for their professional development and improvement opportunities, which is a priority for the Company.

Mabion has developed its remuneration policy from scratch, seeking to ensure that the system in place supports the organisation's objectives and meets the needs of its employees. The Company has internal remuneration rules in place as well as a number of other acts governing salaries.

For many years, it has been paying night workers a more favourable wage than stemming from the Labour Code. In 2021, above-standard supplements were introduced for schedule work implemented on Saturdays, Sundays, and public holidays.
Each year, the Management Board reviews salaries in the Company and, together with managers, decides on increases based on the organisation's defined remuneration grid, which has been developed based on an assessment of the complexity of tasks, independence, or impact of the position on the Company.

The Company endeavours to make its remuneration policy clear and understandable to all employees. It offers salaries at an appropriate level to attract employees with the right skills to reach the objectives important to the company.

Proper remuneration also means keeping the right people in the organisation, stimulating employees to achieve the results, and developing their competences.

7.10.9.2 Gender pay indicator

Each year, the Company reviews the gender pay indicator and publishes it on the Company's website. The value of this indicator shows that there is a balance between the salaries of both genders in the Company. During recruitment and employment, the competences and experience of the employee are crucial for the employer. It is the criterion that determines the employee's remuneration arrangements and their place in the Company's structure.

The table below presents the ratio of average monthly total remuneration of women to men at Mabion S.A. in 2022.

Table 37. Ratio of average monthly total remuneration of women to men at Mabion S.A. in 2022

	Ratio of average monthly total remuneration of women to men in 2022
All employees	96.40%
Top Management	102.50%
Senior staff	99.00%
Mid-level staff	100%
Other employees of the Company	89%

In 2022, the Company continues its efforts to close the pay gap between men and women.

To minimise the gap, the Company:

- ensures equal access to promotion for women and men, in line with the procedures in place,and thus equal, gender-independent pay;
- offers salary rates for new employees based solely on their qualifications and work experience;
- monitors salaries on an ongoing basis and pursues a gender-equitable pay policy;
- ensures equal access to training and upskilling for all employees regardless of gender.

7.10.10 Table of non-financial performance indicators

GRI: 102-53, 102-55
The table below presents a summary of selected indicators based on the GRI Standards on the basis of which the Company has presented the non-financial information disclosed in this document.

Table 38. Summary of selected indicators representing the Company's non-financial information, based on GRI Standards

Indicator number	Indicator name
Organisational Profile	
GRI 102-1	Name of the organisation
GRI 102-2	Activities, brands, products and services
GRI 102-3	Location of headquarters
GRI 102-4	Location of operations
GRI 102-5	Ownership and legal form
GRI 102-8	Information on employees and other workers – Employment structure
Risk management in the organisation	
GRI 102-15	Description of key risks
Ethics	
GRI 102-16	Values, principles, standards, and norms of behavior
GRI 102-17	Mechanisms for advice and concerns about ethics
Governance	
GRI 102-18	Governance structure
GRI 102-22	Composition of the highest governance body
Environment protection matters	
GRI 302-1	Energy consumption within the organisation
GRI 302-4	Reduction of energy consumption
GRI 303-1	Water management
GRI 303-5	Water consumption
GRI 305-1	Direct (Scope 1) GHG emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions
GRI 305-3	Other indirect (Scope 3) GHG emissions
GRI 305-4	GHG emissions intensity
GRI 305-5	Reduction of GHG emissions
GRI 306-1	Wastewater management
GRI 306-2	Mass of waste generated by type of waste and waste treatment method
GRI 306-3	Waste generated
GRI 306-5	Waste directed to disposal
GRI 307-1	Non-compliance with environmental laws and regulations
Social and employee matters	
GRI 401-1	New employee hires and employee turnover
GRI 401-2	Benefits provided to employees
GRI 401-3	Parental leave
GRI 403-1	Occupational health and safety management system
GRI 403-2	Hazard identification, risk assessment, and incident investigation
GRI 403-3	Occupational health services
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety
GRI 403-5	Worker training on occupational health and safety
GRI 403-6	Promotion of worker health
GRI 403-9	Work-related injuries
GRI 403-10	Work-related ill health
GRI 404-1	Employee training
GRI 404-2	Program for upgrading employee skills
GRI 404-3	Evaluation of work performance
GRI 405-1	Diversity of governance bodies and employees
GRI 405-2	Remuneration policy and pay gaps
Information on the report	
GRI 102-45	Entities included in the consolidated financial statements
GRI 102-46	Defining report content
GRI 102-50	Reporting period
GRI 102-51	Date of most recent report
GRI 102-52	Reporting cycle
GRI 102-53	Contact point for questions regarding the report
GRI 102-55	GRI content index

7.10.11 Contact details

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3. Contact point for questions regarding the Statement
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President of the Management Board

Sławomir Jaros

Member
of the Management Board

Grzegorz Grabowicz

Member
of the Management Board

Adam Pietruszkiewicz

Member
of the Management Board

Konstantynów Łódzki, 18 April 2023

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