

Current report No. 26/2019

Date prepared: 2019-10-21

Abbreviated name of the issuer: MABION S.A.

Subject: Agreement reached on the terms and conditions of and a decision made to conclude finance documentation with the European Investment Bank

Text of the report:

The management board of Mabion S.A. _the "Company" or the "Issuer" _ hereby announces that on 21 October 2019:

a_ it agreed with the European Investment Bank _the "EIB" _ the terms and conditions of financing related to granting an unsecured loan to the Company to be provided in three tranches that will be made available subject to the satisfaction of specified conditions, up to the aggregate amount of EUR 30 million, following the execution of the appropriate documentation, including the finance contract _the "Finance Contract" _ and an agreement on the issue of subscription warrants to EIB _the "Warrant Agreement" _;

b_ it adopted a resolution on reaching a decision to conclude the financing documentation, including the Finance Contract and the Warrant Agreement, on the terms agreed with the EIB.

On the date of this report, the Company's supervisory board issued a positive recommendation to the management board with regard to the adoption of the above-mentioned resolution.

Furthermore, the Company's management board announces that the execution of the Finance Contract and the Warrant Agreement based on the agreed terms and conditions of the financing is planned to occur not later than on 31 October 2019. In the event that the Finance Contract is not signed by 31 October 2019, the Company will make an announcement to that effect in a separate current report.

I. Key terms of the Finance Contract

The funds will be used to finance investment and research and development projects, including those related to the development of biosimilars and innovative biological medicines in Poland, as well as the development of the Company's research and development infrastructure and production capacities.

The terms of the Finance Contract will provide that the individual financing tranches are to be repaid within five years from the drawdown of a given tranche. The loan availability period will be 36 months from the execution date of the Finance Contract. The loan will bear fixed interest not exceeding 2.7% per annum.

The Finance Contract will contain provisions imposing certain restrictions on the Issuer regarding activities including the disposal

and encumbrance of material assets, the granting of loans and guarantees, as well as the payment of dividends and the undertaking of financial commitments in excess of the agreed thresholds. If the Company breaches the commitments set out in the Finance Contract, EIB will be entitled to demand the immediate repayment of the loan.

II. Material terms and conditions of the issue of the subscription warrants and the Warrant Agreement

The disbursement of the financing by EIB will be conditional on, among other things, the issuance by the Company of series C subscription warrants that will be subscribed for by EIB and will entitle EIB to subscribe for the series T shares in the Company representing 2.85% of the Company's share capital as at the date of the issue. To that end, the Company will convene an extraordinary meeting of the shareholders within a short time in order to adopt a resolution on the conditional increase of the share capital, the exclusion of the existing shareholders' pre-emptive rights, and the issue of the subscription warrants to EIB.

The issue of the subscription warrants to EIB represents a component of the remuneration due to EIB for the provision of the financing, and allows for the current debt service costs to be considerably reduced in comparison to standard lending products made available by financial institutions.

The Warrant Agreement provides for the following key terms governing the issue of the subscription warrants and the subscription for the shares:

1. the warrants will be subscribed for by EIB free of charge and will entitle EIB to subscribe for the series T shares in the Company at the issue price of PLN 0.1 per share;
2. the subscription warrants will be freely transferable to EIB's affiliates and will be transferable to any other person pursuant to a purchase agreement;
3. in the cases specified in the Warrant Agreement in which the share of the series T shares in the Company's share capital would fall below 2.85%, the Company will be required to issue additional warrants to EIB in a number ensuring that the shares subscribed for based on the warrants represent 2.85% of the Company's share capital.

The Warrant Agreement will regulate the situations in which the rights attached to the subscription warrants can be exercised as well as the parties' rights and obligations with regard to the transfer and acquisition of the subscription warrants and the series T shares

including the lock-up restriction in relation to the series T shares that applies within 6 months following the taking-up of the series T shares, subject to the exceptions set out in the Warrant Agreement.