

Konstantynów Łódzki, 21 April 2022

Press release

Mabion reviews breakthrough year 2021 and announces increased growth in 2022

- > **2021 was a year of Mabion's dynamic transformation from a biotech start-up to a biopharmaceutical company, which has launched the commercialization phase of developed technologies in the CDMO¹ area**
- > **New opening: after 15 years of competence building and development, first revenues, positive EBITDA and net profit in Q4 2021 are mainly due to the execution of the contract for Novavax:**
 - **PLN 55.3m revenue in Q4 2021**
 - **PLN 27.4m EBITDA in Q4 2021**
 - **PLN 37.1m net profit in Q4 2021**
- > **Very good financial results for the whole of 2021: almost PLN 57 mln of revenue and net profit reaching PLN 2 mln**
- > **Consistent with objectives to systematically increase antigen production volumes in Q1 2022 and subsequent quarters of this year**
- > **To achieve the target number of antigen batches produced per month with the existing two bioreactors from mid-2022**
- > **Plans to double production capacity to four bioreactors in early 2023 at the existing facility and focus on maximizing profitability and further increasing performance**

In its financial result for 2021, the Company recognized PLN 56.9m in revenue compared to no revenue in 2020. At the EBITDA level, the Company recorded a loss of PLN 1m compared to a loss of PLN 44.8m in 2020, and net profit for the full year amounted to PLN 1.9m against a net loss of PLN 55.8m generated in 2020. Q4 2021 proved to be a breakthrough quarter for the Company, ending with PLN 55.3m in revenue, PLN 27.4m in positive EBITDA and PLN 37.1m in net profit.

"The positive financial result of the year 2021 was generated primarily in the last quarter, in which the operational activities to date translated into more than PLN 55 million of revenue. This result at the revenue level, was driven both by the effect of the change in the partnership for the commercialization of the CD20 project and the execution of our first agreement for the contractual production of the antigen for Novavax. With the CD20 project commercialization partnering, the Company recognized non-recurring income from non-refundable advances received in previous years from distribution rights as a result of the termination of the collaboration with Mylan at PLN 20.8 million. However, mainly due to the commencement of production for Novavax, the Company recognized revenue of PLN 33.2 million as early as in Q4 2021. The Company recognized revenue from the Novavax contract following the IFRS using the progress measurement method, based on inputs and appropriate presentation of raw materials purchased, while separating out the leasing component. As a result, the PLN 27.4 million EBITDA generated in Q4 almost fully covered the loss at this level generated in the three previous quarters of 2021. The net profit of PLN 37.1 million in Q4 2021 was further supported by the first-time recognition of a tax asset of PLN 12.2 million in Q4 2021. The perspective of generating profits within and outside the zone in subsequent reporting periods

¹ Contract Development and Manufacturing Organization

gives us the opportunity to take full advantage of operating in the Łódź Special Economic Zone and to settle losses from previous years," says Grzegorz Grabowicz, Member of the Management Board for Finance of Mabion S.A.

Table 1. Financial results of Mabion S.A. by quarter

Data in PLN million	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Revenue	0.0	0.0	1.6	0.0	55.3
Own cost of sales	0.0	0.0	0.0	0.0	21.0
Gross profit on sales	0.0	0.0	1.6	0.0	34.3
Operating costs without depreciation	13.6	11.6	4.5	14.3	4.5
Other operating income/expenses, net	0.4	(0.3)	0.6	0.04	(2.4)
EBITDA	(13.2)	(11.9)	(2.3)	(14.2)	27.4
Amortization	2.3	2.2	2.1	2.1	2.4
EBIT	(15.4)	(14.1)	(4.4)	(16.3)	25.0
Net finance income/expenses	(0.4)	(3.0)	1.9	0.7	(0.1)
Gross profit/loss	(15.8)	(17.1)	(2.5)	(15.6)	24.9
Income tax	0.0	0.0	0.0	0.0	(12.2)
Net profit/loss	(15.8)	(17.1)	(2.5)	(15.6)	37.1

Source: Company

Mabion generated consolidated revenues of PLN 56.9m in 2021, compared to no revenues in 2019 and 2020. The company ended the previous year with a net profit of nearly PLN 2m. The cash balance at the end of 2021 was PLN 48.7 million.

Table 2. Financial results of Mabion S.A. by year

Data in PLN million	2019	2020	2021
Revenue	0.0	0.0	56.9
Own cost of sales	0.0	0.0	21.0
Gross profit on sales	0.0	0.0	35.9
Operating costs without depreciation	53.8	46.4	34.7
Other operating income/expenses, net	1.6	1.6	(2.1)
EBITDA	(52.2)	(44.8)	(1.0)
Amortization	11.1	9.8	8.8
EBIT	(63.3)	(54.7)	(9.8)
Net finance income/expenses	(0.5)	(1.1)	(0.4)
Gross profit/loss	(63.7)	(55.8)	(10.3)
Income tax	0	0	(12.2)
Net profit/loss	(63.7)	(55.8)	1.9

Source: Company

"We are very pleased with the financial results for the full year 2021 and in particular with the fourth quarter results, which saw the first revenues from the Novavax contract. The increasing pace of execution of the contract with Novavax, will translate into revenue and profit growth in subsequent quarters and years. I am convinced that the implementation of this

scenario will also make investors satisfied with the results we will show in subsequent periods. By doing so, we demonstrate that Mabion has closed the chapter of a biotech start-up and begun the development stage towards a mature, profitable biopharmaceutical company. This perception should further consolidate with the results of subsequent quarters," says Krzysztof Kaczmarczyk, CEO of Mabion S.A.

With the first positive financial results, Mabion is becoming a cooperation partner for financial institutions, including international ones, with which it is in talks on debt financing necessary for further expansion of production capacity, i.e. the construction of a second plant.

"Despite the fact that we are convinced that the construction of the second production plant could be another landmark moment in the Company's development, we are not yet fully prepared to start this investment. This is mainly due to the need to arrange the necessary financing. We want to finance the investment in the construction of the new plant from generated own funds and from debt financing. We will also apply for further grants from national and EU support programs for innovative companies. In the meantime, we want the generated cash flows from operating activities to strengthen the company's balance sheet in order to be financially prepared to implement the ambitious investment plan. I would like to emphasize that in our activities related to organizing the financing necessary for the construction of the second plant, we are not considering or working on issuing shares," Krzysztof Kaczmarczyk commented.

Mabion's biggest success in 2021 was the signing of an agreement with the US company Novavax for the contract manufacturing of antigen for the COVID-19 vaccine and the start of its implementation. The long-term agreement with Novavax, worth USD 372 million, is one of the largest concluded by any Polish biotech company and is of great importance for Mabion's further development.

"The collaboration with Novavax is developing very well and work is progressing according to plan. Importantly, each month we intensify our collaboration by expanding into two additional order areas, which include a manufacturing service in a GMP environment for cellular banks and contract analytics services for product quality control. We appreciate the trust Novavax has placed in us and we are discussing further orders in existing and new areas with our US partner. The specialized competences of our team allow us to believe that there is significant potential to further expand the scope of our current cooperation in the near future," says dr Sławomir Jaros, Mabion S.A. Management Board Member for Scientific and Operational Affairs.

Mabion carries out all activities related to the production of the vaccine antigen according to the schedule and arrangements and receives payments from Novavax on an ongoing basis. From the start of the collaboration to the date of the 2021 financial statements, the Company has received a total of \$23.5 million in various orders and prepayments. Recently, Mabion was granted registration by the Chief Pharmaceutical Inspectorate as a manufacturer of the active substance SARS-CoV-2 rS, thus fulfilling the last regulatory condition for which Mabion was responsible under the agreement with Novavax.

Mabion is expected to reach the target scale of antigen production on 2 bioreactors in the second half of this year. The expansion of the production capacity with two more bioreactors is planned for the turn of the first and second quarter of 2023. In order to do so, at the end of November last year Mabion signed an agreement for the purchase of four bioreactors with the capacity of 2,500 liters each. Two of the four new bioreactors will replace those currently in use as part of the upgrade process.

Mabion began regular production of antigen in the fourth quarter of 2021 and entered the first quarter of 2022 with sufficient production momentum to increase each month in the first half of this year.

"We are currently contracted at 100% of our production capacity, which is a good prognosis for the near future. We also plan to increase employment by a few dozen people, who are necessary for such a dynamically growing business. We estimate that our employment should reach around 300 people by the end of 2022. Currently, our plant is already operating 24/7 and new people are being trained to secure the growing intensity of production. The new recruitments planned for this year are also part of our preparations to maintain continuous operation on two production lines with a total of four bioreactors next year," adds dr Sławomir Jaros.

Parallel to the development of the CDMO business, Mabion's most important in-house project is the biosimilar drug MabionCD20, which is currently at the stage of preparation for clinical studies, after which the company will apply to the European Medicines Agency (EMA) for authorization of the drug for the European Union market. The drug MabionCD20 has a good chance of achieving market success, which is confirmed by a market study conducted twice on behalf of Mabion in 2021 and 2022 by an external consulting company, L.E.K. Consulting. The market research conducted by L.E.K. Consulting indicates consistently good market prospects and a high value of the market for rituximab biosimilar drugs in the coming years.

Mabion has also reviewed the prospects for the CDMO market, which it considers very attractive. As of 2021, the global CDMO market is estimated to be worth around €70 billion, of which the CDMO market for biologic drugs is €22 billion with an expected average annual growth rate of 5.9% between 2020 and 2022. Mabion, as an integrated biotech company whose competencies cover the entire value chain of biosimilar drug development, despite strong competition has a chance to win contracts in the CDMO market. The CDMO market has a huge potential for growth, due to the steady increase in R&D spending in pharmacology, the increase in the number of molecules in development and the greater willingness of pharmaceutical and biotech companies to outsource production.

Last year, Mabion also began activities aimed at attracting strategic investors. However, the beginning of cooperation with Novavax made it necessary for potential investors to re-evaluate the situation and naturally translated into the pace of the process and postponement of the deadline for its completion from the originally assumed end of 2021 to this year.

"After consultation with our advisor, Rothschild & Co, we have taken the decision to move the originally planned investor identification date of the end of 2021 to 2022. Cooperation with Novavax is yet another argument in the process of acquiring new business partners in the CDMO area and in talks with potential investors," says Krzysztof Kaczmarczyk.

The Management Board of Mabion is working on a new strategy for the Company, which will set out its goals for the next few years, including further expansion of production capacity, the timetable for clinical development of the drug MabionCD20, the product portfolio, diversification and further development of the CDMO area. The Company's strategy will also set financial targets for the next 5 years.

"As a board, we believe that the new strategy will rebuild investors' belief that Mabion is a company with great potential, which opens a new chapter of rapid growth and sustainable business profitability. We will soon want to present it to investors and shareholders," comments Krzysztof Kaczmarczyk.

Mabion has used the experience built up over 15 years and has undergone a transformation from a biotech startup to an integrated biopharmaceutical company, having secured a landmark contract with Novavax proving that it effectively commercializes its competence.

"Over a year ago we faced a strategic choice for the further development of our company and we made the right decision, which brought us success in the form of signing a contract with the US company Novavax. I would like to emphasize that the choice we made was a breakthrough for the future of Mabion, because now we are not only developing our own biosimilar drug projects, but we also have proven our competence in contract manufacturing and contract drug development, operating in the CDMO model," says Adam Pietruszkiewicz, Mabion S.A. Board Member for Sales.

Contact for media:

Jakub Radzewicz
+48 601 155 582
j.radzewicz@pov.pl

Contact for institutional investors and analysts

Katarzyna Mucha
+48 697 613 712
+48 22 440 14 40
katarzyna.mucha@ccgroup.pl

Piotr Owdziej
+48 697 612 913
+48 22 440 14 40
piotr.owdziej@ccgroup.pl

Contact for individual investors

Michał Wierzchowski
+48 531 613 067
+48 22 440 14 40
michal.wierzchowski@ccgroup.pl

Information on Mabion S.A.

Mabion S.A. (WSE: MAB) is a fully integrated Polish biopharmaceutical company established in 2007, whose core business is the design and development of the latest generation of medicines based on recombinant protein technology (e.g., monoclonal antibodies). Mabion's expertise covers both the drug design phase and the selection of protein expression technologies, their purification, production activities in the GMP standard (obtaining Active Substances "Drug Substance" and Finished Products "Drug Product"), the development of analytical tools (for structural, functional, physicochemical characteristics), clinical development, clinical analytics and a full range of regulatory activities in the development and operational areas. The company's most advanced project is MabionCD20, a biosimilar to MabThera (rituximab) with therapeutic indications for non-Hodgkin's lymphoma, leukemia and rheumatoid arthritis (RA). In addition, since signing the contract with Novavax in October 2021 for the commercial production of the vaccine for COVID-19, Mabion has been developing and expanding its existing platform to include CDMO activities, i.e. contract development services, GMP manufacturing and GMP/GLP analytical services across the full range of the above capabilities. Mabion is a public company listed on the Warsaw Stock Exchange. More information about the Company is available at www.mabion.eu