The quarterly report of Mabion S.A. for the third quarter of 2017

Konstantynów Łódzki, 29 November 2017

Mabion S.A.
Condensed Interim Financial Statements For the 9 months ended September 30, 2017

Konstantynów Łódzki, 29 November 2017

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

PLN thousands, except if otherwise stated	Note	July 1, 2017 – September 30, 2017	January 1, 2017 – September 30, 2017	July 1, 2016 – September 30, 2016	January 1, 2016 – September 30, 2016
Revenues from research and development services		-	-	-	-
Cost of services sold		-	-	-	-
Gross profit		**-**	**-**	**-**	**-**
Research and development costs	8, 9	(9 361)	(30 759)	(12 764)	(31 615)
General and administrative expenses	8	(4 358)	(13 053)	(2 761)	(8 809)
Other operating income, net	10	536	1 603	818	2 043
Operating loss		**(13 183)**	**(42 209)**	**(14 707)**	**(38 381)**
Finance income	11	423	4 638	303	105
Finance costs	11	(471)	(1 029)	(41)	(121)
Loss before tax		**(13 231)**	**(38 600)**	**(14 445)**	**(38 397)**
Income tax expense	21	-	-	-	-
NET LOSS		**(13 231)**	**(38 600)**	**(14 445)**	**(38 397)**
Other comprehensive income		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**(13 231)**	**(38 600)**	**(14 445)**	**(38 397)**
Basic and diluted proft / (loss) per share (in PLN per share)		**(1,12)**	**(3,27)**	**(1,23)**	**(3,35)**

The Notes on pages 5 to 12 are an integral part of these condensed interim financial statements.

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

PLN thousands	Note	September 30, 2017	December 31, 2016
Property, plant and equipment	12	71 467	68 107
Other non-current assets		283	110
Total non-current assets		**71 750**	**68 217**
Inventory	13	8 722	4 232
Trade and other receivables		4 894	3 831
Prepaid expenses		176	141
Deferred IPO cost	14	2 247	-
Cash and cash equivalents		2 355	14 826
Total current assets		**18 394**	**23 030**
TOTAL ASSETS		**90 144**	**91 247**
Share capital		1 180	1 180
Share premium		2 549	140 805
Share capital issued but not yet registered		-	-
Accumulated losses		(38 600)	(138 256)
Total equity	15	**(34 871)**	**3 729**
Deferred income	16	12 556	14 012
Refundable prepayments for distribution rights	17	-	-
Borrowings	18	1 371	-
Finance leases	19	1 309	48
Total non-current liabilities		**15 236**	**14 060**
Trade and other payables	20	16 910	13 697
Deferred income	16	3 575	3 575
Refundable prepayments for distribution rights	17	38 195	43 514
Borrowings	18	50 581	12 500
Finance leases	19	518	172
Total current liabilities		**109 779**	**73 458**
TOTAL LIABILITIES		**125 015**	**87 518**
TOTAL EQUITY AND LIABILITIES		**90 144**	**91 247**

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CONDENSED INTERIM STATEMENTS OF CASH FLOWS

PLN thousands	January 1, 2017 – September 30, 2017	January 1, 2016 – September 30, 2016
Loss before income tax	**(38 600)**	**(38 397)**
Adjustments for:		
Depreciation	5 810	5 140
Interest income	(31)	(10)
Interest expense	958	144
Government grant income	(1 456)	(1 635)
Changes in assets and liabilities:		
(Increase) / decrease in inventory	(4 490)	-
(Increase) / decrease in trade and other receivables	(1 063)	849
(Increase) / decrease in prepaid expenses	(35)	67
(Increase) / decrease in deferred IPO cost	(2 247)	-
Increase / (decrease) in trade and other payables	2 883	12 719
Increase / (decrease) in Returnable prepayments for distribution rights	(5 319)	(389)
Cash used in operating activities	**(43 591)**	**(21 512)**
Government grants repaid	-	(3 107)
Interest received	31	10
Paid interest	(958)	(172)
Net cash used in operating activities	**(44 171)**	**(24 782)**
Purchase of property, plant and equipment	(5 198)	(2 054)
(Increase) / decrease in other non-current assets	(173)	-
Net cash flows used in investing activities	**(5 371)**	**(2 054)**
Proceeds from issuance of common shares	-	2 350
Proceeds from borrowings	4 623	18 550
Proceeds from bank loans	62 544	-
Repayments of borrowings	(2 715)	-
Repayment of bank loans	(25 000)	-
Repayments of the finance leases	(2 034)	(74)
Net cash flows from financing activities	**37 418**	**20 826**
Net increase / (decrease) in cash and cash equivalents	(12 471)	(6 010)
Cash and cash equivalents at the beginning of the period	**14 826**	**6 074**
Change in cash and cash equivalents due to exchange rate differences	-	-
Cash and cash equivalents at the end of the period	**2 355**	**64**

The Notes on pages 5 to 12 are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

PLN thousands	Share capital	Share premium	Share capital issued but not yet registered	Accumulated loss	Total equity
As of January 1, 2016	1 116	115 386	15 980	(87 027)	45 455
Net loss / Total comprehensive income				(38 397)	(38 397)
Transactions with owners					
Registration of Series N shares	34	15 946	(15 980)		-
Reduction of share premium to cover prior year net loss		(4 597)		4 597	-
Registration of Series O shares	30	14 070			14 100
As of September 30, 2016	1 180	140 805	-	(120 828)	21 157
As of January 1, 2017	1 180	140 805	-	(138 256)	3 729
Net loss / Total comprehensive income				(38 600)	(38 600)
Transactions with owners					
Reduction of share premium to cover prior year net loss		(138 256)		138 256	-
As of September 30, 2017	1 180	2 549	-	(38 600)	(34 787)

The Notes on pages 5 to 12 are an integral part of these condensed interim financial statements.

NOTES

1. The Company

Mabion S.A. ("Mabion" or the "Company") was established on May 30, 2007 as a limited liability company with its registered office in Kutno, Poland. The legal form of the Company was changed on October 29, 2009 as a result of the transformation of Mabion's limited liability legal status into a joint-stock company organized under the laws of the Republic of Poland. Mabion is currently entered in the Register of Enterprises of the National Court Register in Poland managed by the Łódź-Śródmieście District Court in Łódź, 20th Commercial Division of the National Court Register, at KRS number 0000340462. The Company was also assigned a tax identification number NIP: 7752561383 and a statistical identification number REGON: 100343056. The Company's registered office is in Konstantynów Łódzki, Poland, ul. Gen. Mariana Langiewicza 60.

The Company's shares are listed on the regulated market of the Warsaw Stock Exchange.

2. Basis of preparation

These condensed interim financial statements of Mabion S.A. for the period of 9 months ended September 30, 2017 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union and International Accounting Standard 34, Interim Financial Reporting as issued by IASB as for the Company there are no differences between IFRS as issued by IASB and ad adopted by EU.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"), and should be read in conjunction with the Company's annual financial statements as of December 31, 2016.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2016, except for the corporate income tax, which has been calculated using expected effective average tax rate.

The new or revised standards and interpretations, effective starting from January 1, 2017, which the Company has applied from 1 January 2017 have no impact these condensed interim financial statements.

New or revised standards and interpretations, which have been issued but are not yet effective and not early adopted by the Company have been presented alongside their estimated impact on the Company in the annual financial statements for the year ended December 31, 2016. There were no new or revised standards and interpretations issued from the date of approval of the Company's annual financial statements for the year ended December 31, 2016 to the date of approval of these condensed interim financial statements, which are effective after year 2017 and would have impact on the Company. The Company intends to apply all new and amended IFRS issued but not yet effective as of the date of issuing these condensed interim financial statements at their mandatory effective dates.

Management believes that notes to these condensed interim financial statements contain all material information necessary for proper assessment of the Company's material and financial situation in the reporting period.

The condensed interim financial statements of Mabion S.A. for the 9 months ended September 30, 2017 have been prepared on a going concern basis (further information on the going concern assumption is presented in Note 3).

The condensed interim financial statements are prepared on the historical cost basis.

Critical accounting estimates and judgments of the management are presented in Note 5.

These condensed interim financial statements were authorized for issue by the Company's Management Board on November 29, 2017.

3. Going concern assumption

The Company's success is dependent on securing continued funding of its operations as well as being able to register and commercially sell its products.

Since inception, the Company has been focused on performing research and development activities in order to develop and market its products commercially. As a result, the Company has incurred losses from operations and has been generating negative operating cash flows which are expected to continue for the foreseeable future. As of September 30, 2017, the Company had significant accumulated losses and negative working capital positions.

So far the Company has been financing its operations with cash obtained from shareholder and bank loans, equity raising, government grants and cash obtained from distribution partners.

As part of the development of the Company, the shareholders have decided to also seek an additional issue and listing of equity shares outside Poland (i.e. in Europe or in the United States).

As of September 30, 2017, the Company has obtained letters of financial support from its shareholders (i.e. Twiti Investments Limited, Glatton Spółka z o.o., Celon Pharma S.A.) indicating that the Company will be financed by these shareholders to support its operations in the foreseeable future, for a period not shorter than 12 months from the condensed interim financial statement preparation date.

In management's view with the continuing shareholders' support, both long term investors and local market participants, and the strategic agreement with Mylan, the Company will have sufficient funding to complete its primary drug development.

On June 14, 2017, General Meeting of Shareholders adopted a resolutions on compensating the losses for the financial year 2016 and for the previous periods in the amounts of PLN 55,826 thousand and PLN 82,430 thousand, respectively, from the reserve capital. At the same meeting the General Meeting of Shareholders adopted a resolutions, on the Company's further existence, which is a procedure required by Polish law in the case when the Company has negative equity position.

These condensed interim financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future. Accordingly, no adjustments have been made to the condensed interim financial statements that might be necessary should the entity not continue as a going concern.

4. Significant accounting policies

These condensed interim financial statements have been prepared in accordance with the accounting policies used for the purpose of preparing recent annual financial statements, except for the corporate income tax, which has been calculated based on expected effective annual average tax rate.

The Company's functional currency is Polish zloty (PLN).

The condensed interim financial statements are presented in thousands of PLN as rounded to full thousands.

5. Critical accounting estimates and judgements

Management makes estimates, judgements and assumptions regarding the recognition and valuation of the individual items of assets and liabilities. The estimates and the related assumptions are based on historical experience, management's expectations or other factors considered material. The actual results may differ from the recorded estimates. The estimates and the related assumptions require regular verification.

In the period covered by these condensed interim financial statements, no changes in the scope or methodology of making any material estimates and judgements have been made by the Management.

6. Operating segments

Management identified one operating segment for the Company, i.e. research and development activities for new biotechnology drugs and biosimilar drugs through utilizing contemporary genetic engineering. No changes have occurred in this respect since the last annual report.

7. Seasonality of operations

The Company's activities are neither seasonal nor cyclical. In the first 9 months of 2017, the Company has not generated any revenue.

8. Expenses by nature

The following tables present different types of expenses by nature:

PLN thousands	July 1, 2017 – September 30, 2017	January 1, 2017 – September 30, 2017	July 1, 2016 – September 30, 2016	January 1, 2016 – September 30, 2016
Third-party services	3 351	15 003	5 680	14 803
Cost of materials	3 183	7 582	4 430	10 088
Personnel expenses	1 439	4 481	1 490	3 593
Depreciation	1 301	3 503	985	2 915
Other expenses	87	191	179	217
Research and development costs by nature	**9 361**	**30 759**	**12 764**	**31 615**
Office expenses	658	2 519	839	2 395
Personnel expenses	925	2 894	599	2 003
Depreciation	827	2 308	702	2 225
Advisory services in connection with distribution contracts	277	594	3	229
Share based payment expense (IPO incentive)	-	817	162	441
Rental, usage and maintenance of equipment and company car expenses	297	602	159	568
Taxes and fees	140	363	125	324
Audit and professional services	120	907	32	59
Other operating expenses	1 114	2 051	140	565
General and administrative expenses by nature	**4 358**	**13 053**	**2 761**	**8 809**

Other operating expenses in the period of 9 months ended 30 September 2017 include an impairment loss of PLN 106 thousand recognized in relation to the prepayment for delivery of equipment due to the problem with execution of this contract by the supplier and PLN 48 thousand recognized in relation to the inventory of raw materials which has been liquidated.

9. Research and development cost

PLN thousands	July 1, 2017 – September 30, 2017	January 1, 2017 – September 30, 2017	July 1, 2016 – September 30, 2016	January 1, 2016 – September 30, 2016
MabionCD20	9 236	30 561	12 674	31 229
Double cutting technology	1	2	0	18
MabionHER2	26	60	35	108
Other projects	99	137	55	260
Total Research and development costs	**9 361**	**30 759**	**12 764**	**31 615**

In the period covered by these condensed interim financial statements the only research and development project that incurred material costs was development of the Company's primary drug, MabionCD20.

By the date of the publication of these interim condensed financial statements, the Company has successfully completed clinical trials for both the Non-Hodgkin's lymphoma ("NHL") and Rheumatoid Arthritis ("RA") applications of MabionCD20 and is working towards submitting a single marketing-authorisation application for MabionCD20 to European Medicines Agency ("EMA").

10. Other operating income

PLN thousands	July 1, 2017 – September 30, 2017	January 1, 2017 – September 30, 2017	July 1, 2016 – September 30, 2016	January 1, 2016 – September 30, 2016
Government grants	489	1 456	496	1 635
Other operating income	47	147	322	408
Total other operating income	**536**	**1 603**	**818**	**2 043**

11. Finance income and costs

PLN thousands	July 1, 2017 – September 30, 2017	January 1, 2017 – September 30, 2017	July 1, 2016 – September 30, 2016	January 1, 2016 – September 30, 2016
Interest income	4	31	-	10
Net foreign exchange gains	419	4 607	298	76
Other finance income	-	-	5	20
Total finance income	**423**	**4 638**	**303**	**105**
Interest expense	(488)	(958)	(41)	(113)
Net foreign exchange losses	-	-	-	-
Other finance costs	17	(71)	-	(8)
Total finance costs	**(471)**	**(1 029)**	**(41)**	**(121)**

Net foreign exchange gains in the first 9 months of 2017 are due to changes in the foreign exchange rates. Majority of them represent unrealized foreign currency exchange gains on translation of refundable prepayments for distribution rights denominated in foreign currencies at the balance sheet date, which are presented in Note 17.

12. Property, plant and equipment

In the period covered by these condensed interim financial statements the Company has invested PLN 5,191 thousand in tangible assets and PLN 7 thousand in intangible assets.

Substantial part of investments in tangible fixed assets in the first 9 months of 2017 was financed through lease contracts, which are described in Note 19.

The Company has neither sold nor liquidated any tangible fixed assets in the period covered by these condensed interim financial statements, except for the sale-and-leaseback transactions, which are described in Note 18.

The Company has not identified any impairment indicators in relation to property, plant and equipment as of September 30, 2017.

13. Inventory

Increase in value of inventories in first 9 months of 2017 is due to purchases of raw materials necessary for production of trial series of MabionCD20 in Konstantynów plant.

The Company has recorded PLN 48 thousand as other expenses expenses to recognize cost of the inventory of raw materials which has been liquidated (see Note 8).

14. Deferred IPO cost

Deferred IPO balance as of September 30, 2017 of PLN 2,247 thousand represents incremental costs incurred by the Company in direct relation to the planned IPO outside of Poland, including costs of lawyers and advisory services. Management believes that the probability of IPO success is high, hence related costs have been capitalized as deferred cost on the balance sheet. All deferred IPO costs will be charged to capital upon the completion of the offering to reduce the share premium. If probability of IPO success in Management's opinion would change to low or if the IPO is aborted, all deferred IPO costs will be charged to expense.

15. Equity

On February 16, 2017, the General Meeting of Shareholders authorized the Management Board to issue up to 4,500,000 ordinary bearer shares with PLN 0.10 par values per share, including up to 4,000,000 shares through a public offering outside of Poland and up to 500,000 shares through a private placement. Shares can be issued in exchange of cash. The sales prices may not be lower than PLN 84 or its equivalent in the foreign currency, per share. The current shareholders do not have rights to acquire the shares issued based on the above-mentioned authorization. The authorization expires after 1 year from the date on which the amendment to the Company Statute made by virtue of resolution of the General Meeting of Shareholders was entered in the commercial register of the National Court Register, which occurred on March 23, 2017.

The shares of Series O issued in first half of 2016 were covered by cash of PLN 2,350 thousand and the conversion of the loan liability of PLN 11,750 thousand (further information is provided in annual financial statements for the year ended 31 December 2016).

16. Deferred Income

The Company has historically financed a portion of its operations through receipt of cash subsidies from The European Regional Development Fund as administered by government institutions in Poland: The Lodz Agency of Regional Development (ŁARR), The Polish Agency for Enterprise Development (PARP) and The National Centre for Research and Development (NCBiR). There have been three projects to finance research and development and/or implementation of MabionCD20, technology of producing human analog insulin ("double cutting") and MabionHER2.

The fixed assets in relation to which the grant was obtained became available for use in 2015 at which point the depreciation of these assets also began; the respective portion of the deferred income (grant) was also recognized in profit or loss as well (PLN 1,456 thousand and PLN 1,635 thousand in the period of 9 months ended 30 September 2017 and 30 September 2016, respectively. See Note 10).

On November 15, 2017, the Company terminated an agreement with NCBiR for co-financing of MabionHER2 project due to the fact that continuation of this project was not financially viable due to activities of the Company's competitors. The Company applied for termination without the obligation to refund subsidies received in previous periods, which have been used in line with programme objectives to finance research and development activities within the MabionHER2 project. As of 30 November 2017, the Company has created a provision of PLN 218 thousand to recognize potential amount of subsidies to be paid back (including interest).

On November 15, 2017, in connection with the ongoing audit of the double cutting project performed by ŁARR, the Company applied to ŁARR to adjust expenses incurred within the project and decrease amount of subsidies due to errors in treatment of expenses incurred within the project reported previously. Total amount of subsidies received was ca. PLN 9.7 million. As of 30 November 2017, the Company has created a provision of PLN 328 thousand to recognize potential amount of subsidies to be paid back (including interest).

Except for the above, there were no other significant changes in the status of grants received by the Company.

Current portion of deferred income represents this portion of deferred income, which is reasonably expected to be realized within 12 months from the balance sheet. It consists of two major positions:

a) portion of grants decribed above, received to finance the tangible fixed assets purchases, which will be recognized as income alongside the depreciation of underlying assets;
b) prepayment from Celon Pharma S.A. for services related to the development of a drug production process or drug prototypes for use by Celon Pharma S.A., which will be performed by the Company.

17. Refundable prepayments for distribution rights

The table below presents the list of prepayments for distribution rights received from partners, which Mabion signed distribution agreements with:

PLN thousands	September 30, 2017	December 31, 2016
Mylan	36 519	41 792
FARMAK	1 077	1 106
ONKO	474	487
Sothema Laboratories	99	102
Lyfis	26	27
Total	38 195	43 514

Change in value of the refundable prepayments for distribution rights in the first 9 months of 2017 equal to PLN (5,319) thousand is due only to changes in foreign exchange rates, since all of the these prepayments were denominated in foreign currencies (EUR or USD in the case of Mylan). As stated in the annual financial statements for the year ended December 31, 2016, these liabilities are payable on demand and are classified as current liabilities. In the current interim period, there were no changes in the terms of these distribution agreements.

18. Borrowings

a) Bank borrowings

On March 17, 2017, Company decided to utilize the second tranche of the loan of PLN 12,500 thousand from Alior Bank. This loan has been subsequently repaid in full on July 4, 2017, from the loan received from Bank Zachodni WBK S.A.

On June 8, 2017, the Company signed a revolving loan agreement for a loan of PLN 50,000 thousand with Bank Zachodni WBK S.A. The loan was granted on market terms for a period of 12 months. The loan interest rate is payable monthly and is based on the WIBOR 3M increased by the bank's fixed margin of 2.25 p.p. The funds from the loan were used in the first instance to repay the outstanding loan from Alior Bank S.A., together with accrued interest. The remaining funds are used to finance the Company's current operations with the focus on launching the production of MabionCD20. By September 30, 2017, the Company have drawn down the full original amount of the loan.

The loan requires collateral, including a contractual mortgage up to PLN 75,000 thousand on the title to the real property in Konstantynów Łódzki along with assignment of the amounts due under the insurance policy, a power of attorney for the Company's bank accounts with Bank Zachodni WBK S.A., the Company's declaration on voluntary submission to enforcement, and other forms of protection provided by three of the main shareholders: Twiti Investments Ltd., Celon Pharma S.A. and Glatton Sp. z o.o. (including a comfort letter and a pledge on the shares held by the shareholders in Celon Pharma S.A.).

According to the loan agreement, this bank loan could be used to repay pre-existing shareholder loans up to a maximum amount of PLN 2,000 thousand.

In November 2017, the market value of collateral provided by Glatton decreased below the lower limit set in the loan agreement. Insufficient collateral may be the reason for the bank to terminate the loan agreement which would result in the loan to become due in full amount immediately. Therefore, the Company and Glatton undertook actions necessary to increase the collateral, however, they were not finalized by the date of these financial statements. Management monitors closely the situation and believes that the necessary collateral will be promptly provided and this situation will have no adverse effect on the Company.

b) Borrowings from shareholders

The Company sourced funding for its ongoing operations through two loans received between May 29, 2017 and June 26, 2017 from one of its shareholders, Twiti Investments Ltd., controlled 50% by the Chairman of the Company's Supervisory Board, Mr. Robert Aleksandrowicz. The above-mentioned loans were due to be repaid by July 31, 2017 and August 31, 2017, respectively. Both loans carried an interest rate of WIBOR 3M plus 2.0 p.p. Total amount borrowed was PLN 2,500 thousand. The above loans were repaid before their respective maturity dates with accrued interest.

In November 2017 the Company received two loans totaling PLN 1,000 thousand from Glatton Sp. z o.o. These loans are due to be repaid by December 31, 2017 and both carry an interest rate of WIBOR 3M plus 2.0 p.p.

No collateral was required to secure the borrowings from shareholders.

c) Sale-and-leaseback transactions

In the third quarter of 2017 the Company received PLN 2,123 thousand through three sale-and-leaseback transactions to re-finance purchases of laboratory equipment.

These transaction are treated as borrowings since the underlying assets have been initially paid in full and lease agreements contain an irrevocable offer to buy back the assets at the maturity.

These agreements have maturity between 3 and 4 years and are secured by blank promissory notes. These notes promise in writing that the Company will pay to the owner of the note all amounts due but not paid under the respective leasing agreement, including lease instalments, compensation, contractual penalties and expenses together with interest, in case the Company would be in arrears with payments of any of the above mentioned amounts.

19. Leases

a) Operating lease

The Company leases office space in Łódź under an operating lease expiring on August 17, 2020 with an option to cancel in 2018 without an early termination penalty. Total future minimum lease payments under the lease as of September 30, 2017 amount to PLN 150 thousand in 2017 and PLN 375 thousand in 2018. The lease expense recognized in the first 9 months of 2017 amounted to PLN 600 thousand.

The lease includes contractual escalation clauses providing for annual rent increases starting January 1, 2016 based on the consumer price index. Rent indexing is not expected to have a material effect on the Company's commitments.

b) Finance lease

The Company uses vehicle and laboratory equipment pursuant to finance lease agreements.

The Company concludes leasing agreements for a period of 3 to 5 years. These agreements are secured by blank promissory notes. These notes promise in writing that the Company will pay to the owner of the note all amounts due but not paid under the respective leasing agreement, including lease instalments, compensation, contractual penalties and expenses together with interest, in case the Company would be in arrears with payments of any of the above mentioned amounts.

Change in the interest rate constituting an element of calculation of leasing instalments is a parameter which results in change in leasing instalments. All leasing agreements contain option to purchase leased assets at the end of the lease period.

In the current interim period, the Company has entered into the few new lease agreements resulting in the initial recognition of the fixed assets in the amount of PLN 3,592 thousand and the lease liability of PLN 3,593 thousand. Total cost of assets subject to finance lease as of September 30, 2017 and December 31, 2016 amounts to PLN 4,023 thousand and PLN 375 thousand, respectively. The table below presents minimum lease payments and current value of lease payments as of September 30, 2017 and December 31, 2016.

PLN thousands	Minimum lease payments as of September 30, 2017	Current value of lease payments as of September 30, 2017	Minimum lease payments as of December 31,2016	Current value of lease payments as of December 31, 2016
Within 1 year	637	518	177	172
From 1 to 5 years	1 446	1 310	49	48
Total	2 083	1 828	226	220

20. Trade and other payables

PLN thousands	September 30, 2017	December 31, 2016
Trade payables	9 809	9 915
Accrued expenses for clinical trials	1 576	1 780
Share-based payments (Note 24)	1 540	735
Accrued IPO cost	1 940	-
Social security and personal income tax on salaries	612	489
Accrued expenses for unused holidays	264	207
Subsidies	546	-
Other payables	623	571
Total trade and other payables	16 910	13 697

21. Effective income tax rate

In the period covered by these condensed interim financial statements the Company has not recorded any profits, which would result in the obligation to pay the corporate income tax, and the criteria to recognize deferred tax asset were not met, thus the effective corporate income tax rate was equal to 0%.

As of September 30, 2017, the Company operated under three permits issued by the Łódź Special Economic Zone ("ŁSSE"), located in Poland. There were no significant changes in 2017 in respect of the amounts and conditions of utilizing the tax credits available to the Company, i.e. tax credits will be available by December 31, 2026 to offset against future corporate income tax profits .

In the period of 9 months ended 30 September 2017, the Company has generated the tax loss of PLN 12,144 thousand, on which deferred tax asset was not recognised as IAS 12 criteria concerning probable future taxable income that would enable their utilization were not met. The tax losses carried forward from perious years are disclosed in the financial statements for the year ended 31 December 2016.

22. Financial risk management

The Company's exposure to individual risks relating to financial instruments only, as well as the objectives, policy and processes used to measure and manage the risk have not changed substantially compared with the annual financial statements.

23. Fair value of financial instruments measured at amortized cost

The Company does not have any financial instruments measured at fair value. For the purpose of the disclosure of the fair values in relation to the financial instruments measured at amortized cost, the Company has used the method based on the discounted cash flow.

The main items of financial instruments measured at amortized cost are: short-term bank borrowings and refundable prepayments for distribution rights. The Company's management assessed that the fair value of these items approximates or equals their carrying values.

24. Related party transactions

There is no direct controlling party or ultimate controlling party for the Company.

In the period covered by these condensed interim financial statements the Company recorded proceeds of PLN 16.8 thousand from IBSS BIOMED SA for auxiliary services rendered in respect of setting up and testing the laboratory equipment (in the comparative period the Company has not recorded any proceeds from the related parties).

Services contracted previously with Celon Pharma S.A. related to the development of a drug production process or drug prototypes for use by Celon Pharma S.A. has been deferred by mutual consent into future periods due to extraordinary workload relating to completion of research and development of MabionCD20. More information is presented in Note 16.

The Company sourced funding for its ongoing operations from Twiti Investments Ltd. and Glatton Sp. z o.o., two of its shareholders. Details of these transactions are presented in Note 18.

Other transactions with related parties in the period covered by these condensed interim financial statements totaled to PLN 65.7 thousand and included a number of small purchases of services from Polfarmex S.A. (one of the Company's main shareholders), IBSS BIOMED S.A. (with Mr. Grzegorz Stefański holding positions of Member of the Supervisory Board of Mabion and President of IBSS BIOMED S.A. until May 16, 2017) and Biofana S.A. (with Mr. Jarosław Walczak holding positions of Member of the management Board of Mabion and President of Biofana S.A.). In the comparative period purchases from the related parties totaled to PLN 71.2 thousand. Total trade payables with the related parties as of September 30, 2017 and December 31, 2016 amounted to PLN 34.8 thousand and PLN 44.1 thousand, respectively.

Key management compensation (incl. share based payment and remuneration)

On December 14, 2015, the Supervisory Board granted an IPO incentive to Mr. Artur Chabowski, its current Chief Executive Officer. The incentive provides an award to the CEO in the amount of 0.4% of the total value of each future share issuance on NASDAQ. The incentive vests at the share issuance date and is to be settled in cash. On March 31, 2017, the Supervisory Board amended the terms of the cash settled share based payment award granted to its current Chief Executive Officer. The award was increased by 1% for each 1 PLN of the shares sales price above 100 PLN per share (for example, if the price per share is 110 PLN, the incentive award amounts to 0.44% of the total IPO value). Other terms remain unchanged.

On January 24, 2017, the Supervisory Board granted an IPO incentive to Sławomir Jaros, member of the Management Board. The incentive provides an award in the amount of 0.075% of the total value of each future IPO on NASDAQ.

The above-mentioned incentives were accounted for as a cash-settled share-based payment liability and is being recognized over the vesting period from the date of grant (which is the same as the service commencement date) to the expected IPO date of February 28, 2018. The amendment made on March 31, 2017 to the terms of the award of Mr. Artur Chabowski is accounted for as modification i.e. incremental fair value of the additional award is spread over the vesting period of this additional award – from 1 April, 2017 to expected IPO date.

According to management's estimates, the total cash expected to be obtained from the issuance of shares in an IPO amounts to PLN 440 million with the expected share sales price of USD equivalent of PLN 110 . Such total IPO value and the shares sales price (new shares only) was used to calculate the amount of the award. The value of the cash settled award estimated to be paid upon completion of the IPO has been discounted using a 12% discount rate (the discount rate reflects the risk the that total value of the IPO value may differ from the amount expected by management). As of and for the 9 months period ended September 30, 2017 and 2016, the Company has recognized PLN 1,540 thousand (including incremental increase of PLN 124 thousand due to modification) and PLN 455 thousand as a liability and PLN 806 thousand (including incremental increase of PLN 124 thousand due to modification) and PLN 441 thousand as costs, respectively. The liability is re-measured at each reporting period taking into account the updated expectation of the total value of shares to be issued at the expected IPO date. The expected IPO date is now assumed as 28 February 2018, whereas in

previous periods the Company assumed that the IPO would be finalized by 31 October 2017. This change of assumptions resulted in decrease of the value of liability relating to share-based payments by PLN 11 thousand in the third quarter of 2017.

Presented below is the compensation for members of the Company's key management personnel and the Supervisory Board:

PLN thousands	January 1, 2017 – September 30, 2017	January 1, 2016 – September 30, 2016
Remuneration of the Supervisory Board Members	129	22
Remuneration of the Management Board Members	774	531
Total short-term compensation	**903**	**553**
Share-based payments	806	441
Total compensation of key management personnel and the Supervisory Board	**1 709**	**994**

25. Contractual commitments

As of September 30, 2017, the Company did not have any contractual commitments for the acquisition of property, plant and equipment, intangible assets or development work.

26. Contingent liabilities

The Company was not a party to any litigation, regulatory actions or arbitration which is expected by management to have a material adverse effect on the Company's financial position or operations and/or cash flow.

27. Events after the balance sheet date

On October 4, 2017, the Company received information of NCBiR signing the co-financing agreement for the project "Development of biotechnological drug through development of an innovative monoclonal IgG1 subclass antibody with reduced contents of unfavourable glycoforms in relation to the referential drug – oriented against EGFR". Total value of the Project amounts to PLN 40 million and maximum subsidies to be received amount to PLN 28 million. The project is scheduled to last 5 years.

On October 13, 2017 the Company re-financed purchase of Akta Process – automated liquid chromatography system built for process scale-up and large-scale biopharmaceutical manufacturing worth PLN 877 thousand – with PKO Leasing SA through sale-and-leaseback transaction.

In November 2017, the Company received two loans totalling PLN 1,000 thousand from Glatton Sp. z o.o.

In November 2017, the market value of collateral provided by Glatton decreased below the lower limit set in the loan agreement. The Company and Glatton undertook actions necessary to increase the collateral. More information on this subject is presented in Note 18.

On November 15, 2017, the Company terminated an agreement with NCBiR for co-financing of MabionHER2 project. More information on this termination is presented in Note 16.

On November 15, 2017, the Company responded to audit findings of ŁARR in relation to double cutting project. More information is presented in Note 16.

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Other information for the quarterly report of Mabion S.A. for the third quarter of 2017

Konstantynów Łódzki, 29 November 2017

Contents

1 SELECTED FINANCIAL DATA

The selected balance sheet items presented in EUR have been translated at the mid EUR exchange rate published by the National Bank of Poland as at 30 September 2017 (PLN 4.3091 /EUR 1) and as at 31 December 2016 (PLN 4.4240 /EUR 1). Selected income statement and cash flow statement items have been translated into EUR at the arithmetical average of the EUR exchange rates published by the National Bank of Poland prevailing as at the last day of each month during the 9 months ended 30 September 2017 and the 9 months ended 30 September 2016 (PLN 4.2566 /EUR 1 and PLN 4.3688 /EUR 1 respectively).

SELECTED FINANCIAL DATA	in PLN'000		in EUR'000	
	from 01/01/2017 to 30/09/2017	from 01/01/2016 to 30/09/2016	from 01/01/2017 to 30/09/2017	from 01/01/2016 to 30/09/2016
Net sales of finished goods, goods for resale and materials	0	0	0	0
Operating profit/(loss)	-42 209	-38 381	-9 916	-8 785
Profit/(Loss) before tax	-38 600	-38 397	-9 068	-8 789
Net profit/(loss)	-38 600	-38 397	-9 068	-8 789
Net cash from operating activities	11 800 000	11 458 462	11 800 000	11 458 462
Net cash from investing activities	-3.27	-3.35	-0.77	-0.77
Net cash from financing activities	-3.27	-3.35	-0.77	-0.77
Net increase/(decrease) in cash and cash equivalents	-44 517	-24 782	-10 458	-5 672
	30/09/2017	**31/12/2016**	**30/09/2017**	**31/12/2016**
Total assets	90 144	91 247	20 919	20 625
Liabilities and provisions for liabilities	125 015	87 518	29 012	19 783
Long-term liabilities	15 236	14 060	3 536	3 178
Short-term liabilities	109 779	73 458	25 476	16 604
Equity	-34 871	3 729	-8 092	843
Share capital	1 180	1 180	274	267
Number of shares (not in thousands)	11 800 000	11 500 000	11 800 000	11 500 000
Earnings (loss) per ordinary share	-3.27	-3.34	-0.77	-0.76

2 INFORMATION ABOUT MABION S.A.

2.1 Changes in the organizational structure of the Company's Group

Mabion S.A. ("Company", "Issuer", "Mabion") does not have any subsidiaries and does not form a Group.

2.2 The Company's achievements and failures in the first quarter of 2017 and after the balance-sheet date

On 6 June 2017 the Company's Management Board received information that the Company's application for co-financing of the project entitled "Development of a biotechnological drug through the development of an innovative monoclonal IgG1 subclass antibody with reduced content of unfavourable glicoforms compared with the reference drug – targeted at EGFR", filed under the Sector Programme InnoNeuroPharm (competition 2/1.2/2017 of the SGOP), financed with funds from Measure 1.2 "Sectoral R&B Programmes" of the SGOP 2014-2020, was recommended by NCBiR for co-financing. On 4 October 2017 (post-balance sheet event) the Company's Management Board learned about NCBiR signing the agreement for co-financing the said project. The total cost of the project is approximately PLN 40 million, and the value of awarded co-financing is approximately PLN 28 million. The project is planned to last approximately five years. The subject matter of the project is conducting R&B work directed at developing MabionEGFR – a monoclonal antibody with the potential of a medicinal product to be used in oncological indications. This information has been published in current reports Nos. 37/2017 and 48/2017.

On 24 August 2017 the Company's Management Board received an initial report from an external company which manages data of the patients in the trial testing of MabionCD20 in patients with Rheumatoid Arthritis (RA) on the positive outcome in respect of the primary endpoint of the clinical trial. The initial report was issued on the basis of schedules which included the unblinded results of comparative trials for the reference product MabThera. Based on the said schedules received on 16 August 2017, the Company independently conducted an internal analysis based on which on 16 August 2017 the Company's Management Board assessed and acknowledged the positive result of the clinical trial in respect of the primary endpoint. However, the Management Board's conclusions required confirmation by an independent entity, which was done by issuing an initial report. The initial report covered the results of the clinical trial in respect of similarities between MabionCD20 and MabThera in patients with active RA based on the ACR 20 primary endpoint. The proportion of patients who gained the ACR 20 primary endpoint (the ratio covering the patients who showed an improvement in their health at a level of at least 20%) in both trial groups (treated with MabionCD20 and with MabThera) in the 24th week of the trial showed a bioequivalence between MabionCD20 and MabThera. The outcome presented in the report dated 24/08/2017 was based on the initial version of the report of the independent entity. This information has been published in current report No. 39/2017.

On 28 August 2017 the last patient enrolled for the clinical trial of MabionCD20 conducted in the indication of non-Hodgkin's lymphomas (NHL) took place. Enrolment for the MabionCD20 NHL trial was suspended in February 2017 and since then, despite the absence of a final decision as to ending enrolment, there was also no need to resume enrolment. Therefore, all the patients enrolled for the MabionCD20 NHL trial went through a 26-week period of treatment and follow-up. Currently, patients will be subjected to a further 20-week follow-up, so-called long-term follow-up. Irrespective of the period, the Company may start the procedure for preparing data for the analysis after which the trial will be unblinded and the data analysed. The next stage will be the preparation and submission of appropriate documentation to the European Medicine Agency by the Company. This information has been published in current report No. 40/2017.

On 29 August 2017 the Company's Management Board received an initial report on the positive result in respect of primary and secondary pharmacokinetic clinical trial endpoints from a company contracted to analyse the results related to pharmacokinetics in the MabionCD20 trial in patients with RA. The initial report, covering the results of the clinical trial regarding similarities between MabionCD20 and MabThera in patients with active RA based on the assessment of primary and secondary pharmacokinetic parameters in the 24th week of the trial, showed a bioequivalence between MabionCD20 and MabThera. The outcome presented in the report dated 29 August 2017 was based on the initial version of the report of the independent entity. In the 4th quarter of 2017 the Company will receive the final version of the report, which will include all the endpoints in respect of pharmacokinetics. Those results will be used in the medical authorization application (MAA). The positive initial results of the benchmark analysis do not guarantee that the trial results presented in the final version of the report will be positive. This information has been published in current report No. 41/2017.
On 1 September 2017 the Company's Management Board received initial reports on the results in respect of secondary pharmacokinetic clinical trial endpoints from companies contracted to analyse the results related to the response of RA patients

to treatment in the benchmark study of MabionCD20 against MabThera. The initial report was issued on the basis of schedules which included unblinded results of comparative trials for the reference product MabThera. Based on the said schedules received on 16 August 2017, the Company independently conducted an internal analysis based on which on 16 August 2017 the Company's Management Board assessed and acknowledged the result of the clinical trial to be positive in respect of the secondary endpoints. However, the Management Board's conclusions required confirmation by an independent entity, which was done by way of issuing initial reports. In accordance with the initial reports received in respect of all the parameters listed therein, positive results were obtained. The adverse effects were similar in both groups in respect of the type, frequency and degree of severity, they were also compliant with the safety data published for MabThera. In consecutive months the Company will obtain results in respect of the missing secondary endpoints related to long-term follow-up, but their materiality compared with the results presented above is limited. The results provided above are based on initial versions of the report of independent entities. At the beginning of 2018 the Company will receive the final versions of the reports covering the scope of data necessary to file registration applications. Those results will be used in the medical authorization application (MAA). The positive initial results of the benchmark analysis do not guarantee that the trial results presented in the final version of the report will be positive. This information has been published in current report No. 42/2017.

On 19 October 2017 the Company's Management Board learned about NCBiR signing the agreement for co-financing the project entitled "Development and scaling of the innovative process for manufacturing the therapeutic recombined monoclonal antibody to enable industrial implementation of the first Polish biotechnological medicine for oncological and autoimmunological therapies". The total qualified cost of the project is approximately PLN 54 million, and the final value of awarded co-financing is approximately PLN 27 million. The project is planned to last approximately three years. The purpose of the Project is to conduct development work aimed at preparing the biotechnological drug MabionCD20 (rituximab biosimilar), which is an innovative product on a global scale, for implementation for manufacturing on an industrial scale. The drug has higher qualitative parameters in respect of the cleanliness profile than the reference drug (MabThera). The project obtained co-financing under the Smart Growth Operational Programme 2014–2020 (3/1.1.1/2016) Measure 1.1. "R&D Projects of Enterprises", Sub-measure 1.1.1 "Industrial research and development work carried out by the company". This information has been published in current report No. 44/2017.

On 26 October 2017 (post-balance sheet event) the last visit of the last patient under the additional 6-month follow-up period of patients enrolled under the MabionCD20 RA clinical research (the so-called long-term follow-up) took place. In conclusion, all patients who participated in the MabionCD20 research ended a 12-month treatment and observation cycle consisting of a basic treatment and follow-up period which lasted 6 months and an additional 6-month period of long-term follow-ups. Therefore, the data collection for all endpoints of the research ended. This information was published in current report No. 50/2017.
On 15 November 2017 (post-balance sheet event) the Management Board of Mabion S.A. decided to give a termination notice in respect of the agreement for co-financing of the research project "The clinical development and registration of a humanised monoclonal antibody that binds to the HER2 receptor for the treatment of breast cancer." The agreement for co-financing the Project in the area of clinical research under the Innomed program, of PLN 10 million, with the National Centre for Research and Development (NCBiR) was concluded on 24 June 2014. The decision to terminate the agreement was the result of high scientific risk of research on a drug biosimilar to Herceptin in respect of the potential time necessary to develop the product, and was taken after analysing the competitive environment. In accordance with the Company's knowledge, the European Medicines Agency (EMA) has already issued one positive decision relating to a drug biosimilar to Herceptin, and three other applications for registration are currently being analysed by EMA. The Company's Management Board acknowledged that in view of the competitive landscape, ultimately the performance of the planned research may not be beneficial because the Company's project is delayed compared to the competitors' projects. Despite the actions taken by the Company and due diligence in exercising them, circumstances arose which were impossible to anticipate at the stage of applying for co-financing. Therefore, the Company's Management Board decided to terminate the co-financing agreement. To-date the Company has used PLN 178 thousand of the funding received. This information has been published in current report No. 54/2017.

Current status of projects conducted by the Company

PROJECT	REFERENCE DRUG	REGULATORY CATEGORY
CLINICAL AREA		
OJECTS in PRE-REGISTRATION PHASE		
MabionCD20		mAB biosimilar
PROJECTS CURRENTLY CONDUCTED		
MabionEGFR		mAB biosimilar
MabionMS	To be disclosed after filing the patent application	To be disclosed after filing the patent application innovative
MabionVEGF_Fab*		Fab biosimilar
PLANNED PROJECTS		
MabionHER2_ADC		mAB biosimilar
MabionAI2		mAB biosimilar
MabionAI3		mAB biosimilar
MabionTR		mAB biosimilar
MabionON4		mAB biosimilar
MabionON5		mAB biosimilar
MabionInAI4		mAB biosimilar
CONTINGENT PROJECTS		
MabionHER2		mAB biosimilar

 Immunology  Oncology  Ophthalmology  Tissue metabolism

* Stage of joint development with partner.

2.3 Indication of factors and events, including those of an extraordinary nature, with a significant impact on the condensed financial statements

In the third quarter of 2017 there were no factors or events other than those indicated in other items of the report, including those of an extraordinary nature, with a significant impact on the Company's condensed financial statements.

2.4 Position of the Management Board concerning the possibility of meeting the previously published forecasts of results

The Company's Management Board took a decision to cancel the financial forecasts published in 2010 (prepared in connection with applying for admitting I-Series shares to trading in an alternative trading system) and to resign from publishing forecast financial results.

2.5 Structure of share capital

As at 30 September 2017 and as at the date of submitting this report, the Company's share capital amounted to PLN 1,180,000 and consisted of 11,800,000 shares with a par value of PLN 0.10 each, including:

- 450,000 registered A-series preferred shares;
- 450,000 registered B-series preferred shares;
- 450,000 registered C-series preferred shares;
- 450,000 ordinary D-series bearer shares;
- 100,000 registered E-series preferred shares;
- 100,000 registered F-series preferred shares;
- 20,000 registered G-series preferred shares;
- 2.980.000 ordinary H-series bearer shares;
- 1,900,000 ordinary I-series bearer shares;
- 2,600,000 ordinary J-series bearer shares;
- 790,000 ordinary K-series bearer shares;
- 510,000 ordinary L-series bearer shares;
- 360,000 ordinary M-series bearer shares;
- 340,000 ordinary N-series bearer shares;
- 300,000 ordinary O-series bearer shares.

A, B, C, E, F and G-series registered shares are preferred as to votes – each share gives the right to two votes at the General Shareholders' Meeting. The total number of votes resulting from all the issued shares is 13,370,000.

2.6 Shareholding structure

According to the Management Board's knowledge, as at the date of submission of the report for the third quarter of 2017 (29 November 2017) and as at the date of submitting the corrected report for the first half of 2017 (10 November 2017) the following shareholders have at least 5% voting rights at the Company's General Shareholders' Meeting:

No.	Shareholder	Number of shares	Number of votes	% share in share capital	Share in total number of votes
1.	Twiti Investments Limited	2 520 072	3 114 372	21.36%	23.29%
2.	Maciej Wieczorek indirectly, including through*:	1 624 876	2 117 726	13.77%	15.84%
	Glatton Sp. z o.o.	1 004 526	1 004 526	8.51%	7.51%
	Celon Pharma S.A.	620 350	1 113 200	5.26%	8.33%
3.	Polfarmex S.A.	1 437 983	1 920 833	12.19%	14.37%
4.	Funds managed by Generali PTE S.A	1 396 035	1 396 035	11.83%	10.44%
5.	Funds managed by Investors TFI S.A	794 566	794 566	6.73%	5.97%
6.	Others	4 026 468	4 026 468	34.12%	30.12%
	TOTAL	**11 800 000**	**13 370 000**	**100.00%**	**100.00%**

* *Mr Maciej Wieczorek has 100% of shares in the share capital of Glatton Sp. z o. o. and indirectly, through Glatton Sp. z o.o., 66.67% of shares in the share capital of Celon Pharma S.A. and 75% in the total number of voting rights in Celon Pharma S.A.*

According to the Management Board's knowledge, as at the date of submission of the report for the first quarter of 2017 (15 September 2017) the shareholding structure was as follows:

No.	Shareholder	Number of shares	Number of votes	% share in share capital	Share in total number of votes
1.	Twiti Investments Limited	2 514 457	3 108 757	21.31%	23.25%
2.	Maciej Wieczorek indirectly, including through*:	1 624 876	2 117 726	13.77%	15.84%
	Glatton Sp. z o.o.	1 004 526	1 004 526	8.51%	7.51%
	Celon Pharma S.A.	620 350	1 113 200	5.26%	8.33%
3.	Polfarmex S.A.	1 437 983	1 920 833	12.19%	14.37%
4.	Generali OFE**	1 117 000	1 117 000	9.47%	8.35%
5.	Funds managed by Amathus TFI S.A	988 042	988 042	8.37%	7.39%
6.	Others	4 117 642	4 117 642	34.9%	30.8%
	TOTAL	**11 800 000**	**13 370 000**	**100.00%**	**100.00%**

* *Mr Maciej Wieczorek has a 100% share in the share capital of Glatton Sp. z o.o. and indirectly, through Glatton Sp. z o.o., a 66.67% share in the share capital of Celon Pharma S.A. and 75% in the total number of votes in Celon Pharma S.A.*

** *Pursuant to the list of shareholders at the Extraordinary General Meeting of the Company held on 14 June 2017.*

2.7 The Company's authorities

2.7.1 Management Board

In the reporting period and until the date of submitting this report the composition of the Company's Management Board has not changed and as at 29 November 2017 it consists of three members:

- Artur Chabowski – President of the Board;
- Sławomir Jaros – Board Member;
- Jarosław Walczak – Board Member.

2.7.2 Supervisory Board

In the reporting period and until the date of submitting this report the composition of the Company's Supervisory Board has not changed and as at 29 November 2017 it consists of eight members:

- Robert Aleksandrowicz – Chairman of the Supervisory Board;
- Maciej Wieczorek – Deputy Chairman of the Supervisory Board;
- Grzegorz Stefański – Independent Member of the Supervisory Board;
- Tadeusz Pietrucha – Independent Member of the Supervisory Board;
- Jacek Piotr Nowak – Member of the Supervisory Board;
- David John James – Independent Member of the Supervisory Board;
- Artur Olech – Independent Member of the Supervisory Board;
- Robert Koński – Independent Member of the Supervisory Board.

2.8 Stan posiadania akcji przez osoby zarządzające i nadzorujące

	Shares held as at the date of filing the report for the first half of 2017 (15 September 2017)	Shares held as at the date of submitting the report for the third quarter of 2017 (29 November 2017)
Management Board		
Artur Chabowski	indirectly, through FL Real Investments Holding Limited with its registered office in Nicosia (Cyprus), in which Artur Chabowski holds 100% interest in the share capital, holds jointly 29,649 of the Company's shares with a nominal value of PLN 0.10 each, which constitutes 0.25% of the Company's share capital and gives 0.22% voting rights at the General Shareholders' Meeting.	indirectly, through FL Real Investments Holding Limited with its registered office in Nicosia (Cyprus), in which Artur Chabowski holds 100% interest in the share capital, holds jointly 24,034 of the Company's shares with a nominal value of PLN 0.10 each, which constitutes 0.25% of the Company's share capital and gives 0.2% voting rights at the General Shareholders' Meeting.
Supervisory Board		
Maciej Wieczorek	indirectly, through Glatton Sp. z o.o. (in which he holds 100% interest in the share capital) and Celon Pharma S.A. (in which, through Glatton Sp. z o.o., he holds 66.67% of interest in the share capital) he holds jointly 1,624,876 of the Company's shares with a nominal value of PLN 0.10 each, which constitute 13.77% of the Company's share capital and give 15.84% voting rights at the General Shareholders' Meeting.	indirectly, through Glatton Sp. z o.o. (in which he holds 100% interest in the share capital) and Celon Pharma S.A. (in which, through Glatton Sp. z o.o., he holds 66.67% of interest in the share capital) he holds jointly 1,624,876 of the Company's shares with a nominal value of PLN 0.10 each, which constitute 13.77% of the Company's share capital and give 15.84% voting rights at the General Shareholders' Meeting.
Robert Aleksandrowicz	holds directly 132,094 of the Company's ordinary bearer shares with a nominal value of PLN 0.10 each, which constitute 1.12% of the Company's share capital and give 0.99% voting rights at the General Shareholders' Meeting;	holds directly 147,094 of the Company's ordinary bearer shares with a nominal value of PLN 0.10 each, which constitute 1.25% of the Company's share capital and give 1.10% voting rights at the General Shareholders' Meeting;
	indirectly, through Twiti Investments Limited with its registered office in Nicosia (Cyprus), in which Robert Aleksandrowicz holds shares constituting 50% of the share capital and 50% of voting rights at the General Shareholders' Meeting of the company, is a Mabion shareholder and holds jointly 2,514,457 of the Company's shares with a nominal value of PLN 0.10 each, which constitute 21.31 % of the Company's share capital and 23.25 % voting rights at the General Shareholders' Meeting.	indirectly, through Twiti Investments Limited with its registered office in Nicosia (Cyprus), in which Robert Aleksandrowicz holds shares constituting 50% of the share capital and 50% of voting rights at the General Shareholders' Meeting of the company, is a Mabion shareholder and holds jointly 2,520,072 of the Company's shares with a nominal value of PLN 0.10 each, which constitute 21.36 % of the Company's share capital and 23.29 % voting rights at the General Shareholders' Meeting.

Other Members of the Management and Supervisory Boards did not hold any of the Company's shares in the period from the submission of the report for the first half of 2017 to the date of submission of this report. Members of the Management Board and Supervisory Board of Mabion S.A. have no rights to the Company's shares.

2.9 Litigation pending before the court, the appropriate arbitration body or the public administration body

In the third quarter of 2017 no litigation was in progress before a court, arbitration court or public administration body the value of which – on an individual or joint basis – would amount to at least 10% the Company's equity.

2.10 Related party transactions

In the third quarter of 2017, the Company did not enter into transactions with related entities on terms other than arm's length.

2.11 Warranties and guarantees granted

In the third quarter of 2017 the Company did not grant any warranties for loans or advances, or any guarantees jointly to one entity or subsidiary of that entity, where the total value of the existing warranties or guarantees would amount to at least 10% of the Company's equity.

2.12 Factors which will have an impact on the achieved financial results in the perspective of at least the following quarter

In future reporting periods revenues will be strictly related to contracts already signed or potential contracts for the registration and distribution of the Mabion CD20 drug. Potential delays in negotiations or unexpected departures from time schedules of contracts already signed may have an impact on the amount of revenues.

2.13 Other information material to the assessment of the Company's position

In the third quarter of 2017 there were no one-off events. The Company's activity was comparable to that in the earlier periods.

There is no other information which is material to the assessment of the human resources, asset and financial position of Mabion S.A., its results and respective changes, and information material to assessing its ability to discharge its liabilities.

3 Contact data

Company name:	Mabion Spółka Akcyjna
Registered office:	Konstantynów Łódzki
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Telecommunications numbers:	tel. +48 42 207 78 90 fax +48 42 203 27 03
e-mail address:	info@mabion.eu
website:	www.mabion.eu

The Company's Management Board

Konstantynów Łódzki, 29 November 2017

President of the Management Board
Artur Chabowski

Management Board Member
Sławomir Jaros

Management Board Member
Jarosław Walczak