MABION

MABION S.A.
Directors' Report
for the first half of 2023

Konstantynów Łódzki, 12 September 2023

Contents

1. SELECTED FINANCIAL DATA

	in PLN thousand		in EUR thousand	
	from 01.01.2023 to 30.06.2023	from 01.01.2022 to 30.06.2022	from 01.01.2023 to 30.06.2023	from 01.01.2022 to 30.06.2022
Net income from sales of products, commodities, and materials	75,575	82,553	16,383	17,781
Profit from operating activities	35,512	10,197	7,698	2,196
Gross profit	31,714	12,560	6,875	2,705
Net profit	31,714	12,560	6,875	2,705
Weighted average number of shares (in pcs)	16,161,966	16,161,751	16,161,966	16,161,751
Profit per ordinary share (in PLN/EUR)	1.96	0.78	0.42	0.17
Diluted profit per ordinary share (in PLN/EUR)	1.96	0.78	0.42	0.17
Net cash flows from operating activities	(7,372)	(20,543)	(1,598)	(4,425)
Net cash flows from investing activities	(6,665)	(4,078)	(1,445)	(878)
Net cash flows from financing activities	(1,133)	(1,787)	(246)	(385)
Total net cash flows	(15,170)	(26,408)	(3,289)	(5,688)
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
Total assets	174,724	186,175	39,261	39,697
Liabilities and provisions for liabilities	66,503	109,668	14,944	23,384
Long-term liabilities	34,635	35,366	7,783	7,541
Current liabilities	31,868	74,302	7,161	15,843
Equity	108,221	76,507	24,318	16,313
Share capital	1,616	1,616	363	345
Number of shares (in pcs)	16,162,326	16,162,326	16,162,326	16,162,326
Book value per share (in PLN/EUR) *	10.81	11.52	2.43	2.46
Diluted book value per share (in PLN/EUR)	10.81	11.52	2.43	2.46
Dividend declared or paid per share (in PLN/EUR)	-			

* Net assets/Weighted average number of shares

Selected balance-sheet items presented in EUR have been translated according to the average EUR exchange rate announced by the National Bank of Poland on 30 June 2023 (4.4503 PLN/EUR) and on 31 December 2022 (4.6899 PLN/EUR). Selected items of the income statement and cash flow statement have been converted into EUR at the exchange rate announced by the National Bank of Poland and being the arithmetic average of the average exchange rates for the euro effective as at the last day of each ended month in the period of six months ended 30 June 2023 and the period of six months ended 30 June 2022 (respectively: 4.6130 PLN/EUR and 4.6427 PLN/EUR).

2. INFORMATION ON MABION S.A.

2.1. Introduction

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

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

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

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

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

2.2. Management Board of Mabion S.A.

As at 30 June 2023 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.

In H1 2023 and until the date of this report, there were no changes to the composition of the Company's Management Board.

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

- Krzysztof Kaczmarczyk – President of the Management Board, CEO – 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.
- Sławomir Jaros – Member of the Management Board, COO and CSO – 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.
- Adam Pietruszkiewicz, Member of the Management Board, CCO – responsible for business development of the Company, for strategic projects, and for acquisition of new clients. It was at his initiative that the business relationship with Novavax was established.
- Grzegorz Grabowicz – Member of the Management Board, CFO - he 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.

2.3. Supervisory Board of Mabion S.A.

As at 30 June 2023 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;
- Józef Banach – Deputy Chairman of the Supervisory Board, (Independent Member);
- Sławomir Kościak – 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.

In H1 2023 and until the date of this report, there were no changes to the composition of the Company's Supervisory Board. In connection with the expiry of the existing term of office of the Members of the Company's Supervisory Board, on 7 June 2023 the Ordinary General Meeting of the Company adopted resolutions to appoint all the existing Supervisory Board Members as Members of the Supervisory Board for the next i.e. 3rd joint term of office. The resolutions on the appointment of Members of the Supervisory Board of Mabion S.A. entered into force on 17 June 2023. The Company informed about the event in Current Report no. 15/2023 of 7 June 2023. On 23 June 2023, functions within the Supervisory Board were divided, as a result of which the function of Chairman was assumed by Mr. Robert Koński and the function of Deputy Chairman was assumed by Mr. Józef Banach (until 23 June 2023, these functions were held by Mr. Robert Koński and Mr. Slawomir Kościak, respectively).

2.4. Information on the capital group

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

3. OPERATIONS OF MABION S.A.

3.1. Object of activity

In the reporting period, i.e. in H1 2023, as since 2021, the Company has focused in its business activities on two areas of activity:

- implementation of commercial orders for partners in the field of contract development and manufacturing (as a Contract Development and Manufacturing Organisation, CDMO).
- development, manufacturing and marketing of own biosimilars, i.e. biological medicines that are developed to be similar to the original biotech drugs (MabionCD20, among others).

Until the Strategy for 2023–2027was adopted (i.e. until 18 April 2023), Mabion's project catalogue included three groups of projects: i.e. CDMO service projects (Nuvaxovid® vaccine), active in-house projects (MabionCD20, MabionMS and MabionEGFR), and new in-house projects (denosumab and omalizumab).

The Company's income from sales in H1 2023 was mainly earned from a CDMO service project involving collaboration with Novavax, Inc. in the area of the Nuvaxovid vaccine. The Agreement with Novavax and the additional orders entered into thereunder were of critical importance to the Company in H1 2023, both on the operational and financial level.

The cooperation with Novavax is based on the Manufacturing Agreement entered into in October 2021 for the contract manufacturing of an active substance, i.e. a vaccine antigen for COVID-19 branded as Nuvaxovid® ("product"), and on additional orders. In September 2022, annexes to the Manufacturing Agreement and Statement of Work #1 (Statement of Work #1) were executed, under which the parties updated the manufacturing schedule and agreed on a guaranteed amount of Mabion's manufacturing capacity for Novavax until Q2 2024 (period of the counterparty's unconditional commitment to acknowledge the performance. The term of the Manufacturing Agreement was extended to the end of 2026 and the a remuneration for the Company was introduced in the absence of manufacturing orders, on account of Mabion guaranteeing and making its production capacity available. On 6 April 2023, the Company entered into Annex no. 2 to Statement of Work No. 1 with Novavax to extend the scope of the cooperation by including the manufacture of antigens being the active substance for the Omicron variant vaccines. In H1 2023, the company successfully completed GMP validation and production for the Omicron BA.5 variant and carried out a technical run for a further sub-variant, Omicron XBB.1.5 (informally Kraken).

In view of the nature of the agreement and the expected scope of the cooperation, which includes the provision of a manufacturing service or the readiness to provide a manufacturing service, the Company decided not to present percentage estimates of the expected implementation of the agreement in future periods. The above decision resulted from a mismatch between the assumed income from the implementation of the agreement and the method of accounting for the agreement and recognising income for individual reporting periods, adopted in line with the applicable regulations (IFRS 15), as well as the existence of a contractual limitation on the guaranteed unconditional recognition of performance by the counterparty in the period up to Q2 2024. In case of contract manufacturing, the Company recognises income using the progress measurement method based on inputs, which in the Company's opinion reflects in the best way the entity's results in fulfilling the identified performance obligation. The amount of remuneration allocated to this performance obligation is recognised as income in line with the performance stage in terms of cost.

In H1 2023, Mabion completed additional orders for Novavax under the Manufacturing Agreement, based on the Statements of Work ("SOW") entered into by the Parties as set out in the table below.

Table 1. Additional orders implemented in H1 2023 under the existing Manufacturing Agreement between Mabion and Novavax

No.	Order name	Order date	Scope
1	SOW#2	18 January 2022	Additional analytical services in the area of analytical research related to the quality control of the Nuvaxovid® vaccine. Order completed.
2	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. Order finalised.
3	SOW#8	2 August 2022	Stability tests on the SARS CoV-2 rS active substance. Order completed.
4	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 – both the Wuhan and Omicron variant. Order completed.
5	SOW#10	9 February 2023	Logistics services, including the transportation and storage of materials, vaccine active substances, and finished products. Order completed.

The Company's own most advanced project was MabionCD20, a proposed biosimilar to reference medicines, MabThera/Rituxan® (Roche). To sum up, as part of the research and development work on MabionCD20 in H1 2023, 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 H1 2023, 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. Due to the adoption of the Strategy for 2023-2027 in April this year, development work and expenditure on MabionCD20 have been reduced to the minimum necessary to preserve the project's potential.

As regards the other Company's own projects in the active project group and the Company' own new projects, in H1 2023 the Mabion did not carry out any significant development work or incur any significant expenditures, nor did it generate any income from sales.

3.2. Major events affecting Mabion S.A. in the first half of 2023 and up to the date of this report

Mabion signs a loan agreement with the European Bank for Reconstruction and Development

On 6 February 2023, 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 provided by the EBRD will be used 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 thousand. The loan will be disbursed at the latest within nine months of the date of the Loan Agreement. The first disbursement of the loan

was to take place no later than six months after the date of the Loan Agreement; however, on 31 July 2023 (an event after the balance-sheet date), the Company received confirmation from the EBRD that it was possible for the Company to make the first disbursement of the loan at a later date than indicated above. This does not affect the implementation of the Company's planned investments, which are being carried out on schedule. 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 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 on the conclusion of the Loan Agreement and the revised date for the first disbursement of the loan in Current Reports no. 2/2023 of 6 February 2023 and no. 20/2023 of 31 July 2023.

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

On 6 February 2023, 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.

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

On 9 February 2023, 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 depends 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, 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, qualitative tests 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 (manufacturing slots) guaranteed to Novavax to date. 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.

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

On 18 April 2023, 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.

The Strategy is based on the expertise and resources accumulated over the years, enabling the Company to seize the market opportunity and begin its transformation into a fully integrated CDMO (Contract Development and Manufacturing Organization) in 2021.

The Company's strategic vision

As a fully integrated CDMO focused on biologics, Mabion provides a full spectrum of services for small to medium-sized projects, from early development phases for commercial manufacturing for clients. As a fully integrated CDMO, the Company offers a full range of services to its clients, namely process development, preclinical and clinical analytics, manufacturing for both clinical and commercial stage, finished product manufacturing, medicinal product characterisation and batch release, regulatory advice. The Company has the ability to

implement projects at different stages of development, as well as the ability to address only selected stages along the CDMO service value chain.

As part of the Strategy, the Company plans to deliver the following main strategic objectives in the different years:

2023–2024:

- Business model – shift of the Company's business model from products to services, including the marketing of MabionCD20 by acquiring a licensee and possibly acting as a CMO – Contract Manufacturing Organisation for MabionCD20, and 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 on the development of innovative CDMO services;
- Renovation and upgrade – upgrading the existing facility and laboratories to adapt the facility to the CDMO profile, achieving technological diversification and develop a plan for Mabion II facility with a view to providing services as a CDMO, and selecting an appropriate structure and securing funding for the investment;
- Recognisability – gaining recognition in the sector of companies providing CDMO services to global clients, and client portfolio diversification;
- A self-funded entity – by seizing the income potential, Mabion will be a self-funded entity for its ongoing operations; the process of securing a strategic investor remains open for discussions with prospective partners. However, transformation to a CDMO becomes a priority.

2025–2027:

- Market positioning – Mabion becomes a recognisable 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 – implementation of the new facility investment, its qualification and validation. Use of optimal sources of investment funding;
- Scale-up – reaching full operational and organisational readiness to scale up the business on the basis of Mabion II.

Then, from 2028 onwards:

- 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, 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.

The Strategy also defines the plan and conditions for the further development of the MabionCD20 project and its commercialisation. In line with the Strategy, 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 (CMO) for the licensee. The Company alone will not incur significant development expenditure on the project.

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 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.

The Strategy also comprises the Company's objectives and the actions planned to be taken in the field of sustainability and ESG (Environmental, Social, and Governance).

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

Decision to close the patent procedures for MabionMS

On 26 April 2023, the Company decided to end its efforts to obtain patent protection under the applications submitted for the inventions called "Combination Therapy of Multiple Sclerosis comprising a CD20 Ligand" and "Low aggregate anti CD20 ligand formulation", developed as part of the MabionMS (multiple sclerosis) innovative therapy project. The Management Board's decision was based on the implementation of Mabion S.A.'s Strategy for 2023–2027. Analogous decisions have been taken with respect to all patent applications as part of the MabionMS project, of which the Company informed in interim reports, including most recently in the annual report for 2021 published on 21 April 2022.

The Company informed of termination of the patent procedures in Current Report no. 8/2023 of 26 April 2023.

The Company terminates its agreement with Parexel for the clinical trial of MabionCD20

On 22 May 2023, the Company decided to terminate the agreement of 2020 with Parexel International (IRL) Limited with its registered office in Ireland, to conduct a bridging three-arm clinical trial of

MabionCD20 (Current Report no. 41/2020 of 29 October 2020). The Management Board's decision was based on the implementation of Mabion S.A.'s Strategy for 2023–2027. Pursuant to the Company's Strategy for 2023–2027, the Company plans to further its transformation into a fully integrated CDMO focused on biologics. The agreement was terminated in accordance with its provisions and had no material financial consequences for the Company other than the necessary costs associated with the termination of the clinical trial. The expenditure incurred to date, as estimated by the Company, to carry out the activities under the agreement, amounted to EUR 2.1 million, compared to a cost of approximately EUR 5.4 million for the trial as at estimated at the date of the agreement. Any further decisions as regards the MabionCD20 bridging clinical trial required for the purposes of the registration of the drug will be at the discretion of a prospective third-party partner who will carry out the registration under a licence granted by the Company and will be responsible for sales and distribution of the product.

The Company informed about the agreement termination in its Current Report no. 10/2023 of 22 May 2023.

Conclusion of an annex to the agreement for the supply of bioreactors to the Company's manufacturing facility

On 22 May 2023 Mabion signed an annex to the agreement entered into in 2021 (Current Report no. 64/2023 of 30 November 2021) with Adolf Kühner AG with its registered office in Switzerland for the purchase of four bioreactors with a capacity of 2,500 litres each, together with additional services. Under the annex, the parties agreed that the supplier will manufacture and deliver two new bioreactors to the Company within the timeframe agreed for Q3 2023 (previously, the agreement provided for the delivery of four bioreactors within 15 months from its date). With the annex in place, the value of the agreement has changed and amounts to EUR 1.8 million, and reflects additional services ordered by the Company (original amount: EUR 2.3 million). As a result, two new orbital shaking bioreactors will be installed at the Company to replace the two bioreactors used presently.

The annex was a result of changes that the Company is implementing as a consequence of the adoption of the new Company's Strategy for 2023–2027. In accordance with the Strategy, one of the objectives the Company is pursuing is to achieve diversification in bioreactor breeding technology. Such bioreactor technology diversification is aimed at complementing the Company's development and process equipment with bioreactors employing conventional mixing technology. As a result of the above activities, Mabion will be able to offer services using both technologies. The resulting expanded panel of available bioreactor technologies will bring greater flexibility to the Company in discussions with future clients as part of the CDMO services offering, which should lead to greater business diversification, which the Company's Management Board believes is one of the key factors for the Company's further growth.

The Company informed about concluding the annex in Current Report no. 11/2023 of 22 May 2023.

Conclusion of an agreement for the supply of a set of bioreactors to the Company's manufacturing facility

On 11 July 2023 (an event after the balance-sheet date), the Company entered into an agreement with Global Life Sciences Solutions Poland Sp. z o.o., of the Cytiva Group ("Supplier") for the purchase of a set of bioreactors with the following capacities – 10 litres (1 unit), 50 litres (2 units), 200 litres (2 units) and 2,000 litres (2 units), together with additional services. Under the agreement, the Supplier will manufacture, sell and install a set of bioreactors under the brand name of 'Cytiva Xcellerex XDR' at the Company in line with the specifications set out in the agreement, together with associated documentation, goods, software, and services. The planned date of delivery of the bioreactors to the Company's manufacturing facility in Konstantynów Łódzki is Q3 2023, which will be followed by installation, qualification tests and acceptance of the devices. The net value of the agreement is EUR 3.2 million.

The purchase of the aforementioned bioreactors will enable the Company to double its current manufacturing capacity and is in line with the Strategy of Mabion S.A for 2023–2027. As announced by the Company, the addition of bioreactors employing conventional stirred-tank technology to the development and process equipment will enable the diversification of bioreactor culture technology. As a result, Mabion will be able to offer both the already developed orbital shaking technology owned by the Company as well as a technology based on the use of the conventional mixing system in bioreactors, which is the most common technology on the market. Due to this investment, the Company significantly strengthens its competitive position as a CDMO and is positioned to attract a new client segment whose products are developed based on the conventional bioreactor technology.

The Company informed about concluding the agreement in Current Report no. 19/2023 of 11 July 2023.

Mabion enters into an agreement for the manufacture and supply, to the Company's manufacturing facility, of a leakage control and optical inspection line for direct packaging.

On 6 September 2023 (an event after the balance-sheet date), Mabion entered into an agreement with Bonfiglioli Engineering srl with its registered office in Italy ("Supplier"), for the manufacture and supply of a direct packaging leakage and optical inspection line, together with related documentation and services ("Agreement"). Under the Agreement, the Supplier will manufacture, supply, and install at the Company's registered office a device for the automatic leakage inspection of primary pharmaceutical packaging (vials containing finished, sterile medicinal product) and the optical inspection of filled packaging and the product inside, in accordance with the specifications set out in the Agreement. The device incorporates a state-of-the-art measurement and control system and is GMP (Good Manufacturing Practice) compliant, as well as compliant with national and international standards. The purchased equipment will be delivered to the Company's manufacturing facility in Konstantynów Łódzki by the end of Q3 2024, which will be followed by assembly, installation, and commissioning. The net value of the Agreement

amounts to EUR 0.829 million, i.e. PLN 3.728 million according to the average exchange rate of the National Bank of Poland, as announced on 6 September 2023. The purchase of the visual inspection line forms part of the implementation of the Strategy for 2023-2027, of which the Company informed in Current Report no. 7/2023 of 18 April 2023. The investment will speed up the quality control processes of finished products, while at the same time enabling the implementation of finished product quality control services at a much higher volume than currently possible.

The Company informed about the conclusion of the agreement in Current Report no. 22/2023 of 6 September 2023.

3.3. Transactions with related parties on terms other than arm's length

In the period of H1 2023, the Company did not enter into transactions with related parties on terms other than arm's length.

Other transactions with related parties are disclosed in Note 25 of the financial statements.

3.4. Guarantees and sureties granted for a loan or borrowing

In the period of H1 2023, the Company did not provide any loan or borrowing sureties or guarantees in aggregate to any one entity or its subsidiary where the total value of the existing sureties or guarantees would be significant for the Company.

3.5. Description of the main threats and risks for Mabion S.A.

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.

The present economic situation in the East – due to the war in Ukraine – has caused that the 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 do not affect the measurement and classification of assets and liabilities in the financial statements as at 30 June 2023. The Management Board has assessed the possible impact on the Company and has included appropriate disclosures in the Company's interim condensed financial statements for the period of 6 months ended 30 June 2023 to describe both the occurrence of this event as well as 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 products manufactured by the Company, in various countries;
- additional potentially significant patent rights of third parties;
- complex and difficult aspects of obtaining protection and pursuing intellectual property rights;
- 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

On 1 July 2023 (after the balance-sheet date), the epidemic emergency was lifted in Poland. As the date of this report, the risk associated with the coronavirus (COVID-19) pandemic and its potential impact on the Company's operations appear to be marginal. However, in the Company's opinion, it is not possible to exclude a possible impact of the pandemic if a new mutation of the virus and 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 the emerging risks. 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.
The abovementioned risk relates especially to aspects of manufacturing authorisation and GMP certification, in particular, the provision of services to entities located outside the jurisdiction of the European Regulatory Agencies (e.g. in the USA). With regard to these territories, inspections may be required that go beyond the Company's inspection experience and it may take significant time to prepare the facility to comply with other regulations.

Each time there is a change in the scope and type of services provided by the Company (including manufacturing services), it is necessary to review the scope of the permits in place (including environmental and pharmaceutical permits), and such a change may have a potentially negative impact on the Company's schedules.

To mitigate this risk, the Company employs specialists both in the area of pharmaceutical regulation and in other legal areas where the Company discharges its responsibilities.

Exchange rate risk

Some of the raw materials necessary for production purposes 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. 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 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).

In view of Mabion's short history in providing CDMO services, the Company is undertaking measures to build recognition, brand credibility in the industry, as well as a competitive offering. In 2023, the Company focused on 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 also actively participates in industry events and trade fairs (DCAT Week, CEBioForum, BIO International, CPHI).

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, and therefore, in the opinion of the Management Board, Company is prepared for diverse business scenarios but at the same time proactively adapts its operations to be equipped for a range of market developments.

Financial 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, the aforementioned sources of funding are sufficient to cover the costs necessary to complete the Company's transformation into a fully integrated CDMO. The Company is also working to secure EU funding to enable it to meet its investment targets, making efficient use of its resources.

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.

Extension of the scope of services under 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. Following the conclusion of the aforementioned annexes, the period of the agreement has been extended until the end of 2026, with a guaranteed period of unconditional commitment of the counterparty to acknowledge the performance until Q2 2024. 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 (in the guaranteed period of the counterparty's unconditional commitment – i.e. until Q2 2024), 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 conventional stirred tank bioreactors, which will enable the production of biological medicines using the technology most commonly used nowadays. For that purpose, on 11 July 2023, the Company entered into an agreement with Global Life Sciences Solutions Poland Sp. z o.o., of the Cytiva Group for the purchase of a set of bioreactors with the following capacities: 10 litres (1 unit), 50 litres (2 units), 200 litres (2 units) and 2,000 litres (2 units), together with additional services. 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 GMP requirements, 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 manufacturing capacity in line with the strategy for 2023–2027

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.

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.

One of Mabion's strategic objectives is the construction of Mabion II manufacturing facility which will allow the Company to significantly increase its production capacity, thereby increasing its potential and ability to implement project diversified in terms of employed technologies. For 2023–2027, the Company plans to develop the facility plan, secure financing, and complete the investment itself. The full operability of Mabion II is planned for 2028.

There is a risk that the Company will not be able to complete this project on schedule, as the decision to commence investment depends on a number of factors, such as the number of clients, the number of new and existing agreements, the level of EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation, i.e. operating profit increased by depreciation write-offs), or the availability of financing (debt, grants and funding, and other sources).

To mitigate the risk that factors preventing the Mabion II investment will occur, the Company is actively pursuing business development activities as well as activities aimed at ensuring that the Company has an optimal external financing structure for the purposes of this investment (which includes the possibility of obtaining grants and subsidies).

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 actively pursued R&D and implementation projects, as well as in the sustainability period of completed 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: 2016–2020

The Company has completed all the tasks provided for in the aforementioned project on schedule and has submitted the

relevant documentation to the NCBR. In 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 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 negotiating with the NCRB on the possibility of changing the form of implementation of the project results into the Company's operations. The Company is requesting that the implementation in question be carried out by means of the Company licensing its intellectual property rights to another entrepreneur who will implement them in its business operations. 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: 2017–2022

In 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 was 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 NCBR 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.

> "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: 2021–2023

The main objective of the project was to deploy a process innovation at Mabion, 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. During the project implementation, the Company's liabilities arising from its agreement with Novavax and additional orders have necessitated a change in the timing of the project. Accordingly, in September 2022, the Company entered into an annex with the Intermediate Body (IB), under which the project implementation date was extended to 30 June 2023 (previously November 2022). Notwithstanding the aforementioned 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: 2021–2023

The 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. 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. The project will be implemented until 31 December 2023.

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 H1 2023, the Company generated proceeds from sales of products and services under the existing agreements. 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. Furthermore, the Company is actively working to obtain co-financing opportunities for its ongoing projects, including planned retrofitting and upgrade of the facility, as well as the development of the CDMO offering.

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.

On 8 August 2023, the Company's key counterparty, Novavax, published its Q2 2023 report, in which it stated that its financial statements were drawn up on a going concern basis within one year as of the report date[1].

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 is transforming the Company into a fully integrated CDMO, 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.

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 13 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.

These 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 – not shorter than 12 months as of the date of drawing up the financial statements. Therefore, no adjustments have been made to the financial statements which might be necessary should the going concern assumption be unjustified.

[1] The report of Novavax for Q2 2023 is available at: https://app.quotemedia.com/data/downloadFiling?webmasterId=101533&ref=317669080&type=HTML&symbol=NVAX&cdn=cab24bff07e470c241b7d8917e51650e&companyName=Novavax+Inc.&formType=10-Q&dateFiled=2023-08-08#i7b6eb5e7758e4d16a1f09a2afe8d1841_13

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.

Risks associated with the development and implementation of the ESG Strategy

Together with the Mabion S.A. Directors' Report for 2022, Mabion published for the first time a Statement on Non-Financial Information. The statement was not subject to the legal obligation under Article 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 amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting (CSRD) and to meet the expectations of the stakeholders, the Company has developed the Statement for 2022 based on its own principles, using selected indicators of the 2016 Global Reporting Initiative reporting standard (GRI Standards).

The Company is working on an ESG Strategy. The project will be implemented in the following stages:

- an audit of the current status of the Company's ESG activities;
- mapping of stakeholders and analysis of their expectations;
- definition of ESG objectives, actions, metrics;
- drawing up an ESG Strategy document;
- implementation of the ESG Strategy in the Company and its communication;
- implementation of the activities resulting from the strategy in place, including development of policies and procedures.

The next stage of ESG implementation activities will be to conduct a materiality analysis for the planned 2023 Statement on Non-Financial Information, to collect and summarise the necessary data and information and draw up and publish the document.

In project involves a risk of delays in the implementation of the different stages of the preparation and implementation of the ESG Strategy and of incurring higher than planned costs to put in practice the strategy's assumptions and to implement the activities resulting from the ESG objectives. In future, the Company will be subject to reporting obligations under the CSRD and mandatory disclosures under the ESRS (European Sustainability Reporting Standards). Therefore, the risk of delays in the implementation of measures has been defined to ensure the required scope of disclosure This risk arises, inter alia, from possible difficulties in adapting the governance area, or the possibility of delays in the establishment of a compliance area within the Company and the development of due diligence policies and procedures, as well as possible difficulties in the implementation of climate change mitigation measures. There is also a risk related to changing legislation that directly affects the activities and processes implemented under the ESG Strategy. The Company identifies risks related to its inability to obtain sufficient data and information from external stakeholders, as well as risks related to possible difficulties in defining and monitoring the indicators.

To counteract the above risks and minimise their potential impact, the Company has engaged with an experienced consulting company that supports Mabion in developing its ESG Strategy. An ESG Team has been appointed in the Company to develop and implement the ESG Strategy, and the resulting objectives, actions and metrics. The employees involved in the project improve their ESG skills by attending industry training courses and conferences, and monitor on an ongoing basis any changes in legislation that may have an impact on the activities in the ESG area.

4. ANALYSIS OF THE FINANCIAL AND ASSETS POSITION OF MABION S.A.

4.1. Principles for drawing up the semi-annual condensed financial statements

The condensed semi-annual financial statements of the Company for the period from 1 January 2023 to 30 June 2023 have been drawn up in conformity with the International Financial Reporting Standards 34 (IFRS 34) – Interim Financial Reporting and the applicable International Financial Reporting Standards (IFRS) as approved by the European Union at the reporting date. The financial statements cover a comparative period from 1 January to 30 June 2022, and comparative data as at 31 December 2022. The financial statements have been drawn up on the historical cost basis, with the exception of certain assets and liabilities and equity which were measured at fair value in accordance with the IFRS. The condensed semi-annual financial statements, with the exception of the cash flow statement, have been prepared on an accruals basis.

The accounting policies applied to draw up the condensed semi-annual financial statements are the same as those applied to draw up the annual financial statements for 2022. The condensed semi-annual financial statements do not include all the information required in the full financial statements compliant with IFRS and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2022. There were no changes in the rules for measuring assets and liabilities and financial result in H1 2023. The condensed semi-annual 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. The condensed semi-annual financial statements of the Company for the period from 1 January 2023 to 30 June 2023 have not been audited. However, they have been reviewed by an audit firm, PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp.k.

4.2. Description of factors and events of a significant impact on the condensed financial statements

In H1 2023, there were no factors or events, including those of an unusual nature, other than those indicated in the other sections of the report, which would have a significant impact on the Company's condensed financial statements.

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

Pursuant to the Strategy for 2023–2027, the Management Board of Mabion S.A 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).

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

- implementation of the commercial contract manufacturing agreement concerning the Nuvaxovid® antigen (Wuhan variant, Omicron BA.5 variant, and Omicron XBB.1.5 variant, informally called Kraken) for Novavax, including its progress and schedule, execution of additional orders placed under the agreement, and payments from the contractor;
- the possibility of changes to production plans due to Novavax's financial situation, as reported by the latter (Novavax informed of its financial situation and the risk to its going concern beyond 2023 in its 2022 annual report);
- future possible changes in the terms and conditions of the agreement with Novavax affecting settlement in the income recognition model over time, in proportion to the degree of fulfilment of the performance obligation;
- the opportunity to acquire new clients in the CDMO area;
- expenditure on the renovation and upgrade of the existing facility in Konstantynów Łódzki, related to commercial contract manufacturing for Novavax and the possibility of providing other CDMO services;
- the possibility of using EBRD financing to renovate and upgrade the current facility, as well as the possibility of obtaining funding to build another facility (Mabion II);
- a possibility of acquiring a licensee for MabionCD20 and an ability to produce this antibody for a business partner that will choose to launch MabionCD20 on the market under a licence acquired from Mabion, enabling thereby the Company to meet the result indicator under the NCBR grant[2];
- changes in remuneration costs and general administration costs of the Company;
- design and preparatory work for the launch of construction of another production facility on the property owned by Mabion S.A., located in Konstantynów Łódzki;

[1] Project: "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"

- exchange differences resulting from changes in foreign currency exchange rates;
- inflation and interest rates affecting the level of generated costs;
- receipts/refunds of costs incurred may be affected by possible delays in ongoing discussions or unforeseen departures from the schedules of agreements already signed.

Factors associated with the situation in Ukraine

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 at the date of this report, the sanctions and the armed conflict have not had a direct impact on the Company's business and therefore, having analysed the impact of the Russian invasion to date and its current and future possible effects for the Company, the Management Board is of the opinion that the invasion and its effects do not affect the measurement and classification of assets and liabilities in the financial statements as at 30 June 2023.

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

4.4. Position of the Management Board on the feasibility of previously published forecasts for the year

The Company has not published financial result forecasts for 2023.

5. SHARES AND SHAREHOLDERS

5.1. Share capital structure

As at 30 June 2023 and as of the date of this report, the Company's share capital amounts to PLN 1,616,232.60 and is divided into 16,162,326 shares with a nominal value of PLN 0.10 each, including:

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	bearer	D
100,000	registered	preference	E
100,000	registered	preference	F
20,000	registered	preference	G
2,980,000	ordinary	bearer	H
1,900,000	ordinary	bearer	I
2,600,000	ordinary	bearer	J
790,000	ordinary	bearer	K
510,000	ordinary	bearer	L
360,000	ordinary	bearer	M
340,000	ordinary	bearer	N
300,000	ordinary	bearer	O
1,920,772	ordinary	bearer	P
11,000	ordinary	bearer	S
2,430,554	ordinary	bearer	U

Registered shares of A, B, C, E, F and G series are privileged in such a way that each of them entitles to two votes at the General Meeting. The total number of votes resulting from all issued shares of the Company is 17,732,326 votes.

In H1 2023 and until the date of this report, there were no changes to the Company's share capital.

5.2. Shareholders with at least 5% of the total number of votes

To the best knowledge of the Company's Management Board, as at the date of submission of this report, i.e. 12 September 2023, the following shareholders hold at least 5% voting rights in the total 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., 58.81% of the share capital of Celon Pharma S.A. and 68.17% of the total number of votes in Celon Pharma S.A.

In the period from the date of submitting the previous interim report, i.e. the report for Q1 2023 published on 23 May 2023, to the date of this report, there were no changes in the ownership structure of significant blocks of shares of the Issuer.

5.3. Number of shares held by managing and supervising persons

As at the date of submission of this report, i.e. 12 September 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
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.
Adam Pietruszkiewicz	holds directly 10.000 shares of the Company with a nominal value of PLN 0.10 each, constituting 0.06% of the Company's share capital and entitling to 0.06% of votes at the General Meeting.

As at the date of publication of this report, i.e. 12 September 2023, members of the Supervisory Board of Mabion. S.A. do not hold any shares in the Company.

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

In the period from the date of the previous interim report, i.e. the interim report for Q1 2023 published on 23 May 2023, to the date of this report, there were no changes in the management and supervisory staff's holdings of shares and entitlements to shares in the Company.

6. OTHER MATERIAL INFORMATION AND EVENTS

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

In the period of H1 2023 as well as at the date of this report, no material proceedings concerning the Company's liabilities or receivables were pending before any court, arbitration authority, or public administration authority.

6.2. Other information trelevant for the assessment of the staff, property, financial condition, financial result and changes thereof, as well as information that is relevant for the assessment of the possibility of Mabion S.A. fulfilling its obligations.

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

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. Owing to this, the Company has a prospective business advantage when licensing the MabionCD20 antibody to an external partner, as this status may increase 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.

In August 2023 (an event after the balance sheet date), the Company entered into a general contracting agreement ("Agreement") with KARMAR S.A. with its registered office in Warsaw ("Contractor"), under which construction works will be carried out for the Company consisting in the upgrade of the existing Scientific and Industrial Complex for Medical Biotechnology of Mabion S.A. in Konstantynów Łódzki. Under the Agreement, the Contractor will upgrade the manufacturing area in the scope compliant with the Strategy for 2023-2027, which involves upgrading the existing facility and laboratories to align the facility with the CDMO profile. The work will be completed by October 2023. With regard to the Company's sales income, the value of this agreement is not significant. Expenditure on the investment has been included in the Company's capital expenditure plan for the year.

Ordinary General Meeting of Mabion S.A.

On 7 and 13 June 2023, the Ordinary General Meeting of Mabion S.A. was held, which, among other things, adopted a resolution on the distribution of profit for financial year 2022. Pursuant to the resolution, the Company's net profit for the financial year ending 31 December 2022, in the amount of PLN 23,191,774.31, was earmarked in its entirety for supplementary capital. The Company informed on the aforementioned and other resolutions adopted by the Ordinary General Meeting of Mabion S.A. in Current Reports no. 14/2023 of 7 June 2023 and no. 17/2023 of 13 June 2023.

Management Board of the Company

Krzysztof Kaczmarczyk

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, 12 September 2023

MABION

SCIENTIFIC AND INDUSTRIAL COMPLEX OF MEDICAL BIOTECHNOLOGY

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