

Konstantynów Łódzki, 14 November 2023

## Press release

## Following a very good period of Q1–Q3, Mabion raises expectations for the full year results in 2023

Mabion has published its financial results for Q3 2023, in which it once again recorded very strong income and profits at all levels of the profit and loss account, as a result of the regular provision of services offered as a Contract Development and Manufacturing Organization)

› In Q3 2023, Mabion achieved the following results:

- ✦ Income of PLN 28.0 million (excluding income from purchase of materials), +82% y/y
- ✦ EBITDA of PLN 12.8 million, an increase by PLN 17.3 million y/y compared to the loss of PLN 4.4 million in Q3 2022
- ✦ EBIT of PLN 10.9 million, an increase by PLN 17.3 million y/y compared to the loss of PLN 6.4 million in Q3 2022
- ✦ Net profit of PLN 10.9 million, an increase by PLN 15.9 million y/y compared to the loss of PLN 5.1 million in Q3 2022

› In the period of Q1–Q3 2023, Mabion achieved the following results:

- ✦ Income of PLN 102.7 million (excluding income from purchase of materials), +76% y/y
- ✦ EBITDA of PLN 51.9 million, +379% y/y
- ✦ EBIT of PLN 46.4 million, +1132% y/y
- ✦ PLN 42.6 million of profit, +468% y/y

› The consecutive excellent quarter for Mabion in which income was realised under the agreement with Novavax, while maintaining cost discipline and implementing actions provided for in the Strategy for 2023–2027, allowed the Management Board to raise its expectations for the results in the full year 2023. The expected EBITDA margin has been adjusted upwards and will amount to more than 35% (compared to the previously expected margin of more than 30%)

› A high level of cash (PLN 83.5 million at the end of Q3 2023), driven by the drawdown of a bridge loan from the EBRD (the corresponding net inflow in Q3 2023 was PLN 51.2 million), which secures the transformation into a CDMO and the upgrade of the facility in Konstantynów Łódzki

› The cooperation with Novavax is continued and allows Mabion to generate significant cash flows. In Q3 2023, the Company received payments under the agreement amounting to USD 3.3 million. Since the commencement of the cooperation in March 2021 until the date of publication of the statements (14.11.2023), payments from Novavax amounted to USD 71.8 million and EUR 0.3 million

› On 3 October this year, the FDA (Food and Drug Administration, USA) has approved Novavax's COVID-19 vaccine based on the Omicron XBB1.5 variant, and on 31 October this year, the EMA (European Medicines Agency), the European Commission has granted approval for the registration of the Nuvaxovid XBB1.5 vaccine. In H1 2023, Mabion has completed the technical run for the Omicron XBB1.5 sub-variant (informally the Kraken)

› In compliance with the Strategy for 2023–2027, Mabion is in the process of upgrading the existing facility in Konstantynów Łódzki, which will be completed by 1 December 2023. At that time, the manufacturing operations will resume. The first components of the bioreactor system with conventional mixing technology were installed, and orbital-shaking bioreactors were replaced with 2 new ones using the same technology. The facility upgrade is aimed at technological diversification and increasing the flexibility of the CDMO service offer

› On 8 November 2023, Mabion's Supervisory Board appointed Julita Balcerek, MD, to the Company's Management Board as Member of the Management Board, Chief Operating Officer

*"We have yet another strong quarter behind us, in which we have arrived at a very good income and a satisfactory margin at every level of the profit and loss account. It was possible due to high efficiency in business process management and cost discipline. Currently, we see space for an even better result than we expected, so we are raising our expectations for the EBITDA margin for the full year 2023, which should be above 35% compared to the previous expectation of over 30%. In addition, we have reorganised the management structure and expanded the Management Board's composition to include Dr. Julita Balcerek, who as of 8 November holds the position of Member of the Management Board and Chief Operating Officer. This is a fully deserved development, justified also in terms of the separation of the operational competence and the scientific and quality-related competence, the latter to become the main focus of Sławomir Jaros. We are also proceeding with our most important investment this year, implemented in line with the Strategy for 2023-2027, and we intend to resume operations in the upgraded facility in Konstancin Łódzki starting from 1 December 2023. At present, installation, qualification runs and acceptance of the equipment, including the new bioreactor system with classical mixing technology, are underway. In the near future, Mabion will be prepared to provide an even broader array of services as a technologically diversified company focused on completing its transformation into a fully integrated CDMO,"* **comments Krzysztof Kaczmarczyk, President of the Management Board of Mabion S.A.**

### Financial results in Q3 2023 and cumulative results after three quarters

In Q3 2023, Mabion's operating income amounted to PLN 29.6 million, including PLN 28.0 million from the provision of CDMO services together with the lease component, and was 82% higher year on year. The remaining small portion of income (PLN 1.6 million) represents the value of purchased materials for contract manufacturing services (non-margin component). Mabion has managed to maintain very attractive margins at all performance levels, achieving a gross sales margin of 82.8% (excluding materials), an EBITDA margin of 45.8% (excluding materials), and an EBIT margin of 38.8% (excluding materials). In terms of EBITDA, the Company recorded a result of PLN 12.8 million, and EBIT amounted to PLN 10.9 million, compared to an EBITDA loss (PLN 4.4 million) and EBIT loss (PLN 6.4 million) in Q3 2022. Net profit increased to PLN 10.9 million against a net loss (PLN 5.1 million) in Q3 2022. It is the fourth consecutive quarter with a net profit exceeding PLN 10.0 million, generated from repetitive operations.

After the three quarters, income from sales (excluding materials) amounted to PLN 102.7 million, an increase of 76% y/y. In the period of Q1–Q3 2023, the Company recorded a 50.5% EBITDA margin (excluding materials) and a 45.1% EBIT margin (excluding materials). Net profit after the three quarters stands at a record-high level of nearly PLN 43 million, which is almost six times more than in the same period last year.

### Implementation of the Strategy and upgrade of the Mabion I facility

In April this year, Mabion has adopted the long-term Strategy for 2023–2027, aimed at transforming the Company into a fully integrated CDMO focusing on biological medicines and at building the Company's position as a recognisable actor in the global CDMO market.

A key element of the Strategy is to develop capacity and achieve technological diversification at the existing facility in Konstancin Łódzki (Mabion I) as part of the upgrade launched in June 2023. At present, the construction and installation work in the manufacturing area has been completed. In December this year, the facility will attain technological diversification through, among other things, the installation of the first elements of a new bioreactor system using classical mixing technology as part of an agreement with a company from the Cytiva Group (Global Life Sciences Solutions Poland Sp. z o.o.) entered into in July this year for the delivery of seven devices with a total capacity of 4,510 litres, of which the two largest bioreactors feature a capacity of 2,000 litres each. The value of the agreement totalled EUR 3.2 million. The facility will resume manufacturing operations to produce the active substance for Novavax on 1 December 2023, on schedule. In quarters to come, additional manufacturing equipment will be systematically installed, qualified, and commissioned in the facility to increase its technical capacity for the purpose of future orders, which will include commencement of finished product manufacturing.

As a result of the technological diversification, following the installation of new equipment at the facility, the attractiveness of the CDMO service offer will grow. Mabion will achieve greater flexibility and will match in a more comprehensive manner the needs of prospective clients who will be able to use the Company's 2 new bioreactors based on orbital shaking technology (which replaced the existing ones), as well as the new bioreactors employing conventional mixing technology.

*"To upgrade Mabion I was one of the key elements of our Strategy for 2023–2027, which we adopted in April this year. With construction work and equipment deliveries behind us, and the equipment installed in the manufacturing space, qualification of the facility is now underway. Its operation to manufacture the active substance for Novavax will resume on 1 December 2023.*

*In our opinion, the upgraded facility will significantly contribute to the acquisition of new contracts, which we will be able to implement using 2 new orbital-shaking bioreactors or a new bioreactor system based on the conventional mixing technology. Technological diversification is our response to the trends we observe and the expectations of the end clients of CDMO services, with whom we are engaged in an ongoing dialogue,"* **says Julita Balcerek, MD, Management Board Member, Chief Operating Officer, Mabion S.A.**

*"In September, we activated a USD 15 million bridge loan from the EBRD and by the balance-sheet date, we had repaid the first instalment of USD 3.3 million, according to the agreed repayment schedule. The loan, together with the cash at hand, secures the investments necessary to upgrade the existing facility in Konstantynów Łódzki. Our CAPEX this year is expected to amount to approximately PLN 50 million, and is more than PLN 10 million lower than initially anticipated. This is due to the expected shifts in delivery and payment for certain devices, as well as savings on the expected upgrade expenditure. From the very start of this year until the date of publication of the statements, proceeds from the our cooperation with Novavax amounted to USD 16.3 million and EUR 0.3 million,"* **comments Grzegorz Grabowicz, Management Board Member, Chief Financial Officer of Mabion S.A.**

On 6 September 2023, Mabion entered into an agreement with Bonfiglioli Engineering srl with the registered office in Italy for the manufacture and delivery of a direct packaging leakage check and optical inspection line, together with the associated documentation and services. Under the agreement, a device for automatic leakage control of primary pharmaceutical packaging (vials containing finished, sterile medicinal product) and optical inspection of filled packaging and product inside the packaging will be delivered to and installed at the Company's registered office. The equipment features a cutting-edge measurement and control system and is designed in conformity with GMP requirements. Its delivery is scheduled for Q3 2024, and will be followed by assembly, installation, and commissioning. The line will find its use at the fill & finish stage, enabling a significant increase in the volume of tested products and it will significantly shorten quality control processes, enabling more projects to be run. The net value of the agreement totalled approx. EUR 3.7 million.

*"The investment in the new direct packaging leakage and optical inspection line to be used at the fill&finish stage, will speed up the quality control processes for finished products, enabling us to provide such services on a significantly larger scale than ever before. It is yet another measure consistent with Mabion's Strategy for 2023-2027, which will benefit our position on the market as a fully integrated CDMO focused on biologics,"* **adds Sławomir Jaros, PhD, Management Board Member, Chief Scientific and Quality Officer of Mabion S.A.**

In H1 2023, Mabion completed a successful technical run for Novavax involving the Omicron XBB1.5 (Kraken) sub-variant. The Novavax's vaccine based on this variant has been registered by the FDA and the EMA in recent months. On 3 October 2023, the FDA registered the Novavax vaccine based on the Omicron XBB1.5 sub-variant, and on 31 October 2023, an approval was granted by the European Medicines Agency (European Commission) to register the Nuvaxovid XBB1.5 vaccine manufactured by Novavax based on that variant. The authorisation was issued on the basis of a positive opinion on the registration of COVID-19 vaccine for this variant by the Committee for Medicinal Products for Human Use (CHMP).

## **Business development activities and participation in trade fairs**

Mabion is continuing its efforts aimed at diversifying its clients and acquiring new contracts. For this purpose, the team of the business development (BD) department – directly responsible for the implementation of the sales strategy – has been expanded. Currently, the BD team includes 7 specialists who are actively working to acquire new clients for the CDMO services offered by Mabion. The Company is also proceeding with the recruitment process for the position of Business Development Director in the USA, who will support sales activities for the North American market. Participation in trade fairs and professional conferences is of key importance for increasing the international visibility of the Mabion's offer. This year, the Company attended the world's largest event for the biotechnology and pharmaceutical industry, the BIO International Convention in Boston in June, where it presented its CDMO services offer at its own stand and where the Company's representatives held more than 100 business meetings. In October, Mabion was present at the CPHI fair in Barcelona, where it also exhibited a wide range of CDMO services at its own stand. In addition, Mabion's representatives were present at other important international industry events, including: European Gyrolab User Seminar 2023 in Lisbon, Global BioProcessing Summit in Berlin, European Bioanalysis Forum (EBF) in Malaga, BEBPA Bioassay Conference in Bled, Slovenia, Kuhner Large Scale Meeting in Barcelona, Global Pharma Supply Chain & Logistics Excellence Forum in Berlin. It is also planned that the Company's representatives will attend the Protein & Antibody Engineering Summit (PEGS) in Lisbon in November. Furthermore, Mabion actively participates in international conferences as a speaker, introducing the audiences to the advanced technologies developed by the Company and CDMO related topics.

*"We see tangible benefits of increased activity at these major global events in our industry, and the credentials gained from collaborating with a partner such as Novavax make it significantly easier for us to talk to prospective clients. We are particularly happy with our participation in the BIO International Convention in Boston and the CPHI fair in Barcelona. We noticed a large*

*improvement of Mabion's international visibility as a CDMO especially at CPHI, where we also continued our talks with partners with whom we had engaged at the DCAT conference in New York in March this year and the BIO International Convention conference in Boston. On top of that, we established a lot of new contacts in Barcelona, which I believe will shortly translate into new contracts and a diversification of our income stream, as a result. Next year, we are going to increase our activity in the area of participation in the major global conferences and trade fairs,"* **comments Adam Pietruszkiewicz, Management Board Member, Chief Business Development Officer of Mabion S.A.**

**Table 1. Mabion S.A. financial results on a quarterly basis**

Figures in million PLN

	Q1 21		Q2 21		Q3 21		Q4 21		Q1 22		Q2 22		Q3 22		Q4 22		Q1 23		Q2 23		Q3 23		
<b>Total income (including)</b>	-	<b>1.6</b>	-	<b>55.3</b>	<b>38.6</b>	<b>43.9</b>	<b>38.5</b>	<b>42.9</b>	<b>39.5</b>	<b>36.0</b>	<b>29.6</b>												
Income from sales	-	-	-	18.2	22.3	17.5	14.1	36.7	38.2	34.3	28.0												
Lease income	-	-	-	1.3	1.8	1.4	1.3	1.1	1.2	1.1	0.0												
Income from the purchase of materials	-	-	-	14.9	14.5	25.0	23.1	5.1	0.2	0.6	1.6												
Income from non-reimbursable advances*	-	-	-	20.8	-	-	-	-	-	-	-												
Income on R&D services	-	1.6	-	-	-	-	-	-	-	-	-												
Cost of sales and purchased materials	-	-	-	-21.0	-21.8	-33.3	-29.9	-13.0	-9.1	-8.6	-6.4												
<b>Gross profit on sales</b>	-	<b>1.6</b>	-	<b>34.3</b>	<b>16.8</b>	<b>10.7</b>	<b>8.6</b>	<b>29.9</b>	<b>30.5</b>	<b>27.4</b>	<b>23.2</b>												
Gross sales margin (without income from materials)	n/a	n/a	n/a	69.1%	69.7%	56.2%	55.7%	79.2%	77.5%	77.5%	82.8%												
Gross sales margin	n/a	100%	n/a	39.1%	43.5%	24.3%	22.3%	69.7%	77.0%	76.1%	78.3%												
R&D and general administration costs	-13.8	-6.6	-16.4	-6.9	-9.7	-8.0	-14.3	-11.8	-12.5	-10.2	-12.3												
<b>EBITDA</b>	<b>(11.9)</b>	<b>(2.3)</b>	<b>(14.2)</b>	<b>27.4</b>	<b>9.6</b>	<b>5.6</b>	<b>(4.4)</b>	<b>26.4</b>	<b>19.8</b>	<b>19.2</b>	<b>12.8</b>												
EBITDA margin without income from materials	n/a	n/a	n/a	33.8%	39.9%	29.6%	n/a	69.7%	50.4%	54.2%	45.8%												
EBITDA margin	n/a	n/a	n/a	19.2%	24.9%	12.8%	n/a	61.4%	50.1%	53.3%	43.4%												
Depreciation and amortisation	2.2	2.1	2.1	2.4	2.5	2.5	2.0	1.9	1.8	1.7	2.0												
<b>EBIT</b>	<b>(14.1)</b>	<b>(4.4)</b>	<b>(16.3)</b>	<b>25.0</b>	<b>7.1</b>	<b>3.1</b>	<b>(6.4)</b>	<b>24.5</b>	<b>18.0</b>	<b>17.5</b>	<b>10.9</b>												
EBIT margin without income from materials	n/a	n/a	n/a	21.5%	29.4%	16.3%	n/a	64.7%	45.9%	49.4%	38.8%												
EBIT margin	n/a	n/a	n/a	12.2%	18.4%	7.0%	n/a	56.9%	45.6%	48.5%	36.7%												
Gross profit/loss	(17.1)	(2.5)	(15.6)	24.9	7.4	5.1	(5.1)	14.5	16.5	15.2	10.9												
Income tax	-	-	-	(12.2)	-	-	-	(1.2)	-	-	-												
<b>Net profit/loss</b>	<b>(17.1)</b>	<b>(2.5)</b>	<b>(15.6)</b>	<b>37.1</b>	<b>7.4</b>	<b>5.1</b>	<b>(5.1)</b>	<b>15.7</b>	<b>16.5</b>	<b>15.2</b>	<b>10.9</b>												

\*In Q4 2021, a one-time event in the form of the recognition of income from a non-refundable borrowing relating to MabionCD20

**Table 2. Mabion S.A. cumulative financial results**

Figures in PLN million

	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023
<b>Total income (including)</b>	<b>1.6</b>	<b>121.0</b>	<b>105.2</b>
Income from sales	-	53.9	100.4
Lease income	-	4.6	2.3
Income from the purchase of materials	-	62.6	2.4
Income on R&D services	1.6	-	-
Cost of sales and purchased materials	-	-85.0	-24.1
<b>Gross profit on sales</b>	<b>1.6</b>	<b>36.0</b>	<b>81.1</b>
Gross sales margin (without income from materials)	-	61.7%	78.9%
Gross sales margin	100%	29.8%	77.1%
R&D and general administration costs	-36.7	-32.0	-34.9
<b>EBITDA</b>	<b>(28.4)</b>	<b>10.8</b>	<b>51.9</b>
EBITDA margin without income from materials	-	18.5%	50.5%
EBITDA margin	n/a	8.9%	49.3%
Depreciation and amortisation	6.4	7.1	5.5
<b>EBIT</b>	<b>(34.8)</b>	<b>3.8</b>	<b>46.4</b>
EBIT margin without income from materials	-	6.4%	45.1%
EBIT margin	n/a	3.1%	44.1%
Gross profit/loss	(35.2)	7.5	42.6
<b>Net profit/loss</b>	<b>(35.2)</b>	<b>7.5</b>	<b>42.6</b>

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## Information on Mabion S.A.

Mabion S.A. (GPW: MAB) is a Polish biopharmaceutical company established in 2007, which is undergoing a transformation into a fully integrated biopharmaceutical CDMO (Contract Development and Manufacturing Organisation) delivering a broad spectrum of services in the segment of small and medium-sized projects at various stages of development (from early discovery to commercial manufacturing). The area of Mabion's expertise includes, among others, the selection of protein expression technologies, their purification, GMP-compliant manufacturing activities (obtaining "drug substances" and "drug products"), the development of analytical tools (for structural, functional, physicochemical characterisation), clinical development, clinical analytics, as well as a full spectrum of regulatory activities in the development and operational areas. In October 2021, the Company signed a record agreement with Novavax for the commercial manufacture of a COVID-19 vaccine antigen, which it has since steadily expanded through further services as part of Statements of Work (SOWs) and annexes, adding, among other things, another vaccine product based on the Omicron variant. In line with the Strategy announced in April 2023, the Company's objective is to establish itself as a recognisable actor in the global contract manufacturing and development market and to complete the end-to-end transformation of Mabion into an integrated CDMO focusing on biological medicines. Mabion is listed on the Warsaw Stock Exchange.

For more information about the Company, visit the following website: [www.mabion.eu](http://www.mabion.eu)