

Konstantynów Łódzki, 23 May 2023

Press release

Mabion with a quarter of record results. Implementation of activities announced in the Strategy

Mabion has released its financial results for Q1 2023, which was another quarter of significant revenue and financial performance from Contract Development and Manufacturing Organization (CDMO) service delivery at a very attractive EBITDA margin of over 50% (excluding materials)

In Q1 2023, Mabion generated:

- > 39.5 million PLN in revenue (excluding revenue from material purchases)
 - > 19.8 million PLN EBITDA
 - > 18.0 million PLN EBIT
 - > 16.5 million PLN net profit
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- > No financial debt and historically the highest cash balance generated from operations, securing the implementation of planned investments in accordance with the Strategy published in April this year. Strategy for 2023-2027
 - > The cash balance as of March 31, 2023 increased to PLN 69.5 million, compared to PLN 18.1 million at the end of Q1 2022 and nearly PLN 54 million at the end of 2022
 - > The collaboration with Novavax is developing successfully and generating significant cash flows for Mabion, which from the beginning of the collaboration in March 2021 to the date of the report (May 23, 2023) totaled more than \$64 million in payments received
 - > Mabion, in line with the Strategy, is preparing to begin the process of modernizing its existing plant in Konstantynów Łódzki, scheduled for June-November 2023
 - > The purpose of the upgrade is to technologically diversify and increase the flexibility of CDMO's service offerings by replacing two current bioreactors using orbital shaking technology with two new bioreactors using this technology and retrofitting the plant with a bioreactor system using a different technology, with conventional mixing

"We are successfully Company's stable situation, which, together with the financial security in the form of the available EBRD loan, gives us a strong basis for implementing the ambitious development plans and the first stage of investments presented in the Strategy." commercializing the results of our work. The announced Company Strategy 2023-2027 opens a new chapter in Mabion's history, in which we will smoothly complete our transformation into a fully integrated CDMO services company. We are pleased with the solid and cash-positive results for the first quarter, which was record-breaking in terms of both the highest level of revenue from ongoing CDMO services and net income. The presented results and high operating cash flow confirm the - **comments Krzysztof Kaczmarczyk, Chief Executive Officer of Mabion S.A.**

Q1 2023 financial results

For the next consecutive quarter, the Company generated significant revenues, which amounted to PLN 39.5 million in Q1 2023, including PLN 39.3 million from the performance of CDMO services together with the leasing

component. The remaining insignificant part of the revenue is the value of purchased materials for contract manufacturing services (non-margin component). Mabion achieved very good profitability at all performance levels, achieving 77.5% gross margin on sales (excluding materials), 50.4% EBITDA margin (excluding materials) and 45.9% EBIT margin (excluding materials). At the EBITDA level, the Company recorded a result of PLN 19.8 million (+106% y/y), and EBIT amounted to PLN 18.0 million (+154% y/y). Net profit rose to PLN 16.5 million, up from PLN 7.4 million net profit in Q1 2023.

"Our process efficiency and maintained cost discipline allowed us to achieve very good margins at all performance levels in the first quarter. In the first quarter of this year, the net profit generated from CDMO's recurring operations was historically the highest, and operating cash flow reflects the high-margin and stable partnership with Novavax. As a result, cash and cash equivalents increased to nearly PLN 70 million at the end of the first quarter. We stand by our estimated potential to generate revenues (including materials) of around PLN 150 million and an EBITDA margin of around 25% for the full year 2023." -**says Grzegorz Grabowicz, Chief Financial Officer of Mabion S.A.**

On February 9, 2023, Mabion signed another, the tenth extension to the Manufacturing Agreement with Novavax, which covers logistics services, including transportation and storage of materials, vaccine actives and finished products. On April 6, 2023, the Company entered into Amendment No. 2 to the Manufacturing Agreement with Novavax, concerning the possibility of Novavax outsourcing the Company's manufacturing of agreed batches of vaccine antigen for COVID-19 in the Omicron variant. In addition, the technology transfer process carried out by Mabion has been completed, and the manufacturing of validation batches for the second product already produced under contract - just the antigen against Omicron - has been successfully completed. In recent weeks, Mabion has also launched the technology transfer process for another variant, Kraken.

Implementation of the Strategy for 2023-2027

The most important development in recent months was the announcement in April of the Company's long-term Strategy 2023-2027, which aims to transform Mabion into a fully integrated biologics CDMO and build its position as a recognized player in the global contract development and contract manufacturing market.

An important element of Mabion's strategy for 2023-2027 is the technological diversification of the existing plant in Konstantynów Łódzki and the replacement of two existing bioreactors using orbital shaking technology with two new bioreactors using this technology, as well as the retrofitting of a bioreactor system using conventional mixing technology, as part of an upgrade planned for June-November 2023. The aim is to make the CDMO's service offering more attractive by providing greater flexibility and a more complete fit for potential customers, who will be able to use both the Company's bioreactors with orbital shaking technology and the new bioreactors with conventional mixing technology.

Funding for the planned plant modernization is secured through the signing of a \$15 million loan agreement with the European Bank for Reconstruction and Development (EBRD) on February 6, 2023, and cash generated from operations.

"As early as the end of the second quarter, we will begin the modernization of the Konstantynów Lodz plant announced in the Strategy, where we plan to diversify process technologies to maximize alignment with market demand. The modernization of the plant involves, among other things, replacing two bioreactors in orbital shaking technology with two new bioreactors in this technology and retrofitting it with a system of modern bioreactors in conventional mixing technology. These activities will be carried out between June and November this year," **says Krzysztof Kaczmarczyk, Chief Executive Officer of Mabion S.A.**

"The timing of the plant upgrade is agreed with Novavax and will affect the varying level of operating cash flow generated in subsequent quarters, but throughout the period Mabion will recognize revenue from the settled contract. Due to the upgrade, we estimate this year's CAPEX could be around PLN 60 million. Changes in the level

of investment this year will depend on the pace of delivery of new devices and the final utilization of the modernization budget. We have submitted an application under the FENG program and are awaiting the outcome of the grant opportunity, which should further improve the economics and effectiveness of our strategy to expand our CDMO service capability," **-adds Grzegorz Grabowicz, Chief Financial Officer of Mabion S.A.**

Implementing the technological diversification assumption from the Strategy, on May 22, 2023, the Company entered into an addendum to the 2021 agreement for the supply of bioreactors for the existing manufacturing plant in Konstantynów Łódzki with Adolf Kühner AG of Switzerland. The original agreement was for the purchase of four orbital shaking bioreactors with a capacity of 2,500 liters each, along with additional services. As a result of the addendum, the Swiss partner will deliver two state-of-the-art orbital shaking technology bioreactors of 2,500 liters each to Mabion in the third quarter of 2023. In addition, the Company has issued a tender for the manufacture and delivery of an additional bioreactor system already using a different technology, with conventional mixing, which will achieve technological diversification and increase the Company's flexibility in tailoring its offerings to potential customers, thereby increasing Mabion's attractiveness as a service provider in the CDMO area - the Company's strategic direction.

Currently, at the Konstantynów Łódzki plant, Mabion has two bioreactors using orbital shaking technology, each with a capacity of 2,500 liters.

"The orbital shaking bioreactors we have used to date, in which we manufacture active substances for the contract with Novavax starting in 2021, have a number of technological advantages, but the planned modernization of our plant and retrofitting with a bioreactor system using conventional mixing technology will provide the Company with an important element of technological diversification," **- says Dr. Sławomir Jaros, Mabion S.A. Board Member for Operations and Scientific Affairs.**

"The modernization of the plant in 2023 is an important part of Mabion's CDMO offering, which we are presenting to potential customers in ongoing discussions and business meetings. Additional technological diversification and increased capacity through, among other things, the replacement and introduction of a state-of-the-art fill & finish line, translate into an increase in our attractiveness to many new entities. From June 5-8, we will be present at the BIO International Convention 2023 in Boston, USA, the largest and most important biotechnology and pharmaceutical industry conference in the world, where we will broadly present Mabion's CDMO offering both at our booth and during scheduled business and networking meetings. Participation in this conference is one of the many elements of sales activities implemented by Mabion, aimed at diversifying its revenue streams and attracting new customers. At the same time, we are intensively and dynamically expanding our business development team dedicated to customer acquisition - it is now operating with twice the number of members as at the end of last year." **- Adds Adam Pietruszkiewicz, Mabion S.A. Board Member for Sales.**

On April 26, 2023, the Company decided to terminate its efforts to obtain patent protection under the applications filed for the inventions titled "Combination Therapy of Multiple Sclerosis comprising a CD20 Ligand" and "Low aggregate anti CD20 ligand formulation", developed under the MabionMS (multiple sclerosis) innovative therapy project. In addition, the Company has decided to terminate the agreement with CRO Parexel International to conduct clinical trials of MabionCD20, which does not generate significant financial consequences for Mabion other than those related to the necessary costs for the completion of the clinical trial. These decisions are dictated by the implementation of Mabion's Strategy 2023-2027, according to which the Company focuses on the CDMO area, where it has identified the greatest potential for business and financial growth, and thus ceased building its own product portfolio, including the independent development and launch of its own drug projects. Analogous decisions have been made for all patent applications within the MabionMS project.

"The cancellation of patent protection for the MabionMS project and the termination of the agreement with Parexel for the MabionCD20 clinical trial stem from the strategic decision to stop developing our own drug projects independently and focus on completing the transformation to a fully integrated biologics CDMO company. This is where we see the greatest growth potential for Mabion," **comments Dr. Slawomir Jaros, Mabion S.A. Board Member for Operations and Scientific Affairs.**

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

| Data in million PLN | 1Q 21 | 2Q 21 | 3Q 21 | 4Q 21 | 1Q 22 | 2Q 22 | 3Q 22 | 4Q 22 | 1Q 23 |
|---|--------|-------|--------|--------|-------|-------|-------|-------|-------|
| Total revenue (of which) | - | 1,6 | - | 55,3 | 38,6 | 43,9 | 38,5 | 42,9 | 39,5 |
| Sales revenue | - | - | - | 18,2 | 22,3 | 17,5 | 14,1 | 36,7 | 38,2 |
| Lease income | - | - | - | 1,3 | 1,8 | 1,4 | 1,3 | 1,1 | 1,2 |
| Income from purchase of materials | - | - | - | 14,9 | 14,5 | 25,0 | 23,1 | 5,1 | 0,2 |
| Revenue from non-refundable advances* | - | - | - | 20,8 | - | - | - | - | - |
| Revenue from R&D services | - | 1,6 | - | - | - | - | - | - | - |
| Own cost of sales and purchased materials | - | - | - | -21,0 | -21,8 | -33,3 | -29,9 | -13,0 | -9,1 |
| Gross profit on sales | - | 1,6 | - | 34,3 | 16,8 | 10,7 | 8,6 | 29,9 | 30,5 |
| Gross margin on sales excluding material revenues | n/a | n/a | n/a | 69,1% | 69,7% | 56,2% | 55,7% | 79,2% | 77,5% |
| Gross margin on sales | n/a | 100% | n/a | 39,1% | 43,5% | 24,3% | 22,3% | 69,7% | 77,0% |
| R&D and general and administrative expenses | -13,8 | -6,6 | -16,4 | -6,9 | -9,7 | -8,0 | -14,3 | -11,8 | -12,5 |
| EBITDA | (11,9) | (2,3) | (14,2) | 27,4 | 9,6 | 5,6 | (4,4) | 26,4 | 19,8 |
| EBITDA margin excluding material revenues | n/a | n/a | n/a | 33,8% | 39,9% | 29,6% | n/a | 69,7% | 50,4% |
| EBITDA margin | n/a | n/a | n/a | 19,2% | 24,9% | 12,8% | n/a | 61,4% | 50,1% |
| Depreciation | 2,2 | 2,1 | 2,1 | 2,4 | 2,5 | 2,5 | 2,0 | 1,9 | 1,8 |
| EBIT | (14,1) | (4,4) | (16,3) | 25,0 | 7,1 | 3,1 | (6,4) | 24,5 | 18,0 |
| EBIT margin excluding material revenues | n/a | n/a | n/a | 21,5% | 29,4% | 16,3% | n/a | 64,7% | 45,9% |
| EBIT margin | n/a | n/a | n/a | 12,2% | 18,4% | 7,0% | n/a | 56,9% | 45,6% |
| Gross profit/loss | (17,1) | (2,5) | (15,6) | 24,9 | 7,4 | 5,1 | (5,1) | 14,5 | 16,5 |
| Income tax | - | - | - | (12,2) | - | - | - | (1,2) | - |
| Net profit/loss | (17,1) | (2,5) | (15,6) | 37,1 | 7,4 | 5,1 | (5,1) | 15,7 | 16,5 |

*In Q4'21, a one-time event in the form of revenue recognition from a non-refundable advance related to MabionCD20.

Contact for media and individual investors

Michał Wierzchowski

+48 531 613 067

+48 22 440 14 40

michal.wierzchowski@ccgroup.pl

Mardoniusz Maćkowiak

+48 605 959 539

+48 22 440 14 40

mardoniusz.mackowiak@ccgroup.pl

Contact for institutional investors and analysts

Piotr Owdziej

+48 697 612 913

+48 22 440 14 40

piotr.owdziej@ccgroup.pl

Katarzyna Mucha

+48 697 613 712

+48 22 440 14 40

katarzyna.mucho@ccgroup.pl

Information about Mabion S.A.

Mabion S.A. (WSE: MAB) is a Polish biopharmaceutical company founded in 2007, which is undergoing a transformation into a fully integrated contract development and manufacturing organization (CDMO) providing a broad spectrum of services in the segment of small and medium-sized projects at various stages of development (from early stage discovery to commercial manufacturing). Mabion's competencies include the selection of protein expression technologies, their purification, GMP-standard manufacturing activities (obtaining Active Substances "Drug Substance" and Finished Products "Drug Product"), development of analytical tools (for structural, functional, physicochemical characterization), clinical development, clinical analytics and a full range of regulatory activities in the development and operational areas. The company signed a record contract with Novavax in October 2021 for the commercial production of antigen for the vaccine for COVID-19, which it has since steadily expanded through further services under SOWs (Statements of Work) concluded and annexes signed, adding, among other things, another vaccine product based on the Omicron variant. According to the Strategy, announced in April 2023, the Company's goal is to establish itself as a recognizable player in the global contract manufacturing and contract drug development market and to complete Mabion's full transformation into an integrated biologics CDMO company. Mabion is a public Company, listed on the Warsaw Stock Exchange. For more information about the Company, visit www.mabion.eu