



Marinomed

Update Q3

2023

## Dear shareholders,

Marinomed took important steps towards future growth in both the Virology and the Immunology segment. The commercialization of our key assets Budesolv and Tacrosolv as well as the expansion of our Carragelose business continued to be the main focus of the Marinomed team. Excellent clinical data and positive market feedback make us confident that we will be able to exploit the full potential of our assets even in a challenging environment. We recorded great interest from numerous potential partners at the largest industry trade fairs CPHI in October as well as BIO-EUROPE and Jefferies Healthcare conference in November. In line with this, the structured business development process for Budesolv and Tacrosolv is advancing with several interested parties. For Budesolv, significant progress has been made with regard to a clear regulatory path and timelines towards filing and marketing authorization in key regions. Regarding Tacrosolv, more visibility was provided to potential partners on industrial manufacturing and stability. As a result, important prerequisites were created to enable partnerships in the near future. While no exact timeline for commercial success can be given due to the status of the negotiations, Marinomed is optimistic for both projects.

Current pharmacy sales support that Carragelose products continue to be demanded in the post-pandemic world. However, due to high orders in previous quarters, some of our customers have sufficient stock levels to meet the demand of upcoming typical seasonal fluctuations. We therefore anticipate a weaker order book than typical for this season and thus expect lower sale of goods for the next two quarters.

However, beyond persistent demand for already marketed products, there are many other reasons to expect a rebound of the business. The recent clinical demonstration that Carragelose also blocks allergens creates an opportunity for prophylaxis and treatment of allergic rhinitis. In a contractual amendment, Procter & Gamble secured the rights for the allergy spray in the US. At the same time, Marinomed also announced the launch of moisturizing Carragelose eye drops for the relief of dry eyes. For both products, launches are anticipated for the first half of 2024 and partnering processes have been started. Further, negotiations are ongoing to fill white spots on our distribution map in the Americas, Asia, Eastern Europe and Middle East.

In short, Marinomed is set for growth in both the Virology and the Immunology segment.

### Virology

The Virology segment relies on our Carragelose product portfolio. Our growth strategy is based on three pillars: First, expansion of the territory; second, addition of new distribution partners; and third, introduction of the entire portfolio in each of our markets. Regarding expansion of the territory, our partnership with Procter & Gamble in the US is progressing towards registration with the FDA. In July, our partner M8 Pharmaceuticals was successful in obtaining marketing authorization for the Carragelose nasal spray in Mexico. Additional launches with M8 Pharmaceuticals shall follow. Regarding addition of new distribution partners, partnering negotiations for reaching into the Asian and Middle Eastern market are ongoing with

potential market entries in 2024. We will also add second distribution partners in some countries allowing the introduction of further products.

## Immunology

Commercialization via partnering is the main goal for our two Marinosolv-based lead product candidates Budesolv (clinical phase III completed) and Tacrosolv (phase II completed). While we are progressing in the partnership with Luoxin Pharmaceutical for the development and commercialization of Budesolv in China, partnering discussions with additional partners for new regions are ongoing. This is also the case for Tacrosolv. For both product candidates, we expect to conclude a partnership in the short to medium term.

In 2024, we will launch our first Carragelose products in the Immunology segment. Recent clinical data indicate the allergen-blocking properties of Carragelose, which supports its use in the prophylaxis and treatment of allergic rhinitis. Meanwhile, we are also preparing the launch of the moisturizing Carragelose eye drops. These new developments create a non-seasonal, all-year product portfolio and target large markets, including the allergy and lifestyle consumer healthcare market. The latter had a total market value of US\$ 18,3bn in 2022 (Nicolas Hall, 2023). With a share of 30%, eye care represents the biggest single category in this exciting market.

## Solv4U

Under the brand Solv4U, we offer our Marinosolv solubilization technology to third parties with the goal to enable new innovative products for our clients as well as future revenue streams for Marinomed. In August, we concluded a first long-term Solv4U partnership with Shanghai-based SPH Sine. During the life science trade fairs CPHI, BIO-Europe and Jefferies Healthcare conference in fall 2023, great interest was shown in our Solv4U technology partnerships. We will continue growing this business segment by attracting new partners and jointly implementing projects.

## Stable sales and decreased cash position

We report stable revenues of EUR 7.2 million for Q1-Q3 2023 (Q1-Q3 2022: EUR 7.1 million), generated for the most part through revenues from our Carragelose products. Our customers feedback to us that Carragelose sales in the post-pandemic environment remain at a higher level compared to before the pandemic. But while pharmacy sales of our products remain robust, order volumes suggest that the upcoming quarters will fall behind the record levels of recent years, because some of our key customers have sufficient stock for this winter. The operating result (EBIT) was EUR -4.4 million (Q1-Q3 2022: EUR -3.8 million). Increased personnel costs, R&D expenses and lower research subsidies contributed to the EBIT. Our cash position is EUR 2.8 million as of September 30, 2023, which does not yet reflect the tax receivable of EUR 0.8 million (mostly research premium) received after the reporting date. To support the cash position, the convertible note program with Nice & Green has

recently been restarted, although with a reduced volume in balance with the liquidity of the share.

### **Outlook for 2023 and beyond – balancing focus on deal making and financial flexibility**

After significantly growing revenues in recent years, we expect a short-term slowdown in the Carragelose business. Due to the currently well-stocked customers and without a licensing transaction, we anticipate a decline in revenues for Carragelose for the full year, which, compared to the record quarters of recent years, is likely continuing into 2024. However, as we are experiencing an already strong cold season this winter, we expect a rebound in Carragelose demand for the next season. At the same time, launches planned for 2024 and ongoing licensing discussions will contribute to revenues

next year. Reaching the short-term strategic target of operating profitability is dependent on the ability of generating revenues with our product candidates Tacrosolv and Budesolv. Exact timelines for deals in business development are difficult to predict. Therefore, Marinomed is currently evaluating several measures to ensure financial flexibility that focus on the restructuring of the debt with the EIB but also include strategic equity, debt or convertibles, and a potential sale of assets. Despite this challenging environment ahead, we remain optimistic that the profitability target can be reached in 2024.

We thank our employees, customers, partners, investors and public sponsors for their continued trust, patience and their support during the challenges ahead.



Andreas Grassauer



Eva Prieschl-Grassauer



Pascal Schmidt

# Statement of profit or loss and other comprehensive income (loss)

| all amounts in kEUR                                            | 1-9/2023        | 1-9/2022        | 7-9/2023        | 7-9/2022        |
|----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Profit or loss</b>                                          |                 |                 |                 |                 |
| Revenues                                                       | 7,156.5         | 7,094.9         | 1,928.0         | 2,195.3         |
| Other income                                                   | 338.3           | 624.8           | 36.3            | 83.0            |
| Expenses for materials                                         | -4,616.1        | -4,622.6        | -1,339.0        | -1,415.5        |
| Expenses for services                                          | -1,626.2        | -1,227.6        | -452.5          | -427.1          |
| Personnel expenses                                             | -3,798.4        | -3,538.5        | -1,181.8        | -1,079.2        |
| Depreciation and amortization                                  | -512.3          | -500.6          | -169.1          | -168.5          |
| Other expenses                                                 | -1,341.7        | -1,661.1        | -315.6          | -497.3          |
| <b>Operating result (EBIT)</b>                                 | <b>-4,400.1</b> | <b>-3,830.5</b> | <b>-1,493.6</b> | <b>-1,309.3</b> |
| Financial income                                               | 683.3           | 32.9            | 0.0             | 0.3             |
| Financial expenses                                             | -1,883.9        | -1,985.5        | -597.3          | -639.0          |
| <b>Financial result</b>                                        | <b>-1,200.6</b> | <b>-1,952.5</b> | <b>-597.3</b>   | <b>-638.8</b>   |
| <b>Loss before taxes</b>                                       | <b>-5,600.7</b> | <b>-5,783.1</b> | <b>-2,090.9</b> | <b>-1,948.1</b> |
| Taxes on income                                                | -3.0            | -5.8            | -1.0            | -1.0            |
| <b>Loss for the period</b>                                     | <b>-5,603.7</b> | <b>-5,788.8</b> | <b>-2,091.9</b> | <b>-1,949.1</b> |
| <i>Thereof attributable to the shareholders of the Company</i> | <i>-5,603.7</i> | <i>-5,788.8</i> | <i>-2,091.9</i> | <i>-1,949.1</i> |
| Other comprehensive income (loss) for the period               | -               | -               | -               | -               |
| <b>Total comprehensive loss for the period</b>                 | <b>-5,603.7</b> | <b>-5,788.8</b> | <b>-2,091.9</b> | <b>-1,949.1</b> |
| <i>Thereof attributable to the shareholders of the Company</i> | <i>-5,603.7</i> | <i>-5,788.8</i> | <i>-2,091.9</i> | <i>-1,949.1</i> |

# Statement of financial position

| all amounts in kEUR                        | 30.09.2023      | 31.12.2022      |
|--------------------------------------------|-----------------|-----------------|
| <b>ASSETS</b>                              |                 |                 |
| <b>Non-current assets</b>                  |                 |                 |
| Intangible assets                          | 1,591.9         | 1,804.1         |
| Property, plant and equipment              | 6,042.6         | 6,203.3         |
| Deposits and other non-current receivables | 8.3             | 11.6            |
|                                            | <u>7,642.7</u>  | <u>8,019.0</u>  |
| <b>Current assets</b>                      |                 |                 |
| Inventories                                | 1,025.0         | 1,562.1         |
| Trade and other receivables                | 3,731.8         | 4,527.4         |
| Current tax receivables                    | 2.8             | 2.8             |
| Cash and cash equivalents                  | 2,768.9         | 8,175.4         |
|                                            | <u>7,528.4</u>  | <u>14,267.5</u> |
| <b>Total assets</b>                        | <b>15,171.1</b> | <b>22,286.6</b> |

| all amounts in kEUR                                        | 30.09.2023      | 31.12.2022      |
|------------------------------------------------------------|-----------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>                              |                 |                 |
| <b>Capital and reserves</b>                                |                 |                 |
| Share capital                                              | 1,519.2         | 1,506.2         |
| Capital reserves                                           | 44,725.7        | 44,092.1        |
| Retained losses                                            | -55,359.0       | -49,755.3       |
|                                                            | -9,114.1        | -4,157.1        |
| <b>Non-current liabilities</b>                             |                 |                 |
| Non-current borrowings                                     | 19,346.0        | 20,182.1        |
| Other non-current liabilities                              | 264.2           | 304.9           |
|                                                            | 19,610.2        | 20,486.9        |
| <b>Current liabilities</b>                                 |                 |                 |
| Current borrowings                                         | 2,029.3         | 2,445.6         |
| Trade payables                                             | 588.8           | 1,153.2         |
| Current contract liabilities and other current liabilities | 2,057.1         | 2,357.9         |
|                                                            | 4,675.1         | 5,956.7         |
| <b>Total equity and liabilities</b>                        | <b>15,171.1</b> | <b>22,286.6</b> |

# Statement of cash flows

| all amounts in kEUR                                  | 1-9/2023        | 1-9/2022        |
|------------------------------------------------------|-----------------|-----------------|
| <b>Cash flow utilized by operating activities</b>    | <b>-4,143.3</b> | <b>-3,726.3</b> |
| <b>Cash flow utilized by investing activities</b>    | <b>-123.6</b>   | <b>-159.6</b>   |
| <b>Cash flow generated from financing activities</b> | <b>-1,139.6</b> | <b>7,587.7</b>  |
| <b>Total change in cash &amp; cash equivalents</b>   | <b>-5,406.5</b> | <b>3,701.8</b>  |
| Cash & cash equivalents at beginning of period       | 8,175.4         | 5,802.1         |
| Cash & cash equivalents at end of period             | 2,768.9         | 9,503.9         |



# Statement of changes in equity

| all amounts in kEUR                                 | Nominal capital/<br>Share capital | Capital<br>reserves | Retained<br>losses | Total           |
|-----------------------------------------------------|-----------------------------------|---------------------|--------------------|-----------------|
| <b>December 31, 2021</b>                            | <b>1,480.2</b>                    | <b>42,068.8</b>     | <b>-43,357.6</b>   | <b>191.4</b>    |
| Loss for the period                                 | -                                 | -                   | -5,788.8           | -5,788.8        |
| Total comprehensive income (loss)<br>for the period | -                                 | -                   | -5,788.8           | -5,788.8        |
| ESOP 2019                                           | 0.9                               | 81.5                | -                  | 82.4            |
| Convertible notes                                   | 25.1                              | 1,943.0             | -                  | 1,968.2         |
| <b>September 30, 2022</b>                           | <b>1,506.2</b>                    | <b>44,093.3</b>     | <b>-49,146.4</b>   | <b>-3,546.9</b> |
| <b>December 31, 2022</b>                            | <b>1,506.2</b>                    | <b>44,092.1</b>     | <b>-49,755.3</b>   | <b>-4,157.1</b> |
| Loss for the period                                 | -                                 | -                   | -5,603.7           | -5,603.7        |
| Total comprehensive income (loss)<br>for the period | -                                 | -                   | -5,603.7           | -5,603.7        |
| ESOP 2019                                           | -                                 | -2.1                | -                  | -2.1            |
| Convertible notes                                   | 13.0                              | 635.7               | -                  | 648.7           |
| <b>September 30, 2023</b>                           | <b>1,519.2</b>                    | <b>44,725.7</b>     | <b>-55,359.0</b>   | <b>-9,114.1</b> |

# Segment reporting

| <b>Period ended September 30, 2022</b> | <b>Virology</b> | <b>Immunology</b> | <b>Other</b>    | <b>Total</b>    |
|----------------------------------------|-----------------|-------------------|-----------------|-----------------|
| all amounts in kEUR                    |                 |                   |                 |                 |
| Total revenues                         | 7,038.2         | -                 | 56.8            | <b>7,094.9</b>  |
| <i>Of which sale of goods</i>          | 6,545.3         | -                 | -               | <b>6,545.3</b>  |
| <i>Austria</i>                         | 231.0           | -                 | -               | <b>231.0</b>    |
| <i>Other European countries</i>        | 3,657.8         | -                 | -               | <b>3,657.8</b>  |
| <i>Non-European countries</i>          | 2,656.6         | -                 | -               | <b>2,656.6</b>  |
| <i>Of which other revenues</i>         | 492.8           | -                 | 56.8            | <b>549.6</b>    |
| <i>Austria</i>                         | 294.8           | -                 | -               | <b>294.8</b>    |
| <i>Other European countries</i>        | 37.3            | -                 | 25.5            | <b>62.8</b>     |
| <i>Non-European countries</i>          | 160.7           | -                 | 31.3            | <b>192.0</b>    |
| Cost of goods sold                     | -4,476.4        | -                 | -               | <b>-4,476.4</b> |
| Contract research                      | -545.0          | -177.1            | -0.2            | <b>-722.4</b>   |
| Personnel expenses                     | -1,008.0        | -1,130.1          | -1,400.3        | <b>-3,538.5</b> |
| Other miscellaneous income/expense     | -454.9          | -93.2             | -1,139.6        | <b>-1,687.7</b> |
| Depreciation and amortization          | -181.0          | -183.0            | -136.5          | <b>-500.6</b>   |
| <b>Operating result (EBIT)</b>         | <b>372.8</b>    | <b>-1,583.4</b>   | <b>-2,619.9</b> | <b>-3,830.5</b> |
| <hr/>                                  |                 |                   |                 |                 |
| <b>Period ended September 30, 2023</b> | <b>Virology</b> | <b>Immunology</b> | <b>Other</b>    | <b>Total</b>    |
| all amounts in kEUR                    |                 |                   |                 |                 |
| Total revenues                         | 7,154.4         | -                 | 2.0             | <b>7,156.5</b>  |
| <i>Of which sale of goods</i>          | 6,344.1         | -                 | -               | <b>6,344.1</b>  |
| <i>Austria</i>                         | 243.6           | -                 | -               | <b>243.6</b>    |
| <i>Other European countries</i>        | 3,910.0         | -                 | -               | <b>3,910.0</b>  |
| <i>Non-European countries</i>          | 2,190.4         | -                 | -               | <b>2,190.4</b>  |
| <i>Of which other revenues</i>         | 810.4           | -                 | 2.0             | <b>812.4</b>    |
| <i>Austria</i>                         | 184.7           | -                 | -               | <b>184.7</b>    |
| <i>Other European countries</i>        | 80.9            | -                 | 2.0             | <b>82.9</b>     |
| <i>Non-European countries</i>          | 544.8           | -                 | -               | <b>544.8</b>    |
| Cost of goods sold                     | -4,552.3        | -                 | -               | <b>-4,552.3</b> |
| Contract research                      | -619.2          | -235.0            | -2.5            | <b>-856.7</b>   |
| Personnel expenses                     | -1,088.6        | -1,073.0          | -1,636.9        | <b>-3,798.4</b> |
| Other miscellaneous income/expense     | -598.5          | -308.2            | -930.2          | <b>-1,836.8</b> |
| Depreciation and amortization          | -212.3          | -158.6            | -141.5          | <b>-512.3</b>   |
| <b>Operating result (EBIT)</b>         | <b>83.6</b>     | <b>-1,774.7</b>   | <b>-2,709.0</b> | <b>-4,400.1</b> |

# Research and development expenses

| all amounts in kEUR           | 1-9/2023        | 1-9/2022        | 7-9/2023        | 7-9/2022        |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Personnel expenses            | -1,754.8        | -1,542.5        | -538.0          | -431.1          |
| Expenses for services         | -1,151.2        | -851.0          | -332.2          | -305.6          |
| Expenses for materials        | -85.6           | -184.2          | -36.8           | -50.6           |
| Other expenses                | -221.2          | -313.3          | -7.1            | -98.1           |
| Depreciation and amortisation | -366.3          | -371.0          | -121.2          | -124.2          |
| Financial expenses            | -1,735.8        | -1,687.6        | -567.2          | -612.5          |
| <b>Total</b>                  | <b>-5,314.9</b> | <b>-4,949.6</b> | <b>-1,602.5</b> | <b>-1,622.1</b> |

# Legal notice

## **Marinomed Biotech AG**

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## **Disclaimer**

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Due to the financial rounding of individual items in this update, it may contain minor calculation differences.

These interim condensed consolidated financial statements of Marinomed Biotech AG was neither fully audited nor reviewed by the Company's statutory auditor.

This update includes forward-looking statements that have been made on the basis of information available at this point in time. As a result of various unforeseen factors, the actual development may deviate from the presented expectations. Marinomed Biotech AG will not update these forward-looking statements, neither on the basis of changed actual circumstances nor on the basis of changed assumptions or expectations. This update is not and shall not be construed as an offer, invitation, recommendation or solicitation to sell, issue, purchase or subscribe for any securities of Marinomed Biotech AG.

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