Marinomed

Half-Year Financial Report 2023

Table of contents

Dear shareholders,

In the first half of 2023, business development and commercialization of our most valuable assets Budesolv and Tacrosolv have been the key focus of the Marinomed team. For both assets, structured business development processes are in full swing. Supported by excellent clinical data, encouraging feedback from key opinion leaders and the market, Marinomed is optimistic for both projects. Meanwhile, we posted the best first half of the Company with respect to revenues from the Carragelose platform. With recent positive news including clinical data in allergic indications, a new eye drop product and a market approval in Mexico, Carragelose remains an important cornerstone of our strategy with growth potential still to be realized.

For the second half of 2023, we remain dedicated to following our three-pillar strategy: First, strengthening our existing business and partnerships to ensure sustainable revenue growth with the ultimate goal of reaching operating profitability; second, establishing new partnerships for our most valuable pipeline assets; third, remaining committed to our mission of improving the lives of patients with our innovations for unmet medical needs.

Virology - Carragelose

The long-term success story of our Carragelose business is a result of investments into clinical and laboratory studies. For continued growth in the post-pandemic world, we count on untapped potential in the expansion of the territory, the indication and the product portfolio. Regulatory work with our existing partners Procter & Gamble for the US and M8 Pharmaceuticals for Brazil and Mexico is ongoing and continuously making progress. We have recently obtained market approval for the Mexican market which opens up the opportunity to address an additional 120 million people with a launch as early as this upcoming cold season. Additional business development activities are aiming to expand the territory further. For the expansion of the indication, clinical data are the prerequisite and recently, two different Carragelose nasal sprays showed very good results in the treatment of allergic rhinitis. The data support tapping into allergic indications with an OTC-market potential of USD 5.4 billion (Nicholas Hall, 2023), thereby creating a non-seasonal, all-year product portfolio for our Carragelose business. Accordingly, we are pursuing a launch of the first anti-allergic product in the 2024 allergy season.

The new Carragelose eye drops mark an important step towards expanding the product portfolio. The initial launch of this product is also planned for 2024. Carragelose eye drops target the lifestyle consumer healthcare market, which had a total market value of USD 18.3 billion in 2022. With 30%, eye care represents the biggest single category in this exciting market (Nicholas Hall, 2023). Additionally, new clinical data on the effectiveness of Carragelose against SARS-CoV-2 variants of concern Omicron BA.1, BA.2 and BA.5 and a new European patent protecting the decongestant Carragelose/Sorbitol combination further validate the success of this platform. With these favorable advancements as a strong foundation, the Carragelose business is poised to increase its presence in the dynamic markets of allergy and eye care.

Immunology - Marinosolv

Commercialization via partnering is the main goal for our two Marinosolv-based product candidates, Budesolv (clinical phase III completed) and Tacrosolv (clinical phase II completed). Our business development efforts are in full swing. Following our first Budesolv deal with the China-based company Luoxin Pharmaceutical, which generated a USD 2 million upfront payment in 2021, we are now supporting our partner in progressing the development and commercialization of the product for the treatment of allergic rhinitis according to local regulatory requirements in China. Business development activities are targeting the expansion into other, large regions. The second product candidate, Tacrosolv, is a Marinosolv-based formulation of the immuno-modulator Tacrolimus, which we are developing for inflammatory eye diseases. A structured business development process supported by high-profile advisors for potential commercial partnerships is one of our key initiatives.

Under the brand Solv4U, we offer our solubilization technology to third parties with the goal to enable new innovative products for our clients as well as future revenue streams for Marinomed. Recently, we also signed a first long-term partnership with SPH Sine Pharmaceutical Laboratories for the joint development of an orally inhaled and nasal spray formulation.

SPH Sine will now progress its further development supported by Marinomed with more meaningful revenue potential for the Company as soon as this product will be launched. This first deal is a great validation of the Solv4U business area and encourages us to continue growing this business and capitalizing on it by attracting new partners.

Strong H1 2023 for Carragelose and solid cash position

We report a 7% rise in revenues to EUR 5.2 million for H1 2023 (H1 2022: EUR 4.9 million), fully attributable to our Carragelose business. The numbers suggest that seasonality seen before the pandemic is back, albeit at a much higher revenue level. It is encouraging to see that Carragelose sustained its growth path in H1 2023 also in the post-pandemic environment. The operating result (EBIT) was EUR -2.9 million (H1 2022: EUR -2.5 million). Aside from profitable sales of goods, higher R&D expenses and increased personnel costs contributed to the EBIT. Our reported cash position of EUR 5.4 million as of June 30, 2023, is the result of cost-conscious cash management.

Outlook for 2023 and beyond – focus on existing business and most valuable assets

The post-pandemic seasonality is back into the cough & cold markets and the entire segment is poised to be shrinking in 2023. Carragelose will also be affected and growth from existing business alone is unlikely. However, thanks to the strong clinical and scientific profile of our products and solutions as well as accelerated business development activities, we see good chances to strike a licensing deal and post another growth for the full year 2023. We paved the way for many initiatives to positively impact our financial position going forward, to realize the full potential of our portfolio and to create value for our stakeholders. We are committed to reaching our goals and would like to thank our shareholders for their continued trust and support.

Andreas Grassauer | Eva Prieschl-Grassauer | Pascal Schmidt

Investor relations

The share

Marinomed Biotech AG shares have been listed on the Vienna Stock Exchange since February 1, 2019. They are quoted in the prime market segment and included in the ATX Prime Index. The current number of shares amounts to 1,519,167.

Share price performance

In the first half of 2023, capital markets were still affected by inflation and rising interest rates. Marinomed reported record Q1 figures and continued to increase its business development activities in H1 2023 as well as the active dialogue with investors. Marinomed's management presented on several investor conferences, such as the RBI Zürs conference, the Equity Forum spring conference and the Börsianer roadshow in Linz. The international presence was further extended with a road show in London. However, this was only merely reflected in the share price development. Marinomed's share price could recover slightly in Q2 2023 to a high of EUR 45.80 on June 2, 2023. The overall share price performance of Marinomed shares in H1 2023 was -30.0%. The share price on August 11, 2023 was at EUR 42.60. Marinomed will continue its active dialogue with investors and also increase its public relations activities. The participation in further investor conferences and roadshows in the second half of the year has already been scheduled.

Share price performance Marinomed Biotech AG
(ATMARINOMED6, EUR)
01.02.2019 – 11.08.2023

On June 21, 2023, private investors had the opportunity to meet the management at the 6th Annual General Meeting, which was held for the first time in Korneuburg. The resolutions on the agenda were adopted with large majorities, including the election of Dr. Eva Hofstädter-Thalmann to the Supervisory Board. The voting results are available on the corporate website: *https://www.marinomed.com/en/investors-esg/annual-general-meeting*.

Shareholder structure

The current shareholder structure of Marinomed is as follows: the founders and management team of Marinomed are the core shareholders with around 26% of total shares (thereof 2% free float). The shares of the former long-term investor Acropora have been taken over in equal parts by its two shareholders (as per announcement on May 30, 2023, available at: *https://www.marinomed.com/en/investors-esg/share-information*). Approximately 65.3% of shares are in free float.

Financial calendar

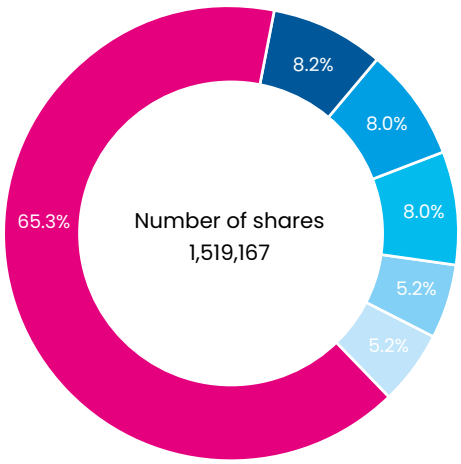
21.11.2023	Publication of the Results Q 1-3 2023

Analyst coverage

Dr. Norbert Kalliwoda initiated his coverage on August 2, 2023.

As of August 17, 2023, Marinomed is covered by three analysts:

Institute	Analyst
Erste Bank Group	Vladimira Urbankova
Stifel Europe Bank	Eric le Berrigaud
Dr. Norbert Kalliwoda GmbH	Norbert Kalliwoda



* Take-over of shares of the former cornerstone investor Acropora Beteiligungs GmbH in Liquidation by its shareholders in equal parts as per the announcement dated 30 May 2023.

Note: Rounding differences possible

Half-year Management Report

Market environment

As an innovative, globally acting biopharmaceutical company, Marinomed thrives in a vibrant business environment alongside major pharmaceutical and biotechnology players. With deep industry integration, Marinomed stays attuned to the rapid and dynamic nature of its surroundings, remaining in sync with the pulse of this fast-moving field.

Pharmaceutical market

The first half of 2023 remained challenging for the global economy and demanded resilience and strategic navigation. The biopharmaceutical industry dealt with the aftermath of COVID-19, amid geopolitical tensions, supply chain disruptions, inflationary pressures, and macroeconomic challenges, needing a reliable compass and stamina to overcome obstacles.

The biotech industry faced a cautious IPO and M&A landscape, prioritizing low-risk investments over mid-stage assets. Expected licensing agreements didn't materialize as anticipated, creating challenges for biotech companies (Evaluate, 2022). Despite this, their strengths in innovation and resilience remained. Since mid-2022 signs of market recovery emerged, and the sector is expected to become more robust in the coming years (Evaluate, 2022). Anticipation of lucrative deals reemerging offers the biotech industry an opportunity to regain momentum and drive growth as big pharma's major assets near the patent cliff.

The global medicine (Rx) market, excluding COVID-19 vaccines and therapeutics, is projected to reach around USD 1.9 trillion by 2027, with an annual growth rate of 3-6% (IQVIA, 2023). Following the pandemic disruption, overall growth trends are expected to moderate. In the EU4+UK markets, medicine spending is predicted to steadily increase, reaching USD 263 billion by 2027 (IQVIA, 2023). The U.S. market is estimated to grow between -1% and 2% annually over the next five years, lower than the initially forecasted 4% CAGR, due to the projected impact of the U.S. Inflation Reduction Act (IQVIA, 2023). The U.S. and top five European markets will experience substantial exclusivity losses, totaling USD 141 billion and USD 31 billion respectively over the next five years (IQVIA, 2023).

In Austria, the pharmaceutical market reached EUR 5.7 billion in 2022, with an 9% increase in value compared to the previous year. (Pharmig, 2023).

OTC medicines provide affordable and easily accessible solutions for everyday healthcare needs. The global Consumer Healthcare (CHC) retail market grew by 7% in 2022, with Latin America showing the strongest growth at 18% (Nicholas Hall, 2023). Global CHC sales during that period amounted to USD 158 billion (Nicholas Hall, 2023). In Austria, the OTC market grew by 10.4% to reach EUR 1.4 billion in 2022 (Pharmig, 2023).

Emerging economies' pharma markets surged recently as global economic and research activities gravitated towards these regions (EFPIA, 2022). China, in particular, played a vital role in shaping the global biopharma landscape with its strong technological development. However, strict zero tolerance pandemic policies and geopolitical tensions caused delays and contingency plans in

local biopharma activities, hampering collaboration in the Chinese market (Evaluate, 2022).

Orphan indications and rare diseases remain appealing to the industry, offering fast-track development opportunities and regulatory incentives. Orphan drug sales are expected to reach USD 273 billion in 2026, growing annually at 12% and comprising 20% of all prescription drug sales (Evaluate, 2022). Additionally, artificial intelligence is becoming increasingly important in drug discovery and development. AI's capacity to support personalized healthcare and aid in R&D decision-making will play a vital role in achieving significant advancements in health improvement.

The market access environment faces ongoing challenges in reductions of public medical expenditures in major markets. Patient-centered innovation, healthcare access, and affordability are critical in sustainable healthcare initiatives. Value-based pricing is gaining importance, putting greater pressure on profit margins. Consequently, the pharmaceutical industry is adapting to strike a balance between innovation and cost while developing life-saving and transformative therapies. Additionally, the regulatory environment is becoming more complex, making market access difficult due to national differences in approval procedures.

Marinomed is dedicated to providing reliable over-the-counter (OTC) products to global customers and meeting market demands. We are focused on utilizing our proprietary technological expertise to positively impact patients with debilitating diseases. With this vision, Marinomed plans to expand its product portfolio in key areas of immunology and virology, including the development of prescription (Rx) drugs to address specific patient needs.

Virology

Marinomed's marketed Carragelose product segment targets viral respiratory infections. There are over 1,300 drugs in development globally for respiratory tract diseases (IFPMA, 2022). The pandemic emphasized the importance of antiviral defense and treatment, motivating the pharmaceutical industry to tackle future challenges.

In the global CHC market, the Cough, Cold & Allergy (CCA) segment represented around 21% of sales in 2022 (Nicholas Hall, 2023). This segment saw a double-digit growth of 18.2% in 2022 (Nicholas Hall, 2023). Vicks, a brand by Procter & Gamble, remained the leading CCA brand with USD 1.8 billion in sales (Nicholas Hall, 2023). North America accounted for USD 44 billion in sales, surpassing Europe with around USD 40 billion (Nicholas Hall, 2023). In Austria, Cough & Cold products hold the largest share within the OTC market at 24.2% (Pharmig, 2023).

Within the global CHC market, the lifestyle CHC segment reached 10% of sales in 2022 (USD 15.5 billion), which represents a growth of 4% compared to 2021 (Nicholas Hall, 2023). With a share of ~30% (USD 4.6 billion), eye care is the biggest category in the global lifestyle CHC market and saw a strong growth in 2022 (USA + 7%, China +8%) due to growing awareness of device and screen-related dry eyes (Nicholas Hall, 2023).

The global viral pneumonia market was valued at USD 6.7 billion in 2022, representing 42% of all-cause infectious pneumonia therapeutics (Global Pneumonia Therapeutics Market Report 2022).

Immunology

Immunology, the second-largest therapeutic area globally after oncology, is projected to grow at a 3-6% annualized rate, reaching USD 177 billion by 2027 (IQVIA, 2023). This growth is fueled by innovation and an increasing number of patients receiving treatment, though it is partially offset by biosimilars competition (IQVIA, 2023). There are over 80 different autoimmune diseases listed in national registries worldwide (NIH 2022), with more than 1,600 medicines currently in development for immunological disorders (IFPMA, 2022).

With a share of 16% (USD 5.4 billion), the allergy segment represents an attractive part of the global CHC Cough, Cold & Allergy market (Nicholas Hall, 2023). The global Allergic Rhinitis market is valued at USD 11.4 billion in 2022 and is expected to grow to USD 15.4 billion by 2030 (Coherent Market Insights, 2023). In the area of inflammatory eye diseases, there is potential in large markets such as for the indication dry eye (2019: USD 5.2 billion) (Fortunebusinessinsights.com, 12/22), but also in niche markets for rare diseases such as herpetic stromal keratitis (2022: USD 4 billion) (futuremarketinsights.com, 12/22).

Solv4U

Solv4U is a business unit of Marinomed, dedicated to offering innovative drug delivery solutions for customers in the biopharmaceutical industry, utilizing the Marinosolv solubilization technology. Poor water solubility is a prevailing challenge in pharmaceutical development, affecting approximately 40% of approved drugs and nearly 90% of pipeline drugs (Kalepu & Nekkanti, 2015). Such molecules need to undergo modifications in the pre-clinical and clinical stages of development to enhance their solubility and permeability.

Given the growing number of BCS (biopharmaceutical classification system) II and BCS IV molecules under evaluation, the bioavailability enhancement domain is projected to expand at an annual rate of ~11% until 2035 (Roots Analysis, 2023). Technologies such as micellar solubilization, micronization, nanomilling, co-crystallization, and solid dispersion methods are available for improving bioavailability.

Marinomed's Solv4U technology platform offers exciting opportunities to be a part of this rapidly expanding and high-demand field.

Business performance

Since 2022, the Company reports the segments Virology, Immunology and Other. Virology combines activities from marketed products and research and development of new products based on the active ingredient Carragelose, and, therefore, is directly comparable with the former Carragelose Segment. Immunology, with a focus on autoreactive immune disorders, largely corresponds to the Marinosolv segment reported in previous financial reports. The remaining activities, which cannot be attributed to Virology or Immunology, are reported as Other. This segment also includes income and expenses related to the Solv4U business unit which allows external customers access to the Marinosolv technology (formerly reported in the Marinosolv segment).

Virology segment

Marinomed continues to see great growth potential in the pharmaceutical market for over-the-counter products, with competitive pressure remaining high. The COVID-19 pandemic has profoundly impacted the global market for OTC drugs and medical devices. It created a clear divide between products addressing the pandemic and those experiencing losses in value and market share. Carragelose products are effective against both cold viruses and SARS-CoV-2, which is supported by clinical data. This allowed Marinomed and its customers to post high revenues over the past years while the total cough and cold market shrinked.

As impacts of the pandemic eased, these differences diminished. As a consequence, in the Virology segment Marinomed recognizes that the advantage of addressing COVID-19 declines. However, market shares and revenues are expected to remain clearly above the pre-pandemic levels. Last but not least, with the product developments in the fields of eyecare and allergy, a complementing positioning outside of the common cold season becomes possible.

Immunology segment

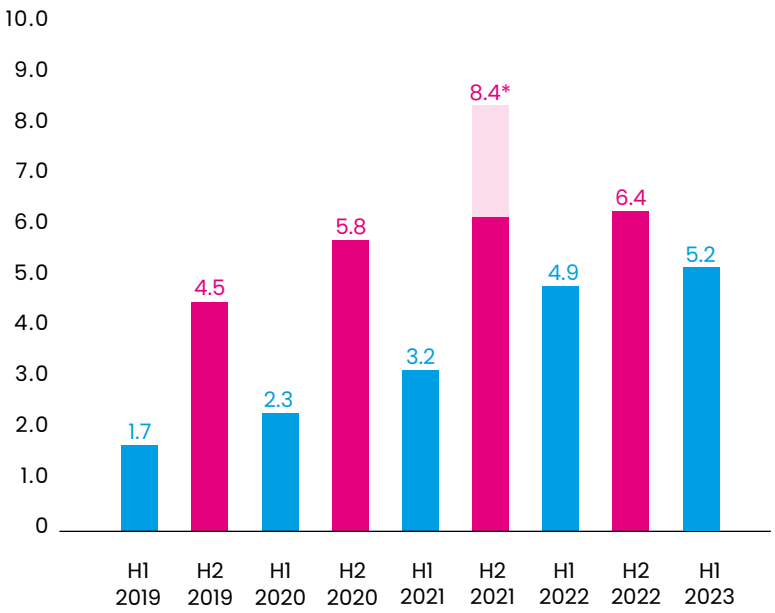
The COVID-19 pandemic had a delaying effect on the Immunology segment. In anticipation of a return to normality, the Company intensified its efforts in the partnering and approval process of Budesolv, in conducting the clinical study for Tacrosolv as well as in offering Solv4U technology partnerships. These efforts continue in the 2023 financial year.

The clinical dose-finding study for the product candidate Tacrosolv was successfully completed in the 2021 financial year. In 2022, data analysis and statistical processing were carried out and allowed commencing partnering discussions. Based on the available data from the study, the focus is on a structured process with the aim of entering into a license agreement with a pharmaceutical partner in the short term.

Based on the data from the pivotal clinical phase III study for the lead product Budesolv, a first license agreement for the Chinese market was concluded with Luoxin Pharmaceutical in 2021. An upfront payment of USD 2 million, milestones in the tens of millions and licenses for product sales are

Revenues

in EUR million



* thereof EUR 2.1 million Milestones

part of this agreement. After an initial delay caused by pandemic-related lockdowns in China, work is now being vigorously resumed on establishing local production, preparing for a mandatory local clinical study and finally obtaining regulatory approval. Marinomed has set itself the goal of concluding additional partnerships for other regions in the short term.

Other segment

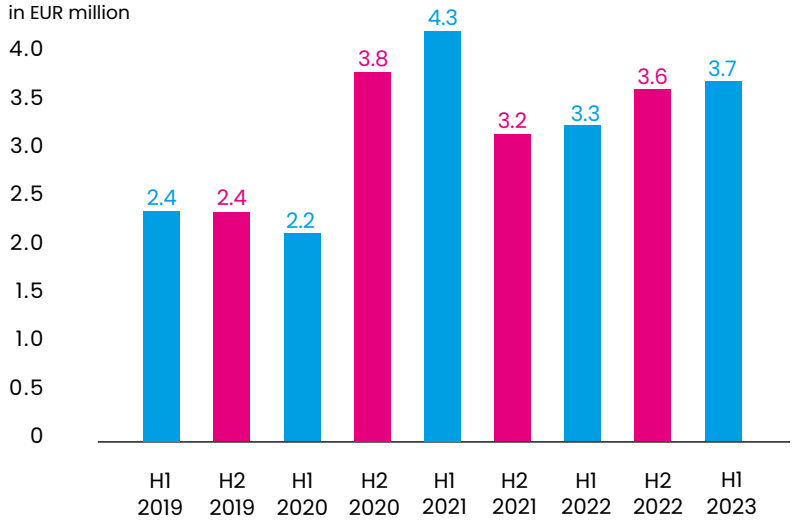
Since 2022, revenues in the Other segment stem from the Marinosolv technology platform, which offers third parties Solv4U technology partnerships. Customers were able to improve solubility through a Marinosolv formulation and continue their developments. In this regard, the first long-term Solv4U partnership with Shanghai-based SPH Sine Pharmaceutical Laboratories Co. Ltd. represents a milestone. Marinomed increased its efforts in business development, which led to the conclusion of new agreements in 2022 and beyond. The Company assumes that there is significant potential for further revenue growth based on new partnerships and advancing ongoing partnerships to later development stages.

Revenues and earnings

Marinomed was able to increase revenues by 7% to EUR 5.23 million in the first half of 2023 (H1/2022: EUR 4.90 million). Other income fell to EUR 0.30 million (H1/2022: EUR 0.54 million). As in the previous year, other income mainly includes the state research premium and grants relating to research in a Carragelose-based SARS-CoV-2 therapy (Emergency Grant KLIPHA-COVID-19).

Expenses for materials increased from EUR 3.21 million in the first half of 2022 to EUR 3.28 million in the reporting period. The gross margin stood at 28%. Expenses for services increased from EUR 0.80 million in the comparison period to EUR 1.17 million in the first half of 2023. Personnel expenses were at

R&D expenses



EUR 2.62 million in H1/2023, above the previous year's figure of EUR 2.46 million. Other expenses decreased by 12% to EUR 1.03 million (H1/2022: EUR 1.16 million).

Research and development expenses increased to EUR 3.71 million (H1/2022: EUR 3.33 million). This was due to continued anaylsis of Tacrosolv data, early stage research of an active ingredient as well as increased personnel costs. At EUR -2.91 million, the operating result (EBIT) was below the previous period's figure of EUR -2.52 million. The financial result stood at EUR -0.60 million (H1/2022: EUR -1.31 million) and was positively influenced by an adjustment of the carrying amount of the loan from the European Investment Bank (EIB loan) in the amount of EUR 0.68 million. Consequently, the half-year result for 2023 was EUR -3.51 million, after EUR -3.84 million in H1/2022.

Net assets and financial position

The net assets and financial position primarily reflect the negative earnings that can be expected for a biopharmaceutical company in the development stage. The financing measures in the financial years 2015 to 2022 enable long-term investments in research and development.

Total assets decreased from EUR 22.29 million as of December 31, 2022 to EUR 17.83 million on June 30, 2023. Non-current assets were almost unchanged at EUR 7.80 million, after EUR 8.02 million at the end of the year 2022. Current assets decreased to EUR 10.03 million (December 31, 2022: EUR 14.27 million).

As of the reporting date, equity stood at EUR -7.02 million compared to EUR -4.16 million at the end of December 2022.

Non-current liabilities remained relatively stable at EUR 19.78 million as of June 30, 2023 (December 31, 2022: EUR 20.49 million). Current liabilities decreased from EUR 5.96 million to EUR 5.08 million as of June 30, 2023.

Cash and cash equivalents decreased from EUR 8.18 million at the end of 2022 to EUR 5.40 million as of June 30, 2023.

Outlook

Even after the COVID-19 pandemic, markets will continue to be characterized by its impact. As health-conscious consumer preferences move from prophylaxis to treatment, the seasonality returns into the cough & cold markets - likely resulting in an overall challenging and competitive market environment. Marinomed recognizes this development in its business activities.

Carragelose sales continously posted growing revenues over the past years. And although the Virology segment faces a period of consolidation, in the medium term, it is well set up for further growth potential. On the one hand, Marinomed's business partners have gained market shares and they appreciate increased brand recognition. This allows to keep higher sales levels compared to before the pandemic. Further, a number of partners are keen to add additional Carragelose products to their portfolios. On the other hand, Marinomed has sponsored several clinical trials. A study on inhaled Carragelose (Inhaleen) failed to achieve the recruitment target, but potentially allows a statement on safety. In addition, results for new Carragelose products in allergy were published and an eye drop product was announced. The studies and product announcements convinced several existing and emerging partners to market further Marinomed products in the future. This confirms Marinomed's strategy of expanding the Carragelose product portfolio.

Marinomed sees the Marinosolv platform as a key value driver. The two most advanced products, Budesolv and Tacrosolv, were developed on the basis of this technology. For Budesolv, a pivotal phase III study yielded very good results. This product candidate is a real innovation in the allergic rhinitis market offering multiple advantages over existing treatments. in 2021, a first licensing agreement with Luoxin Pharmaceuticals for the Chinese region was announced. Other regions are available for partnering and significant value potential is still to be exploited. The dose-finding phase II study evaluating the safety and efficacy of Tacrosolv eye drops reported positive top-line data. Initial results showed a reduction of the inflammatory reaction in the eye at a significantly lower dose than the marketed Tacrolimus formulation. This opens up the application in anterior eye diseases, which so far have been difficult to treat. Structured business development processes have been started and Marinomed is committed to conclude additional licensing deals for both assets. In addition, the growing Solv4U business area offers additional revenue potential.

Realizing the potential of both platforms requires investments in research and development. The investment volume in research and development is expected to increase in the upcoming years, in particular due to the expansion of the Marinosolv platform and larger clinical studies for more severe indications. For the current financial year, the Company expects a slight increase in research and development costs, which will once more result in an operating loss in 2023. The short-term goal is aimed at reaching operational break-even with deals for Budesolv and Tacrosolv.

Risk report

Marinomed is a company that supplies its products to pharmaceutical firms and distribution partners on all continents. As such, Marinomed is exposed to various risks. In essence, these are operational, financial and regulatory risks.

Marinomed has established systems and processes within the Company to identify these risks at an early stage and to counteract them. The risks described below are continuously monitored.

Global economic risks relating to the SARS-CoV-2 pandemic and the war in Ukraine

As an international company, Marinomed is part of the global economy. Governments on all continents have adopted and implemented massive restrictions relating to global social and economic processes to contain the pandemic. In addition, Russia has been at war with Ukraine since February 2022. Both developments subsequently had a significant impact on the global economy. On the one hand, prices rose worldwide and thus led to up to double-digit inflation, on the other hand, the effects are manifesting themselves in the supply chains in the long term. In some cases, bottlenecks in raw materials led to a doubling of delivery times to more than 12 months for certain packaging materials. Overall, a slowdown in economic growth was observed.

Although Marinomed is developing rather positively with its Carragelose products, it sees itself exposed to an increased risk in procurement as well as on the demand side. Furthermore, it may be possible in some cases that Marinomed cannot or cannot fully pass on the rising purchase prices to its customers. In addition, the Marinosolv technology platform faces an increased risk relating to commercialization. In addition to persistently high inflation, the decline in global economic growth can lead to lower customer demand.

Risks relating to funding and funding instruments

The main financial risks include default and liquidity risks. There are also exchange-rate risks as some sales are generated in British pounds (GBP). As receivables in GBP do not generally exceed kEUR 500, the effect on the income statement of a fluctuation of +/- 10% would be less than kEUR 50. Revenues from the license agreement with Luoxin Pharmaceutical (China) are made in USD, but initially are envisaged to occur only at long intervals as milestone payments. Regular payments are only expected once the product has been approved in China (not before 2024), which then entails a continuous risk of foreign currency losses.

As a research and development company, Marinomed continues to report loss, which means that it has no access to conventional credit instruments. Accordingly, there is a risk that the capital requirements will not be met in future, or only based on unfavorable conditions. This is a typical risk for a life science company.

Further, Marinomed is to the usual extent exposed to interest risks based on the development of international interest levels. Specific interest rate risks result from the revenue-related royalties to

be paid in connection with the EIB loan. From July 1, 2024, onward, a semi-fixed interest rate will be used for the ERP loan, which will depend on the 1-year EURIBOR. From December 15, 2026, onward, the NÖBEG-financing will bear a semi-fixed interest rate, linked to the 3-months EURIBOR. Marinomed does not hold any derivative financial instruments.

Strategic risks

The risk for Marinomed is that long-term potential will not be utilized or will be misjudged. The partnerships it has entered into or may establish in the future for both of its technology platforms could prove disadvantageous. The current assessment of the products' potential on global markets may turn out to be overly optimistic. Accordingly, there is a risk that revenue targets will not be met. A further risk is that competitors may develop better or cheaper products, which would erode the profitability of Marinomed's portfolio.

Government authorities are endeavoring to rein in healthcare costs by encouraging stronger competition among providers and permanently reducing the reimbursement limits for drugs in nearly all regional markets. The rapidly growing OTC market is less vulnerable to these influences, but competition is fierce and there are larger providers that have far more financial and business options available to them than Marinomed or its partners in the respective countries.

Operational risks

Marinomed is dependent on partners both on the supplier and the marketing sides. Despite existing contracts, there is a risk that one or more partners may be unable to resolve financial or technical problems through no fault of Marinomed, resulting in losses for the Company. Partners may fail to achieve their own revenue targets, while other issues may relate to supply delays, payment difficulties or other risks typical of the sector.

Although sales are mainly billed in euros, appreciation of the euro against local currencies in non-eurozone countries could make the Company's products more expensive for distributors and end consumers, resulting in reduced sales of the Company's products.

Liquidity risk

Liquidity risk arises from the potential inability to raise the requisite funds for servicing obligations relating to financial instruments. To date, the Company has primarily financed its operating business via equity investments and shareholder loans, income from licensing and distribution contracts, product sales, atypical silent partnerships, the issue of convertible bonds and of new shares under the IPO, as well as via subsidies, subsidized loans and other government grants.

Marinomed will always try to maintain financial flexibility, e.g. by raising additional capital at more favorable market conditions or due to strategic considerations. In this way, most of the expenses for the acquisition and expansion of the new headquarters could be refinanced at low interest rates.

The Company validated the going concern prognosis based on the financials as of June 30, 2023. In this context, the growth of the Company was analyzed using an updated financial plan.

The updated financial plan assumes that the workforce will increase by 11% (heads) until 2027, the commercialization of the technologies in the pipeline will be successful and that new product developments including first clinical and non-clinical studies will be started. The financial plan only contains additional liquidity from financing sources that are contractually guaranteed and the assumption that negotiations on the repayment schedule of existing financings are successful.

Against this background, the Management Board expects that the liquidity for the company will be secured in the primary forecast period (until December 2024) with a predominant probability. The Management Board further expects that annual profits will be achieved in the secondary forecast period and that, therefore, the positive going concern prognosis is still valid.

This estimate is based on assumptions that may prove to be incorrect and the company may exhaust its capital resources sooner than currently anticipated.

Risk relating to patents

The Carragelose technology is protected by several patents worldwide. The patents for the Marinosolv technology have been granted in key markets such as the USA, Europe, and China. Marinomed anticipates grants for all pending application processes. National patents have already been granted for all major sales markets. Nonetheless, it is possible that patents will be contested or current unique selling points will be undermined by new technologies or products. Competitors can also disregard Marinomed's patents and make it necessary for the Company to defend itself with legal advice and the associated expenses.

Research and development risk

Marinomed's success largely depends upon the degree to which its research and development initiatives achieve the expected results. Marinomed's research activities serve to increase knowledge and are committed to the well-being of mankind and the protection of the environment. Its internal and external researchers act in accordance with statutory rules and ethical principles. A responsible approach to research primarily involves the following measures in the event of research that is susceptible to abuse: identifying and minimizing research risks, carefully managing publications, documenting risks and implementing educational and training measures. Nonetheless, it is possible that severe adverse events occur during a study, or the results of the research and clinical trials will not reach the expected primary or secondary endpoints or will not be significantly better than existing or new rival products. It may also turn out that regulatory authorities may not regard the clinical studies as sufficient and may therefore not grant marketing authorization. This could materially erode the value of Marinomed's research projects. In extreme cases, individual projects could become worthless and the envisaged income impossible to realize.

Regulatory risk

Marinomed researches and develops medical products and drugs. Until now, medical devices approved on the basis of the Medical Devices Directive (MDD) had to comply with the Medical Devices Regulation (MDR), which has been in force since 2021, in order to be allowed to be marketed after May 26, 2024. The EU recently extended the transition periods for the market approval of medical devices that have a valid CE mark, depending on the risk class, to December 31, 2028, at the latest. The applicability of the extended transition periods to adapt to the new legal situation (MDR) requires an application by the manufacturer for a conformity assessment of the medical device under the MDR by May 26, 2024, at the latest. This means that the sell-off period originally set for May 26, 2025, for medical devices that do not comply with the regulations will no longer apply, which means that such products can be placed on the market by the end of the extended transition periods and made available until the end of their respective shelf life. Even though Marinomed is already preparing the changeover to the MDR, it is exposed to the risk that the Carragelose products that are marketed as medical devices in the EU do not meet the new, higher standards or that the EU changes the relevant regulations again.

The approval of medicinal products is associated with high risks, which is typical for the industry. Depending on the decision for a specific type of approval (centralized or decentralized procedure), the approval must be granted by authorities in several states. In different regions (essentially the USA, Europe and Asia), the authorities also follow different standards. Depending on the queries and requirements of the authorities, this process may be delayed for several years or even make it seem sensible to withdraw the approval.

Personnel risk

Due to the small number of personnel, there is a risk that any loss of key staff members will lead to a loss of essential expertise, with their replacement causing delays in meeting targets.

Interim condensed consolidated financial statements

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

all amounts in kEUR	Note	1-6/2023	1-6/2022	4-6/2023	4-6/2022
Profit or loss					
Revenues		5,228.5	4,899.7	1,909.5	2,488.1
Other income	3	302.0	541.8	199.9	412.8
Expenses for materials		−3,277.2	−3,207.1	−1,122.7	−1,711.3
Expenses for services		−1,173.7	−800.5	−449.7	−364.5
Personnel expenses	4	−2,616.7	−2,459.3	−1,340.6	−1,273.7
Depreciation and amortization		−343.3	−332.0	−176.0	−163.8
Other expenses	5	−1,026.1	−1,163.8	−535.8	−668.0
Operating result (EBIT)		**−2,906.4**	**−2,521.2**	**−1,515.4**	**−1,280.3**
Financial income	7	683.3	32.7	683.3	32.7
Financial expenses	7	−1,286.6	−1,346.4	−618.8	−750.7
Financial result		**−603.3**	**−1,313.8**	**64.5**	**−718.1**
Loss before taxes		**−3,509.7**	**−3,835.0**	**−1,451.0**	**−1,998.4**
Taxes on income		−2.0	−4.8	−1.0	−3.8
Loss for the period		**−3,511.7**	**−3,839.8**	**−1,452.0**	**−2,002.2**
Thereof attributable to the shareholders of the Company		*−3,511.7*	*−3,839.8*	*−1,452.0*	*−2,002.2*
Other comprehensive income (loss) for the period		-	-	-	-
Total comprehensive loss for the period		**−3,511.7**	**−3,839.8**	**−1,452.0**	**−2,002.2**
Thereof attributable to the shareholders of the Company		*−3,511.7*	*−3,839.8*	*−1,452.0*	*−2,002.2*
Basic (EUR per share)		−2.3	−2.6		
Diluted (EUR per share)		−2.3	−2.6		

Statement of financial position

all amounts in kEUR	Note	30.06.2023	31.12.2022
ASSETS			
Non-current assets			
Intangible assets		1,659.4	1,804.1
Property, plant and equipment	8	6,135.5	6,203.3
Deposits and other non-current receivables		8.7	11.6
		7,803.5	8,019.0
Current assets			
Inventories		1,445.3	1,562.1
Trade and other receivables		3,178.7	4,527.4
Current tax receivables		2.8	2.8
Cash and cash equivalents		5,404.4	8,175.4
		10,031.1	14,267.5
Total assets		**17,834.7**	**22,286.6**

all amounts in kEUR	Note	30.06.2023	31.12.2022
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	1,519.2	1,506.2
Capital reserves	10	44,728.9	44,092.1
Retained losses		−53,267.0	−49,755.3
		−7,019.0	−4,157.1
Non-current liabilities			
Non-current borrowings	9	19,506.0	20,182.1
Other non-current liabilities		271.8	304.9
		19,777.8	20,486.9
Current liabilities			
Current borrowings	9	2,052.8	2,445.6
Trade payables		917.5	1,153.2
Current contract liabilities and other current liabilities		2,105.5	2,357.9
		5,075.8	5,956.7
Total equity and liabilities		**17,834.7**	**22,286.6**

Statement of cash flows

all amounts in kEUR	1-6/2023	1-6/2022
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	−3,511.7	−3,839.8
Adjustments for:		
Taxes on income recognized in profit or loss	2.0	4.8
Financial income recognized in profit or loss	−683.3	−32.7
Financial expense recognized in profit or loss	1,286.6	1,346.4
Depreciation and amortization expense	343.3	332.0
Gain from disposal of assets	-	−7.7
Loss on disposal of assets	4.5	-
Other non-cash income/expense	−25.6	−27.8
Changes in deposits and other non-current receivables	2.9	10.5
Changes in inventories	116.8	−321.3
Changes in trade and other receivables	1,348.7	1,628.9
Other changes in trade payables, contract liabilities and other liabilities	−498.7	−974.6
Interest paid	−660.9	−351.4
Interest received	-	0.0
Cash flow utilized by operating activities	**−2,275.4**	**−2,232.6**

Cash outflow from capital expenditure for property, plant and equipment and intangible assets	–123.6	–140.7
Proceeds from sale of property, plant and equipment	-	20.1
Cash flow utilized by investing activities	**–123.6**	**–120.6**
Proceeds from convertible notes	300.0	1,500.0
Proceeds of long-term borrowings	-	6,200.0
Repayments of long-term borrowings	–666.7	–100.0
Lease payments	–5.2	–8.2
Cash flow generated from financing activities	**–371.9**	**7,591.8**
Total change in cash & cash equivalents	**–2,771.0**	**5,238.6**
Cash & cash equivalents at beginning of period	8,175.4	5,802.1
Cash & cash equivalents at end of period	5,404.4	11,040.7
Of which effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	2.3	1.6

Statement of changes in equity

all amounts in kEUR	Nominal capital/ Share capital	Capital reserves	Retained losses	Total
December 31, 2021	**1,480.2**	**42,068.8**	**–43,357.6**	**191.4**
Loss for the period	-	-	–3,839.8	–3,839.8
Total comprehensive income (loss) for the period	-	-	–3,839.8	–3,839.8
ESOP 2019	0.9	74.3	-	75.1
Convertible notes	20.1	1,625.3	-	1,645.4
June 30, 2022	**1,501.1**	**43,768.3**	**–47,197.3**	**–1,927.9**
December 31, 2022	**1,506.2**	**44,092.1**	**–49,755.3**	**–4,157.1**
Loss for the period	-	-	–3,511.7	–3,511.7
Total comprehensive income (loss) for the period	-	-	–3,511.7	–3,511.7
ESOP 2019	-	1.2	-	1.2
Convertible notes	13.0	635.7	-	648.7
June 30, 2023	**1,519.2**	**44,728.9**	**–53,267.0**	**–7,019.0**

For further details please refer to Note 10.

Notes to the interim condensed consolidated financial statements

1. General information

Marinomed Biotech AG ("Marinomed" or the "Company") is an Austrian science-based biotech company with globally marketed therapeutics. The Company was incorporated in March 2006 as a spin-off from the Veterinary University of Vienna. The Company's headquarters are located at Hovengasse 25, 2100 Korneuburg, Austria.

The Management Board approved the interim condensed consolidated financial statements for issuance on August 16, 2023.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed consolidated financial statements are consistent with those presented in the notes to the consolidated financial statements as of December 31, 2022, except for the adoption of new and amended standards as described in note 2.3. These policies have been consistently applied to all the periods presented, unless otherwise noted. The tables in this report may contain rounding differences.

2.1. Basis of preparation

The interim condensed consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union (EU). These interim condensed consolidated financial statements for the period ended June 30, 2023 were prepared in accordance with IAS 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements as of June 30, 2023 include Marinomed Biotech AG and Marino Immo GmbH. The consolidation of Marino Immo GmbH, a wholly owned subsidiary of Marinomed Biotech AG, does not have any material effect on the presentation of net assets, financial position and results of operations.

Going concern

Since inception, the Company has incurred significant losses from its operations. As the Company is a biotech company, the losses are not unexpected, but according to plan. The business model of the Company foresees a phase of research and development over several years before generating relevant income. The research and development risk as well as the financing and liquidity risk are covered primarily by equity and debt financing, the use of support programmes by the Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft, or FFG) and the research premium from the Austrian government.

As of February 25, 2019, the Company was granted a loan by the European Investment Bank (EIB) in the amount of up to EUR 15 million, which is covered by a guarantee of the European Fund for Strategic Investments (EFSI). This venture debt loan bears interest at customary market rates. In October 2019, Marinomed called the first tranche in the amount of EUR 4 million, in December 2020 the second tranche amounting to EUR 5 million, in February 2022 the third tranche amounting to EUR 6 million. The loan will be settled in financial years 2023-2027.

Furthermore, in November 2020 and October 2021, both tranches of the real estate financing (ERP loan) for the construction of the new headquarters in Korneuburg, amounting to a total of EUR 3.8 million, were drawn. The second part of the financing, provided by NÖ Bürgschaften und Beteiligungen GmbH (NÖBEG), was drawn down in December 2021 and May 2022 (EUR 1.2 million).

In October 2021, Marinomed secured financing in a total amount of up to EUR 5.4 millon via a flexible Convertible Notes Funding Program (CNFP) from the Swiss investment firm Nice & Green S.A. Under the terms of the agreement, Marinomed Biotech AG is entitled to issue up to 18 tranches of zero-coupon convertible bonds of up to kEUR 300 per tranche. Nice & Green S.A. has committed to subscribing for those convertible notes and requesting the conversion into ordinary shares of the Company within one month after their issuance. The program allows to draw down tranches as required. As of June 30, 2023 nine out of 18 tranches have been issued and converted. Since February 2023, the program is suspended. This does not reduce the potential total financing volume.

The Company validated the going concern prognosis based on the financials as of June 30, 2023. In this context, the growth of the Company was analyzed using an updated financial plan.

The updated financial plan assumes that the workforce will increase by 11% (heads) until 2027, the commercialization of the technologies in the pipeline will be successful and that new product developments including first clinical and non-clinical studies will be started. The financial plan only contains additional liquidity from financing sources that are contractually guaranteed and the assumption that negotiations on the repayment schedule of existing financings are successful.

Against this background, the Management Board expects that the liquidity for the company will be secured in the primary forecast period (until December 2024) with a predominant probability. The Management Board further expects that annual profits will be achieved in the secondary forecast period and that, therefore, the positive going concern prognosis is still valid.

These interim condensed consolidated financial statements have therefore been prepared on a going concern basis that contemplates that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

2.2. Impact of climate change, the war in Ukraine and macroeconomic conditions on the condensed consolidated financial statements

The war in Ukraine and risks related to climate change have currently no impact on the condensed consolidated financial statements. Nevertheless, it cannot be completely ruled out that significant price increases, such as those recently caused by the pandemic and the Ukraine war, may not, not entirely or only with a time delay be passed on. Marinomed has not had any sales in Ukraine or Russia so far.

At the same time, it must be feared that the war in Ukraine will have long-term effects on many areas and that a weakening of economic growth is to be expected in conjunction with the after-effects of the corona pandemic. In addition to rising inflation, this can lead to lower customer demand.

2.3. Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised standards and interpretations that are effective for the current year:

The following amendments and interpretations that are mandatorily effective for an accounting period that begins on or after January 1, 2023, do not have a material impact on the consolidated financial statements of the Company:

Standard / Amendment	Date of Publication (IASB)	Date of Endorsement (EU)	Effective Date (EU)
IFRS 17 Insurance Contracts including Amendments to IFRS 17	18.05.2017 25.06.2020	19.11.2021	01.01.2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	12.02.2021	02.03.2022	01.01.2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	12.02.2021	02.03.2022	01.01.2023
Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	07.05.2021	11.08.2022	01.01.2023
Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	09.12.2021	08.09.2022	01.01.2023

New and amended standards that will be effective in future periods:

Standard / Amendment (Pending Adoption into EU Law)	Date of Publication (IASB)	Effective Date (IASB)
Amendments to IAS 1: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current – Deferral of Effective Date	23.01.2020 15.07.2020 31.10.2022	01.01.2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22.09.2022	01.01.2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	25.05.2023	01.01.2024
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules	23.05.2023	Immediately and from 01.01.2023

2.4. Segment reporting

Since 2022 the Company reports the segments Virology, Immunology and Other. Virology combines activities from marketed products and research and development of new products based on the active ingredient Carragelose, and, therefore, is directly comparable with the former Carragelose Segment. Immunology, with a focus on autoreactive immune disorders, largely corresponds to the Marinosolv segment reported in previous financial reports. The remaining activities, which cannot be attributed to Virology or Immunology, are reported as “Other”. This segment also includes income and expenses related to the Solv4U business unit which allows external customers access to the Marinosolv technology (formerly reported in the Marinosolv segment).

The reporting format was derived from the Company's internal reporting. IFRS segment information is provided to the management.

The following is an analysis of the Company’s revenues and operating result (EBIT) by reportable segment.

Period ended June 30, 2022 all amounts in kEUR	Virology	Immunology	Other	Total
Total revenues	4,842.9	-	56.8	**4,899.7**
Of which sale of goods	*4,591.1*	-	-	**4,591.1**
Austria	*55.7*	-	-	**55.7**
Other European countries	*2,485.2*	-	-	**2,485.2**
Non-European countries	*2,050.2*	-	-	**2,050.2**
Of which other revenues	*251.8*	-	*56.8*	**308.6**
Austria	*186.9*	-	-	**186.9**
Other European countries	*26.4*	-	*25.5*	**51.9**
Non-European countries	*38.5*	-	*31.3*	**69.8**
Cost of goods sold	–3,100.7	-	-	**–3,100.7**
Contract research	–386.4	–114.7	–0.2	**–501.3**
Personnel expenses	–656.9	–813.2	–989.2	**–2,459.3**
Other miscellaneous income/expense	–146.4	–44.1	–837.1	**–1,027.6**
Depreciation and amortization	–120.6	–119.5	–91.9	**–332.0**
Operating result (EBIT)	**432.0**	**–1,091.5**	**–1,861.6**	**–2,521.2**

Period ended June 30, 2023 all amounts in kEUR	Virology	Immunology	Other	Total
Total revenues	5,226.5	-	2.0	**5,228.5**
Of which sale of goods	*4,509.4*	-	-	**4,509.4**
Austria	*243.6*	-	-	**243.6**
Other European countries	*3,357.5*	-	-	**3,357.5**
Non-European countries	*908.2*	-	-	**908.2**
Of which other revenues	*717.1*	-	*2.0*	**719.1**
Austria	*131.9*	-	-	**131.9**
Other European countries	*52.4*	-	*2.0*	**54.5**
Non-European countries	*532.7*	-	-	**532.7**
Cost of goods sold	–3,245.0	-	-	**–3,245.0**
Contract research	–498.2	–192.2	–2.5	**–692.9**
Personnel expenses	–741.3	–701.7	–1,173.7	**–2,616.7**
Other miscellaneous income/expense	–382.5	–180.6	–674.0	**–1,237.1**
Depreciation and amortization	–141.5	–103.9	–97.9	**–343.3**
Operating result (EBIT)	**217.9**	**–1,178.4**	**–1,946.0**	**–2,906.4**

3. Other income

As in comparative period, other income mainly includes the state research premium and grants relating to research in a Carragelose-based SARS-CoV-2 therapy (Emergency Grant KLIPHA-COVID-19).

4. Personnel expenses

Employee Stock Option Plan (ESOP)
On February 1, 2019, Marinomed established ESOP 2019 for the members of the Management Board as well as all other employees of the Company. The total number of options that may be granted under ESOP 2019 is 43,694 and each option entitles the option holder to subscribe for one voting share.

In 2019, 21,847 stock options were issued to the three Management Board members and 19,660 stock options to 28 employees from all hierarchy levels. In 2020, an additional 2,478 options were issued to eight new employees. When options are exercised, the Company may settle via shares (equity-settled) or in cash (cash-settled). This decision is taken at the sole discretion of the Company. The management plans to settle via shares. Granted options cannot be exercised immediately, but after vesting, i.e. 25% after 12 months starting with the first trading day (February 1, 2019), then another 6.25% every three months. The exercise price equals the IPO issue price (= EUR 75.00). The exercise period is limited to 10 trading days, starting with the 6th trading day after the release of financial statements (annual report, quarterly financial statements). Furthermore, a hurdle rate of 2.5% per quarter starting with the first trading day applies (without compound interest). The options expire without further compensation on January 31, 2025, at the latest. If the employment is effectively terminated, the options that have not yet vested, expire immediately. However, vested options may be exercised in the first exercise period following termination, where the hurdle rate is reached. In the reporting period, the stock options developed as follows:

Number of issued stock options	As of December 31, 2022	Additions	Exercised options	Expired options	As of June 30,2023	Thereof vested
Management Board	20,897	-	-	-	20,897	20,897
Employees	12,079	-	-	54	12,025	12,025
Total	**32,976**	**-**	**-**	**54**	**32,922**	**32,922**

5. Other expenses

Other expenses include the following items (nature of expenses):

Period ended June 30 all amounts in kEUR	2023	2022
Consulting expenses	–572.5	–696.4
Maintenance expenses	–139.1	–120.7
Marketing/PR expenses	–111.8	–116.7
Operating costs	–46.1	–33.1
Fees	–25.8	–25.2
Scientific literature	–22.2	–14.9
Travel expenses	–19.2	–11.6
Telecommunication expenses	–17.8	–17.6
Insurance	–14.1	–16.2
Education expenses	–12.3	–20.0
Bank charges	–9.5	–20.2
Car expenses	–5.0	–5.5
Freight	–3.7	–11.4
Other expenses	–27.1	–54.4
Total	**–1,026.1**	**–1,163.8**

Consulting expenses include expenses for legal advice and other consulting services.

6. Research and development expenses

The Company has incurred research and development expenses which are included in the following positions in the statement of profit or loss and other comprehensive income (loss):

all amounts in kEUR	1-6/2023	1-6/2022	4-6/2023	4-6/2022
Personnel expenses	–1,216.8	–1,111.4	–637.4	–578.5
Expenses for services	–819.0	–545.4	–297.4	–243.6
Expenses for materials	–48.8	–133.6	–23.6	–102.4
Other expenses	–214.1	–215.2	–102.8	–111.6
Depreciation and amortisation	–245.1	–246.9	–123.3	–122.1
Financial expenses	–1,168.7	–1,075.0	–589.1	–597.6
Total	**–3,712.4**	**–3,327.4**	**–1,773.7**	**–1,755.8**

In the first half of 2023 as well as in the comparative period, research and development expenses relating to personnel expenses are split equally between the Virology and Immunology segments. With regards to services, the Company focused on the final tasks, primarily statistical work, in relation to the COVID-19 studies which were supported by the government grant. Further research work was also performed for Tacrosolv. Financial expenses are to a large extent related to financing costs (mainly interest) for the EIB funds spent on research and development.

7. Financial income and expenses

Period ended June 30 all amounts in kEUR	2023	2022
Interest income		
Bank deposits	-	0.0
Total	**-**	**0.0**
Interest and similar expenses		
EIB loan	–1,146.1	–1,043.0
Real estate financing	–58.2	–56.0
Other interest and similar expenses	–55.3	–97.2
Total	**–1,259.6**	**–1,196.2**
Other financial income/(expenses)		
Adjustments of carrying amount - income according to IFRS 9.B5.4.6	683.3	32.7
Adjustments of carrying amount - expenses according to IFRS 9.B5.4.6	–27.1	–150.2
Total	**656.2**	**–117.6**
Total financial result	**–603.3**	**–1,313.8**
Of which financial income	*683.3*	*32.7*
Of which financial expenses	*–1,286.6*	*–1,346.4*

Interest income arises on cash and cash equivalents. Interest expenses consist of interest on borrowings of all kinds and are expensed as incurred.

8. Property, plant and equipment

all amounts in kEUR	IT equipment	Laboratory equipment	Other plant and office equipment	Right-of-use asset	Land and buildings	Total
As of January 1, 2022						
Cost	253.2	646.5	540.5	49.6	5,887.5	7,377.2
Accumulated depreciation	−137.6	−436.0	−151.5	−1.6	−218.8	−945.5
Carrying amount	**115.5**	**210.4**	**389.0**	**48.1**	**5,668.7**	**6,431.7**
Period ended June 30, 2022						
Beginning carrying amount	115.5	210.4	389.0	48.1	5,668.7	6,431.7
Additions	50.4	7.1	16.2	-	23.9	97.5
Disposals	−0.2	-	−12.2	-	-	−12.4
Depreciation	−21.8	−22.2	−40.9	−3.1	−98.3	−186.3
Carrying amount	**143.9**	**195.4**	**352.1**	**45.0**	**5,594.2**	**6,330.6**
As of January 1, 2023						
Cost	324.9	678.6	491.7	49.6	5,912.3	7,457.0
Accumulated depreciation	−183.0	−469.9	−177.2	−7.8	−415.8	−1,253.7
Carrying amount	**141.9**	**208.7**	**314.4**	**41.9**	**5,496.5**	**6,203.3**
Period ended June 30, 2023						
Beginning carrying amount	141.9	208.7	314.4	41.9	5,496.5	6,203.3
Additions	10.8	102.5	9.9	-	0.5	123.7
Disposals	−0.0	-	-	-	-	−0.0
Depreciation	−25.5	−27.1	−37.0	−3.1	−98.7	−191.5
Carrying amount	**127.1**	**284.0**	**287.3**	**38.8**	**5,398.3**	**6,135.5**
As of June 30, 2023						
Cost	334.5	781.1	501.6	49.6	5,912.8	7,579.6
Accumulated depreciation	−207.4	−497.1	−214.3	−10.9	−514.5	−1,444.1
Carrying amount	**127.1**	**284.0**	**287.3**	**38.8**	**5,398.3**	**6,135.5**

9. Financial instruments

In accordance with IFRS 9 and IFRS 7, financial instruments are classified as follows:

As of December 31, 2022 all amounts in kEUR	**Financial assets at amortized cost**
Assets as per statement of financial position	
Non-current receivables	0.5
Trade and other receivables	3,106.4
Cash and cash equivalents	8,175.4
Total	**11,282.3**

all amounts in kEUR	**Financial liabilities at amortized cost**	**FVTPL**
Liabilities as per statement of financial position		
Borrowings	22,627.6	-
Current contract liabilities and other current liabilities	770.8	22.7
Trade payables	1,153.2	-
Total	**24,551.7**	**22.7**

As of June 30, 2023 all amounts in kEUR	**Financial assets at amortized cost**
Assets as per statement of financial position	
Non-current receivables	0.5
Trade and other receivables	2,003.6
Cash and cash equivalents	5,404.4
Total	**7,408.5**

all amounts in kEUR	Financial liabilities at amortized cost	FVTPL
Liabilities as per statement of financial position		
Borrowings	21,558.8	-
Current contract liabilities and other current liabilities	566.4	-
Trade payables	917.5	-
Total	**23,042.7**	**-**

The following table shows a comparison by class of the carrying amounts and fair values of the Company's borrowings, other than those with carrying amounts that are reasonable approximations of fair values:

all amounts in kEUR	As of June 30, 2023	Year ended December 31, 2022
Carrying amount		
EIB loan	16,238.5	17,026.1
Real estate financing	4,893.3	4,900.4
Other borrowings	394.5	663.5
Total	**21,526.3**	**22,590.0**
Fair Value		
EIB loan	16,238.5	17,026.1
Real estate financing	5,177.3	5,117.3
Other borrowings	413.1	688.8
Total	**21,828.8**	**22,832.2**

The fair values of the aws Seed loan and the WAW loan stated above are based on discounted cash flows using an interest rate of 8.2% (December 31, 2022: 8.2%), which, at the time of the fair value calculation, was considered to be the best estimate for a market interest rate for the Company derived from quotation received by an external financial institution. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including an estimation of the timing of repayment of the aws Seed loan based on the Company's forecast.

For other financial liabilities, the fair values are not materially different to their carrying amounts, since the interest payable on those financial liabilities is either close to current market rates or the financial liabilities are of a short-term nature.

10. Capital and reserves

At the Annual General Meeting held on June 21, 2023, resolutions were adopted to cancel the existing Authorized Capital 2020 (736,017 shares) and to authorize the Management Board in accordance with Section 169 of the Austrian Stock Corporation Act to increase the Company's share capital by up to 759,583 shares by June 20, 2028, subject to the partial disapplication of pre-emption rights and partial authorization to disapply pre-emption rights, if necessary in several tranches, against cash and / or contribution in kind by issuing up to 759,583 new no-par value bearer shares at a minimum issue price of EUR 1 per share (proportionate amount of share capital per share) and to increase the issue amount, issue conditions and other details of the capital increase to be determined in agreement with the Supervisory Board ("Authorized Capital 2023").

At the Annual General Meeting held on September 17, 2020 the Conditional Capital 2019 (100,000 shares) was reduced by 56,306 to 43,694 no-par value bearer shares, and a resolution was passed for conditional capital of up to 54,000 bearer shares for the purpose of servicing stock options under the Stock Option Plan 2020 ("Conditional Capital 2020"). In accordance with the resolution of the Annual General Meeting on June 21, 2023, this conditional capital can solely be used to service stock options, which are allocated to employees of the Company under the Stock Option Plan 2023. The Stock Option Plan 2023 replaced the Stock Option Plans 2020 and 2022. There are no beneficiaries from the old Stock Option Plans, as no stock options have been granted and no subscription shares have been issued.

At the Annual General Meeting held on June 17, 2021, the Management Board was authorized in accordance with Section 174 (2) of the Austrian Stock Corporation Act to issue financial instruments, i.e. convertible bonds, participating bonds or participation rights, which can provide for the subscription to and/or exchange for shares, including the authorization to disapply shareholders' pre-emption rights to these financial instruments with the approval of the Supervisory Board. In addition, the "Conditional Capital 2018" was cancelled and the conditional increase in the Company's share capital pursuant to Section 159 (2) 1. of the Austrian Stock Corporation Act was resolved for the issue of financial instruments to creditors ("Conditional Capital 2021").

11. Commitments

The Company has entered into a number of agreements which also entail financial commitments for the future and mainly relate to services provided by third parties in connection with the implementation of clinical trials and other research and development activities. The remaining expenses to occur under these agreements, if all milestones and other conditions are met, are estimated as follows:

all amounts in kEUR	As of June 30, 2023	Year ended December 31, 2022
No later than 1 year	352.6	798.6
Later than 1 year and no later than 5 years	124.9	203.6
Later than 5 years	-	-
Total	**477.4**	**1,002.2**

12. Related party transactions

In 2019 the Company entered into a consultancy contract with the Chairman of the supervisory board in relation to certain business development activities. In the first half 2023 expenses related to this contract amounted to kEUR 15 (H1/2022: kEUR 15). The resulting open liability amounts to kEUR 8 as of June 30, 2023 (December 31, 2022: kEUR 8).

In Q1/2023, a consulting contract for business development services was concluded with the company Viopas Venture Consulting (VVC). The consulting services are primarily remunerated on a performance basis. In the first half 2023 retainer fees and out-of-pocket expenses related to this contract amounted to kEUR 53. The resulting open liability amounts to kEUR 11 as of June 30, 2023. The Chairman of the Supervisory Board is shareholder of VVC, however, the main part of the remuneration is due to the project lead, which is not held by Simon Nebel.

All transactions with related parties are carried out at arms-length principle.

13. Events after the balance sheet date

There were no significant events after the balance sheet date that would have an impact on these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were reviewed by the auditor.

Korneuburg, 16.08.2023
Andreas Grassauer

Korneuburg, 16.08.2023
Eva Prieschl-Grassauer

Korneuburg, 16.08.2023
Pascal Schmidt

Report on the review of the interim condensed consolidated financial statements

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements as of June 30, 2023 of Marinomed Biotech AG, Korneuburg (referred to as "Company") comprising the Interim condensed consolidated balance sheet as of June 30, 2023, Interim condensed consolidated income statement, Interim condensed consolidated statement of comprehensive income, Interim condensed consolidated cash flow statement, Interim condensed consolidated statement of changes in equity and selected notes to the Interim condensed consolidated financial statements for the period from January 1, 2023 to June 30, 2023.

Management is responsible for the preparation and fair presentation of these Interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and in accordance with relevant Austrian laws.

Our responsibility is to issue a report on these Interim condensed consolidated financial statements based on our review.

Responsible for the proper performance of the engagement is Mr Gerhard Fremgen, Austrian Certified Public Accountant.

With reference to § 125 Para. 1 Z. 3 Austrian Stock Exchange Act (BörseG) our responsibility and liability is based on § 275 Abs. 2 Austrian Commercial Code.

Scope of Review

We conducted our review in accordance with laws and regulations applicable in Austria, especially in accordance with KFS/PG 11 "Standard on Review Engagements" and the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity".

A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim condensed consolidated financial statements does not give a true and fair view of the financial items of the entity as at June 30, 2023, and of its financial performance and its cash flows for the period then ended in accordance with the International Financial Reporting Standards applicable to interim financial reporting, as adopted by the EU.

Emphasis of Matter
We draw the attention on the assumptions regarding the going concern forecast ("Fortbestehensprognose"), which can be found in the chapter Going concern in the notes to the Interim condensed consolidated financial statements and under the chapter liquidity risks in the half-year management report. Our conclusion is not modified regarding this matter.

Statement on the half-year management report and the declaration of the legal representatives according to section 125 of the Austrian Stock Exchange Act (BörseG)
We have read the half-year management report and assessed whether it does not contain any obvious contradictions to the Interim condensed consolidated financial statements. In our opinion, the half-year management report does not contain any obvious contradictions to the Interim condensed consolidated financial statements.

The half-year financial report contains the declaration of the legal representatives required by § 125 paragraph 1 item 3 of the Austrian Stock Exchange Act (BörseG).

Vienna, August 16, 2023

BDO Assurance GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gerhard Fremgen
Auditor

ppa. Christoph Leutgeb
Auditor

We draw attention to the fact that the English translation of the report on the review of the interim condensed consolidated financial statements is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Statement by the Management Board

Pursuant to section 125 (1) 3. of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Marinomed Biotech AG as required by the applicable accounting standards and that the management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim condensed consolidated financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Korneuburg, August 16, 2023

Andreas Grassauer Eva Prieschl-Grassauer Pascal Schmidt

Legal notice

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

This report contains forward-looking statements that were prepared on the basis of all the information available at the time. Various factors mean that actual performance may differ from the expectations set out here. Marinomed Biotech AG will not update these forward-looking statements, either on account of changes in actual circumstances or due to changes in assumptions or expectations. This report does not constitute a recommendation or solicitation to buy or sell securities of Marinomed Biotech AG.

Misprints and typographical errors excepted.
Published in August 2023.

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