Annual Report 2022

Deal

Carragelose deal with **Procter & Gamble** for the **U.S.** offers huge growth potential in the world's largest OTC market

Marinosolv

First successful year on the market for **Solv4U technology partnerships**

U.S. patent for **Marinosolv** technology as strong asset for further partnerships

EUR 11.3 million

Revenue increase by 16.5% adjusted for Budesolv upfront payment in 2021

+ 15.5%

Carragelose revenues show **double-digit growth** for the fourth year in a row

Sustainability

Again among the top 3 of the **Gender Diversity Index Austria**

Presented first **sustainability report** in 2022 - even more **transparency** for our stakeholders

-55% gas consumption compared to same period last year

EUR 8.2 million

Stable cash position of EUR 8.2 million (+ 41%)

An ocean of ideas

Marinomed's vision is to transform the lives of people suffering from diseases with limited or no treatment options in two key therapeutic areas: virology and immunology.

Therefore, it is our mission to provide patients and physicians with powerful technologies that significantly improve patients' quality of life. Our two proprietary and validated platforms, Carragelose and Marinosolv, provide the basis for novel medicines to treat indications with unmet medical needs.

With our passion for scientific progress and our expertise in respiratory, infectious, immune and eye diseases, we strive to create sustainable value for patients, health care systems, the Company and our stakeholders.

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Dear shareholders,

2022 was another successful year for Marinomed with stable revenues of EUR 11.3 million, which represents an increase of 16.5% when adjusted for the Budesolv milestone in 2021. Once again, our Carragelose business put in a very strong performance with a 15.5% rise in revenues, marking the fourth double-digit increase in a row. We also met all milestones required for the release of the third EIB venture loan tranche of EUR 6 million and concluded the fiscal year with EUR 8.2 million in cash, up from EUR 5.8 million at the end of the previous year. In May 2022, we signed a partnership agreement with Procter & Gamble (P&G) for Carragelose to target the U.S. market, the world's most important cough, cold and allergy market.

This was achieved even though 2022 was a year full of global difficulties. The war in Ukraine, inflation at record levels across the globe, continuing uncertainties in supply chains and shockwaves on the capital markets put pressure on small-cap life science companies like ours. In this difficult environment, a clear, refined strategy is key. Therefore, it was obvious for us to add shorter-term goals and extend the original timeframe of the Strategy 2025, giving Marinomed a more risk averse profile. Specifically, in the current market environment, we are focused on our most valuable assets with the ultimate goal to generate near-term cash flows to fuel the development of our Company and our pipeline. The existing, revenue-generating and sustainably growing Carragelose business forms a strong foundation for this goal. On top of that, we are progressing our lead product candidates towards commercialization by closing development gaps and engaging in discussions with potential co-development and marketing partners. Thanks to the strong clinical and scientific profile of our products and developments, we are optimistic for 2023 and beyond.

Virology - Carragelose

Following the license agreement with P&G for Carragelose, both teams are now investing significant resources in the registration of the product with the FDA. With a volume of USD 7.9 billion, the U.S. market for cough, cold and allergy (CCA) is the biggest in the world and almost double the size of the Western European market (Nicolas Hall OTC Yearbook 2022). If we are successful in entering the U.S. market, this will open an opportunity to take revenues to new levels. Similar regulatory work is also ongoing with our new partners in other regions.

Immunology - Marinosolv

The Marinosolv technology enables soluble formulations for hardly water-soluble small molecules and peptides. Marinomed is applying the patented technology to its own R&D projects in immunological indications. 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. In 2022, we made significant progress in attracting new partners and jointly implemented projects. Our two Marinosolv-based lead products, Budesolv and Tacrosolv, are in a post-clinical development phase and available for partnering. Following our first Budesolv deal with the China-based company Luoxin Pharmaceutical in 2021, we are now supporting our partner to develop and

Marinomed Management Board:
Pascal Schmidt
(Chief Financial Officer),
Eva Prieschl-Grassauer
(Chief Scientific Officer),
Andreas Grassauer
(Chief Executive Officer)

commercialize the product for the treatment of allergic rhinitis according to local regulatory requirements in China. In parallel, business development activities are targeting the expansion into other regions.

Another important product candidate, Tacrosolv, is a Marinosolv-based formulation of the immunomodulator Tacrolimus, which we are developing for inflammatory eye diseases. For this product candidate, we set up a structured business development process for potential commercial partnerships.

Record sales for Carragelose – comfortable cash position

We report stable revenues of EUR 11.3 million, including a record revenue for our Carragelose products, which again generated double-digit growth. This result demonstrates once again that Carragelose is a sustainably growing business. The operating result (EBIT) was EUR -4.9 million (2021: EUR -4.1 million) despite the delay of anticipated milestones from partnerships and business development activities. Aside from increased profitable sales of goods, lower R&D expenses, in particular

for clinical trials, also contributed to the EBIT. Our reported cash position of EUR 8.2 million as of December 31, 2022, is the result of cost-conscious cash management throughout the fiscal year 2022.

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

We continue our Strategy 2025 and are focussing our near-term efforts on generating revenue with the goal to reach profitability. Our plan for 2023 and beyond is based on three pillars: First, strengthen our existing business and partnerships to ensure sustainable revenue growth; second, establish new partnerships for our most valuable pipeline assets; third, adhere to our mission of improving the lives of patients with our innovations for unmet medical need.

Business growth for Carragelose will be driven by new markets such as the U.S., Mexico, and others. Cold viruses and SARS-CoV-2 transmission will continue to generate common cold waves leading to an increased demand during the season. Recent positive clinical results towards applying Carragelose for allergies, together with new product developments, are important for supporting the switch to the medical device regulation (MDR). In addition, they offer the opportunity to expand the use of the Carragelose portfolio to allergic indications and generate Carragelose revenues also outside of the cold season. With new partnerships in place, increasing demand for our products, several opportunities arising and a pipeline of product candidates, we are committed to increasing our share in that exciting market.

In addition to Carragelose, we support our partner Luoxin in the commercialization of Budesolv in China in order to achieve the next milestones. Further, our Solv4U business area showed increased demand for our technology last year. Here, we also want to secure new partnerships that will contribute to our revenues. Our next priority is translating the successful clinical development of our Marinosolv-based lead assets into commercialized products. Each of our most valuable assets has the potential to sustainably transform our cash flow. To leverage this potential and boost business development, high-profile advisors will support us in this process. Our R&D investments will continue to be a major cost driver. Striving to give the Company a better risk profile, we will focus on running clinical trials in co-development with partners, which allows us to keep these costs at the current or a slightly lower level.

We are committed to reach short-term operating profitability. In the long term, we will devote ourselves to our mission of improving the lives of patients with our scientific innovations in virology and immunology.

We express our thanks to our employees for their continued outstanding dedication. With commitment, expertise and professionalism, our teams excel at managing the challenging circumstances that we are facing. We would like to express our appreciation to all our customers and partners for supporting Marinomed's ideas and scientific capabilities. We also thank our investors and all public funding bodies for their trust in our business model in these volatile times.

Andreas Grassauer

Eva Prieschl-Grassauer

Pascal Schmidt

Marinomed at a glance

Marinomed Biotech AG is a biopharmaceutical company which was founded in 2006 as a spin-off of the University of Veterinary Medicine Vienna. Since then, the Company has grown successfully to around 50 employees in 2022. In February 2019, Marinomed went public in the prime market segment of the Vienna Stock Exchange. Since 2020, the company has been based at its new company site in Korneuburg, Lower Austria.

Scientific expertise

Marinomed's mission is to develop innovative treatments for indications in virology and immunology. Based on the virus-blocking compound Carragelose, the Company has already developed a growing portfolio of marketed OTC products for the treatment of viral respiratory infections. The solubilization technology Marinosolv is used in the Company's own product candidates and is also made available to external customers through Solv4U technology partnerships. The active pipeline includes several product candidates in late-stage development, some of which have already been outlicensed to partners for commercialization.

Experienced management & dedicated team

Marinomed is led by a management team with strong expertise and an extensive track record in virology, infectious diseases, allergies, immunology, molecular biology, finance, M&A and business development. A Scientific Advisory Board and a Supervisory Board, composed of high-profile international experts, support the management team. At the heart of the Company are the highly qualified employees, who drive Marinomed's innovations with creativity and dedication.

Lean business model

Marinomed focuses on the validation of innovative therapeutic approaches, preclinical and clinical drug development, and subsequent outlicensing to partners. For the OTC portfolio, Marinomed also organizes production through qualified manufacturers. Marinomed's pharmaceutical partner companies, in turn, handle the late-stage clinical development, regulatory approval and marketing of the therapeutics around the world. This allows Marinomed to focus on its core competences of research and development and to maintain a lean business model.

Stakeholder

Marinomed is committed to the highest standards of transparency and maintains an open dialogue with its customers, shareholders, partners, and employees. Sustainable development and consistent improvement in environmental, social and governance (ESG) areas is a key priority for Marinomed.

CORE VALUES

SCIENTIFIC EXPERTISE

EXPERIENCED MANAGEMENT & DEDICATED TEAM

LEAN BUSINESS MODEL

STAKEHOLDER

Milestones

2006
Marinomed Biotechnologie GmbH is founded

2007
Development of the Carragelose platform

2008
Market launch of the first Carragelose product

2010
Licensing partnership with Boehringer Ingelheim

2011
Approval of Carragelose products
in additional countries

2012–2016
Additional product launches
and sales partnerships

2016
Development of the Marinosolv technology platform

2018
Market launch of a decongestant Carragelose product

2019
IPO on the prime market of the Vienna Stock Exchange. Issuance proceeds: EUR 22.4 million

Loans from the European Investment Bank totalling up to EUR 15 million

Clinical validation of the Marinosolv platform with successful completion of a phase 3 pivotal study for Budesolv

2020
Two clinical trials of Carragelose nasal sprays for the treatment and prevention of COVID-19 initiated after successful in vitro results against SARS-CoV-2

Marinosolv platform receives patent for the generation of aqueous solutions from insoluble compounds

2021
Positive clinical data against SARS-CoV-2

Encouraging clinical data for Tacrosolv

First international deal for the Marinosolv platform with a USD 2 million upfront payment

2022
Entered one of the most important license agreements for Carragelose with Procter & Gamble for the U.S.

Received US patent for the Marinosolv technology

First successful year on the market for Solv4U technology partnerships

Strategy

Marinomed is committed to improving people's health. We continue to pursue our strategy to move towards indications with high unmet medical need for the benefit of patients and to create sustainable value for the Company and our stakeholders. Our short-term strategic efforts focus on reaching profitability by growing our existing business and generating revenue with our late-stage product candidates.

Vision & Mission

Marinomed has the vision to transform the lives of people suffering from diseases with limited or no treatment options in two key therapeutic areas: virology and immunology.

Based on our two proprietary and validated platforms, Carragelose and Marinosolv, we strive to develop powerful therapies for the treatment of indications with high medical needs.

Strategic pillars

Building on our solid existing OTC business in multi-billion markets, our Strategy 2025 focuses on the development of products for unmet medical needs. By leveraging the huge upside potential of our two platforms, Carragelose and Marinosolv, we aim to generate sustainable value for our stakeholders.

To exploit our value-creating growth strategy in the current challenging market conditions, we have defined specific strategic priorities for 2023 and beyond with a more risk averse profile and extended the original timeframe of our Strategy 2025. For the next 18 months, we will thus focus on our revenue-generating Carragelose business and on partnering our highest-value pipeline assets in order to reach profitability. Our strategic priorities are as follows:

1. Accelerating the profitable growth of the existing business as well as supporting established partnerships towards market access and revenue generation;
2. Expanding the business with a focus on assets that are ready for partnering, including filling white spots on the Carragelose map and partnering later-stage pipeline programs (primarily Tacrosolv (MAM-1003-1) and Budesolv (MAM-1004-1));
3. Long-term adherence to our mission by inventing, developing and selecting promising pipeline programs for indications with high unmet medical need, funded through the Company's cash flows.

Virology

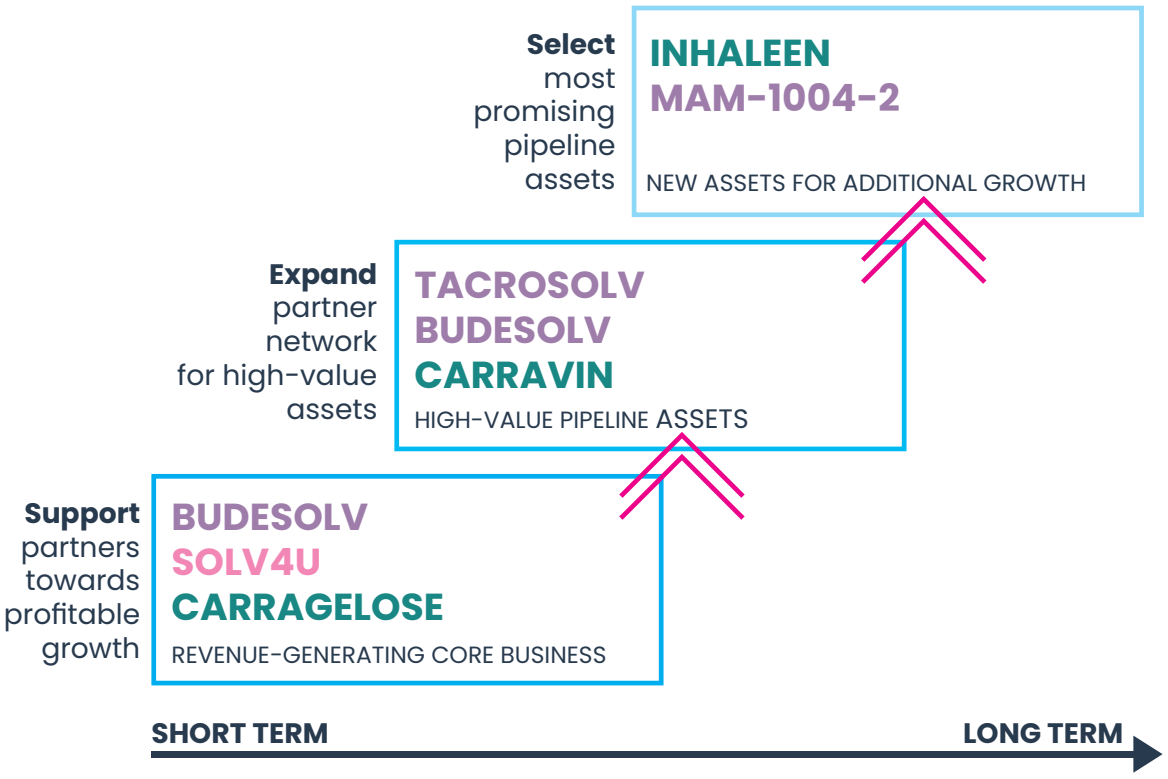
Marinomed has a strong dataset demonstrating the broad virus-blocking effect of Carragelose (iota-carrageenan). We and other scientific groups have published extensive in-vitro results showing the virus-blocking activity of Carragelose against over 200 viruses, including SARS-CoV-2

and its variants of concern. In several clinical trials, we have shown effectiveness in preventing and treating various viral respiratory infections. An independent clinical trial in Argentina, which was published in a peer-reviewed journal, demonstrated the effectiveness of iota-carrageenan in preventing COVID-19 in humans.

On this solid foundation, we have established numerous international partnerships which form the basis of a business that showed double-digit profitable growth in the last four years in a row. Consequently, the primary pillar of our strategy is to further improve cash flows in this business.

For the Carragelose distribution partnerships in place, it is key to provide them with the best possible supply of our products. In the current environment, this is challenged through extended lead times and inflation. Therefore, we invest into our supply chain, build buffer stocks and maintain an active dialogue with both our contract manufacturers and partners in the regions.

Marinomed has also contracted a number of new partners over the last years, most notably our deal with Procter & Gamble in 2022 for marketing Carragelose products in the United States.



Although the regulatory efforts for obtaining marketing authorization outside the EU are considerable, with uncertain outcomes in each case, we are seeing efforts paying off; in particular, e.g., in our partnership with M8, we address large markets such as Brazil and Mexico. The same applies to the regulatory process we pursue with partners for the Carragelose-Xylometazoline combination (Carravin; MAM-2001-1), currently in preparation for European marketing authorization as medicinal product. Marinomed invests significant resources into enabling its partners in the regions to provide local authorities with the required data and documents in order to accelerate the launch of our Carragelose products.

The second pillar of our strategy concentrates on those product candidates in virology that are in a stage that attracts interest from potential licensing partners. This is the case for Inhaleen (MAM-1001-1), an inhaled formulation of Carragelose that was tested in a clinical trial in hospitalized COVID-19 patients. Marinomed has initiated a structured and highly professional business development process involving high-profile advisors to find appropriate companies for collaboration.

Additional projects aiming to combat viral diseases that have no adequate treatment options yet are currently in preclinical stages. As soon as the final plans for clinical research and their funding requirements are determined, we will publish the relevant indications.

Immunology

With Marinosolv, we have developed a highly powerful, patented platform to improve the solubility of hardly water-soluble compounds. The platform has been clinically validated through its application on the two well-established compounds budesonide and tacrolimus. With the first, we conducted a pivotal phase 3 clinical study that met the primary and secondary endpoints. In particular, the secondary endpoints underline the potential of Marinosolv to significantly reduce the required dose (~85% less) and improve bioavailability (onset of action reduced from days to hours). The second Marinosolv pipeline program, Tacrosolv, based on the immune modulator tacrolimus, has been successfully tested in a clinical phase 2 dose finding study.

Budesolv (MAM-1004-1) is a Marinosolv formulation of the corticosteroid budesonide targeting the USD 12 billion allergic rhinitis market (GlobalNewswire 2023). We have signed a licensing deal with the Chinese public company Luoxin, who is responsible to develop the product to meet local requirements, apply for market authorization and launch the product in the region. Due to strict lockdowns related to COVID-19, the process and corresponding milestone payments are delayed. However, thanks to the steps towards normalization in China, we are confident about the progress of our valued partner Luoxin and about reaching the next milestone within the next 12 months.

MARINOMED BUSINESS AREAS

Given the Budesolv partnership for China and the corresponding USD 2 million upfront payment, we attribute significant value to Budesolv. In line with our strategy, it is therefore part of our second pillar to secure further partnerships for Budesolv. The same applies to our high-value asset Tacrosolv, which we are developing in the indication of inflammatory eye diseases. Here, the focus is on signing a first partnership. The business development for both projects is supported by advisors, who assist us with specific expertise and access to the right pharmaceutical partners.

In the future, we want to target immune disorders, with a focus on autoreactive immune diseases. This will allow us to leverage our immunology expertise and Marinosolv's capabilities, which can provide extensive benefits in this area. One of the preclinical programs is autoimmune gastritis (MAM-1004-2), for which we are in a technology collaboration to establish biomarkers required for diagnosis. This is an important first step towards the detection of this underdiagnosed disease.

Autoreactive immune diseases are characterized by an overactive adaptive or innate immune system. In both cases, immune cells attack the body's own structures, thereby causing damage.

Solv4U

Marinomed's strategy for the two therapeutic areas of virology and immunology is also applicable to the technology partnerships offered through the Solv4U business area. The business model of Solv4U focuses on applying the Marinosolv technology to active ingredients of external customers to improve water solubility. The improved solubility provided by Marinosolv not only enables a water-based liquid formulation, but can also significantly improve the bioavailability of the compound. This can allow the reduction of the administered dose, which is highly beneficial to both patients and the environment.

With Solv4U, Marinomed can broaden the application of the Marinosolv technology on a self-sustaining basis. While these partnerships are calculated on a cost-plus basis in the beginning, the larger financial upside is expected through royalties when partners take their programs forward into clinical evaluation and to the market.

Outlook

Our vision of improving patients' lives with powerful therapies guides our team's actions and our Strategy 2025, which focuses on areas with high unmet medical need. In the current environment, it has become increasingly important for Marinomed to leverage its strengths: a cash-generating product portfolio as well as several ready-to-partner assets. Therefore, in the shorter term, our top priority is to generate revenues that will bring us to profitability and earn the cash required to fund our research and development activities. Together with larger partners, we will leverage the potential of Marinomed's core strength, our scientific expertise.

Business model

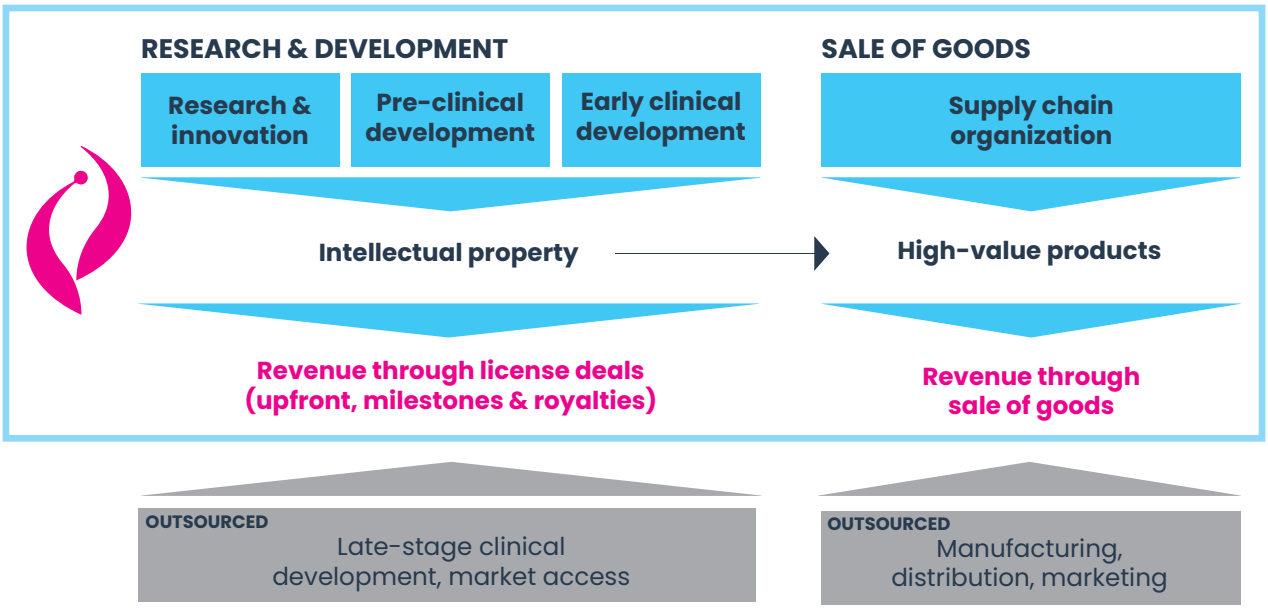
Marinomed develops medicines and medical devices to help patients combat diseases in the therapeutic areas of virology and immunology. Also in the future, our commercialization model will aim to keep the Company set-up lean and to work with partners.

In OTC markets, Marinomed develops the products up to approval. Subsequently, they are produced by contract manufacturers and outlicensed to partners who market and distribute the products worldwide. The Company's sales partners for OTC products are mostly well-known pharmaceutical companies with licenses for specific geographical regions. With relatively little expense, in the OTC segment, the Company currently supervises and manages 17 commercialization partners for more than 40 countries. Most pharmaceutical companies also use their licenses to list Carragelose on the product description, which ensures that Marinomed is visible on most products via the Carragelose brand name.

In Rx markets, Marinomed strives to find partners during or after phase 2 clinical studies. In these highly regulated and particularly specific markets, it is of utmost importance to have a financially solid expert partner on board, who can add indication-specific expertise and financial power to regulatory processes and clinical development.

Classic pharma deals are the goal in the Rx segment and gaining Luoxin Pharmaceutical as a partner was a first step. These deals comprise upfront, milestone and royalty payments but rely on the partner for the entire commercialization value chain from manufacturing to distribution. This enables Marinomed to concentrate on its core expertise – research and development – the elements in the value chain contributing the highest value.

MARINOMED BUSINESS MODEL



A selection of sales partners for Carragelose products

Therapeutic areas

Virology

Marinomed started its business based on the Carragelose platform. This platform comprises innovative patent-protected products targeting viral infections of the respiratory tract. Carragelose is based on a compound from red algae that is effective against more than 200 different virus strains.

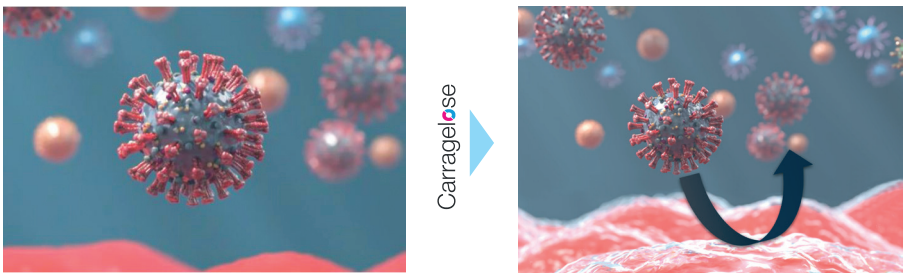
The Carragelose polymer forms a physical barrier on the nasal and oropharyngeal mucosa to prevent respiratory viruses from attaching to cells and multiplying, at the same time also moisturizing nose and throat. This can lead to fewer symptoms and shorter disease duration and can lower the risk of recurrence. This mode of action has been proven both in the laboratory and in clinical studies. Current results from clinical studies also show the blocking effect on allergens. This opens up further areas of application outside of the cough and cold market.

Soon after the emergence of a novel coronavirus in 2019 and its global spread in 2020, Marinomed initiated preclinical and clinical testing of its Carragelose-based preparations against SARS-CoV-2. The in vitro effectiveness against SARS-CoV-2 and in the meantime also SARS-1 has been confirmed by several independent labs in the world. Clinical data from Argentina showing an 80 % reduction of COVID-19 incidence in hospital staff using a Carragelose-based nasal spray have now been published in a peer-reviewed journal. The German Society for Hospital Hygiene (Deutsche Gesellschaft für Krankenhaushygiene e.V., DGKH) recommends the use of Carragelose-based nasal sprays for the prevention of SARS-CoV-2 infections in the general public.

Currently, Carragelose is used in seven different marketed nasal and throat products: five nasal sprays, a throat spray and lozenges. Further Carragelose-based products are in development. For Carravin, a combination of Carragelose and Xylometazoline, the marketing approval process is ongoing.

Carragelose products are currently sold in more than 40 countries via established partners - including the Coldamaris brand in Austria, the Algovir brand in Germany and the Lontax brand in

Carragelose forms a physical barrier on the mucosa which prevents respiratory viruses from entering the cells



Italy. Marinomed expanded its market reach in 2022, e.g. with the new partner Procter & Gamble for the U.S. Marketing authorization procedures are ongoing in Brazil and Mexico. Growth drivers will include the launch of existing products in new regions, higher market penetration in existing markets and increased market share by broadening the range of products and customers. Carragelose products have significant growth potential as they have not yet been fully rolled out in all key markets in Europe. Our goal is to also partner Carragelose in Japan and China in the future.

Carragelose has virus blocking capabilities that go far beyond today's products treating the upper respiratory tract. As outlined in our strategy, we plan to take advantage of this potential and develop Carragelose for severe viral infections that currently lack adequate treatment options. With Inhaleen, an inhaled formulation of Carragelose targeting viral pneumonia, we have already taken a first step towards developing treatments for indications with higher unmet medical need. Moreover, we are currently evaluating further indications with significant potential outside the respiratory field.

Immunology

This therapeutic area is based on Marinomed's Marinosolv technology platform: Marinosolv is a unique technology that can significantly increase the solubility of hardly water-soluble compounds. The successful completion of a pivotal phase 3 study for the flagship product Budesolv in 2019 clinically validated the technology platform.

Marinosolv is patent protected in all major target markets. Formulations based on this technology can be patent protected even if the active ingredient itself is no longer protectable.

Poor solubility and the associated poor bioavailability are central challenges faced in many pharmaceutical development projects. Insufficient solubility is particularly problematic for compounds intended for local application on sensitive tissues such as the nose and eyes. Therapeutic products used on mucous membranes can only contain small quantities of solvents such as alcohol, because higher concentrations can act as irritants. As a result, local treatments for the eyes and the respiratory tract are often formulated as suspensions of undissolved particles. With Marinosolv, Marinomed has developed a technology to dissolve barely soluble compounds in a formulation that is well-tolerated even on sensitive tissues. In addition, the soluble formulation increases the amount of active ingredient that reaches the target tissue with a faster onset of action. This allows for lower dosing of the drug, while simultaneously boosting its efficacy significantly. The lower dose combined with increased bioavailability ensures high activity of the drug locally while reducing undesirable side effects caused by systemic action of the compound. Furthermore, reduction of the amount of active pharmaceutical ingredient contributes to sustainability, as less drug substance pollutes the environment, particularly the water. A further advantage of Marinosolv formulations is that the manufacturing process allows for preservative-free formulations.

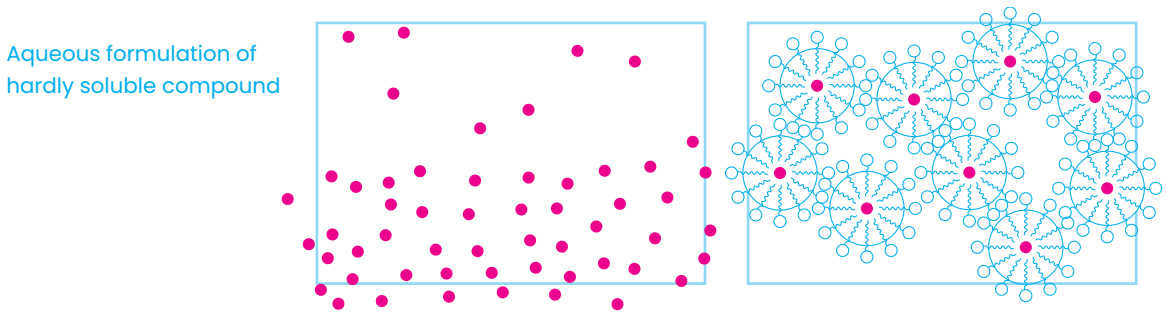
Marinomed initially used this technology for approved compounds such as treatments for allergies and ophthalmic conditions. However, as Marinosolv is not limited to specific drugs or indications, it offers the potential to be used for many other applications where increased solubility is beneficial in the future.

Budesolv and Tacrosolv, two products derived from the Marinosolv technology platform, are in advanced stages of development. These products target markets worth billions of USD with solid growth prospects. Budesolv is a nasal spray containing the corticosteroid budesonide to treat allergic rhinitis and has met all endpoints in a phase 3 trial. With a dose that is more than 85 % lower than for comparable marketed products, Budesolv led to a noticeable reduction in allergic nasal symptoms and a prominent reduction in symptoms associated with asthma. While traditional budesonide formulations can take up to a week to take effect, Budesolv led to a significant improvement in symptoms within less than three hours. This makes Budesolv the first real innovation for budesonide in allergy treatment in many years.

With a first co-development and licensing deal for Greater China in place, Marinomed is continuing to search for commercialization partners for the rest of the world.

Top line results for a phase 2 trial for Tacrosolv were published in July 2021. In this trial, Tacrosolv eyedrops were used to treat allergic rhinoconjunctivitis with the aim to define the optimal dose for future clinical trials in anterior eye diseases. The double-blind, placebo-controlled phase 2 clinical trial was conducted at the Vienna Challenge Chamber (Austria) to assess the safety and efficacy of two different doses of Tacrosolv in a crossover design. The higher dose showed significant relief of allergic symptoms in the eyes. These topline data strongly support the hypothesis that fully solubilized Tacrolimus can be developed as an effective therapy for ocular inflammation, which we plan to do in the future.

Marinomed is currently expanding the use of this powerful technology to target severe immunological disorders that currently lack adequate



treatment options. Here, we aim to identify the areas where Marinosolv has the greatest potential to significantly improve therapies and lives. One future focus will be on autoreactive immune disorders, including inflammatory gastrointestinal diseases. Further, preparations for a clinical trial with further product candidates targeting autoreactive immune disorders are currently underway. Future Tacrosolv development will focus on inflammatory anterior eye diseases, including the prevention of eye inflammation. Marinomed is currently working with renowned key opinion leaders and clinical development experts on plans for the next development steps and with potential partners on the commercialization strategy. With Marinosolv, we have a powerful tool at our hands to significantly improve current treatments for immune disorders and to transform the lives of patients.

Potential benefits of Marinosolv

- Broadly applicable to low molecular weight compounds
- Faster onset of action than suspensions
- Significantly lower required dose compared to currently marketed products
- Increased bioavailability in target tissue
- Improved local efficacy
- Lower systemic concentration of compound, reducing possible side-effects
- Lower environmental impact
- Aseptic filling to produce sterile products without the use of preservatives
- Simplified production process resulting in lower production costs
- Clinically proven

Pipeline

Development pipeline

Therapeutic area	Product Indication	Status	Preclinical	Phase 1	Phase 2	Phase 3	Filing/ Certification
IMMUNOLOGY	**Budesolv/MAM-1004-1** Allergic rhinitis	Filing in preparation					
	Tacrosolv/MAM-1003-1 Inflammatory eye diseases	Phase 2 clinical study					
	MAM-1004-2 Autoimmune gastritis	Preclinical					
VIROLOGY	**Carravin/MAM-2001-1** Nasal congestion	Filing in progress					
	Inhaleen/MAM-1001-1 Viral pneumonia	Phase 1 clinical study					

Commercialized products

VIROLOGY	**Carragelose product portfolio** Viral respiratory infections	Portfolio of seven different products (nasal & throat sprays, lozenges), marketed in >40 countries

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.

ISIN	ATMARINOMED6
Share class	No-par value bearer shares
Share capital (14.04.2023)	EUR 1.519.167 (1.519.167 shares)
Ticker	Symbol MARI
Issue price (IPO) on 01.02.2019	EUR 75.00

Performance 2022	
Market capitalization 30.12.	EUR 84.95 million
Share turnover	EUR 28.71 million
Average daily share turnover	kEUR 114.84
Share price 30.12.2021	EUR 88.00
Share price 30.12.2022	EUR 56.40
Yearly high 2022 19.01.	EUR 99.80
Yearly low 2022 11.10.	EUR 49.30
Performance 2022	-35.91%

Performance 2023	
Share price 30.12.2022	EUR 56.40
Share price 14.04.2023	EUR 37.10
Performance year-to-date	-34.22%
Market capitalization 14.04.2023	EUR 56.36 million

Share price performance

The consequences of the pandemic and the war in Ukraine had a massive impact on the global economy and stock markets in 2022. The Marinomed share ended 2021 at a price of EUR 88.00 and closed 2022 at EUR 56.40. This corresponds to a loss of 35.9%. The ATX Prime Index lost 19.1% during the same period and the NASDAQ Biotech Index lost 22.8%. The successful development of the Company led to repeated share price increases in the course of the year. In May 2022, for example, the share price reacted with an increase of 17.4% to the publication of the Procter & Gamble deal for the distribution of Carragelose products in the important U.S. market. The first half of November also showed a positive share price development with a gain of almost 38.0% in connection with increased roadshow activity and good news from the Solv4U business unit. Overall, however, the Marinomed share could not withstand the unfavourable stock market environment and risk-averse investor behaviour. The strong results and the optimistic outlook were not reflected by the 2022 share performance. At the time this report was prepared (April 14, 2023), the share price was at EUR 37.10.

Dividend policy

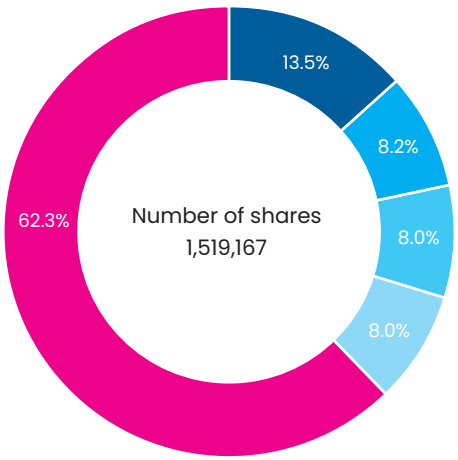
Marinomed is already generating revenues but has not yet reached break-even and profitability. The Company continues to invest proceeds to further expand R&D and business growth, therefore no dividend will be paid for 2022.

Share price performance Marinomed Biotech AG

(ATMARINOMED6, EUR)
01.02.2019 – 14.04.2023

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 long-term investor Acropora holds around 13.5% of the shares, while approximately 62% are in free float.



Note: Rounding differences possible

Communication with the capital market

Marinomed pursues an active and transparent communication policy with existing and potential investors. The highest priority is attributed to the principle of equal treatment of all shareholders.

Marinomed was in direct dialogue with shareholders on several, partly virtual conferences in 2022. These included the CEElection Investors Conference of Erste Group and Baader Bank's Small Cap Day. Besides that, Marinomed attended the spring and autumn Equity Forum conferences in Frankfurt. Other formats included: the Quirin Champions Conference, the Oddo BHF Nextcap Forum and the analytica Finance Days as well as the LSX Investival Showcase in London. Marinomed also held a roadshow in Geneva and Zurich in November 2022 along with its partner Nice & Green. Conference calls for analysts and investors and an investor breakfast were also offered upon publication of the quarterly and annual results. Shareholders had the opportunity to meet the management at the Annual General Meeting on June 15, 2022, which was again held as a face-to-face event. The shareholders approved all agenda items with high majorities. The voting results are available on the website: *www.marinomed.com/en/investors-esg/annual-general-meeting*

The corporate website *www.marinomed.com*, which was completely redesigned in 2022, represents another cornerstone in our communication. There you will find detailed information about the Company, the research and development projects as well as other activities by Marinomed. The Investor Relations section was designed to be even clearer, and we added the increasingly important area of "sustainability". Here, you can find our first sustainability report, share information, financial reports, presentations and IR events.

Financial calendar

23.05.2023	Publication of the Results Q1 2023
11.06.2023	Record Date for participation at the Annual General Meeting
21.06.2023	6th Annual General Meeting
17.08.2023	Publication of the Results H1 2023
21.11.2023	Publication of the Results Q 1-3 2023

Analyst coverage

In 2022, several financial analysts rated the Company. Stifel prepared a new research report in September 2022. For 2023, we are aiming to expand our coverage, with a target of at least three research houses. As of April 18, 2023, analysts from the following institutes cover the share:

Institute	Analyst
Erste Bank Group	Vladimira Urbankova
Stifel Europe Bank	Victor Floc'h

The key goal of investor relations activities in 2023 will be to communicate the strategy and equity story more comprehensively and to further strengthen the confidence in the Company's future potential. Communication with existing and potential investors will be intensified through roadshows and attendance at investor conferences. There will also be further opportunities for exchange at the face-to-face Annual General Meeting in June 2023 and during the conference calls on the quarterly reports. The investor relations activities will also be supported by extensive PR activities to further increase awareness of the Company.

Report of the Supervisory Board

Following the well-known corona restrictions of social and economic life over the past two years, the 2023 financial year was to a large extent characterized by a "return to normality" – at least as far as the pandemic situation was concerned. On a global level, economic events were influenced by Russia's war against Ukraine, progressing inflation as well as world-wide supply chain difficulties. Marinomed succeeded in successfully implementing its strategy despite of these odds and in generating revenue increases with its Carragelose products. It is worth mentioning the conclusion of a cooperation agreement with Procter & Gamble in May 2022 that laid the foundation for revenue growth on the North American market. Under the agreement, Procter & Gamble will take the necessary steps to obtain regulatory approval with the FDA. With a market volume of USD 7.9 billion (Nicolas Hall OTC Yearbook 2022), this region holds outstanding growth potential with Carragelose products as soon as all local regulatory requirements for their admission to the market are fulfilled. Marinomed's Marinosolv technology continued to meet with lively interest in the last year and led to the establishment of several new Solv4U technology partnerships with a growing share in revenue. In a nutshell: The implementation of the Company's strategy 2025 by the Management Board is well under way.

In the 2022 reporting year, the Supervisory Board performed the tasks assigned to it by law and the Company's Articles of Association to their full extent in a total of four meetings. In addition, the Chairman of the Supervisory Board was also in regular, informal contact with the Management Board outside of the Supervisory Board's meetings to discuss business development, financing, risk management and the development of the Company's strategy. At the beginning of the year, the focus was again on the Coronavirus and its effects on Marinomed's business. Next to that, the targets applicable for determination of the Management Board's variable remuneration were defined and laid down by the Supervisory Board in a legally binding manner. The search for new business partners in Marinomed's product markets as well as the further development of existing partnerships were the subject of reporting and discussion in all Board meetings. In its meeting in April 2022, the Supervisory Board focused on the Company's Internal Control System (ICS), its IT architecture as well as its compliance management and discussed them with the Management Board. Throughout the entire business year, the Supervisory Board was closely involved in considerations regarding corporate financing and – as a matter of example – fully supported the Management Board's decision to suspend the execution of the convertible notes program with Nice & Green for a period of approx. five months.

Finally, the Supervisory Board dealt with the efficiency of its organization and work in the course of a self-evaluation performed in autumn 2022. It came to the conclusion that it currently has the necessary composition, qualification and diversity to fulfill its responsibilities in an efficient manner. The preparation of Supervisory Board and Committee meetings, the information supplied as well as the quality of papers provided were highly praised. The climate of discussion as well as of cooperation with the Management Board are very much appreciated and considered to add significant value to the performance of the Board's tasks. The Supervisory Board members feel they can fully

contribute to the Board's work with their expertise and experience. Room for improvement is seen in the dedication of more time to long-term topics such as strategy, financing and partnerships. In addition, the Supervisory Board could focus more on issues of succession planning.

The Audit Committee, which includes all members of the Supervisory Board, with Gernot Hofer as Chairman, met on April 5, 2022 to deal with the annual statement and (consolidated) annual statement for 2021. The Committee's second meeting on November 29, 2022 was then devoted to the preparation of the annual audit 2022; the Committee received the Auditor's report on the planned audit schedule, auditing procedures and contemplated key audit matters. On April 13, 2023, the auditor finally reported on the audit of the (consolidated) annual statement 2022 and discussed the audit results with the Committee. Following an in-depth review of the audit results, the Committee recommended to approve the (consolidated) annual statement 2022 as well as the re-election of BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungs-gesellschaft (as the universal successor of BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft) as auditor of the 2023 (consolidated) annual statement.

The 2022 annual financial statements according to the Austrian Commercial Code (UGB) as well as the consolidated financial statements pursuant to IFRS were audited by BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungs_ gesellschaft (as the universal successor of BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft) in accordance with statutory provisions and awarded an unqualified auditor's report. The Supervisory Board reviewed these documents pursuant to Section 96 of the Stock Corporation Act (AktG) in its meeting of April 13, 2023 and concurred with the audit result as well as with the recommendation expressed by the Audit Committee. In addition, the Supervisory Board approved the consolidated financial statements, which were thereby adopted in accordance with Section 96 (4) AktG.

The members of the Supervisory Board extend their thanks and recognition to the Management Board and all employees of Marinomed Biotech AG for their performance and commitment in the 2022 financial year. We would like to thank the shareholders for their trust and invite them to continue accompanying Marinomed Biotech AG on its growth trajectory.

Korneuburg, April 2023

Simon Nebel,
Chairman of the Supervisory Board

Management discussion and analysis

Market environment

As an innovative biopharmaceutical company with an international network, Marinomed is part of a vivid business environment populated by global pharmaceutical and biotechnology players. Being interwoven into the field, the Company resonates with the pulse of this highly dynamic, fast-forwarding industry.

Pharmaceutical market

The year 2022 brought strong headwind for the global economy and there have been some rough waters to navigate. The biopharma industry needed a reliable compass and a great deal of stamina to safely steer through the post-pandemic upheavals. Geopolitical tensions, supply chain disruptions, inflationary and macro-economic pressures are only some of the challenges that the industry was facing in the aftermath of the COVID-19 pandemic.

And while big pharma had a somewhat smoother ride and managed to keep its position on the global scene, the biotech industry has greatly suffered. After the boom, a market correction, largely triggered by interest rate hikes, hit the sector hard, hurting companies badly and negatively impacting their valuation. A significant share of biotech companies was observed trading below their cash value last year (Evaluate, 2022). Additionally, the industry witnessed a slow-moving IPO and M&A environment, with the biggest deals focusing on quick cash-generating, low-risk investments rather than the mid-stage biotech assets. Big licensing deals, too, largely failed to materialize (Evaluate, 2022).

Despite the disruption, however, the fundamentals of the industry remained in good shape, and since the mid-year there have been signs of a market recovery. Although there is still a long way to go, the biotech industry is expected to emerge from the crisis even more resilient in the years to come (Evaluate, 2022). In light of the looming patent cliff awaiting some of big pharma's leading assets, lucrative deals might return to the biotech scene in big style.

The global medicine market, excluding the spending on COVID-19 vaccines and therapeutics, is expected to grow at a rate of 3-6% on an annualized basis out to 2027, reaching about USD 1.9 trillion in total market size (IQVIA, 2023). After the disruption by the pandemic, overall growth trends are expected to moderate. Medicine spending in the top five European markets, EU4+UK, is expected to steadily grow to reach USD 263 billion by 2027 (IQVIA, 2023). The U.S. market is estimated to grow at an annualized rate of between -1% and 2% over the next five years, which is a downward correction from the initially forecasted 4% CAGR due to the projected effects of the U.S. Inflation Reduction Act (IQVIA, 2023) now included.

Both the U.S. and the top five European markets are forecasted to face significant exclusivity losses over the next five years, amounting to USD 141 billion and USD 31 billion, respectively (IQVIA, 2023). The Austrian pharmaceutical market was worth EUR 5.2 billion in 2021 with an increase in value of 8.6% compared to the previous year and a slight decrease of -0.9% in volume, mainly in pharmacy retail (Pharmig, 2022).

Pharma markets in emerging economies experienced a significant upswing in the last few years, as the global economic and research pharma activities increasingly migrated towards these markets (EFPIA, 2022). Especially China, backed by the strong innovation in technologies, actively shaped the global biopharma field in recent years. The effects of the strict zero tolerance pandemic policies and geopolitical tensions, forcing delays and contingency plans in the local biopharma activities (Evaluate, 2022), continue to negatively impact collaboration in the Chinese biopharma market.

Orphan indications and rare diseases remain attractive topics for the industry due to the opportunities of fast-tracking development as well as national and regulatory incentive & assistance programs. Orphan drug sales are expected to double in the next five years to USD 268 billion of total sales in 2026 (Evaluate, 2021). Additionally, artificial intelligence is becoming an increasingly valuable tool in drug discovery and development. By supporting personalized healthcare approaches and facilitating decision making on R&D tracks, artificial intelligence is here to help reach important milestones in health improvement in the future.

The market access environment remains challenging with programs emerging to rationalize medical expenditures in some of the key markets. Patient-centered innovation, access to care and affordability remain key issues of the sustainable healthcare plans. Value-based pricing is gaining importance, and margins are increasingly coming under pressure. Hence, the pharmaceutical industry is experiencing a period of adjustment, and perceived impulses increasingly urge the industry to simultaneously seek and keep the balance between innovation and cost while developing therapies to save and transform lives.

OTC medicines are affordable treatment options that empower customers by representing easily accessible solutions for their everyday healthcare needs. The global Consumer Healthcare (CHC) retail market advanced by 8.2% in a 12-month-period ending June 2022 (Nicholas Hall, mid-2022). Europe was the strongest growing region with an increase of 12% (Nicholas Hall, mid-2022). Global CHC sales generated between mid-2021 and mid-2022 exceeded USD 157 billion, and the Cough, Cold & Allergy (CCA) market accounted for around 20% of global CHC sales (Nicholas Hall, mid-2022). Procter & Gamble`s brand Vicks remained the leading CCA brand, generating sales of USD 1,7 billion (Nicholas Hall, mid-2022). North America accounted for USD 43 billion of total global sales, ahead of Europe with around USD 39 billion (Nicholas Hall, mid-2022). At the same time, the Austrian OTC market grew by 4.4% to reach EUR 1.2 billion in 2021, with Cough & Cold accounting for the largest share of 17.4% (Pharmig, 2022).

Marinomed will continue to provide its global customers with trusted OTC products and meet the increasing demand. Moreover, it is our strong impulse to leverage our proprietary technological advantage and knowledge to help patients suffering from debilitating diseases to live healthier lives. Following this vision, Marinomed is planning to expand its product portfolio within key immunology and virology indications, also with an emphasis on the Rx segment to address the needs of patients.

Virology

Marinomed`s virology pipeline focuses on viral respiratory infections. More than 1,300 drugs are in development worldwide for the treatment of diseases of the respiratory tract (IFPMA, 2022). The lessons learned from the pandemic moved antiviral defense and treatment into the focus of recent pharmaceutical activity and urged the industry to seek solutions also for the challenges to come. The global viral pneumonia market reached a valuation of USD 6.7 billion in 2022, with a market share of 42% among all-cause infectious pneumonia therapeutics. In the EU and the U.S., the antiviral drug segment is expected to grow with the highest annual rate of all infectious pneumonia therapeutics (Global Pneumonia Therapeutics Market Report 2022) driven by the rising prevalence of viral disease triggers.

Immunology

Immunology, being one of the two leading global therapeutic areas, right after oncology, is forecasted to grow at an annualized rate of 3-6% to reach USD 177 billion by 2027 (IQVIA, 2023). The growth is driven by innovation and steadily increasing numbers of treated patients, partially being offset by the impact of biosimilar competition (IQVIA, 2023). Worldwide, there are more than 80 different autoimmune diseases listed in national registries (NIH 2022) and more than 1,600 medicines currently being developed for the treatment of immunological disorders (IFPMA, 2022).

Solv4U

Solv4U is a newly established business unit by Marinomed with the mission to bring the Marinosolv solubilizing technology to other companies in need of innovative drug delivery solutions. Poor water solubility of drug candidates is known to be one of the most common hurdles in pharmaceutical development. Around 40% of approved drugs and nearly 90% of the pipeline drugs show poor aqueous solubility (Kalepu & Nekkanti, 2015). Some of the key technologies in bioavailability enhancement are micellar solubilization, micronization, nanomilling, co-crystallization and solid-dispersion methods. There are more than 150 active companies offering solutions for bioavailability enhancement, and the market is expected to strongly grow through 2030 with an annual rate of 14.6% (Roots Analysis, 2018). With Solv4U, Marinomed has new opportunities to leverage its influence in this vividly growing, high-demand field.

Business performance

In 2022, the Company reports the segments Virology, Immunology and Other for the first time. 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 OTC products, with competitive pressure remaining high. After the sharp decline in the market for over-the-counter drugs and medical devices (in some cases -50% and more) since the outbreak of the COVID-19 pandemic in 2020, the market is showing a return to the expected seasonal focus. With the Carragelose products, which are effective against both cold viruses and SARS-CoV-2, Marinomed sees itself very well positioned. Many sales partners in the regions took the opportunity to position the product in the fight against the pandemic and thus helped the brand to become better known. In addition, the data situation made it possible to win new partners for certain regions - talks are still ongoing for some countries.

Investments in additional clinical data peaked in the financial years 2020 and 2021. However, the related R&D expenditures are funded to a large extent by the Emergency Grant KLIPHA-COVID-19 from the FFG.

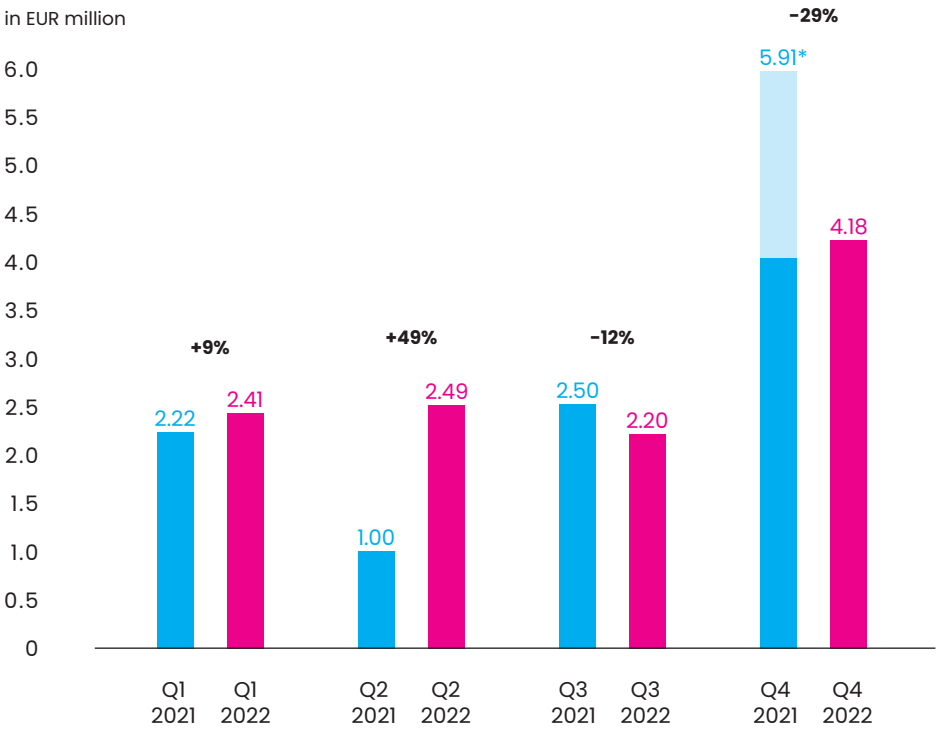
Immunology segment

The COVID-19 pandemic has had a delaying effect on the Immunology segment. The Company continued to intensify its efforts in the partnering and approval process of Budesolv, in conducting the clinical study for Tacrosolv as well as in offering technology partnerships, and already achieved several milestones. Efforts in this regard will continue in the 2023 financial year.

The clinical dose-finding study for the product candidate Tacrosolv was successfully completed in the 2021 financial year. Data analysis and statistical processing were mainly carried out in the reporting period. Based on the available data from the study, talks will be started with potential co-development and marketing partners. In the 2023 financial year, the focus is on a structured process with the aim of entering into a license agreement with a pharmaceutical partner.

Based on the data from the pivotal clinical phase 3 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 part of this agreement. After an initial delay caused by pandemic-related lockdowns in China, work is now

Revenues



* thereof EUR 1.91 million milestone Budesolv, adjusted for the milestone, revenues in Q4/2022 increased by 4%

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. Other products of the immunology segment, such as a new formulation against autoimmune gastritis, are in preclinical research (MAM-1004-2).

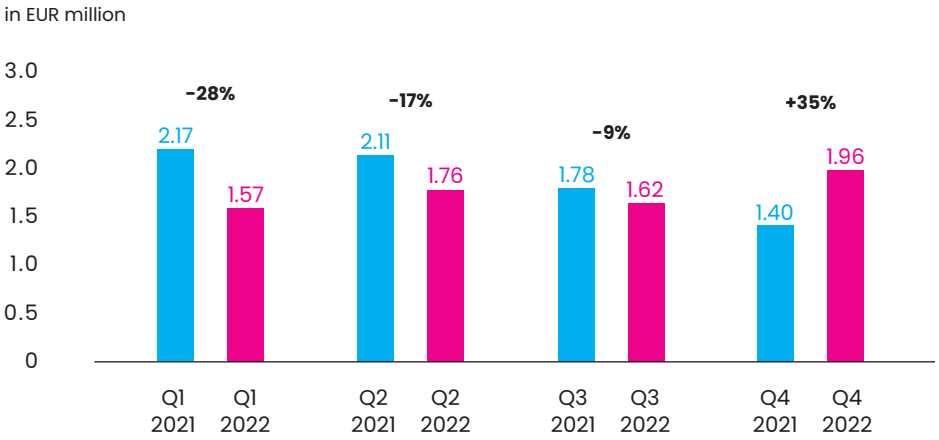
Other

Finally, in 2022, the Marinosolv technology platform also ensured sales from third parties who were able to improve solubility through a Marinosolv formulation. From the 2022 financial year, these Solv4U sales will be reported in the "Other" segment (2021: "Marinosolv"). The successfully completed feasibility studies open up the possibility for customers to continue their developments through and with Marinosolv. Due to increased efforts in business development, which have led to the conclusion of new agreements in 2022, Marinomed assumes that further commercial exploitation of these developments will most likely lead to further revenue growth.

Revenues and earnings

Marinomed was able to record stable revenues of EUR 11.28 million in the 2022 financial year (2021: EUR 11.63 million), despite the lack of milestone payments in 2022. Adjusted for the Budesolv milestone payment of EUR 1.91 million in 2021, revenues increased by 16.5%. Other income decreased to EUR 0.84 million compared to the previous year (2021: EUR 1.57 million). As in the previous year, other income mainly includes the government research premium and grants for research on a Carragelose-based SARS-CoV-2 therapy (Emergency Grant KLIPHA-COVID-19). Income from both grants declined in 2022 as research and development expenses decreased following the completion of clinical trials.

R&D expenses



Due to the increased sales of goods, expenses for materials increased from EUR 6.43 million in 2021 to EUR 7.28 million in 2022. Compared to the previous year, the gross margin remained stable at 32%. Expenses for services decreased significantly by 51% to EUR 1.85 million (2021: EUR 3,78 million). This was due to the current focus on the evaluation of past and the preparation of future clinical studies. Personnel expenses include expenses for the employee stock option plan and amounted to EUR 4.85 million in 2022, which is above the previous year's figure of EUR 4.46 million. Other expenses were EUR 2.37 million (2021: EUR 2.07 million). The high level of investment in Marinomed's future trajectory was reflected in the Company's earnings performance. Research and development expenses remained on a high level at EUR 6.91 million in 2022 (2021: EUR 7.50 million). The operating result (EBIT) of EUR -4.91 million was slightly below the prior-year figure of EUR -4.14 million. The financial result for 2022 was EUR -1.48 million (2021: EUR -1.55 million). In 2022, it 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 1.17 million, which balanced out the higher interest expenses resulting from the drawdown of the third tranche of the EIB loan amounting to EUR 6.00 million in February 2022. As a result, the loss for 2022 stood at EUR -6.40 million, after EUR -5.89 million in 2021.

Net assets and financial position

The net assets and financial position largely reflects the negative earnings, which is to be expected for a biopharmaceutical firm during the development stage. The funding measures performed in the financial years 2015 to 2022 enable long-term investment in research and development.

Total assets increased from EUR 21.34 million as of December 31, 2021, to EUR 22.29 million as at the 2022 reporting date. Non-current assets remained almost stable at EUR 8.02 million compared to EUR 8.46 million on the prior-year reporting date. Current assets increased to EUR 14.27 million (December 31, 2021: EUR 12.88 million).

As at the 2022 balance sheet date, equity stood at EUR -4.16 million compared to EUR 0.19 million as at the end of December 2021.

Non-current liabilities increased from EUR 15.13 million to EUR 20.49 million as at the 2022 balance sheet date. The increase is mainly due to the drawdown of the third tranche of the EIB loan (EUR 6.00 million). Current liabilities remained almost stable at EUR 5.96 million (December 31, 2021: EUR 6.01 million).

Cash and cash equivalents increased from EUR 5.80 million as at the end of 2021 to EUR 8.18 million on the 2022 balance sheet date.

Outlook

The COVID-19 pandemic will continue to have a significant impact on Marinomed's business activities. On the one hand, it can be expected that Carragelose sales have further growth potential, albeit comparatively slower than in recent years. On the other hand, Marinomed has sponsored several clinical trials related to COVID-19, including one in Vienna, Austria, to demonstrate the effectiveness and safety of inhaled Carragelose (Inhaleen) in the treatment of COVID-19 and other viral pneumonia. All studies are nearing completion or are currently being evaluated, but it can already be seen that the recruitment target could not be achieved. Nevertheless, the studies had several positive effects: the fact that hospitals were willing to take part in the studies, despite their work load related to the pandemic, convinced several partners to (re-)market the products. In addition, the excellent safety profile of the product was once again confirmed. This confirms Marinomed's strategy of researching medications for more serious viral infectious diseases.

Marinomed sees the Marinosolv platform as a key value driver and intends to further advance the development of Budesolv and Tacrosolv. The dose-finding phase 2 study evaluating the safety and efficacy of Tacrosolv eye drops reported positive top-line data in the second quarter of the 2021 financial year. Initial results showed a reduction of the inflammatory reaction in the eye at a significanlty lower dose than the marketed Tacrolimus formulation, which is only available in Asia and thus open up the application in anterior eye diseases, which so far have been difficult to treat. Marinomed plans to establish an alternative to cortisone derivatives and thus make a significant contribution to eye health. This data makes it possible to hold initial discussions with potential co-development and marketing partners. A structured process was started.

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 coming 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.

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. The consequences of these measures are expected to have a long-term impact on the global economy. In the meantime, the effects are increasingly manifesting themselves in the supply chain. On the one hand, the procurement prices follow the rapidly increasing inflation, and on the other hand, there are bottlenecks in raw materials, which in many cases lead to a doubling of delivery times to sometimes more than 12 months for packing material. Although Marinomed is developing rather positively with its Carragelose products, it sees itself exposed to an increased risk in procurement. 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.

At the same time, it must be feared that the war in Ukraine will have long-term effects in many areas. As a result, weakening economic growth is to be expected in conjunction with the effects of the COVID-19 pandemic. In addition to rising inflation, this can lead to lower customer demand. Marinomed has not had any sales in Ukraine or Russia so far. Neither country will be considered a target market for Marinomed products in the foreseeable future.

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. A currency gain was recorded from the translation of the inflow from the upfront payment. 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 (excluding the United Kingdom) 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.

Currently, the Management Board expects that the available liquid funds and the financing already promised will be sufficient to cover the operating expenses and investments for the primary forecast period (until June 2024). Various scenarios for the growth of the Company were analyzed as part of the preparation of the going concern prognosis.

Depending on the intensity of the research expenditure (consisting of internal and external

costs), there is a liquidity requirement in the secondary forecast period (from July 2024) of up to EUR 3 million. The intensity of the research expenditure and thus the liquidity requirement can be adjusted by the Management Board. In the management case, it is assumed that the workforce will increase by 48% (heads) until 2027 and that new product developments including clinical studies will be started. Various financing alternatives are currently being worked on to finance the necessary liquidity requirements. The Management Board assumes that, as in the past, these can be completed in good time. If it is not possible to gain further liquidity, new product developments can be delayed or interrupted and the increase in staff would be limited to an increase of 22% until 2027. In this fallback scenario, it would be possible to get by without additional liquid funds.

Against this background, the Management Board expects the liquidity for the Company to be secured in the primary forecast period (until June 2024) even without additional financing measures with a predominant probability and that annual profits will be achieved in the secondary forecast period, resulting in a positive going concern forecast.

This estimate is based on assumptions that may prove 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 of the Marinosolv technology are currently in the nationalization phase. 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.

Sustainability report

ESG Highlights 2022

ENVIRONMENT

- Expansion of the **photovoltaic system** from 20 kWp to 28 kWp
- **16% of electricity consumption** covered by own photovoltaic system in 2022
- **Gas consumption** reduced by 54.8% compared to the same period of the previous year due to savings measures

SOCIAL

- **Gender Diversity Index Austria 2022:** Marinomed again among top three in 3rd place
- **Human resources** department strengthened
- CSO Eva Prieschl-Grassauer was awarded the **Golden Decoration of Merit of the Republic of Austria** for her scientific achievements and their translation into commercial success

GOVERNANCE

- Presented a **sustainability report** for the first time in 2022 for the 2021 financial year
- Strengthening of inhouse legal advice with **corporate counsel**
- Redesign of **corporate website** for even more transparency

Foreword

Dear Ladies and Gentlemen,

We are convinced that we can only be successful in the long term through sustainable developments. In all our decisions, we consider aspects that are not only beneficial for the Company or our stakeholders, but are also guided by the impact our actions have on our employees, our environment and our reputation as a Company.

Sustainability at Marinomed

Our vision and primary goal is to protect and improve the health and well-being of people. With our technologies and innovations, we want to address diseases that have so far been insufficiently treated, improve existing therapies and give as many people as possible access to high-quality treatments. With this objective, we pursue a sustainable strategy from the ground up. This continues in the other aspects of our corporate governance, as this report will show. Decisions are continuously reviewed for sustainability aspects and regularly addressed by the Management Board and Supervisory Board. We also intend to incorporate sustainability criteria into important corporate guidelines, such as the remuneration policy and the rules of procedure for the Management Board and Supervisory Board. For example, the Supervisory Board has already linked parts of the variable remuneration of the Management Board for 2022 to the sustainable development goals of the Company.

About this report

In 2019, the Green Deal set the goal of achieving carbon neutrality in the European Union by 2050. To reach this goal, companies, too, are required to implement extensive climate protection measures. One part of these measures relates to reporting: In addition to financial reporting, extensive guidelines for non-financial reporting will now also be applied. These guidelines relate to the presentation of sustainability performance and strategies, including environmental, social and governance factors.

In December 2022, the European Union approved the "Corporate Sustainability Reporting Directive" (CSRD), which is to replace the previously applicable "Non-Financial Reporting Directive" (NFRD). At national level, the "Austrian Sustainability and Diversity Improvement Act" (NaDiVeG) applies. The standards for sustainability reporting will be summarized in the "European Sustainability Reporting Standards" (ESRS). In addition, the EU Taxonomy Regulation was passed in 2020, which requires the classification and disclosure of business activities based on sustainable assessment criteria. All these directives are currently aimed at large companies; small and medium-sized enterprises (SMEs), such as Marinomed, are not yet obliged to extended non-financial reporting until at least 2027.

Even though we are not yet obliged to report on sustainability, we have published a sustainability report for the first time in 2022 to provide even more transparency toward our stakeholders. Our reporting is currently based on the United Nations Sustainable Development Goals (SDGs). We are constantly expanding and revising our sustainability strategy and will adapt our reporting step by step to the applicable national and EU guidelines.

In this report, we would like to provide an overview of our sustainability performance in the areas of environment, social and governance (ESG). We will highlight the different areas of our business, including our efforts to protect the environment, our social commitment and our efforts to promote a transparent and ethical corporate culture.

This report is intended to provide insight into our sustainability strategy and demonstrate that we are aware of our responsibilities. We are committed to running our business in a sustainable way and making a positive impact for patients, our employees and our stakeholders.

Andreas Grassauer

Eva Prieschl-Grassauer

Pascal Schmidt

Materiality analysis

Business model

As a result of the Company's size and the outsourcing of significant parts of the value chain to experienced partners, the Company's resource consumption is essentially limited to its headquarters in Korneuburg. At this single location, a large part of the basic research takes place in the Company's own modern laboratory space, and it also houses the management of the supply chain and the administration of the Company. Late-stage clinical development, marketing authorization, production and marketing are carried out in cooperation with experienced pharmaceutical partners around the world. In this way, existing production capacities and distribution channels are utilized and resources are conserved.

Vision & mission

Marinomed is a science-oriented company committed to medical progress. Our vision is to develop innovative and more efficient products that protect the well-being and health of people and that also address those indications that have so far been inadequately treated.

The Company has extensive expertise in virology and immunology and an active pipeline based on its Carragelose and Marinosolv technology platforms. The success of its product development is reflected in a marketed OTC portfolio as well as other products already in the authorization process. We are working hard on translating our expertise into innovation and thus make our contribution to a future worth living.

Key sustainability aspects

Marinomed has conducted a comprehensive materiality analysis to identify those core areas where the Company can significantly contribute to environmental, social and governance topics. To guide our reporting, we have taken the United Nations Sustainable Development Goals ("SDGs") as a reference. To make our success and goals measurable, we are constantly expanding the selection of relevant key figures. Some of these key figures could only be meaningfully evaluated from the 2021 financial year onwards, as this represented the first full year with our own company premises. Prior to this, the Company was located in buildings of the University of Veterinary Medicine Vienna, for which Marinomed does not have corresponding data.

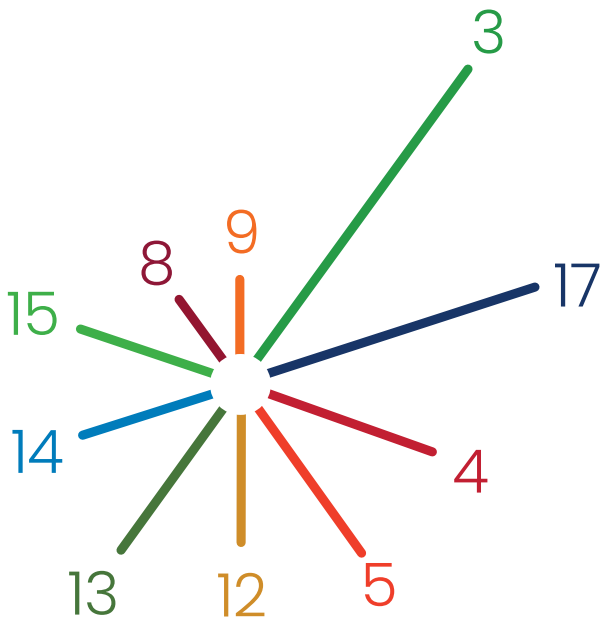
The analysis has led to the following topics to which Marinomed can make a significant contribution. These results largely define Marinomed's sustainability strategy in line with our vision and mission:

Good health and well-being. As a biopharmaceutical company, we are committed to improving people's health by developing treatment options for various diseases with our innovative therapeutics. With our over-the-counter Carragelose portfolio of virus-blocking products, we were able to make a positive contribution to containing the incidence of viral respiratory infections, particularly during the COVID-19 pandemic. Clinical data from Argentina with our active ingredient showed the effectiveness of iota-carrageenan in the prophylaxis of COVID-19. We have further product candidates in our pipeline in the therapeutic areas of virology and immunology, which address indications with previously insufficient treatment options.

Partnerships for the goals. Our business model is based on the cooperation with experienced partners who support us in the late clinical development, achievement of market authorization and marketing of our products. This allows us to focus on the area of research and development.

Quality education. Marinomed is a knowledge-based company that needs skilled professionals for its research and development work and for its quality products. Ongoing training and education are critical to guarantee our Company's innovative strength and to ensure compliance with high quality and safety standards. At Marinomed, there is a comprehensive internal training plan. Further external trainings are also encouraged.

Gender equality. For us, equality and diversity are the cornerstones of a successful company. Our employees are selected purely on the basis of professional and management skills, regardless of gender. For our efforts to create equal opportunities, we were awarded the Gender Diversity Award Austria in 2023 for the third time in a row.



Overview of the most important SDG goals that Marinomed pursues with its sustainability strategy. The length of the rays corresponds to the importance of the topics for Marinomed.

Sustainable business practices. We make an important contribution to sustainable business practices. Our entire business model is sustainable. We consider environmental aspects at all levels of our Company, from our technologies, to the way that we use materials to conserve resources, to our company premises, which are built and operated with sustainability in mind. Our Marinosolv technology helps to decrease the administered dose and thus also reduces the environmental impact of drug residues.

Decent work and economic growth. As a biomedical company, we operate in a highly regulated market. Our growth is powered by our mission to improve patient well-being. Our research and development adhere to strict ethical standards. We are dedicated to respecting human dignity in everything we do. This pledge also applies to the working conditions we offer to our employees. We need committed employees who enjoy what they do to create innovative products that can help advance sustainable development.

Industry, innovation and infrastructure. Research and development drive innovation and progress for the benefit of patients. By working together with our partners in the pharmaceutical industry, we can manufacture our products efficiently and sell them all over the world - making them available to as many people as possible. And we are always planning our next steps into new applications.

Environment

Sustainable innovation

Marinomed Biotech AG is a biopharmaceutical company that focuses on developing innovative products in the areas of virology and immunology. Our fundamental concept itself is sustainable: novel and more effective therapeutic options help to improve the health of people, avoid or reduce expensive and complex treatment methods, and provide treatment options for diseases that have hardly been addressed to date.

The product developments in the therapeutic area of virology are based on the virus-blocking polymer Carragelose, which is extracted from red seaweed, a renewable raw material. The Marinosolv technology, used for product candidates in the immunology therapeutic area as well as in Solv4U partnerships, is based on the active natural ingredients escin (extract from the horse chestnut) and glycyrrhizin (extract from the liquorice root), which are also available in pharmaceutical quality.

The Marinosolv technology improves the solubility of hydrophobic active ingredients. This can increase the bioavailability and efficacy of the product, which can not only reduce the administered dose, but may also reduce the amount of drugs entering the environment through excretion. In particular, this reduces drug contamination of water bodies and soils.

Company premises

Since 2020, the Company has been located at its own site in Korneuburg, Lower Austria, which includes both laboratory and office spaces. The acquired property was completely sealed by an existing building complex consisting of old industrial halls, an office building and parking areas. During the remodeling process, special attention was paid to proceeding in the most resource and environmentally friendly way possible and to promoting biodiversity at the site.

Concrete and asphalt cover was removed from almost 60% (~ 1,400m²) of the site area. In line with the environmental protection concept, the parking areas for the vehicles were designed with infiltrative gravel turf so that no rainwater is discharged into the existing sewer system. The greening concept with trees and diverse planting contributes positively to the microclimate in the surrounding area and provides a habitat for insects.

Preserving the existing office building was also an important environmental aspect. During renovation, it was brought up to the latest thermal and building technology standards. In addition, a new building was constructed to house the laboratories and further offices. Marinomed has a total of about 2,000m² of laboratory and office space on three levels. During the construction of the new building, attention was also paid to wheelchair accessibility.

A 20 kWp photovoltaic system was installed on the new building, enabling the sustainable generation of a significant part of the electricity demand. In 2022, the photovoltaic system was expanded by another 8 kWp, which means that a total of 28 kWp is now available for the building's own electricity generation. A further expansion of the photovoltaic system on the roof of the existing building is currently being examined. A heat pump operates the floor heating in the new building in winter. In summer, the heat pump is used to cool the laboratory rooms via a heat exchanger. The existing building and, on particularly cold days also the new building, are heated by a gas boiler. In the period from February 2022 to February 2023, the gas consumption could be reduced by almost 55% compared to the same period in the previous year through various measures, such as lowering the room temperature. Other elements such as motion detectors, automated light switches, triple-pane glazed windows and automated shading ensure an efficient indoor climate and optimized electricity consumption. 16% of the electricity consumption was covered by the building's own photovoltaic system in 2022.

Overall, the share of renewable energies in electricity consumption (including electricity purchased from the local energy provider EVN) was 96%.

The company premises of Marinomed Biotech AG before the acquisition and conversion of the property in July 2019 (above) and after the conversion work was finished in July 2021 (below). A large part of the existing buildings was removed, and the area was unsealed. The existing office building (left part of building) was thermally renovated and an environmentally friendly new building was built at the back of the property. The car park was laid out as a drainage-capable gravel lawn and has charging stations for electric vehicles.

Resource consumption	2022	2021	2020[1)]
Power consumption in MWh	**153**	**158**	**N/A**
thereof renewable	*96%*	*98%*	*N/A*
thereof self-generated	*16%*	*7%*	*N/A*
per FTE	*3.46*	*3.71*	*N/A*
Gas consumption in MWh	**41**	**90**	**N/A**
per FTE	*0.93*	*2.11*	*N/A*
Total energy consumption in MWh	**194**	**248**	**N/A**
per FTE	*4.38*	*5.82*	*N/A*
per EUR 1 million of revenues	17.20	21.33	N/A
Water consumption in m³	**956**	**1,175**	**N/A**
per FTE	*21.60*	*27.58*	*N/A*

[1)] KPIs have only been available since fiscal year 2021, as this was the first year with our own headquarters.

Mobility

Sustainable acting at Marinomed also continues in terms of mobility. The Company's own vehicle fleet consists exclusively of electric cars, which, just like employees' vehicles, can be charged on the company premises via charging stations with electricity from our photovoltaic system. We also pay attention to environmentally friendly travel options for business trips wherever possible. Investments in videoconferencing technology during the pandemic were also used as often as possible in 2022. The increased acceptance of holding partner and investor meetings virtually led to fewer business trips.

Mobility	2022	2021	2020
Air travel (in flight segments)	73	32	20
thereof within Europe	*89%*	*100%*	*100%*
Train journeys	12	40	57

Resource-efficient working

Experimental design for laboratory experiments is carried out as resource-efficiently as possible, taking into account working times and the consumption of materials and chemicals. Usually, a small preliminary experiment (so-called "proof of concept") is carried out first, followed by the actual experimental setup (so-called "upscaling"). In addition, large experiments are planned according to at least a four-eye-principle to avoid unnecessary consumption of resources. The equipment used is treated with care and maintained regularly, so that it can usually be used far beyond the end of its usual service life. For example, the oldest HPLC ("High Performance Liquid Chromatography") device has been in operation since 2001. To save electricity, all devices and laboratory PCs are switched off when no analyses are running. This also applies to the equipment used in the offices.

A certain amount of animal testing is required by law to conduct certain medical research. However, Marinomed endeavors to carry out these experiments with the greatest possible care, taking into account the "3-R-principle" (replace - reduce - refine: avoid animal experiments as far as possible, keep the number of animals as low as possible and limit animal suffering to the minimum level). Prior approval by the relevant commission is mandatory.

Partners for the performance of external analyses or services are preferably selected locally or at least regionally (Austria, Germany or EU). This ensures short transport routes and the greatest possible transparency.

Waste management

Marinomed follows a strict waste management policy in the laboratory: consumables are reused or used sparingly whenever possible. Chemical waste is collected separately and disposed of accordingly by a specialist company, which means that no hazardous chemicals end up in the wastewater.

Marinomed also pays attention to resource-saving measures in the offices. By switching to largely digital working and archiving, paper and office material consumption is reduced to a low level, which is not only more environmentally friendly but also cost-optimized. In addition, waste separation and recycling stations are provided, which should also further raise the employees' already high awareness of correct waste separation.

The sorted waste is either disposed of by specialized companies, the local waste collection service or at the waste collection center. In Austria, a large part of the waste is recycled (e.g. plastic, paper or glass) and residual waste is used in waste incineration plants to generate heat and electricity.

Waste and recycling	2022	2021	2020[1)]
Paper waste in liters	34,320	19,800	N/A
Plastic and metal waste in liters	8,580	8,580	N/A
Glass waste in kg	600	600	N/A
Residual waste in liters	34,320	34,320	N/A
Special organic waste in liters	480	360	N/A
Medical waste in kg	130	140	N/A
Solvent-water mixtures in kg	495	412	N/A

[1)] KPIs have been only available since fiscal year 2021 as this was the first year with our own headquarters.

Our environmental sustainability goals

Target	Time frame	Target achievement as of 31.12.2022
Share of renewable energies in electricity consumption over 90%	Ongoing	✓
Resource consumption per employee does not exceed the 2021 level (= 5,82 MWh)	Ongoing	✓
Vehicle fleet without vehicles with combustion engines	Ongoing	✓
Expansion of the photovoltaic system from 20 kWp to 28 kWp	2022	✓
Achieve carbon neutrality (Scope 1)	2030	Ongoing

Social

Improving health and well-being

As a biopharmaceutical company, we are clearly aware of our social responsibility. Our actions are determined by the search for therapies that serve to improve the health and safety of patients. With our research, we focus on our core competencies in the field of virology and immunology.

With the Carragelose product line partnered in over 40 countries, we are already making an important contribution to the prevention and treatment of viral respiratory diseases. During the SARS-CoV-2 pandemic, several studies demonstrated the effectiveness of Carragelose against this virus and its variants of concern. With our over-the-counter products, we have created the basis for broadly effective and low-threshold protection against viral respiratory diseases.

Based on the Marinosolv technology, we are developing several products in the field of immunological diseases. With this technology, Marinomed has succeeded in significantly improving the solubility of poorly water-soluble active ingredients. This benefits patient well-being, as Marinosolv can be used to improve existing medicines and new active substances can be considered for treatment. At the same time, administered doses can be reduced and side effects minimized or avoided. The lead product Budesolv for the treatment of allergic rhinitis (which affects an estimated 400 million people worldwide) is in the approval stage and has already been licensed out for the Chinese market.

Our next advanced product candidate, Tacrosolv, is being developed for inflammatory eye diseases to help prevent vision loss.

In the future, we want to focus on disease patterns for which there are currently only insufficient, ineffective treatment options available. This is a great burden for the people affected as well as for society and health care systems. We want to address this problem with our innovative solutions.

Our scientific success is largely based on the know-how and talents of our employees. Apart from that, we maintain cooperations with universities, institutes and partners to use synergy effects and to advance research for new medical products. We see ourselves as a “think tank” that constantly expands existing knowledge and experience to improve health solutions for people. Marinomed has also been awarded renowned research prizes, such as the Houska Prize, for its scientific activities. CSO Eva Prieschl-Grassauer was awarded the Golden Decoration of Merit of the Republic of Austria in November 2022 for her excellent scientific work and its translation into commercial success.

Employees

The commitment and creative ideas of our employees are crucial for our success. With their performance and skills, they make a significant contribution to ensuring that our research and development projects ultimately result in biopharmaceutical products. In 2022, the human

resources department was further expanded and given even higher priority.

In the 2022 financial year, Marinomed had an average of 44 employees. The average number of employees is calculated as FTE (Full Time Equivalent) on the basis of 38.5 hours per week as the average of the 12 monthly values of the respective last day of a month. All employees (with the exception of temporary interns) are employed on a permanent basis.

On average over the last three years, staff turnover has been around 8%. For the calculation of staff turnover, the number of people leaving the Company is divided by the number of average FTEs. This includes dismissals by the Company or proposed severance agreements. Eight people left Marinomed in 2022.

The entire staff is working at the Company's only location in Korneuburg. Human resources management is aligned towards creating a motivating working environment. Most recently, an employee survey was also carried out, in which various aspects of personnel management and employee satisfaction were assessed. The results of this survey were systematically processed and mostly already implemented. Surveys of this kind are to be carried out regularly in the future.

Since its foundation, Marinomed has placed great emphasis on maintaining a healthy balance between work and private life. We offer flexible working hours, part-time models and home office in order to provide all employees with the best possible work-life balance. We make special efforts into supporting parents during parental leave and when returning to work. During the pandemic, we also provided our employees with unbureaucratic home office, special care time and even more flexible working hours.

We pay attention to performance-based remuneration at all levels. At Marinomed, the salaries of all employees are regulated by collective agreements. All employees receive salaries above the minimum required by the collective agreement guided by their respective position and experience. In addition, a performance-related bonus is usually paid and there is the possibility to participate in the Company's success through the stock option program. Due to the small number of employees, a calculation of the gender pay gap is currently not useful. As soon as a calculation seems reasonable, details will be published in the sustainability report.

High emphasis is also placed on open communication and mutual respect in everyday work. There is a formal opportunity for exchange with the supervisor once a year in the context of an appraisal interview. The open-door policy also allows personal concerns to be expressed at any time. Due to the small size of the Company and flat hierarchies, constant dialogue between all employees is encouraged. In regular updates by the management, our employees are given the opportunity to learn more about the current development and strategy of the company.

HR metrics	2022	2021	2020
Total employees	**49**	**47**	**40**
thereof part-time	*26%*	*23%*	*25%*
thereof unlimited contracts	*99%*	*100%*	*98%*
thereof with university degree	*79%*	*75%*	*71%*
FTE total	**44**	**43**	**37**
thereof female	*69%*	*70%*	*67%*
thereof male	*31%*	*30%*	*33%*
Turnover rate	*15%*	*7%*	*3%*
Revenues per FTE in kEUR	*255*	*273*	*222*
thereof R&D	*54%*	*54%*	*54%*
thereof female	*75%*	*71%*	*69%*
thereof male	*25%*	*29%*	*31%*
Turnover rate	*5%*	*4%*	*0%*
thereof management	*14%*	*12%*	*14%*
thereof female	*33%*	*40%*	*40%*
thereof male	*67%*	*60%*	*60%*
Turnover rate	*17%*	*0%*	*0%*
Supervisory Board	**6**	**4**	**4**
thereof female	*50%*	*50%*	*50%*
thereof male	*50%*	*50%*	*50%*
Total employee training hours	**1,107**	**541**	**326**
per FTE	*25.00*	*12.69*	*8.90*
thereof internal	*4.57*	*1.97*	*3.28*
thereof external	*20.43*	*10.72*	*5.63*
Work accidents	**0**	**3**	**0**
per FTE	*0.00*	*0.07*	*0.00*
thereof commuting accidents	*0*	*2*	*0*
Number of sick days per employee	**7.23**	**7.25**	**4.27**
thereof related to the pandemic	*1.45*	*0.77*	*0.12*

At the beginning of 2023, we also started the process of implementing a digital whistleblower system, which enables our employees, but also our business partners, to report anonymously to the management in the event of significant violations of the law. We are following the requirements of the Austrian "HinweisgeberInnenschutzgesetz" (HSchG), before it becomes applicable to us at the end of 2023. In 2022, no such violations of the law were reported to the management.

Diversity and promotion of young people

Marinomed fills new positions based on qualification, regardless of gender. In 2022, 69% of our employees were women. One third of the Management Board was female and the Supervisory Board had an equal representation of women and men. The promotion of diversity at Marinomed is also recognized externally. Marinomed achieved first place in the "Gender Diversity Index Austria", an initiative of the Boston Consulting Group and the Austrian business magazine trend, in 2020 and 2021. In March 2023, Marinomed was awarded third place in the Gender Diversity Index Austria 2022.

Marinomed wants to promote interest in science and in particular in the life sciences industry among young people and motivate them to choose a career in the scientific field. For this reason, we offer internships for students as part of their school career orientation.

Employee health and safety

Maintaining and improving safety and health in the workplace is not seen as a singular training topic at Marinomed, but is an integral part of the corporate culture. In 2020, Marinomed moved into a new building, where accessibility and the well-being of employees were taken into account. Next to air conditioning, the modern building equipment includes a shading concept that also takes screen work into account. The office furniture is ergonomically optimized, with electrically height-adjustable desks as standard. In addition, there are unassigned offices and phone rooms available for quiet working or small group meetings. The building is equipped with several kitchens that serve as meeting points during work breaks and where meals can be freshly prepared. Two large patios can be accessed by all employees.

Marinomed offers preventive health measures to its employees. All employees have free access to Carragelose products. In 2022, employees were also offered the opportunity to be both tested for and vaccinated against SARS-CoV-2. In addition, preventative flu and hepatitis vaccinations were provided.

Safety in the laboratoy

Marinomed is a research-based technology company and carries out essential research activities in its own laboratory areas at the company site in Korneuburg. The laboratories are multifunctional and can be used for biochemical, virological, molecular biological, pharmaceutical, analytical and chemical research work.

During the construction of the building, great attention was paid to a design that corresponds to the current state of technology and safety. Two large chemical exhaust hoods and a spot extraction system are available for work with hazardous chemicals. Ambient air is also continuously circulated by a ventilation system and the CO_2-content is constantly monitored. Other safety

precautions, such as eye washing stations, emergency showers or suitable safety cabinets for toxic or explosive chemicals, have been implemented and are maintained according to regulations. This also applies to all laboratory equipment to ensure safe and accurate working conditions.

Trainings

The know-how and expertise of our employees are significant for the success of the Company. The majority of Marinomed's employees have an academic education. The internal and external training of our employees in specialist courses and additional training is seen as essential for the professional and personal development of the employees and the Company as a whole.

For Marinomed, it is essential to raise the safety and quality awareness of all employees of the Company and to keep it at a high level at all times. All employees are obliged to participate in regular internal training. For this purpose, a position exclusively responsible for quality management has been created.

When a new employee joins the Company, a training plan tailored to his or her field of activity is established and implemented accordingly. A training matrix managed by the quality management department is used to plan the regular and timely implementation of internal training in the areas of occupational safety, quality management, pharmacovigilance, compliance and much more. As a listed biopharmaceutical company, we are subject to strict guidelines and regulatory requirements and also raise awareness of safety, quality and compliance among our employees. The trainings offered are continuously evaluated and adapted. In addition, some employees have also been trained as first aid emergency responders and fire safety attendants. Marinomed also intensively promotes external training for employees. In particular, trainings in the areas of regulatory affairs, quality management or clinical studies are frequently completed. Overall, the training hours amounted to an average of 25 hours per FTE in 2022.

Our social sustainability goals

Target	Time frame	Target achievement as of 31.12.2022
At least 40 % women on the Supervisory Board	Ongoing	✓
Employee turnover rate < 10%	Ongoing	X
Maintain a minimum of 15 training hours per FTE	Ongoing	✓
Less than 0,1 work accidents per FTE per year	Ongoing	✓
Appointment of a company medical officer	2023	Ongoing

Corporate governance

Committed to good corporate governance

As a biomedical company, Marinomed has high standards in compliance. We are convinced that effective and safe drugs and medical devices can only be developed in an environment that is dedicated to the principles of good corporate governance. Strict compliance with statutory provisions and rules of soft law is vital to ensure our stakeholders' long-term trust in our Company and our products. In 2022, a corporate counsel was appointed to further strengthen the Companies' inhouse legal advice.

As a listed company, Marinomed is subject to the provisions of the EU Market Abuse Directive (MAD) and Regulation (MAR) and the Austrian Stock Exchange Act governing basic principles according to organizational measures to prevent insider trading. Several years ago, the Company has enacted its own compliance guideline that implements these legal requirements in Marinomed's business. The guideline is reviewed at regular intervals and if necessary, amended with regard to factual circumstances. Marinomed has also appointed a compliance officer who reports to the Management Board and Supervisory Board and provides information on compliance with and reviews of the principles to prevent market abuse or the sharing of price-sensitive and confidential information (inside information). In the reporting year 2022, there were no reportable violations regarding inside information. In 2023, we also started to implement a digital whistleblower system in order to comply with the requirements of the Austrian "HinweisgeberInnenschutzgesetz" (HSchG) 2023 at an early stage.

The Company does not engage in lobbying activities within the meaning of the Austrian Transparency Act for Lobbying and Interest Representation 2012, as amended.

Commitment to the Austrian Code of Corporate Governance

Since its first listing on the prime market of the Vienna Stock Exchange on February 1, 2019, Marinomed Biotech AG has been considered a large corporation pursuant to Section 221 (3) of the Austrian Commercial Code (UGB). The number of ordinary bearer shares issued by the Company as of December 31, 2022, was 1,506,162, with each share representing one voting right. No preference shares have been issued and no restrictions on ordinary shares exist. As a listed company, Marinomed provides this Corporate Governance Report as of December 31, 2022.

Marinomed is committed to compliance with the rules of the Austrian Code of Corporate Governance (ACCG). The ACCG is a set of rules and regulations for the responsible management of companies in Austria. Its objective is to create sustained and long-term value growth and to provide a maximum of transparency for all shareholders.

The Code entered into force in 2002, is based on international standards of good corporate governance and includes relevant provisions of the Austrian Stock Corporation Act, the Austrian Stock Exchange Act as well as the Austrian Capital Markets Act. It primarily applies to listed companies on the Austrian capital market, which volun-

tarily adhere to these principles. The Vienna Stock Exchange also requires compliance with the ACCG under provisions applicable for companies whose shares are traded in its prime market segment. The text of the ACCG is accessible on the website of the Austrian Working Group for Corporate Governance (*www.corporate-governance.at*).

On the one hand, the Code includes legal provisions which - as being part of the Austrian Corporate, Stock Corporation and Capital Market Act - must be complied with (Legal Requirements or "L-Rules"). On the other hand, the ACCG contains rules that are considered common international practice, such as the principles set out in the OECD Principles of Corporate Governance and the recommendations of the European Commission. Non-compliance with these rules must be explained (Comply or Explain, "C-Rules"). The ACCG also contains rules that are voluntary and do not require explanation in case of deviations (Recommendations, "R-Rules").

In 2022, Marinomed fully complied with all "L-Rules" of the ACCG. Non-compliance with the "C-Rules" is explained as follows:

C-Rule 18

This rule stipulates the setup of a separate staff unit for internal auditing depending on the size of the enterprise. As Marinomed is a small corporation in terms of headcount, the Company did not set up a separate staff unit and does not intend to do so.

C-Rule 28

Rule 28 stipulates a holding period of a total of at least three years for options awarded to Management Board members. Management Board members hold significantly more shares than received through the exercise of stock options, therefore, a holding period has not yet been agreed in writing.

C-Rules 41 and 43

These rules require the Supervisory Board to set up a Nomination Committee as well as a Remuneration Committee. In cases where the Supervisory Board has no more than six members, these committees' functions may be exercised by all board members jointly. As Marinomed's Supervisory Board currently has not more than six members, nomination and remuneration matters are decided by the entire Supervisory Board and no separate committees have been established apart from the mandatory Audit Committee.

C-Rule 83

According to this rule, the auditor must assess the functionality of the risk management and report to the Management Board. Since Marinomed is a small corporation in terms of headcount, risk management is not institutionalized, and a separate report is not required. However, the Company has established systems and processes to identify risks and counter them. These are continuously monitored and adjusted, if necessary.

Currently, Marinomed does not have a works council. As a result, the right to delegate works council representatives to the Supervisory Board does not apply. The Company's corporate bodies are bound in particular by the Articles of Association, the Rules of Procedure for the Management Board ("Geschäftsordnung für den Vorstand"), the Rules of Procedure for the Supervisory Board ("Geschäftsordnung für den Aufsichtsrat") and the Austrian Code of Corporate Governance.

External evaluation of compliance with the Code

The C-Rule 62 of the Austrian Code of Corporate Governance provides for voluntary external evaluation of compliance with the C-Rules of the Code at least once every three years. An external evaluation by the auditor was last carried out as part of the 2021 audit of the consolidated financial statements.

Working methods of the Management Board and the Supervisory Board

In accordance with Austrian law, the Company has a two-tier management and oversight structure comprising the Management Board and the Supervisory Board. The Management Board is responsible for the executive management of the Company and represents the Company vis-à-vis third parties. The Supervisory Board supervises the Company's management as well as internal controls and advises the Management Board. Members of the Management Board are appointed by the Supervisory Board. Members of the Supervisory Board are elected by the Annual General Meeting.

Members of the Management Board

Pursuant to the Articles of Association, the Management Board consists of at least two and no more than five members appointed by the Supervisory Board for a term of up to five years. Members may be reappointed by the Supervisory Board for consecutive terms. Currently, the Management Board consists of three members.

Andreas Grassauer
Chairman and
Chief Executive Officer
Year of birth: 1969
Year of first appointment: 2006
End of term: 2027

Andreas Grassauer is Chairman of the Executive Board and Chief Executive Officer. He co-founded Marinomed in 2006 and since then has been CEO of the Company. Prior to founding Marinomed, he built up several other companies and was involved in raising more than EUR 30 million from private and public sources. In the last fifteen years, he executed a series of deals for Marinomed. Andreas Grassauer holds a doctoral degree (PhD) in virology from the Institute of Applied Microbiology at the University of Natural Resources and Applied Life Sciences, Vienna, Austria.

His responsibilities on the Management Board include strategy, intellectual property rights, production, IT, business development and legal affairs.

Eva Prieschl-Grassauer
Chief Scientific Officer
Year of birth: 1968
Year of first appointment: 2006
End of term: 2027

Eva Prieschl-Grassauer is Chief Scientific Officer. She co-founded Marinomed in 2006 and since then has been CSO of the Company. Eva Prieschl-Grassauer has more than 30 years of experience in pharmaceutical drug development. Prior to her appointment at Marinomed, she was head of the allergy program of Novartis in Vienna, Austria. In this position, she discovered the mechanism of action of FTY720 (fingolimod), Novartis' novel immunomodulatory drug against multiple sclerosis. Eva Prieschl-Grassauer has published more than 50 articles in prestigious peer-reviewed journals in the fields of immunology, molecular biology and medicinal chemistry. She holds a doctoral degree (PhD) in immunology from the University of Vienna, Austria. In 2022, she was awarded the Golden Decoration of Merit of the Republic of Austria for her excellent scientific work and its translation into commercial success.

Her responsibilities on the Management Board include strategy, research and development, business development and legal affairs.

Pascal Schmidt
Chief Financial Officer
Year of birth: 1972
Year of first appointment: 2018
End of term: 2027

Pascal Schmidt is Chief Financial Officer. He took over as CFO of the Company in August 2018. Pascal Schmidt has more than 25 years of experience in corporate finance, corporate development and M&A, including positions as managing director of Raymond James Financial Inc. and as a partner at the consultancy firm Mummert & Company. Before that, he was a member of the investment committee at Infineon Ventures GmbH. Pascal Schmidt holds a master's degree in business administration from the University of Bayreuth, Germany.

His responsibilities on the Management Board include strategy, administration and organization, controlling and accounting, investor relations, business development and legal affairs.

Members of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of Marinomed Biotech AG comprises a minimum of three and a maximum of six members, who are elected by the Annual General Meeting for a period of five years.
As the Company does not have a works council, there are currently no employee representatives on the Supervisory Board. Since the elections to the Supervisory Board at the 5th Annual General Meeting in June 2022, the Board had the following six members in the 2022 financial year:

Simon Nebel
Chairman
Year of birth: 1966
Year of first appointment: 2017
End of term: 2023

Simon Nebel is founder and Managing Partner of Viopas Venture Consulting GmbH. He is also a venture partner of Aravis, a private equity firm for which he has participated in financing a number of life science companies and M&A transactions of the Aravis portfolio. Moreover, Simon Nebel is currently a Supervisory Board member of SynAffix (NL), Bird Rock Bio (US) Digital Doctor House (CH) and Bio-sensing Solutions SL (DyCare, ESP). He is a former Supervisory Board member of Borean Pharma (DK), ImVision (CH), MerLion Pharmaceuticals SA (CH) and was secretary of the Supervisory Board of Evolva (CH). Simon Nebel holds a PhD in biophysics from the Biocentre of the University of Basel, Switzerland, and an MBA with distinction from the London Business School. Simon Nebel is a member of the Company's Supervisory Board and has been its Chairman since 2017. He was previously Chairman of the Company's Advisory Board (from 2008 onwards).

Ute Lassnig
Vice Chairwoman
Year of birth: 1970
Year of first appointment: 2017
End of term: 2023

Ute Lassnig was part of the healthcare investment banking team at Goldman Sachs in London, where she advised companies in the biotech, pharma, medtech and agrochemical sectors on mergers and acquisitions, divestments as well as financing. She also served as Managing Partner at Mummert & Company and headed its Vienna office for ten years. Since 2015, Ute Lassnig has been responsible for the Corporate Development and Innovate division at Evotec SE. Ute Lassnig is Managing Partner and sole owner of Laureo Corporate Finance Ges.m.b.H. She holds a master's degree in computer science and business administration from the University of Zurich, Switzerland. Ute Lassnig has been a member of the Company's Supervisory Board and its Vice Chairwoman since 2017. She was previously a member of the Company's Advisory Board from 2016 onwards.

Gernot Hofer
Member
Year of birth: 1980
Year of first appointment: 2017
End of term: 2023

Gernot Hofer has been a member of the managing board of Invest Unternehmensbeteiligungs Aktiengesellschaft since 2014 and is currently a member of the supervisory board of Raiffeisen KMU Invest AG. Prior to this, he acquired international experience at a business consultancy in Hong Kong and at a venture capital fund based in Vienna. He holds a degree in economics from the Vienna University of Economics and Business, Austria, and was awarded a doctorate in venture capital and private equity by the Department of Entrepreneurship and Innovation, where he is currently employed as a lecturer. Gernot Hofer has been a member of the Company's Supervisory Board since 2017. He was previously a member of the Company's Advisory Board from 2016 onwards.

Brigitte Ederer
Member
Year of birth: 1956
Year of first appointment: 2018
End of term: 2023

Brigitte Ederer was a politician from 1983 to 2001, during which time she was a member of the Austrian National Assembly, Secretary of State for European Affairs and a city councilwoman with responsibility for finance and business in Vienna. From 2001 to 2013, she held various management positions at Siemens Group. Brigitte Ederer is also a member of several supervisory boards, including Boehringer Ingelheim RCV GmbH & Co KG, ÖBB-Holding AG and Schoeller-Bleckmann Oilfield Equipment AG. Brigitte Ederer holds a degree in economics from the University of Vienna, Austria. She has been a member of the Company's Supervisory Board since 2018.

Elisabeth Lackner
Member
Year of birth: 1973
Year of first appointment: 2022
End of term: 2027

Elisabeth Lackner is an entrepreneur and well-networked pharmaceutical and biotechnology executive with more than 20 years of experience combining growth, business strategy & innovation, marketing, business development and international expansion, regulatory and operations in life science with full P&L responsibility, thereof 10+ years as CEO. She excels through the combination of an entrepreneurial mindset with high creativity and cultural agility, combined with extensive experience in leading multicultural teams. Elisabeth Lackner is a member of several boards, and respected consultant and speaker in the industry. Elisabeth Lackner has been a member of the Supervisory Board since 2022.

Ulrich Kinzel
Member
Year of birth: 1964
Year of first appointment: 2022
End of term: 2027

Ulrich Kinzel is a managing director at the advisory firm goetzpartners, responsible for the healthcare industry group. Previously, he was a founding partner of Code Securities, London, a specialist life science investment bank acquired by Nomura in 2005. Ulrich has extensive financing and capital markets experience and has advised leading international healthcare, life sciences and digital health companies in more than 70 successful M&A and ECM transaction, including cross-border European, US and Asian public and private takeovers as well as IPOs and secondary offerings on all major European Stock Exchanges. Ulrich Kinzel has been a member of the Supervisory Board since 2022.

Supervisory Board independence

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of Marinomed has established the following criteria defining the independence of its members:

- The Supervisory Board member has not been a member of the Management Board or a senior manager of the Company in the last five years.
- The Supervisory Board member does not have a business relationship with the Company that is of such significance for the Supervisory Board member that it affects his or her activities on the Supervisory Board to the detriment of the Company. This also applies to business relationships with companies in which the Supervisory Board member has a considerable economic interest. The Supervisory Board's approval of individual transactions in accordance with L-Rule 48 does not automatically lead to a classification of non-independence.
- The Supervisory Board member has not been an auditor of the Company's financial statements or held an ownership interest in or been an employee of the auditing company executing such audits in the last three years.
- The Supervisory Board member is not a member of the Management Board of another company that has a member of Marinomed's Management Board on its Supervisory Board.
- The Supervisory Board member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a member of the Management Board or individuals holding one of the positions described above.

The Supervisory Board as a whole is considered independent, if at least 50% of the members elected by the general meeting satisfy the criteria above for the independence of a Supervisory Board member.

Each member of the Supervisory Board has declared whether they can be considered independent based on the criteria specified by the Supervisory Board. All Supervisory Board members were independent throughout the 2022 financial year based on the criteria indicated.

In accordance with C-Rule 36 of the ACCG, the Supervisory Board shall, within the framework of a self-evaluation, deal with the efficiency of its activities, in particular with its organization and working methods once a year. The result of this self-evaluation, which was carried out at Marinomed for the first time in the 2022 financial year, is presented in the report of the Supervisory Board on p. 28.

In 2019, the Company entered into a consultancy contract with the Chairman of the Supervisory Board (Simon Nebel) in relation to certain business development activities. In the financial year 2022, expenses related to this contract amounted to kEUR 30 (2021: kEUR 37). After the cut-off date for the reporting period, a consulting contract for business development services was concluded with the company Viopas Venture Consulting (VVC). The consulting services are remunerated on a performance basis. 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.

The following Supervisory Board members held positions on Supervisory Boards or comparable corporate bodies in the following companies as at December 31, 2022:

	Name of company	Position held
Simon Nebel	Bird Rock Bio, Inc.	Member of the Supervisory Board
	SynAffix BV	Member of the Supervisory Board
	Aravis Biotech II	Vice Chairman of the Supervisory Board
	Digital Doctor House AG	Member of the Supervisory Board
	Viopas Venture Consulting GmbH	Managing Partner
	Bio-sensing Solutions SL	Member of the Supervisory Board
	Hanaku AG	Member of the Supervisory Board
Gernot Hofer	JOSKO Fenster und Türen GmbH	Member of the Supervisory Board
	Lenzing Plastics GmbH	Member of the Supervisory Board
	Invest Unternehmensbeteiligungs AG	Member of the Management Board
	Herba Chemosan Apotheker-AG	Member of the Supervisory Board
	Raiffeisen KMU Invest AG	Member of the Supervisory Board
Ute Lassnig	Laureo Corporate Finance Ges.m.b.H.	Managing Partner
Brigitte Ederer	Boehringer Ingelheim RCV GmbH & Co KG	Member of the Supervisory Board
	ams-OSRAM AG	Member of the Supervisory Board
	Schoeller-Bleckmann Oilfield Equipment AG	Vice Chairwoman of the Supervisory Board
	WEB Windenergie AG	Member of the Supervisory Board
	TTTech Computertechnik AG	Member of the Supervisory Board
	ÖBB-Personenverkehr AG	Member of the Supervisory Board
	ÖBB-Holding AG	Member of the Supervisory Board
Ulrich Kinzel	goetzpartners Securities Ltd.	Managing Director
Elisabeth Lackner	Element Materials Technology Group Ltd.	Member of the Management Board

Supervisory Board committees

Pursuant to the Austrian Stock Corporation Act, the Supervisory Board may establish one or more committees from among its members in order to prepare its discussions and resolutions or to supervise the execution of its resolutions. Committees may consist of at least three members each. Unless the Supervisory Board issues Rules of Procedure for its committees, the Rules of Procedure for the Supervisory Board apply to the committees subject to the necessary changes.

Since securities of the Company are listed on a regulated market, the Company is required by Austrian law to establish an Audit Committee, which must convene at least two meetings in each

financial year. In accordance with C-Rules 41 and 43 of the ACCG and given that the Supervisory Board does not have more than six members, the Supervisory Board has not established a separate Nomination Committee and Remuneration Committee, but takes related decisions on board level.

Audit committee

The Audit Committee reports to the Supervisory Board and prepares the proposal for the election of the auditor by the Annual General Meeting. In addition, the Audit Committee is responsible for monitoring the accounting process and the effectiveness of the Company's internal control system, for reviewing the (consolidated) financial statements, for examining and monitoring the auditor's independence and for preparing the approval of the (consolidated) financial statements and the management report, the recommendation for the distribution of profits and the corporate governance report.

For the time being, the Audit Committee consists of all Supervisory Board members. Since November 16, 2020, Gernot Hofer has been Chairman of the Audit Committee. All members of the Audit Committee are experienced financial experts with knowledge and practical experience in corporate finance, accounting and reporting that satisfy the requirements of the Company.

Meetings of the Supervisory Board

Four ordinary Supervisory Board meetings distributed over the reporting year were held in 2022. The auditor of the (consolidated) financial statements, BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (as the universal successor of BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft), met with the Supervisory Board members in 2022 to discuss the review of the 2022 (consolidated) financial statements and also attended the Annual General Meeting.

No member of the Supervisory Board attended less than half of the Supervisory Board meetings in 2022 after having been elected to the Supervisory Board.

Measures to promote diversity

Marinomed believes that mixed teams produce better results and is committed to equal opportunities for women and men in the recruitment process and in all areas of employment.

Due to its small size, the Company does not have a binding diversity policy that stipulates the consideration of criteria such as gender, age, education and professional or cultural background in the appointment of members to the Management Board and Supervisory Board. Nevertheless, the Supervisory Board and the Management Board are diverse in terms of gender, nationality, education and professional background. As of December 31, 2022 women accounted for 50% of the Supervisory Board members (December 31, 2021: 50%). One third of the Management Board's members is female.

Currently, Marinomed does not employ persons with disabilities, but pays a compensation according to the Austrian Disabled Persons Employment Act.

Risk management and internal control system

Marinomed conducts research and development of pharmaceuticals and medical devices. Taking advantage of opportunities and avoiding risks is therefore important for the success of the Company. Accordingly, Marinomed pursues a systematic approach to the early detection of opportunities and risks. The aspects listed in the "Risk report" section are repeatedly reviewed using company-wide planning and control processes. Overall responsibility for internal control and risk management at Marinomed lies with the Management Board. The risk management system focuses on the areas mentioned in the Risk Report. Operational risks are primarily addressed through close communication with internal and external stakeholders (including investors, analysts, banks). Regular contact with all external suppliers and partners as well as the documentation of discussions and meetings allow a constant follow-up of planning and implementation.

Through the IPO in 2019 and other financing elements, such as the venture loan from the European Investment Bank (EIB) in 2019 or the convertible bond agreement with Nice & Green in 2021, Marinomed has improved its capital structure and been given the opportunity to accelerate the implementation of its research and development activities. This reduces dependencies on the general economic situation, the financing environment and successful accounts receivable management.

The regularity of the accounting is based on an accounting-related internal control system (ICS). The objectives of the ICS are compliance with legal standards, the proper accounting principles, the Austrian Commercial Code (UGB) and the International Financial Reporting Standards (IFRS). The ICS also has the task of ensuring the reliability of financial reporting and the identification of risks outside of financial reporting. The four-eyes principle is observed in all relevant business cases.

The internal control system is divided into structural and process organization. The organizational structure has flat hierarchies and a clear assignment of responsibilities. There is an organizational separation of operational and financial responsibility. In the finance department, the accounting, controlling and reporting processes are also separate.

The process organization is characterized by a clear set of rules that represents an appropriate basis for an efficient control system of approvals and competencies. Internal reporting to the Management Board is particularly important in order to be able to identify risks at an early stage and take countermeasures. This is done through regular meetings on the main topics, above all research and development, supply chain and finance. Depending on their importance, these meetings take place weekly, bi-weekly or monthly. The respective heads of department report to the Management Board in a structured manner. This is intended to avoid those risks that could lead to incomplete or incorrect financial reporting.

This internal reporting system is intended to enable the Management Board to check important processes and their financial impact for plausibility at regular intervals and to compare them with plans in order to be able to decide on and take suitable measures in the event of deviations. The planning required for this, for example for clinical studies, external service providers and sales, is approved in advance by the Management Board. Consolidated reporting including the non-operating subsidiary takes place at the end of each quarter.

In addition, the Company creates a rolling liquidity plan, which is constantly monitored and coordinated with its own specifications. Due to the planned negative equity, the Company is obliged to prepare a going concern forecast. This is compared and updated every quarter by the accounting department, in close cooperation with the Management Board, with the current reporting and is presented to the auditor in the course of the audit of the annual financial statements or the half-yearly review. Since 2019, the Company's accounting has been managed using the financial accounting software BMD. Financial planning is prepared in close cooperation between the Management Board, the project managers for research and development and the finance department. The planning data is compared with the actual data recorded in BMD on a monthly basis and reported internally.

The annual financial statements are audited by the auditing company BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (as the universal successor of BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft).

Sustainable research and development policy

Patient safety and well-being are at the heart of Marinomed's operations. As a biomedical company, Marinomed is subject to especially stringent rules governing the entire value chain.

Marinomed's research activities serve to increase knowledge and are committed to the well-being of patients and the protection of the environment. Its internal and external researchers comply with all applicable legal regulations and ethical principles. Respecting good scientific practice is a matter of course. Marinomed's responsible approach to research includes:

- Identifying and minimizing research risks
- Carefully managing publications
- Documenting risks and awareness-raising and training measures
- Seeking approvals and informed consent when using human tissue
- Adhering to good clinical practice (GCP) guidelines when conducting clinical studies and having a functioning and established quality management system
- Publishing key data from clinical studies on pertinent databases, such as *www.clinicaltrials.gov*
- Making sure that our results are transparently and easily accessible. We primarily publish our research findings on platforms that are accessible free of charge to readers. Our website also features a large selection of scientific publications on our research topics.

When conducting research and drug development, Marinomed and its research partners cannot always avoid animal testing. Applicable law might sometimes even require this practice. The ethical and humane treatment of animals and compliance with the principles of animal welfare are matters of course for Marinomed. Before starting any animal testing, all approvals from the ethics committee must be available, the staff must be appropriately trained, and the veterinary prerequisites for implementation must be met. Provided that animal-free testing and investigation methods exist, are adequate and legally permissible alternatives, we will make use of this option with the aim of avoiding animal testing as much as possible.

Partnerships and supply chains

Marinomed's business model is largely based on successful collaboration with partners to bring product developments to authorization, production and marketing. Partnerships make it possible for the various stages of the value chain to be in the hands of specialists who carry them out as efficiently as possible and thus saving resources. In 2022, Marinomed maintained business relationships with 23 partners for the distribution of its products or Solv4U technology partnerships. In addition, a large number of business relationships with potential partners are actively maintained with the aim of both marketing Carragelose products in additional countries and closing partnerships for product candidates based on Marinosolv.

Our partners are responsibly selected and regularly checked. Recurring audits and reviews ensure that regulatory requirements and ethical principles are met. In 2022, there were neither reportable incidents nor violations of vigilance agreements. Compliance with laws and regulations is a matter of course, as is taking human rights and child welfare into account and showing mutual respect. These values characterize the cooperation with our partners, customers and suppliers. There is regular and close coordination with our partners, and Marinomed also informs them promptly about the latest scientific findings and results obtained from ongoing research and development activities.

Marinomed's distribution partners and thus also the supply chains are embedded in the special regulatory environment of pharmaceutical and medical device companies. When initiating the partnership, it is checked whether the partners meet all the regulatory requirements necessary for distribution. Furthermore, Marinomed preferrable retains partners headquarterd in the EU for the manufacturing of products and for external research services. In addition to well-known and stable legal, social and political framework conditions, this keeps transport routes short and makes appropriate controls easier. "Code of Conduct" agreements have already been included in the contracts with some distribution partners, which set fundamental legal, sustainable and qualitative standards for cooperation. Marinomed is also currently working on developing its own code of conduct for suppliers. In addition to the

documentation of internal standards and compliance with human rights and decent working conditions, the transparency and traceability of supply chains should be further optimized. Important governance principles against money laundering, corruption and terrorist financing are also contractually agreed with our partners.

With Solv4U, we are making the Marinosolv technology available to external costumers to improve the solubility of active ingredients. Here, too, the quality of our partners is carefully checked before the contract is concluded.

Product quality and safety

Our products are produced by contract manufacturers in Europe. These are regularly audited by us, and the quality of the manufactured products is checked and monitored.

Awareness of quality, pharmacovigilance and good distribution practice is raised through regular training among our employees. In 2022, less than two adverse events were reported for every million of Carragelose products sold.

Data safety and protection

Data security is of central importance to Marinomed. The Company's IT infrastructure, encryption technologies and backups are state-of-the-art and are constantly updated. Although Marinomed almost exclusively maintains B2B business relationships, the implementation of the EU General Data Protection Regulation (GDPR) is taken very seriously. Data protection management is therefore assigned directly to the Management Board.

In 2022, there were no reportable incidents of data breaches, leaks, theft or loss of data related to customer information or other business activities.

Intellectual property

As a science-based company, our developments and intellectual property must be extensively protected by patents. Patent management is therefore assigned directly to the Management Board. At the end of 2022, Marinomed held 233 active patents in over 50 countries. Recently, Marinomed was also granted the patent for the protection of the Marinosolv solubilization technology in the USA. Thus, both the Carragelose products and the products based on the Marinosolv technology are protected in all economically important countries.

Capital market

Since Marinomed is listed in the prime market segment of the Vienna Stock Exchange, we have a great responsibility towards our shareholders. We always fulfill the associated obligations with the greatest possible care. We actively seek the dialogue with investors, capital market players, lenders and shareholders through investor events, our Annual General Meeting and conference calls.

Transparency is important to us, which is why the Investor Relations department was further expanded in 2022. With this sustainability report, we are making extensive efforts to disclose further information to provide our stakeholders with a complete picture of Marinomed.

Our governance sustainability goals

Target	Time frame	Target achievement as of 31.12.2022
No reportable incidents regarding insider trading	Ongoing	✓
No reportable violations of the Austrian Stock Exchange Act	Ongoing	✓
No reportable violations of data protection (e.g. data leaks, data theft or data loss)	Ongoing	✓
Establishment of a digital whistleblower system	2023	Ongoing
Redesign of the corporate homepage for more transparency	2022	✓
Introduction of a code of conduct for suppliers	2023	Ongoing

Outlook

Our primary goal and mission is to use our technologies to improve people's health and well-being. This mission alone is sustainable for us and determines a large part of our actions. But other sustainability aspects are also of great relevance to us, and as a company, we are aware of our responsibility towards society and the environment.

With this year's sustainability report, we have further sharpened our reporting. We already have high standards today and want to expand them further. We are constantly adapting our sustainability strategy and reporting, keeping an eye on the new EU guidelines. ESG aspects will also be increasingly incorporated into our strategy in the future.

We thank our customers, partners, shareholders and employees for their commitment, which is essential for Marinomed to achieve its goals. We strive to run our company sustainably and successfully, thereby creating positive values for everyone.

Consolidated financial statements

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

all amounts in kEUR	Note	1-12/2022	1-12/2021
Profit or loss			
Revenues	5	11,275.9	11,627.8
Other income	6	837.6	1,574.6
Expenses for materials	7	−7,283.0	−6,428.3
Expenses for services	7	−1,852.2	−3,775.2
Personnel expenses	8	−4,848.7	−4,461.7
Depreciation and amortization	9	−669.7	−608.9
Other expenses	10	−2,373.6	−2,073.1
Operating result (EBIT)		**−4,913.6**	**−4,144.7**
Financial income	12	1,194.4	0.0
Financial expenses	12	−2,671.7	−1,549.5
Financial result		**−1,477.3**	**−1,549.5**
Loss before taxes		**−6,390.9**	**−5,694.2**
Taxes on income	13	−6.8	−197.1
Loss for the period		**−6,397.7**	**−5,891.3**
Thereof attributable to the shareholders of the Company		*−6,397.7*	*−5,891.3*
Other comprehensive income (loss) for the period		-	-
Total comprehensive loss for the period		**−6,397.7**	**−5,891.3**
Thereof attributable to the shareholders of the Company		*−6,397.7*	*−5,891.3*
Earnings per share			
Basic (EUR per share)	14	−4.3	−4.0
Diluted (EUR per share)	14	−4.3	−4.0

Statement of financial position

all amounts in kEUR	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Intangible assets	17	1,804.1	2,007.3
Property, plant and equipment	16	6,203.3	6,431.7
Deposits and other non-current receivables	20	11.6	20.5
		8,019.0	8,459.6
Current assets			
Inventories	18	1,562.1	1,027.4
Trade and other receivables	20	4,527.4	6,047.9
Current tax receivables	13	2.8	-
Cash and cash equivalents	21	8,175.4	5,802.1
		14,267.5	12,877.5
Total assets		**22,286.6**	**21,337.0**

all amounts in kEUR	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	1,506.2	1,480.2
Capital reserves	22	44,092.1	42,068.8
Retained losses		−49,755.3	−43,357.6
		−4,157.1	191.4
Non-current liabilities			
Non-current borrowings	23	20,182.1	15,044.3
Other non-current liabilities	25	304.9	87.7
		20,486.9	15,132.0
Current liabilities			
Current borrowings	23	2,445.6	754.0
Trade payables	24	1,153.2	1,994.9
Current contract liabilities and other current liabilities	25	2,357.9	3,264.8
		5,956.7	6,013.7
Total equity and liabilities		**22,286.6**	**21,337.0**

Statement of cash flows

all amounts in kEUR	Note	1-12/2022	1-12/2021
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period		−6,397.7	−5,891.3
Adjustments for:			
Taxes on income recognized in profit or loss		6.8	197.1
Financial income recognized in profit or loss		−1,194.4	−0.0
Financial expense recognized in profit or loss		2,671.7	1,549.5
Depreciation and amortization expense		669.7	608.9
Gain from disposal of assets		−7.9	-
Loss on disposal of assets		0.9	-
Other non-cash income/expense		−48.4	−163.0
Changes in deposits and other non-current receivables		8.9	−8.3
Changes in inventories		−534.7	−101.3
Changes in trade and other receivables		1,520.6	−784.8
Changes in provisions		-	−763.0
Other changes in trade payables, contract liabilities and other liabilities		−1,449.8	847.6
Interest paid		−448.7	−357.6
Interest received		0.0	0.0
Cash flow utilized by operating activities	**15**	**−5,202.9**	**−4,866.3**

all amounts in kEUR	Note	1-12/2022	1-12/2021
Cash outflow from capital expenditure for plant and equipment and intangible assets		–227.6	–918.8
Proceeds from sale of property, plant and equipment		20.1	-
Cash flow utilized by investing activities	**15**	**–207.5**	**–918.8**
Proceeds from convertible notes		1,800.0	600.0
Proceeds of long-term borrowings		6,200.0	1,800.0
Proceeds from executed options		-	304.1
Repayments of long-term borrowings		–200.0	–300.0
Lease payments		–16.4	–23.1
Equity transaction costs		-	–0.8
Cash flow generated from financing activities	**15**	**7,783.6**	**2,380.2**
Total change in cash & cash equivalents		**2,373.2**	**–3,404.8**
Cash & cash equivalents at beginning of period		5,802.1	9,206.9
Cash & cash equivalents at end of period		8,175.4	5,802.1
Of which effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		–1.4	34.6

Statement of changes in equity

all amounts in kEUR	Nominal capital/ Share capital	Capital reserves	Retained losses	Total
December 31, 2020	**1,472.7**	**41,351.2**	**–37,466.3**	**5,357.6**
Loss for the period	-	-	–5,891.3	–5,891.3
Total comprehensive income (loss) for the period	-	-	–5,891.3	–5,891.3
ESOP 2019	4.4	420.8	-	425.2
Convertible notes	3.1	296.7	-	299.8
December 31, 2021	**1,480.2**	**42,068.8**	**–43,357.6**	**191.4**
December 31, 2021	**1,480.2**	**42,068.8**	**–43,357.6**	**191.4**
Loss for the period	-	-	–6,397.7	–6,397.7
Total comprehensive income (loss) for the period	-	-	–6,397.7	–6,397.7
ESOP 2019	0.9	80.3	-	81.2
Convertible notes	25.1	1,943.0	-	1,968.1
December 31, 2022	**1,506.2**	**44,092.1**	**–49,755.3**	**–4,157.1**

For futher details please refer to Note 22.

Notes to the consolidated financial statements 2022

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 consolidated financial statements for issuance on April 18, 2023.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the previous periods except for the adoption of new and amended standards as described in Note 2.2. 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 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). The consolidated financial statements meet the requirements of section 245a UGB (Austrian Commercial Code) on exempting consolidated financial statements according to internationally accepted accounting standards.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain material accounting estimates. It requires the management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed at the respective balance sheet/P&L position.

The consolidated financial statements as of December 31, 2022 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 well as external research contracts.

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, or not to make any draw-downs, respectively. At the time of the preparation of these consolidated financial statements, 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.

Currently the Management Board expects that the available liquid funds and the financing already promised will be sufficient to cover the operating expenses and investments for the primary forecast period (until June 2024). Various scenarios for the growth of the company were analyzed as part of the preparation of the going concern prognosis. Depending on the intensity of the research expenditure (consisting of internal and external costs), there is a liquidity requirement in the secondary forecast period (from July 2024) of up to EUR 3 million. The intensity of the research expenditure and thus the liquidity requirement can be adjusted by the Management Board. In the management case, it is assumed that the workforce will increase by 48% (heads) until 2027 and that new product developments including clinical studies will be started. Various financing alternatives are currently being worked on to finance the necessary liquidity requirements. The Management Board assumes that, as in the past, these can be completed in good time. If it is not possible to gain further liquidity, new product developments can be delayed or interrupted and the increase in staff would be limited to an increase of 22% till 2027. In this fallback scenario, it would be possible to get by without additional liquid funds.

Against this background, the Management Board expects that the liquidity for the Company will be secured in the primary forecast period (until June 2024) even without additional financing measures with a predominant probability and that annual profits will be achieved in the secondary forecast period and that there is therefore a positive going concern forecast.

These 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 consolidated financial statements

The war in Ukraine and risks related to climate change have currently no impact on the 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. Neither country will be considered a target market for Marinomed products in the foreseeable future.

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, 2022, 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)
Amendments to: IFRS 3 Business Combinations IAS 16 Property, Plant and Equipment IAS 37 Provisions, Contingent Liabilities and Contingent Assets Annual Improvements 2018-2020	14.05.2020	28.06.2021	01.01.2022

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

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

Standard / Amendment (Pending Adoption into EU Law)	Date of Publication (IASB)	Effective Date (IASB)
Amendments to IAS 1: Presentation of Financial Statements Classification of Liabilities as Current or Non-current Classification of Liabilities as Current or Non-current – Deferral of Effective Date Non-current Liabilities with Covenants	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

2.4. Segment reporting

In 2022, the Company reports the segments Virology, Immunology and Other for the first time. 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).

General information on revenues from the Carragelose segment is provided in the section titled "Break-down of revenues by category and geographical area."

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.

Year ended December 31, 2021 all amounts in kEUR	**Virology**	**Immunology**	**Other**	**Total**
Total revenues	9,687.9	1,913.0	26.8	**11,627.8**
Of which sale of goods	*9,003.7*	-	-	**9,003.7**
Austria	*218.3*	-	-	**218.3**
Other European countries	*5,580.5*	-	-	**5,580.5**
Non-European countries	*3,204.8*	-	-	**3,204.8**
Of which other revenues	*684.3*	*1,913.0*	*26.8*	**2,624.1**
Austria	*380.8*	-	*4.3*	**385.1**
Other European countries	*286.9*	*0.1*	*2.6*	**289.6**
Non-European countries	*16.6*	*1,912.9*	*20.0*	**1,949.5**
Cost of goods sold	−6,112.9	-	-	**−6,112.9**
Contract research	−1,646.0	−1,231.7	−0.5	**−2,878.2**
Personnel expenses	−1,236.8	−1,206.0	−2,018.9	**−4,461.7**
Other miscellaneous income/expense	−549.0	91.4	−1,553.2	**−2,010.9**
Depreciation and amortization	−260.4	−154.6	−193.9	**−608.9**
Non-recurring items	300.0	-	-	**300.0**
Operating result (EBIT)	**182.8**	**−587.9**	**−3,739.6**	**−4,144.7**

Year ended December 31, 2022 all amounts in kEUR	**Virology**	**Immunology**	**Other**	**Total**
Total revenues	11,198.1	-	77.7	**11,275.9**
Of which sale of goods	*10,518.6*	-	-	**10,518.6**
Austria	*555.6*	-	-	**555.6**
Other European countries	*6,749.4*	-	-	**6,749.4**
Non-European countries	*3,213.6*	-	-	**3,213.6**
Of which other revenues	*679.5*	-	*77.7*	**757.3**
Austria	*431.9*	-	-	**431.9**
Other European countries	*60.0*	-	*46.5*	**106.4**
Non-European countries	*187.6*	-	*31.3*	**218.9**
Cost of goods sold	−7,120.2	-	-	**−7,120.2**
Contract research	−742.9	−320.2	−3.2	**−1,066.3**
Personnel expenses	−1,340.3	−1,490.2	−2,018.1	**−4,848.7**
Other miscellaneous income/expense	−815.5	−181.1	−1,488.0	**−2,484.5**
Depreciation and amortization	−272.4	−215.1	−182.3	**−669.7**
Operating result (EBIT)	**906.9**	**−2,206.6**	**−3,613.8**	**−4,913.6**

Revenues were stable at EUR 11.28 million in the 2022 financial year, despite the lack of milestone payments in 2022 (2021: EUR 11.63 million). Adjusted for the Budesolv milestone payment (Immunology/other revenues/non-European countries) of EUR 1.91 million in 2021, revenues increased by 16.5%. This was mainly due to a surge in demand for Carragelose products. As a result of the current focus on the evaluation of past and the preparation of future clinical studies, contract research significantly decreased in both segments.

In both reporting periods, "Cost of goods sold" includes expenses for merchandise, primary packaging and other raw materials as well as regular batch release charges (excluding exceptional charges) related to "Sales of goods" and form part of, but not sum up to total of the line items "Expenses for materials" and "Expenses for services" in the statement of profit or loss. In 2021, non-recurring items solely include income related to the waiver of commercialization rights by a European licensing partner. The financial result and the tax result are not broken down into segments, which is why they are not listed in the reporting format shown above.

Break-down of revenues by category and geographical area

Revenues from the sale of goods include nasal and throat products based on the Carragelose technology. Other revenues relate to income from licences and royalties, milestone payments as well as miscellaneous other services. The geographical break-down is based on distribution markets. Between 30 and 40% of revenues were generated on the German market in 2022 (2021: 10-20%). Both in 2022 and 2021, 10-20% of revenues were generated in the UK market. The Philippines contributed 10-20% of revenues in 2022, but remained below 10% in 2021. While the Chinese, Italian and Iranian markets each accounted for 10-20% of revenues in 2021, these markets stood below 10% in 2022.

Non-current assets

Non-current assets are fully attributable to Austria where the Company's premises were located in 2022 and 2021. The internal reporting does not include a split of non-current assets by operating segments.

Major customers

Customers exceeding 10% of total revenues are considered major customers for the following presentation.

Year ended December 31, 2021 all amounts in kEUR	Total revenues	%	Segment
Top 1	1,911.2	16%	Immunology
Top 2	1,761.8	15%	Virology
Top 3	1,601.6	14%	Virology
Top 4	1,391.8	12%	Virology
Top 5	1,210.0	10%	Virology
Total	**7,876.4**	**68%**	
Year ended December 31, 2022			
Top 1	3,462.4	31%	Virology
Top 2	2,798.3	25%	Virology
Total	**6,260.7**	**56%**	

2.5. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in euros, which is the Company's functional and presentation currency.

Transactions and balances

In preparing the consolidated financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the prevailing exchange rates. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income (loss).

2.6. Significant accounting policies

These consolidated financial statements are prepared on the basis of amortized cost with the exception of certain items such as financial assets at fair value through profit or loss ("FVTPL") which are shown at fair value. The statement of profit or loss and other comprehensive income (loss) is presented using the nature-of-expense method. In the statement of profit or loss and other comprehensive income (loss) and statement of financial position, certain items are combined for the sake of clarity or immateriality. As required by IAS 1, assets and liabilities are classified by maturity. They are classified as current if they mature within one year, and otherwise as non-current.

2.7. Dividend distribution

To date, the Company has not paid dividends. Dividend distribution to the Company's shareholders shall be recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.8. Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets are reviewed for possible reversal of the impairment at each reporting date. During the reporting period, no events have been identified that would have deemed a significant impairment as necessary.

2.9. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs (transaction costs).

3. Financial risk management

3.1. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company has not used derivatives or other hedging instruments to mitigate these risk factors.

a) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

As of December 31 all amounts in kEUR	2022 GBP	2021 GBP	2022 USD	2021 USD
Trade receivables	-	37.3	-	882.9
Cash and cash equivalents	44.1	0.1	0.2	0.2
Trade payables	-	–0.1	-	-
Total	**44.1**	**37.3**	**0.2**	**883.1**

Foreign currency denominated receivables and payables are short term in nature (generally 30 days to no more than 75 days after the last day of the month following the issuance of the invoice). As a result, foreign exchange rate movements during the year had no material effect on the financial statements.

As of December 31, 2021 trade receivables in USD solely relate to the second installment from the first milestone of the license agreement entered into with Luoxin Pharmaceutical Group Stock Co, Ltd. in October 2021, regarding the commercialization of the first drug of the Marinosolv platform, Budesolv, in China, targeting the allergic rhinitis market. Revenues from the license agreement with Luoxin are made in USD, but initially 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 of December 31, 2022 the Company's sensitivity to a 10% increase/decrease in EUR against the USD amounted to kEUR (0.0)/0.0 (December 31, 2021: kEUR (88.3)/88.3), against the GBP to kEUR (4.4)/4.4 (December 31, 2021: kEUR (3.7)/3.7). The sensitivity analysis includes outstanding USD and GBP denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Cash flow and fair value interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of changes in market interest rates because of its long-term borrowings with variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Although the Company has no specific requirements on the exact proportion of interest that should be fixed or floating, the position is reviewed regularly by the management.

The majority of interest-bearing financial liabilities carry fixed interest rates. The Company's operating cash flows are substantially independent of changes in market interest rates. Cash flow interest rate risk is therefore immaterial.

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

From July 1, 2024, a semi-fixed interest rate will be used for the ERP loan, which will depend on the 1-year EURIBOR. From December 15, 2026, the NÖBEG financing will bear a semi-fixed interest rate, which will depend on the 3-months EURIBOR.

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate due to changes in the market price.

The Company is currently not exposed to equity or debt securities price risk from investments held by the Company and classified in the statement of financial position as FVTOCI or FVTPL. The Company is not subject to any particular commodity price risk, as it has outsourced production to partners on the basis of long-term quotes. For the most part, Marinomed has the contractual possibility to adjust prices based on changes in a consumer price index. 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.

b) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Outstanding customer receivables are regularly monitored and collection measures taken as required. The customer's creditworthiness is checked regularly and impairments for expected losses are recognized in accordance with IFRS 9 based on historical experience and days past due. Given the favourable market environment in the pharma-

ceutical industry (for further details see management report and analysis) there is no indication of a future decline in creditworthiness of the Company's customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable (see Note 19).

At the time of the preparation of these consolidated financial statements, the credit risk on liquid funds (bank accounts, cash balances and securities) is limited because more than 98% of cash lies with banks with high credit ratings from international credit rating agencies.

c) Liquidity risk

Liquidity risk (funding risk) is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management involves maintaining sufficient cash, ensuring the availability of adequate funding in the form of committed credit facilities and being able to close out market positions. The Company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below shows the residual maturities of non-derivative financial liabilities and receivables at the end of the reporting period. The amounts disclosed are the contractual undiscounted cash flow values.

As of December 31, 2021 all amounts in kEUR	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings	–661.2	–17,142.3	–8,016.6
Trade payables	–1,994.9	-	-
Trade receivables	3,400.9	-	-
Total	**744.8**	**–17,142.3**	**–8,016.6**
As of December 31, 2022			
Borrowings	–2,420.2	–22,667.3	–5,189.7
Trade payables	–1,153.2	-	-
Trade receivables	1,392.6	-	-
Total	**–2,180.8**	**–22,667.3**	**–5,189.7**

For borrowings with variable interest rates, the cash flows have been estimated using the interest rate applicable to the contract at the end of the reporting period. In 2022 and 2021 borrowings include royalty payments related to the EIB loan (see Note 23).

3.2. Capital risk management

The main objectives of the Company's capital risk management are to ensure the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

The Company has set a strong focus on liquidity planning in order to meet its financial commitments. In this regard, the total amount of assets in relation to borrowings and financial liabilities as shown on the statement of financial position is used by the Company to monitor capital.

4. Critical accounting estimates and assumptions

The preparation of financial statements requires the management to make estimates and other judgements that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by the management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed at the respective balance sheet/P&L position. The war in Ukraine and risks related to climate change have no impact on the key estimates and assumptions.

5. Revenues

The Company generates the following types of revenues:

Year ended December 31 all amounts in kEUR	2022	2021
Sale of goods	10,518.6	9,003.7
Milestones	-	2,149.2
License revenues	406.2	370.2
Other revenues	351.1	104.8
Total revenue from contracts with customers	**11,275.9**	**11,627.8**

Marinomed's revenues are mostly based on the sale of goods. Customers of Marinomed act as distributors in the respective geographical regions. Depending on the stage of a product in the respective country, revenues may fluctuate year over year, e.g. in the case of product launches in new and existing markets, customers tend to build up significant stock. Accordingly, in subsequent years, demand from such customers decreases. In some countries, customers place TV advertisements for quick market penetration, while in other countries, they may focus on the education of doctors and pharmacists. Adjusted for the Budesolv milestone payment of EUR 1.91 million in 2021, revenues increased by 16.5% compared to the prior year period. This was mainly due to a surge in demand for Carragelose products.

Today, Marinomed distributes its products via 17 partners (2021: 17) in more than 40 countries. This enables regional fluctuations to be balanced.

All revenue from contracts with customers is recognized at a point in time.

Significant accounting policies

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is shown net of value added tax and is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer. Some contracts for the sale of goods provide customers with a cash discount for early payment, volume rebates or other rebates/discounts. Under IFRS 15, such discounts and rebates give rise to variable consideration. The variable consideration is estimated at contract inception and maintained until the associated uncertainty is subsequently resolved. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume rebates payable to customers in relation to sales made until the end of the reporting period, which is deducted from trade receivables. No element of financing is deemed present as the payment terms for sales are regularly based on the number of days customary for the industry and in the respective region.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract and control of the goods is transferred to the customer.

Licence revenues

For revenue from licensing of intellectual property, IFRS 15 provides specific guidance which differs from the recognition model for other promised goods and services. According to this, a licence will either provide a right to access the entity's intellectual property throughout the licence period, which results in revenue being recognized over time, or a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted, which results in revenue being recognized at a point in time. The Company's licensing agreements in place provide right-to-use licences. Revenue is therefore recognized when the licence is granted to the customer in accordance with the substance of the relevant agreement. For milestone payments agreed in licensing agreements, please refer to the "milestone payments" section below.

The Company applies the exception for sales-based or usage-based royalties received in exchange for licences of intellectual property. Accordingly, revenue is recognized only when (or as) the later of the following events occurs: a) the subsequent sale or usage occurs; and b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated, satisfied (or partially satisfied). Consequently, royalties are not included in the transaction price until the customer makes sales, regardless of whether or not the Company has predictive experience with similar arrangements.

Milestone payments
Milestone payments resulting from one-off revenues agreed in licensing and distributor agreements give rise to variable consideration under IFRS 15, which is estimated at contract inception and maintained until the associated uncertainty is subsequently resolved. Revenue from milestone payments is therefore only recognized to the extent that it is highly probable that a significant reversal will not occur; this is basically the fact when all contractual obligations associated with the payment are fulfilled by the Company and the amounts are non-refundable.

Milestone payments relating to "sales milestones" may arise when an (annual) sales threshold is met by the customer. The Company concludes that such milestones are, in substance, sales-based royalties, since they are receivable only when underlying sales are made. As such, revenue for these milestones is recognized if and when the annual sales threshold is met in accordance with the exception for royalties.

6. Other income

Other income consists of the following items:

Year ended December 31 all amounts in kEUR	2022	2021
Grant income	244.5	477.3
Research premium	467.8	677.6
Other income	125.4	419.7
Total	**837.6**	**1,574.6**

Grant income mainly consists of a FFG grant for the development of a SARS-CoV-2 therapy based on Carragelose. This grant is non-refundable, except in the case of non-compliance with the agencies' rules and regulations or in the case of misuse of the funds.

In 2021, other income includes income related to the waiver of commercialization rights by a European licensing partner amounting to kEUR 300.

According to IAS 20.10A and IFRS 1.B10, the differences between the nominal interest rates of R&D support loans and the market rate of interest, estimated at the time of initial recognition at 6.0% (WAW loan) and 15.0% (AWS Seed loan) respectively, are treated as a government grant and recognized over the term of the corresponding borrowings (see Note 23). In 2022, this interest advantage amounted to kEUR 44 (2021: kEUR 59) and is shown in the line item "Other Income".

Significant accounting policies

Grants were provided to support specific research projects and are recognized according to the progress of the respective project. Furthermore, grant income may result from conversion of loans into non-repayable grants. The research premium, which is paid out in cash by the Austrian fiscal authorities, is calculated as 14.0% (2021: 14.0%) of a specified research and development cost base. It is recognized to the extent the research and development expenses have been incurred. All grants are non-refundable as long as the conditions of the grant are met.

According to IAS 20.10A, the benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit due to the difference between the market rate of interest and the rate of interest charged by the governmental organization is measured as the difference between the initial carrying amount of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is deferred (recorded in the line item "other liabilities" (see Note 25)), and recognized through profit or loss over the term of the corresponding borrowing in accordance with IAS 20.10A. For further information on the market interest rate and the nominal interest rates of the government loans, please refer to Note 23. The loan is recognized and measured in accordance with IFRS 9.

7. Expenses for materials and for services

Expenses for materials comprise expenses for sale of goods (cost of goods sold) including merchandise, cost of primary packaging and other raw materials, as well as expenses for laboratory consumables (see Note 18).

The expenses for services relate primarily to R&D services, patents and regulatory services (see Note 11).

8. Personnel expenses

Personnel expenses include the following items:

Year ended December 31 all amounts in kEUR	2022	2021
Salaries	–3,877.6	–3,449.7
Expenses for social security and payroll related taxes	–929.1	–860.9
Expenses for the employee stock option plan (ESOP 2019)	–16.5	–105.7
Other employee benefit expenses	–25.5	–45.4
Total	**–4,848.7**	**–4,461.7**

Significant accounting policies

The Company is legally required to make monthly contributions to a state plan classified as a defined contribution plan. These contributions are recognized under expenses for social security and payroll related taxes.

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 reports, 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 exercise period following termination, depending on the achievement of the hurdle rate. In the reporting period, the stock options developed as follows:

Number of issued stock options	As of December 31, 2021	Additions	Exercised options	Expired options	As of December 31, 2022	Therof vested
Management Board	20,897	-	-	-	20,897	19,531
Employees	12,879	-	-	800	12,079	11,051
Total	**33,776**	**-**	**-**	**800**	**32,976**	**30,582**

Critical accounting estimates and assumptions

As at the grant date, the Company estimated the fair value of one issued share option at EUR 20.75 (EUR 28.94 for options granted in July 2019, EUR 33.92 for options granted in September 2020). The fair value of the options was measured using a Monte Carlo simulation. Due to the lack of a long enough price history for the Marinomed share, expected volatility was derived from historical data of a representative peer group. Additionally, estimates on future dividends, fluctuations and exercise dates were taken into account. Furthermore, the inputs used in the measurement were as follows:

- Strike price: EUR 75.00
- Expected volatility: 37%
- Risk-free interest rate: 0.00%-0.68%

9. Depreciation and amortization

The statement of profit or loss and other comprehensive income (loss) includes depreciation and amortization expenses as follows:

Year ended December 31 all amounts in kEUR	2022	2021
Amortization of intangible assets	–286.2	–237.6
Depreciation of property, plant and equipment	–383.5	–371.3
Total	**–669.7**	**–608.9**

For further details on amortization and depreciation see also Notes 16 and 17.

10. Other expenses

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

Year ended December 31 all amounts in kEUR	2022	2021
Consulting expenses	–1,231.2	–980.8
Marketing/PR expenses	–281.0	–365.8
Maintenance expenses	–259.9	–224.2
Relocation expenses	-	–30.5
Operating costs	–80.5	–61.7
Claims	–78.6	–0.6
Fees	–51.5	–76.7
Insurance	–49.2	–42.6
Travel expenses	–45.9	–21.4
Bank charges	–41.5	–19.1
Education expenses	–40.2	–40.5
Telecommunication expenses	–34.2	–32.2
Scientific literature	–30.0	–51.6
Freight	–17.5	–30.4
Car expenses	–9.6	–13.3
Other expenses	–122.8	–81.6
Total	**–2,373.6**	**–2,073.1**

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

11. 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):

Year ended December 31 all amounts in kEUR	2022	2021
Personnel expenses	–2,193.2	–1,979.6
Expenses for services	–1,270.6	–3,013.7
Expenses for materials	–216.6	–357.4
Other expenses	–418.8	–323.2
Depreciation and amortization	–490.3	–424.9
Financial expenses	–2,316.1	–1,405.7
Total	**–6,905.6**	**–7,504.4**

In 2022 as well as in the prior year, research and development expenses relating to personnel expenses are split equally between the Virology and Immunology segments. In the prior year 2021, expenses for services were still characterized by clinical studies on COVID-19 (Virology segment) and Tacrosolv (Immunology segment) and were equally split between the segments as well. In the reporting year, the focus was on data management and statistics subsequent to the studies and related mostly to the Virology segment.

Significant accounting policies

Research and development costs are usually expensed as incurred. For development costs recognized as an intangible asset according to IAS 38 please refer to Note 17.

12. Financial income and expenses

Year ended December 31 all amounts in kEUR	2022	2021
Interest income		
Bank deposits	0.2	0.0
Total	**0.2**	**0.0**
Interest and similar expenses		
EIB loan	–2,260.9	–1,329.4
Real estate financing	–115.6	–72.0
Other interest and similar expenses	–131.7	–107.6
Total	**–2,508.2**	**–1,509.1**
Other financial income/(expenses)		
Adjustments of carrying amount - income according to IFRS 9.B5.4.6	1,194.2	-
Adjustments of carrying amount - expenses according to IFRS 9.B5.4.6	–163.5	–40.4
Total	**1,030.6**	**–40.4**
Total financial result	**–1,477.3**	**–1,549.5**
Of which financial income	*1,194.4*	*0.0*
Of which financial expenses	*–2,671.7*	*–1,549.5*

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

As required by IFRS 7.20, interest on financial instruments is classified as follows:

all amounts in kEUR	Financial assets at amortized cost	Financial liabilities at amortized cost	FVTPL (held for trading)	Total
Financial result as per statement of profit or loss and other comprehensive income (loss)				
Year ended December 31, 2021				
Financial income	0.0	-	-	0.0
Financial expenses	-	–1,519.2	–30.2	–1,549.5
Total	**0.0**	**–1,519.2**	**–30.2**	**–1,549.5**

all amounts in kEUR	Financial assets at amortized cost	Financial liabilities at amortized cost	FVTPL (held for trading)	Total
Financial result as per statement of profit or loss and other comprehensive income (loss)				
Year ended December 31, 2022				
Financial income	0.2	1,194.2	-	1,194.4
Financial expenses	-	–2,509.2	–162.5	–2,671.7
Total	**0.2**	**–1,315.0**	**–162.5**	**–1,477.3**

13. Taxes on income

Year ended December 31 all amounts in kEUR	2022	2021
Current tax	–4.0	–4.6
Foreign withholding tax	–2.8	–192.5
Total	**–6.8**	**–197.1**

Tax expense in 2021 relates primarily to retained withholding taxes for income from license agreements abroad. From the tax expense recorded in 2021, kEUR 96 were cash-effective in 2022 (2021: kEUR 96).

The total charge for the year can be reconciled to the accounting profit as follows:

Year ended December 31 all amounts in kEUR	2022	2021
Profit (Loss) before taxes	–6,390.9	–5,694.2
Tax income (expense) at 25%	1,597.7	1,423.5
Expenses not deductible for tax purposes	–83.5	–48.6
Income not subject to tax	123.8	184.6
Effect of equity transaction costs	-	0.2
Effect of deferred tax asset not recognized	–1,638.0	–1,559.8
Foreign withholding tax	–2.8	–192.5
Minimum corporate income tax	–4.0	–4.6
Total income tax expense	**–6.8**	**–197.1**

Deferred taxes

Temporary differences resulting in deferred tax liabilities in the amount of kEUR 693 (2021: kEUR 765) are offset against deferred tax assets resulting mainly from tax loss carryforwards showing the same amount and timing with the same fiscal authority. Further to this, no deferred tax assets have been recognized in the statement of financial position or effects shown in the statement of profit or loss and other comprehensive income.

Year ended December 31 all amounts in kEUR	**2022**	**2021**
Deferred tax asset from		
Tax losses carried forward	11,714.0	11,144.7
Property, plant and equipment	14.9	3.0
Current receivables	66.5	34.9
Borrowings	8.0	32.4
Convertible note	5.4	-
Other financial liabilities	-	7.2
Other liabilities	11.2	11.1
Non-recognition of deferred tax assets	−11,127.4	−10,468.1
Total deferred tax assets	**692.5**	**765.3**

Year ended December 31 all amounts in kEUR	**2022**	**2021**
Deferred tax liability from		
Intangible assets - software	−2.7	−13.9
Intangible assets - development costs	−372.0	−457.6
Property, plant and equipment	−19.2	−11.5
Inventories	−43.3	−27.8
Current receivables	−231.4	−246.9
Borrowings	−21.9	−7.2
Convertible note	−2.0	−0.3
Other liabilities	-	−0.1
Total deferred tax liability	**−692.5**	**−765.3**
Deferred tax, net	**-**	**-**

As of December 31, 2022, the Company has unrecognized deferred tax assets of kEUR 11,127 (2021: kEUR 10,468) mainly resulting from cumulative tax loss carryforwards in respect of losses of kEUR 50,897 (2021: kEUR 44,552). Since the Company is in a loss-making position and has a history of losses, no deferred tax asset has been recognized. The tax loss carryforwards will not expire.

The reduction in corporate tax rates to 24% in 2023 and to 23% from 2024 was taken into account when determining deferred taxes as of December 31, 2022. The prior year values are calculated using the corporate income tax rate of 25% applicable as of December 31, 2021.

Significant accounting policies

The income tax expense (or income) for the period is the tax payable on the current period's taxable income based on the applicable income tax rate (adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any - see below).

Deferred income tax (income or expenses) results from temporary differences between the carrying amount of an asset or a liability in the statement of financial position and its tax base. In accordance with IAS 12 (Income Taxes), the deferred tax assets/liabilities reflect all temporary measurement and accounting differences between financial statements prepared for tax purposes and IFRS financial statements.

Deferred income tax is recognized in full using the liability method on temporary differences. Tax losses carried forward are taken into account in calculating deferred tax assets. Deferred income tax assets have not been recognized up to the end of the reporting period, as it is not foreseeable when future taxable profits will be available against which the temporary differences can be utilized.

Critical accounting estimates and assumptions

A deferred tax asset is recognized for an unused tax loss carryforward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profits against which the loss or credit carryforward can be utilized.

The Company is in a loss-making position and has a history of losses. Therefore, the Company can recognize a deferred tax asset arising from unused tax losses or tax credits only to the extent that the Company has sufficient taxable temporary differences, or where there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized.

Significant management judgement is required to determine whether such deferred tax assets can be recognized and, if so, the amount to be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward further than to the extent that can be offset with deferred tax liabilities, as there is currently not enough convincing evidence of when future taxable profits will be available.

If the Company had been able to recognize all unrecognized deferred tax assets, profit and equity would have increased by kEUR 11,127 (2021: kEUR 10,468).

14. Earnings (loss) per share

Basic earnings/losses per share

Basic earnings/losses per share are calculated by dividing the net profit/loss attributable to shareholders by the weighted average number of shares outstanding during the year.

Year ended December 31	2022	2021
Profit (loss) for the period (in kEUR)	−6,397.7	−5,891.3
Weighted average number of shares outstanding	1,498,906	1,475,850
Basic earnings (loss) per share (in EUR)	**−4.3**	**−4.0**

On September 17, 2018, the extraordinary general meeting approved the increase in the number of shares from 132,360 shares by 867,640 shares to 1,000,000 shares. All shareholders subscribed to the nominal capital increase on a prorata basis.

The number of shares outstanding increased on February 1, 2019, by 260,000 in the course of the IPO, on February 20, 2019, by 170,772 after the conversion of the convertible bond and on February 28, 2019 due to the exercise of the green-shoe option by another 39,000. From 2020 to 2022, 8,134 shares were issued under the employee stock option plan. 28,256 shares were issued in 2021 and 2022, as a result of the conversion of the convertible notes from the first seven tranches of the CNFP. Taking these capital measures into account, the weighted average number of shares outstanding in 2022 amounts to 1,498,906 (2021: 1,475,850).

Diluted earnings/losses per share

Basic and diluted earnings per share are the same in 2022 and 2021, because at December 31, 2022, 2,394 (December 31, 2021: 12,984) non-vested stock options as well as 5,816 (December 31, 2021: 3,684) convertible notes not yet converted into equity were not included in the calculation of potentially dilutive shares, as they were, due to the reported losses, anti-dilutive for the 2022 and 2021 financial year. These shares may potentially have a dilutive effect in the future.

15. Notes to the statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the reporting period and differentiates between cash flows from operating activities, investing activities and financing activities. The funds included in the statement of cash flows are cash and cash equivalents.

Cash flows from operating activities
The cash flows from operating activities show the flows of funds arising from the provision and receipt of goods and services during the reporting period and include changes in working capital.

Cash flows from investing activities
The cash flows from investing activities consist mainly of outflows of funds for the acquisition of plant, property and equipment and intangible assets.

Reconciliation of liabilities arising from financing activities
The table below shows changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

all amounts in kEUR	EIB Loan	Real estate financing	Other borrowings
Carrying amount as of January 1, 2021	9,132.3	2,871.0	811.1
Financing cash flows	-	1,800.0	276.9
Non-cash changes: Recognition right-of-use asset	-	-	49.6
Non-cash changes: Conversion convertible note			–300.0
Non-cash changes: Adjustments of carrying amount according to IFRS 9.B5.4.6	7.3	2.8	-
Non-cash changes: Effective interest accrued	1,329.0	72.0	102.8
Non-cash changes: Other non-cash changes	-	–8.9	9.7
Interest paid	–225.3	–87.2	–45.1
Carrying amount as of December 31, 2021	**10,243.3**	**4,649.9**	**905.1**

all amounts in kEUR	EIB Loan	Real estate financing	Other borrowings
Carrying amount as of January 1, 2022	10,243.3	4,649.9	905.1
Financing cash flows	6,000.0	200.0	1,583.6
Non-cash changes: Recognition right-of-use asset	-	-	-
Non-cash changes: Conversion convertible note			–1,800.0
Non-cash changes: Adjustments of carrying amount according to IFRS 9.B5.4.6	–1,170.7	1.0	–23.5
Non-cash changes: Effective interest accrued	2,260.4	115.6	131.7
Non-cash changes: Other non-cash changes	-	-	–20.2
Interest paid	–307.0	–66.1	–75.6
Carrying amount as of December 31, 2022	**17,026.1**	**4,900.4**	**701.2**

16. Property, plant and equipment

all amounts in kEUR	IT equipment	Laboratory equipment	Other plant and office equipment	Right-of-use asset	Land and buildings	Prepayments, buildings under construction	Total
As of January 1, 2021							
Cost	221.4	609.3	203.6	123.4	2,651.7	2,962.0	6,771.4
Accumulated depreciation	−96.8	−393.3	−76.7	−123.4	−44.7	-	−734.9
Carrying amount	**124.6**	**216.0**	**126.9**	**-**	**2,607.0**	**2,962.0**	**6,036.4**
Year ended December 31, 2021							
Beginning carrying amount	124.6	216.0	126.9	-	2,607.0	2,962.0	6,036.4
Additions	35.3	37.9	163.1	49.6	93.9	357.2	736.9
Disposals	−0.0	-	-	-	-	−3.5	−3.5
Reclassifications	-	-	173.8	-	3,141.9	−3,315.7	−0.0
Depreciation	−44.3	−43.4	−74.8	−1.6	−174.1	-	−338.1
Carrying amount	**115.5**	**210.4**	**389.0**	**48.1**	**5,668.7**	**-**	**6,431.7**
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**
Year ended December 31, 2022							
Beginning carrying amount	115.5	210.4	389.0	48.1	5,668.7	-	6,431.7
Additions	73.8	44.6	16.2	-	24.8	-	159.3
Disposals	−0.2	−0.8	−12.2	-	-	-	−13.1
Reclassifications	-	-	-	-	-	-	-
Depreciation	−47.3	−45.6	−78.5	−6.2	−197.0	-	−374.6
Carrying amount	**141.9**	**208.7**	**314.4**	**41.9**	**5,496.5**	**-**	**6,203.3**
Year ended December 31, 2022							
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**

As of December 31, 2022, fully depreciated property, plant and equipment with acquisition costs of kEUR 438 (2021: kEUR 404) is still in use.

Prepayments and buildings under construction relate to the new premises in Korneuburg. On September 6, 2019, Marinomed acquired real estate close to the city limits of Vienna. On this property, the new headquarters of the Company was built by refurbishing an existing building and constructing a new laboratory building. During the financial year 2022, Marinomed invested a total of kEUR 25 (2021: kEUR 337) in the new building.

The laboratory equipment as well as the other plant and office equipment line item include the following amounts where Marinomed is a lessee (see Note 23).

Year ended December 31 all amounts in kEUR	**2022**	**2021**
Leasehold laboratory equipment		
Cost	132.3	132.3
Accumulated depreciation	–111.9	–105.6
Net carrying amount	**20.4**	**26.6**

Year ended December 31 all amounts in kEUR	**2022**	**2021**
Other plant and office equipment		
Cost	49.6	49.6
Accumulated depreciation	–7.8	–1.6
Net carrying amount	**41.9**	**48.1**

Significant accounting policies

Property, plant and equipment is shown at historical costs less accumulated depreciation. Historical costs include the acquisition price, ancillary costs and subsequent acquisition costs less any discounts received on the acquisition price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset where appropriate, but only if it is probable that future economic benefits associated with the item will accrue to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are shown in the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Assets are depreciated on a straight-line basis over their estimated useful lives. Estimated useful life is calculated taking into account the assets' expected economic and technical life. In 2021 and 2022, the estimated useful lives of property, plant and equipment are as follows: 3-8 years for IT equipment, 2-10 years for laboratory equipment, 2-10 years for other plant and office equipment and 30 years for the building. The assets' residual carrying amounts and useful lives are reviewed, and adjusted if appropriate, at each reporting date. When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the asset is recognized in other income/other expenses.

In accordance with IAS 23, borrowing costs directly attributable to the construction of a 'qualifying asset' (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of the asset. The requirements for capitalizing borrowing costs according to IAS 23 were not met for any property, plant and equipment in 2021 and 2022.

17. Intangible assets

The following table shows the changes in intangible assets:

all amounts in kEUR	Development costs	Software	Purchased patents	Total
As of January 1, 2021				
Cost	3,041.5	204.3	100.0	3,345.8
Accumulated depreciation	–1,180.3	–108.6	-	–1,288.9
Carrying amount	**1,861.2**	**95.6**	**100.0**	**2,056.8**
Year ended December 31, 2021				
Beginning carrying amount	1,861.2	95.6	100.0	2,056.8
Additions - acquisitions	-	39.0	-	39.0
Additions - development	149.0	-	-	149.0
Disposals	-	-	-	-
Amortization	–179.8	–50.6	–7.1	–237.6
Carrying amount	**1,830.5**	**84.0**	**92.9**	**2,007.3**
As of January 1, 2022				
Cost	3,190.5	243.3	100.0	3,533.8
Accumulated amorisation	–1,360.1	–159.3	–7.1	–1,526.5
Carrying amount	**1,830.5**	**84.0**	**92.9**	**2,007.3**
Year ended December 31, 2022				
Beginning carrying amount	1,830.5	84.0	92.9	2,007.3
Additions - acquisitions	-	76.8	-	76.8
Additions - development	-	-	-	-
Disposals	-	-	-	-
Amortization	–222.9	–49.9	–7.1	–280.0
Carrying amount	**1,607.6**	**110.9**	**85.7**	**1,804.1**
As of December 31, 2022				
Cost	3,190.5	320.1	100.0	3,610.6
Accumulated amortisation	–1,583.0	–209.2	–14.3	–1,806.4
Carrying amount	**1,607.6**	**110.9**	**85.7**	**1,804.1**

Additions to intangible assets in 2021 are primarily related to external development costs, specifically the preparation for the application for market approval of the lead product of the Marinosolv platform, Budesolv.

As of December 31, 2022, the Company has entered no agreements (December 31, 2021: no agreements) entailing financial commitments for the future and relating to services provided by third parties in connection with the implementation of clinical trials and other research and development activities which are capitalized as development costs.

Significant accounting policies

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire the software and bring it into use. These costs are amortized on a straight-line basis over their estimated useful lives (3-8 years in 2021 and 2022).

Research and development expenses (IAS 38) are defined as costs incurred for current or planned activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or specialist knowledge to production, production methods, services or goods prior to the commencement of commercial production or use.

All research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate the following:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The management intends to complete the intangible asset and to utilize or sell it;
- The Company is able to utilize or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and/or other resources to complete the development and to utilize or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

The amount initially recognized for internally-generated intangible assets is the sum of directly attributable costs incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognized, development costs are recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight-line basis over the period of expected future benefit.

Critical accounting estimates and assumptions

Development costs are capitalized in accordance with the accounting policies presented above. Initial capitalization of costs is based on the management's judgement that technical and economic feasibility has been confirmed. Starting with the commercialization of the product, no further development costs are capitalized.

Development costs incurred after that date that are directly attributable to the development activities have been recognized as an intangible asset. Directly attributable costs include employee costs, material costs, contract research as well as an appropriate portion of relevant overheads. Capitalized development costs are shown as an intangible asset which is amortized over its expected useful life. The expected useful economic life has been estimated on the basis of the duration of the corresponding patent, i.e. the period over which the Company expects to generate economic benefit, which is 14.8-16.5 years for development costs where the amortization period has already started.

The management constantly monitors the recoverability of capitalized development costs as well as the amortization period. Adjustments will be made if future market activity indicates that such adjustments are appropriate.

18. Inventories

Inventories include the following items:

Year ended December 31 all amounts in kEUR	**2022**	**2021**
Raw materials and supplies	942.4	815.7
Bulk goods	180.8	4.1
Goods for sale	193.1	111.1
Raw materials and supplies in production and unfinished services	245.8	96.6
Total	**1,562.1**	**1,027.4**

Inventories recognized as an expense during the year ended December 31, 2022 amounted to kEUR 7,061 (2021: kEUR 6,055). These were included under the line item "Expenses for materials" in the statement of profit or loss and other comprehensive income.

Significant accounting policies

Inventories are carried at the lower of cost and net realizable value. Costs of purchased inventories are assigned by specific identification and include the cost of acquisition after deducting rebates and discounts. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

19. Financial instruments

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

As of December 31, 2021 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	3,576.9
Cash and cash equivalents	5,802.1
Total	**9,379.5**

all amounts in kEUR	**Financial liabilities at amortized cost**	**FVTPL**
Liabilities as per statement of financial position		
Borrowings	15,798.3	-
Current contract liabilities and other current liabilities	1,161.8	28.6
Trade payables	1,994.9	-
Total	**18,955.0**	**28.6**

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**

The Company did not hold any financial assets classified as at FVTPL or at FVTOCI as of December 31, 2022 (December 31, 2021: none). Financial liabilities classified as at FVTPL include liabilities that meet the definition of held for trading in IFRS 9.

As of December 31, 2022 and 2021, other financial liabilities classified as FVTPL solely consist of the equity conversion right of a convertible note (see also Note 23).

Trade receivables are shown under trade and other receivables in the statement of financial position (see also Note 20).

The carrying amount of current borrowings is a reasonable approximation of their fair value, as the impact of discounting is not significant. The carrying amounts for current trade receivables and trade payables are assumed to approximate their fair value due to their relatively short maturity. For non-current borrowings refer to Note 23.

Significant accounting policies

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial instrument, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of the financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss as financial income or financial expense.

Financial assets
At initial recognition, financial assets are classified as subsequently measured at (a) amortized cost, (b) FVTOCI or (c) FVTPL. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This measurement is referred to as the SPPI test and must be performed at instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from primarily collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets at amortized cost are currently the only category relevant to the Company and include financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company's financial assets at amortized cost include trade and other receivables. They are included in current assets, except for items with maturities greater than twelve months after the end of the reporting period, which are classified as non-current assets.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company currently does not have any financial assets at FVTOCI nor at FVTPL.

Financial liabilities

At initial recognition, financial liabilities are classified as subsequently measured at either (a) amortized cost or (b) FVTPL and include loans, current contract liabilities and other current liabilities as well as other financial liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

This category generally applies to loans, trade payables, current contract liabilities and other current liabilities as well as other financial liabilities.

In February 2019, Marinomed was granted a loan commitment of up to EUR 15 million by the European Investment Bank. The payout of three tranches in total took place from 2019 to Q1/2022 and was subject to the achievement of certain contractually defined milestones. Each tranche has a maturity of five years. Apart from fixed interest payments, Marinomed also has to pay royalties based on revenues (for more details see Note 23). If the Company revises its estimates of payments or receipts, it adjusts the amortized cost of the EIB loan to reflect revised estimated contractual cash flows in accordance with IFRS 9.B5.4.6. The Company recalculates the amortized cost of the EIB loan as the present value of the estimated future contractual cash flows, which are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in profit or loss as income or expense (see Note 12).

Due to non-fulfilment of the fixed-for-fixed criterion, convertible notes are accounted for as financial liabilities until they are converted into equity (see also Note 23). The equity conversion rights from the convertible bond program, which is recorded on the balance sheet under current contract liabilities and other current liabilities, is classified as an embedded derivative of the bond and is separated from the main contract (derivatives held for trading as per IFRS 9 Appendix A). The fair value of the derivative instrument was calculated as the difference between the fair value of the hybrid instrument and the fair value of the host contract.

The Company has obtained loans from various governmental agencies for certain research and development projects, which are shown under borrowings in the statement of financial position. These loans bear an interest rate below the market interest rate. The difference between fair value and the notional amount is treated as a grant in accordance with IAS 20.10A (please refer to Note 6 for further details). The loans are recognized and measured in accordance with IFRS 9.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

Critical accounting estimates and assumptions

Estimation of future cash flows for financial liabilities at amortized cost
The estimated future cash flows on which the measurement of the EIB loan, which is recognized at amortized cost, is based, are adjusted to the Company's current long-term planning on the balance sheet date. This is decisive for the estimated future royalty payments based on the Company's revenues.

20. Long-term and current receivables

Year ended December 31 all amounts in kEUR	2022	2021
Deposits	0.5	0.5
Prepaid expenses	11.1	20.0
Total long-term receivables	**11.6**	**20.5**
Trade receivables	1,392.6	3,400.9
Prepaid expenses	1,405.3	1,235.5
Other receivables	1,729.5	1,411.5
Total current receivables	**4,527.4**	**6,047.9**

Current receivables were all due within one year. None of them was impaired. Other receivables mainly include receivables resulting from the research premium and credits from VAT returns. All material trade receivables due as of the balance sheet date were already paid at the time of the preparation of these consolidated financial statements.

21. Cash and cash equivalents

The following table shows the cash and cash equivalents:

Year ended December 31 all amounts in kEUR	2022	2021
Cash on hand	1.2	0.6
Cash at bank	8,174.1	5,801.5
Total cash and cash equivalents	**8,175.4**	**5,802.1**

Significant accounting policies

Cash and cash equivalents are classified as cash on hand and cash at banks and may include other short-term highly liquid investments with original maturities of three months or less. They are recognized at their principal amount.

Cash, which is not available for the Company's immediate and general use, is not included in cash and cash equivalents, but shown as a separate asset (restricted cash) in the statement of financial position.

22. Capital and reserves

As of December 31, 2022, the number of shares outstanding amounts to 1,506,162 (December 31, 2021: 1,480,160), of which 1,484,706 (December 31, 2021: 1,474,731) recorded in the Company register at the balance sheet date.

At the Annual General Meeting held on September 17, 2020, resolutions were adopted to cancel the existing Authorized Capital 2018 (500,000 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 736,017 shares by September 16, 2025, 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 736,017 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 2020").

In addition, 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 15, 2022, this conditional capital can also be used to service stock options under the Stock Option Plan 2022.

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").

All shares have a nominal value of EUR 1 and are fully paid-in.

In the reporting period, expenses from ESOP 2019 amounting to kEUR 16 (2021: kEUR 97) were accounted for in capital reserves in accordance with IFRS 2.7.

23. Borrowings

Borrowings consist of the following items:

Year ended December 31 all amounts in kEUR	2022	2021
Non-current borrowings		
EIB loan	15,223.8	9,989.6
Real estate financing	4,730.7	4,618.6
Other borrowings	227.6	436.1
Total non-current borrowings	**20,182.1**	**15,044.3**
Current borrowings		
EIB loan	1,802.3	253.7
Real estate financing	169.7	31.3
Other borrowings	473.5	469.0
Total current borrowings	**2,445.6**	**754.0**
Total borrowings	**22,627.6**	**15,798.3**

The maturity of borrowings is as follows:

Year ended December 31 all amounts in kEUR	2022	2021
No later than 1 year	2,445.6	754.0
Later than 1 year and no later than 5 years	16,473.2	9,985.5
Later than 5 years	3,708.8	5,058.8
Total borrowings	**22,627.6**	**15,798.3**

The nominal and carrying amounts, maturity dates and interest rates on borrowings were as follows:

Financial instrument all amounts in kEUR	Nominal amount	Carrying amount as of December 31, 2022	Maturity date	Weighted nominal interest rate	Weighted average effective interest rate
EIB loan	15,000.0	17,026.1	14.10.2024 - 11.02.2027	6.37%	14.71%
ERP loan	3,800.0	3,701.1	31.12.2033	1.97%	2.32%
NÖBEG financing	1,200.0	1,199.3	31.12.2033	2.53%	2.76%
AWS Seed loan	319.9	274.8	undefined	2.00%	2.00%
Convertible note	300.0	291.6	25.01.2023	N/A[1)]	N/A[1)]
WAW loan	100.0	97.1	01.11.2023	2.00%	2.00%
Leasing	37.7	37.7	31.03.2023-22.09.2026	2.49%	2.49%

[1)] The convertible note had already been converted into equity at the time these annual financial statements were prepared. Therefore, this information is not disclosed.

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:

Year ended December 31 all amounts in kEUR	2022	2021
Carrying amount		
EIB loan	17,026.1	10,243.3
Real estate financing	4,900.4	4,649.9
Other borrowings	663.5	851.0
Total	**22,590.0**	**15,744.2**
Fair Value		
EIB loan	17,026.1	10,243.3
Real estate financing	5,117.3	4,794.6
Other borrowings	688.8	889.5
Total	**22,832.2**	**15,927.5**

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% (2021: 6.0%), 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 (see Note 19) 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 liabilites is either close to current market rates or the financial liabilities are of a short-term nature.

aws Seed loan
In 2006, the Company took out a loan from aws ("aws Seed loan") in the total nominal amount of kEUR 500. The aws Seed loan is generally granted to support start-up companies. In case of the Company, aws granted the loan for the purpose of supporting the development of the Company's antiviral medical devices.

The aws Seed loan has a term of ten years including a grace period of five years, starting on July 1, 2007, (date on which the last tranche was received from aws) and a fixed interest rate of 8.50% p.a. Yearly repayments are to be based on annual profits made by the Company. If the Company generates a profit, 30% of the profit before tax (adjusted for certain items) has to be used to repay the loan. If the Company does not make any profits in any given year, no repayments shall be made in that year. The loan period is extended indefinitely until the outstanding amount is paid off.

Due to an improved liquidity position after the IPO in February 2019, it was possible to repay the principal of the aws Seed loan amounting to kEUR 500 in June 2019. Regarding the repayment of the accrued interest, which had accumulated since 2006, a favourable agreement was reached. Starting on February 1, 2019, the interest was retrospectively reduced from a fixed rate of 8.5% to 2% plus 3M-EURIBOR (maximum interest rate according to SME grants law). Furthermore, it was agreed to settle kEUR 100 yearly in the event of a loss. In the event of a profit, 30% of the profit before tax (adjusted for certain items, at least kEUR 100) has to be used to repay the loan. The first repayment date was June 30, 2020.

EIB loan
In February 2019, Marinomed was granted a loan commitment of up to EUR 15 million by the European Investment Bank. The payout of three tranches in total took place from 2019 to Q1/2022 and was subject to the achievement of certain contractually defined milestones. Each tranche has a maturity of five years. Apart from interest payments, Marinomed also has to pay royalties based on revenues.

WAW loan
In October 2020, an instalment payment agreement was concluded with the Vienna Business Agency (WAW) for a total amount of kEUR 510. The residual amount will be settled until November 1, 2023.

ERP loan, NÖBEG financing

To finance the new Company headquarters, aws Wirtschaftsservice in conjunction with the ERP fund and NÖBEG granted a financing framework totalling EUR 5 million. From the credit line of the ERP Fund (totalling EUR 3.8 million), EUR 3 million were already drawn in 2020, the remaining EUR 0.8 million were paid out in September 2021. The loan bears interest at 0.5% p.a. (semi-fixed from July 1, 2024) plus a guarantee fee of 1.2% - 2.0% p.a. and is, after a grace period, to be repaid in 20 half-yearly instalments from June 30, 2024. The second part of the financing, provided by NÖBEG), was drawn down in December 2021 and May 2022 (EUR 1.2 million). The financing bears interest at 2.25% p.a. (from December 14, 2026, variable with a minimum interest of 1.75% p.a.) plus a guarantee fee of 0.28% p.a.. It will be repaid in 11 yearly instalments from December 31, 2023. The financing framework is secured by a mortgage in favour of the paying bank in the maximum amount of EUR 4.4 million.

Convertible note

In October 2021, Marinomed secured financing in a total amount of up to EUR 5.4 million 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 a specific period after their issuance. The program allows to draw down tranches as required, or not to make any draw-downs, respectively. Currently, 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.

Leases

As of December 31, 2022 and 2021, the Company leases laboratory equipment and a vehicle. The leasing vehicle has a residual value of kEUR 18. Under the contractual terms of the laboratory equipment, there is no residual value guaranteed.

Year ended December 31 all amounts in kEUR	2022	2021
Obligations under leases are payable as follows:		
Within one year	8.2	17.6
Later than one year but not later than five years	13.9	22.1
Later than five years	-	-
Minimum lease payments	**22.1**	**39.7**
Guaranteed residual value	18.2	18.2
Future financing costs	–2.6	–3.8
Recognized lease liabilities	**37.7**	**54.0**
The present value of lease liabilities is as follows:		
Within one year	7.3	16.4
Later than one year but not later than five years	30.3	37.7
Later than five years	-	-
Total lease liabilities	**37.7**	**54.0**

24. Trade payables

Year ended December 31 all amounts in kEUR	2022	2021
Trade payables	1,153.2	1,994.9
Total trade payables	**1,153.2**	**1,994.9**

Trade payables were all due within one year. Trade payables are unsecured and are usually paid within 30 days of recognition.

25. Current contract liabilities and other liabilities

Current contract liabilities and other liabilities include the following items:

Year ended December 31 all amounts in kEUR	2022	2021
Other non-current liabilities		
Grant - below market rate, investment grants	304.9	87.7
Total other non-current liabilities	**304.9**	**87.7**
Current contract liabilities and other current liabilities		
Deferred grant income	817.0	1,030.5
Holiday not taken	256.6	244.8
Employee bonuses	262.2	276.9
Outstanding invoices merchandise	228.7	-
Social security and payroll related taxes	119.4	102.9
Clinical studies	95.4	847.1
Accounting, tax and audit services	48.2	45.7
Overtime	34.3	22.5
Grant - below market rate	26.0	46.4
Contract liabilities	-	311.5
Other	470.0	336.3
Total current contract liabilities and other current liabilities	**2,357.9**	**3,264.8**
Total contract liabilities and other liabilities	**2,662.8**	**3,352.5**

The position “Other” primarily contains liabilities from expenses for services and other expenses.

26. Provisions

Provisions include the following items:

all amounts in kEUR	Warranty provision	Other provisions
Carrying amount at January 1, 2021	750.0	13.0
Use/reversal	–750.0	–13.0
Additions	-	-
Carrying amount at December 31, 2021	-	-
Carrying amount at January 1, 2022	-	-
Use/reversal	-	-
Additions	-	-
Carrying amount at December 31, 2022	**-**	**-**

The use/reversal of the warranty provision is related to the waiver of commercialization rights by a European licensing partner.

Significant accounting policies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income (loss).

27. Contingent liabilities

The Company has no contingent liabilities in respect of legal claims arising in the ordinary course of business.

28. 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 payments to be made under these agreements, if all milestones and other conditions are met, are estimated as follows:

Year ended December 31 all amounts in kEUR	2022	2021
No later than 1 year	798.6	792.7
Later than 1 year and no later than 5 years	203.6	87.7
Later than 5 years	-	-
Total	**1,002.2**	**880.4**

29. Employees

The average number of employees (FTEs) during the financial year was 44 (2021: 43), including 3 members of the Management Board (2021: 3).

30. Related party transactions

Management remuneration

In 2022, the members of the Management Board of the Company were:

- Andreas Grassauer, CEO
- Eva Prieschl-Grassauer, CSO
- Pascal Schmidt, CFO

In 2022, expenses for salaries and short-term employee benefits of members of the Management Board excluding expenses for social security and payroll related taxes amounted to kEUR 919 (2021: kEUR 922). In 2022, these amounts included expenses for the employee stock option plan amounting to kEUR 22 (2021: kEUR 65). No long-term employee benefits or termination benefits were paid in 2021 and 2022.

Supervisory Board remuneration
The Supervisory Board, which supports the management in strategic, commercial and scientific matters, consisted of the following members in 2022:

- Simon Nebel, Viopas Venture Consulting GmbH, Uster, Switzerland (Chairman, since June 2, 2017)
- Ute Lassnig, Laureo Corporate Finance GmbH, Vienna, Austria (Deputy Chairwoman, since June 2, 2017)
- Gernot Hofer, Invest Unternehmensbeteiligungs Aktiengesellschaft, Linz, Austria (member since June 2, 2017)
- Brigitte Ederer (member since November 21, 2018)
- Elisabeth Lackner (member since June 15, 2022)
- Ulrich Kinzel (member since June 15, 2022)

In 2022, the aggregate remuneration of the members of the Supervisory Board amounted to kEUR 154 (2021: kEUR 143).

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 financial year 2022, expenses related to this contract amounted to kEUR 30 (2021: kEUR 37). The resulting open liability amounts to kEUR 0 as of December 31, 2022 (December 31, 2021: kEUR 8).

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

31. Audit fees

The auditors of the statutory accounts BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (as the universal successor of BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft) have performed the following services for the Company:

Year ended December 31 all amounts in kEUR	**2022**	**2021**
Audit fees financial statements	63.7	45.9
Other assurance services	27.4	29.5
Other advisory services	5.9	35.1
Total	**97.0**	**110.5**

32. Events after the balance sheet date

In the years 2021 and 2022, a total of eight tranches of the flexible convertible bond program were subscribed and seven tranches were converted. The share capital increased by 3,116 shares in 2021, by 25,140 shares in 2022 and by a further 5,816 shares in January 2023. The last tranche for the time being was drawn in January 2023, resulting in a share capital increase of 7,189 shares. At the time of preparation of the annual financial statements, the program is paused until further notice.

Beyond this, there were no significant events after the balance sheet date that would have an impact on the consolidated financial statements.

The Company's consolidated financial statements were approved by the management for submission to the Supervisory Board on April 18, 2023.

Korneuburg, 18.04.2023
Andreas Grassauer

Korneuburg, 18.04.2023
Eva Prieschl-Grassauer

Korneuburg, 18.04.2023
Pascal Schmidt

Auditor's report

Report on the consolidated financial statements

Audit opinion
We have audited the consolidated financial statements of Marinomed Biotech AG, Vienna, and of its subsidiary (the Group) comprising the consolidated balance sheet as of December 31, 2022, the consolidated statement of profit or loss and other comprehensive income (loss), the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2022 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements and with requirements stated in par. 245a UGB.

Basis for opinion
We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Emphasis of matter
We draw the attention on the assumptions regarding the going concern forecast ("Fortbestehensprognose"), which can be found in the corresponding chapter in the notes to the consolidated financial statements and under the chapter liquidity risks in the group management report. Our opinion is not modified regarding this matter.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below we present the Key audit matters:

1. Revenue recognition

1. Revenue recognition

Situation and reference to further information

The group generated kEUR 11,275.9 in revenue in the financial year of 2022. The group's revenue in the financial year of 2022 related to sales of goods in the Virology segment amounted to kEUR 10,518.6.

The accounting standard for revenue recognition, IFRS 15, provides revenue recognition based on a five-step model. According to IFRS 15, revenue will be recognized when control is passed at a certain point in time. Revenue from milestone payments is recognised to the extent that it is highly probable that a significant reversal will not occur; this is basically the fact when all contractual obligations associated with the payment are fulfilled by the Company and the amounts are non-refundable.

Sales are a crucial criterion for (potential) investors and users of the consolidated financial statements to assess the market success and progress of the company.

Revenues were identified as a key audit matter because of the significant influence on the earnings and the consolidated financial statements of the company.

Further information on the accounting and valuation methods as well as the composition of revenues in the financial year 2022 can be found in chapter 5 of the notes to the consolidated financial statements.

Audit response

We assessed the accounting-related internal control system as part of the audit and tested design and implementation as well as the operative effectiveness of the implemented internal controls.

Furthermore, we performed substantive audit procedures. For that, it was assessed for a sample of contracts if the process of revenue recognition adheres to the terms of those contracts.

Correct accounting of accruals (cut-offs) was examined through the verification of delivery of goods around the reporting date.

Additionally, we received balance confirmations of selected customers on reported receivables from sales.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Audit Committee for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, with Austrian Generally Accepted Accounting Principles and with requirements stated in par. 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Comments on the management report for the group
Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion
In our opinion, the management report for the group was prepared in accordance with the valid legal requirements, includes disclosures according to sec 243a UGB and is consistent with the consolidated financial statements.

Statement
Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

Additional information in accordance with article 10 of the EU regulation
We were elected as auditor by the ordinary general meeting on June 15, 2022. We were appointed by the Supervisory Board on August 5, 2022. We are auditors without cease since 2018.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant
The engagement partner on the audit resulting in this independent auditor's report is Mr. Gerhard Fremgen.

Vienna, April 18, 2023

BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (as universal successor of BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft)

Mag. Gerhard Fremgen
Auditor

ppa. Christoph Leutgeb, MSc (WU)
Auditor

We draw attention to the fact that the English translation of this audit report according to Section 273 of the Austrian Company Code (UGB) 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 124 (1) 3. of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements of the Group (Marinomed Biotech AG) for the year ended December 31, 2022 prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of section 245a UGB (Austrian Commercial Code) give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group and that the consolidated management report for the year ended December 31, 2022 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the financial statements of the parent company (Marinomed Biotech AG) for the year ended December 31, 2022 prepared in accordance with the Austrian Commercial Code (UGB) give a true and fair view of the assets, liabilities, financial position, and profit or loss of the parent company and that the management report for the year ended December 31, 2022 gives a true and fair view of the development and performance of the business and the position of the parent company, together with a description of the principal risks and uncertainties the parent company faces.

Korneuburg, April 18, 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.
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