2018 Marinomed Biotech AG

Annual Report 2018

22.4

Successful IPO
with IPO proceeds
of EUR 22.4 million
in February 2019

15.0

R&D financing through
the European Investment Bank
of up to EUR 15.0 million
in February 2019

2.9

R&D expenses
increased from
EUR 2.2 million to
EUR 2.9 million in 2018

Phase III

Budesolv:
Phase III approval study
successfully completed
in April 2019

32

Strengthening of R&D personnel:
27 employees at the end of 2017
32 employees at the end of 2018

4.7

Revenues
stable at
EUR 4.7 million in 2018

Innovative therapies and unique solutions Solving the un(dis)solvable

Marinomed researches and develops pioneering technology platforms that pave the way for innovative therapies to treat respiratory and ophthalmic conditions. We devise new patents, brands and products on the basis of scientific ideas.

Our Marinosolv® technology platform has enabled us to enhance the efficacy of hardly soluble compounds. The pivotal Phase III approval study for our flagship product Budesolv was successfully completed in April 2019 and we are continuing the approval process as planned. Our approved products derived from the Carragelose® platform have a proven global track record as an initial causal therapy for colds and flu infections. We are continuing to develop this platform.

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Milestones

2006
Marinomed Biotechnologie GmbH is founded

Seed investment via aws, investment by Acropora

2007
Development of Carragelose® platform

2008
Market launch of the first Carragelose® product

2010
Licensing partnership with Boehringer Ingelheim, initially for 54 countries

2011
Approval of Carragelose® products in 22 additional countries

Development of an independent sales network with outsourced production and logistics

2012–2016
Further product launches and sales partnerships

2016
Development of and feasibility study for Marinosolv® technology platform

2017
The Company becomes a stock corporation

Issue of a convertible bond worth EUR 7 million

2018
Start of the pivotal Phase III approval study for Budesolv

Expansion of Carragelose® sales to include a further ten markets

Market launch of a decongestant Carragelose® product

Supervisory board member Brigitte Ederer and CFO Pascal Schmidt strengthen the team

Establishment of a top-level Scientific Advisory Board

2019
As Europe's first IPO of the year, Marinomed is successfully listed on the prime market of the Vienna Stock Exchange. Proceeds of issue: EUR 22.4 million

European Investment Bank loan of up to EUR 15 million

Marinomed announces positive top-line results of the Phase III study for Budesolv.

Marinomed at a glance

Marinomed Biotech AG is a biopharmaceutical company with headquarters in Vienna. It focuses on the development of innovative products based on patent-protected technology platforms in the field of respiratory and ophthalmic diseases. Marinomed has received multiple prestigious research awards for its activities. Marinomed has developed two platforms to date – the Marinosolv® technology platform and the Carragelose® platform, which is already marketed.

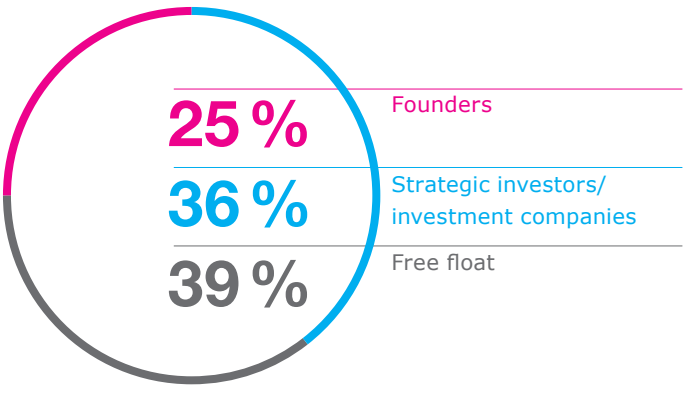
The Marinosolv® technology platform enhances the efficacy of hardly soluble compounds. This innovative technology has the potential to change a number of therapies for allergies and autoimmune diseases in the long term. The pivotal Phase III approval study for the flagship product Budesolv was successfully completed in April 2019. The available top-line results show that Budesolv achieves at least the same effect as the product which is currently on the market, with a significantly lower dose. The approval process can be continued as planned.

The Carragelose® platform is already used in six different products to treat viral infections of the respiratory system, which are sold globally via the Company's partners.

Marinomed generated revenues of EUR 4.7 million in the 2018 fiscal year, primarily thanks to sales of its Carragelose® products. Research and development investments totalled EUR 2.9 million. Staff at Marinomed amounted to 32 at the end of 2018 and were mainly employed in research and development.

Owners

Marinomed has been listed on the prime market of the Vienna Stock Exchange since February 1, 2019. The Company's core shareholders, Marinomed's founders, hold around 25% of shares. 36% of the shares are held by strategic investors or holding companies. Around 39% of the shares are in free float.



Strategy

Marinomed is committed to human health. We want to use innovative developments and products to treat disorders of the nose, eyes and lungs more quickly, more effectively and with fewer side effects.

Compact business model

Based on its platforms, Marinomed develops drugs and medical devices as therapeutic products to treat respiratory tract and eye disorders. Once approval (or a declaration of conformity for medical devices) has been granted, Marinomed arranges its production by contract manufacturers. The products are then marketed and sold by licensed partners around the globe. By focusing on research and development and outsourcing of the other cost-intensive components of the value chain, Marinomed has achieved a lean, asset-light business model in tandem with strong growth.

Products are manufactured by various producers in Western Europe on behalf of Marinomed. Its sales partners, most of which are well-known pharmaceutical firms, obtain licences from Marinomed to sell its products for particular geographical regions. With relatively little input, this approach currently enables the Company to supervise and organise 14 partners in the sale of its products across more than 30 countries on all five continents.

Two-pillar strategy

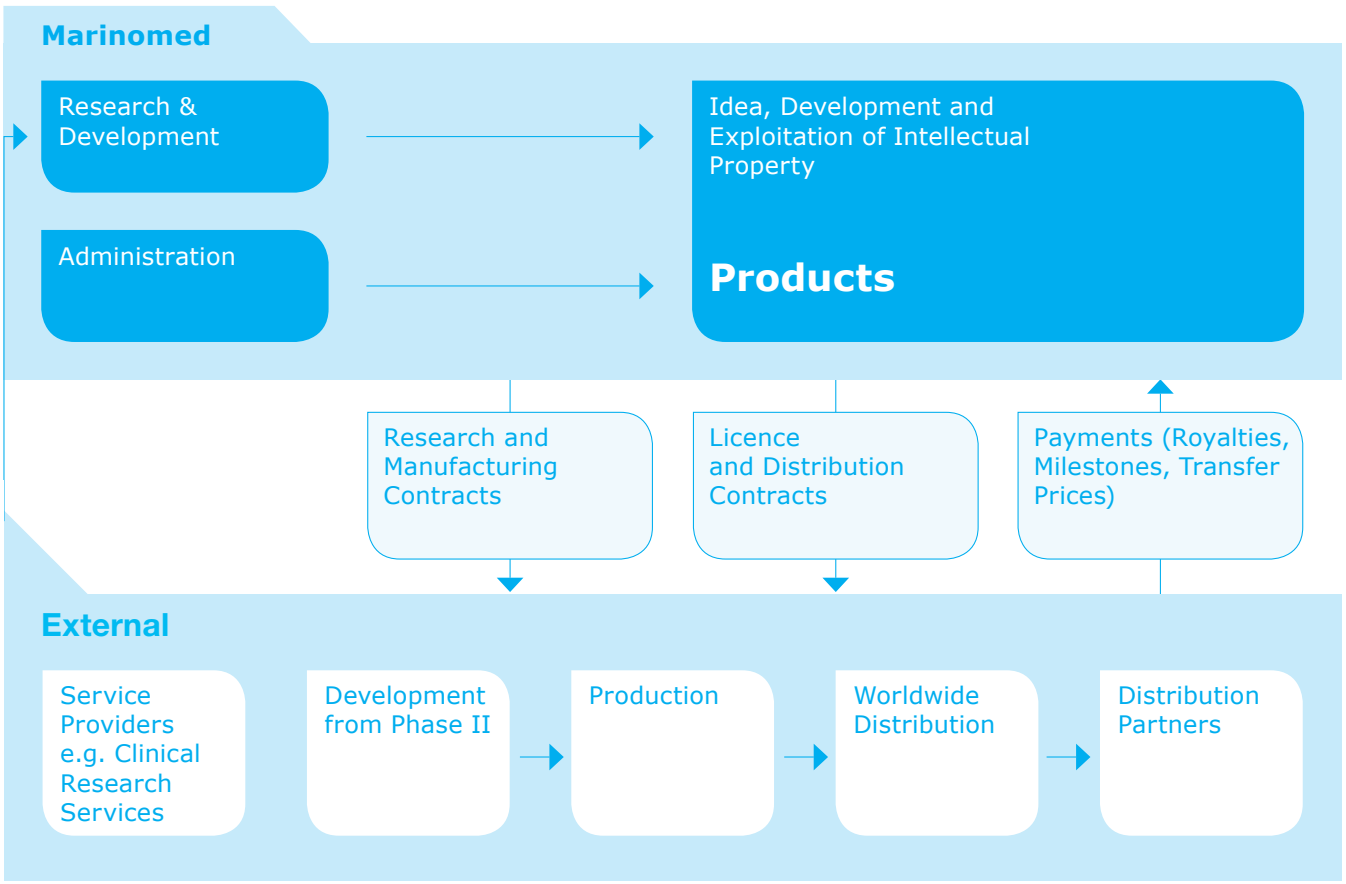
Marinomed's aim is to achieve long-term profitability through investment in and the exploitation and commercialisation of a strong technology portfolio. It relies here on two operating segments, Marinosolv® and Carragelose®.

Marinosolv® has already established two flagship clinical products. Initial positive top-line results of the Phase III study for the first product (Budesolv) have been available since April 2019. This segment in particular involves conducting research and development programmes over several years before the first significant returns can be realised. Accordingly, the current losses (negative EBIT) are in line with the Company's strategy.

Unlike conventional biotechnology companies, Marinomed is already generating revenues from the sale of products from its Carragelose® platform. Marinomed has managed to develop marketable products, licence them to well-known international partners and build up an external sales network within a short space of time. It plans to utilise opportunities for growth by developing distribution partnerships, expanding into new markets and rolling out new products.

During the short history of the Company, Marinomed's research and management team has already demonstrated its success in the research, development and marketing of its products. The experiences from the Carragelose® platform thus provide a valuable pool of experience for commercialising the Marinosolv® platform.

Marinomed business model



Strategic goals

Through its two flagship products of the Marinosolv® technology platform, Marinomed plans to enter the multi-billion-dollar market for the treatment of allergies and ophthalmic conditions. Once they have been approved, Marinosolv® products will be marketed via partners. For certain products and depending on the size of the target market and the cost of clinical studies, it may also make sense to enter into cooperation with partners as early as the clinical development phase. The universality of these platforms allows Marinomed to provide the technology itself under technology licences, as well as the various products.

Marinomed's mid-term objective is to become a leading niche player in the global market for OTC medicines to treat coughs, colds and allergies via its Carragelose® products and to modify the treatment of these illnesses from purely symptomatic to causal therapy.

Technology platforms

Marinosolv®

In 2015, Marinomed succeeded in increasing the bioavailability of hardly soluble compounds to treat sensitive tissues such as nose and eyes via the Marinosolv® technology platform. Marinosolv® is currently registered as a patent in all of the Company's internationally important target markets.

Therapeutic products used on mucous membranes can only contain small quantities of solutions such as alcohol. Compounds to treat allergic rhinitis are therefore often present as undissolved particles in nasal sprays. Marinomed has developed a technology to dissolve these compounds in tolerable form and increase the quantity of the compound in the tissue. This allows the dose to be lowered, while boosting the drug's efficacy at the same time. The lower dose can also reduce undesirable side effects. At the same time, the manufacturing process can dispense without preservatives and costs can be reduced.

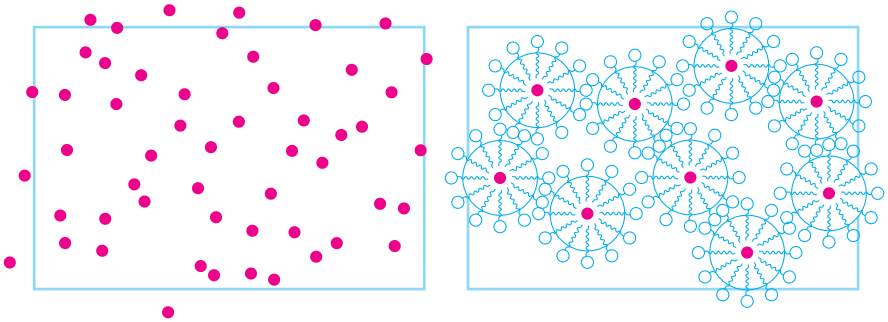
Marinomed is initially using the technology in familiar compounds for applications to treat allergies and ophthalmic conditions. However, as Marinosolv® is not limited to specific drugs or indications, it may be used for other applications, offering a vast amount of potential.

Two products from the Marinosolv® technology platform are currently in an advanced stage of development. The pivotal clinical Phase III study for Budesolv, a nasal spray for allergic rhinitis, was completed in April 2019. The ophthalmic product Tacrosolv, an immunosuppressant for allergic conjunctivitis and dry eye syndrome, is also in the process of development. Marinomed is thus addressing billion-dollar markets with strong growth prospects.

Benefits of Marinosolv®

- Faster onset of action compared to suspensions
- Increase of bioavailability in the target tissue
- Higher local activity
- Reduction of the compound's dose compared to currently marketed products
- Lower quantity of compound in other parts of the body, reducing possible side effects
- Aseptic filling to produce sterile products without the use of preservatives
- Simplified production process resulting in lower production costs

Aqueous formulation of hardly soluble products



Suspended particles in traditional nasal spray

Stable Micelles by means of Marinosolv®

Carragelose®

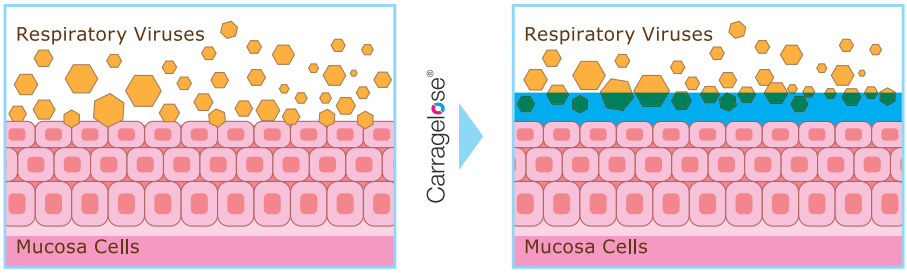
The Carragelose® platform comprises innovative patent-protected products targeting viral infections of the respiratory tract. Carragelose® is based on a red algae compound that can treat more than 200 different strains of virus.

The Carragelose® polymer forms a physical barrier on the nasal and oral mucosa to prevent viruses from attaching to cells and multiplying. This can reduce symptoms, shorten a cold's duration and lower the risk of recurrences. At the same time, the compound forms a protective moisturising barrier in the nose and throat.

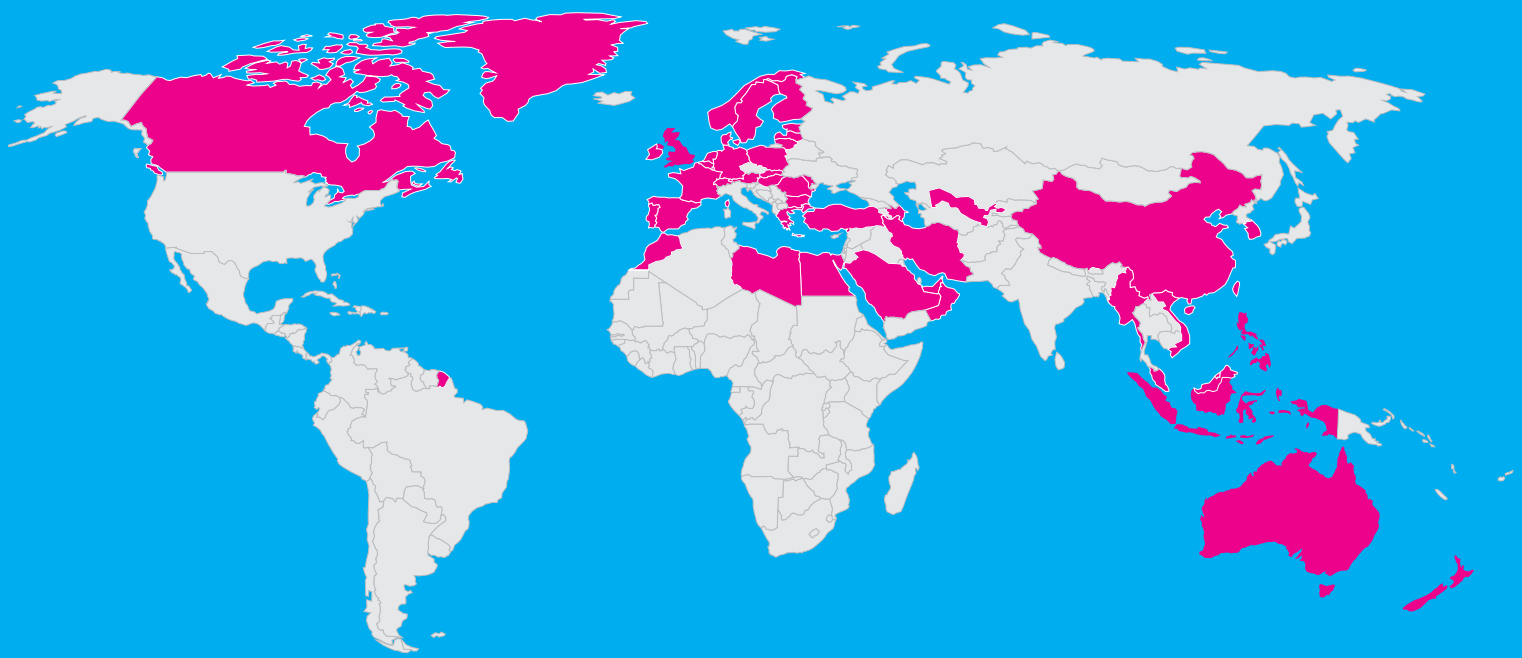
Carragelose® is now used in six different nasal and throat products, which are sold worldwide via established partners: four nasal sprays, a throat spray and lozenges. Other products based on Carragelose® are being developed. The next product on the market will be Carravin, a combination of Carragelose® and xylometazolin. Carravin can achieve market access via approval based on bibliographical data, i.e. without a clinical study.

Carragelose® products are currently sold in over 30 countries by established partners. For example in Austria under the umbrella brand "Coldamaris" or in Asia under the umbrella brand "Betadine". Marinomed plans to step up growth in future. Growth drivers will include the launch of existing products in new regions, higher market penetration in existing markets, and an increase in market share through product range expansions. Here, Carragelose® products offer significant growth potential as they are initially being rolled out in key markets such as the USA, Japan or China.

Mode of action of Carragelose®



Worldwide Distribution



● Current commercial reach

Markets and sales

Licences and sales

Marinomed concludes licensing and sales agreements with pharmaceutical firms and pharmacy chains whose research and development capacities do not focus on OTC medicines. Most are well-known companies that do not yet have this type of product in their portfolios and are aiming to enter the market.

Marinomed allows the products to be manufactured according to the clients' design under its sales partnerships and sold as retail products. As a result, Marinomed's Carragelose® products were available on the market under its sales partners' own brands in more than 30 countries worldwide in 2018. Most of the pharmaceutical companies also use their licences to list Carragelose® in the product description, which ensures that Marinomed is visible on most products via the brand.

Marinomed's management board:
Pascal Schmidt (Chief Financial Officer),
Eva Prieschl-Grassauer (Chief Scientific Officer),
Andreas Grassauer (Chief Executive Officer)

Letter to the shareholders

Dear reader,

Marinomed has been listed on the prime market of the Vienna Stock Exchange since February 1, 2019. The successful IPO – the first IPO of the year in Europe – marked a milestone in our company's history. The preparations for the IPO revealed our strengths and our perseverance, with even the stock-market slump in the fourth quarter of 2018 failing to curb us on our growth path. Also at the start of 2019, the European Investment Bank (EIB) approved financing for our research activities with a European focus. We have thus created the necessary financial basis to achieve our objectives. Combined with the EIB financing, the revenues from the IPO will enable us to accelerate our growth and fully exploit the potential offered by our platforms.

We achieved important strategic milestones and operating successes for both our platforms. In 2018 we made decisive strides with our Marinosolv® technology platform. The clinical Phase III study for our product Budesolv, a nasal spray for allergic rhinitis, began in October 2018. We have since received initial positive top-line results from the study and expect the detailed results by the end of the second quarter of 2019 at the latest. In 2019 we are preparing clinical development of our second product, Tacrosolv, which targets the treatment of inflammatory ocular disorders. For the products of our other platform, Carragelose®, we expanded global distribution to over 30 countries in 2018 and continued this momentum into the new year.

We founded Marinomed in 2006 driven by our conviction that innovations based on scientific findings form the basis for value growth if the products offer sustainable benefits to patients. This requires high investments in our research and development programmes, which again exceeded Marinomed's revenues in 2018. We continue to resolutely pursue our goal of sustainable profitability. Our successful Carragelose® platform demonstrates that we can implement innovative ideas and make them marketable. This experience stands us in good stead for the further development of our Marinosolv® technology platform.

We are consistently pursuing our strategy for long-term growth. Following the successful IPO, we aim to drive product developments, expand into new markets and fully exploit growth opportunities. In this quest we can count on our outstanding team, whose members perfectly cover all areas from development to marketing.

Alongside our employees, to whom we extend our special gratitude for their extraordinary endeavours in 2018, we should also like to thank all investors and also our customers for the trust they have placed in Marinomed's ideas and scientific expertise.

Andreas Grassauer Eva Prieschl-Grassauer Pascal Schmidt

Investor relations

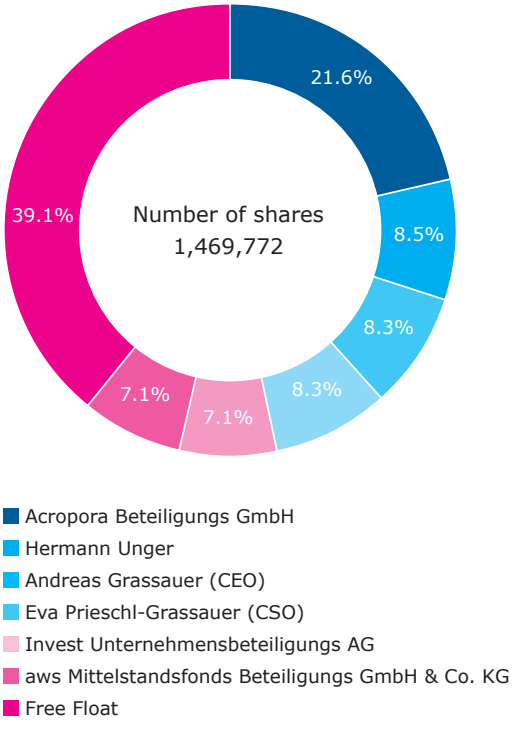
The share

Marinomed Biotech AG's shares have been listed on the Vienna Stock Exchange since February 1, 2019. The shares are listed in the prime market segment and included in the ATX Prime Index. The number of shares is 1,469,772.

ISIN	ATMARINOMED6
Share class	No-par value bearer shares
Share capital	EUR 1,469,772 (1,469,772 shares)
Ticker	Symbol MARI
Issue price (IPO) on 1.2.2019	EUR 75.00
Current price (as at 26.4.2019)	EUR 79.50
Market capitalisation (as at 26.4.2019)	EUR 116.85 million

Shareholder structure

The Company's core shareholders, Marinomed's founders, hold around 27% (thereof 2% part of free float) of shares. 36% of shares are held by the long-term investors Acropora, aws Mittelstandsfonds and Invest AG. Around 39% of the shares are in free float.



Communication with the capital market

Marinomed pursues an active and transparent communication policy with existing and potential investors. Highest priority is accorded to ensuring equal treatment for all shareholders. The Company's website www.marinomed.com plays an important communication role and provides detailed information on the Company, the AGM and the financial reports. In addition to the AGM, the management board actively seeks dialogue with the capital markets and participates in investor conferences and roadshows.

Dividend policy

Due to its high research and development expenses, Marinomed does not plan to pay any dividends in the coming years.

Financial calendar

29.5.2019	Publication of Q1 Report 2019
1.6.2019	"AGM" cut-off date
11.6.2019	Annual General Meeting
30.8.2019	Publication of Half-year Report 2019
29.11.2019	Publication of Q3 Report 2019

Analysts' coverage

Austrian and international financial analysts regularly evaluate Marinomed's performance. As at April 29, 2019 analysts of the following institutes covered the shares:

Institute	Analyst
Erste Bank Group AG	Vladimira Urbankova
goetzpartners securities Limited	Brigitte de Lima

Corporate Governance Report

Marinomed Biotech AG is a small corporation pursuant to Section 221 of the Austrian Commercial Code (UGB). As of December 31, 2018 the Company was planning a listing in the prime market of the Vienna Stock Exchange, which took place on February 1, 2019. Following the listing, Marinomed will be considered a large corporation pursuant to Section 221(3). Therefore, the Company provides this voluntary Corporate Governance Report as of December 31, 2018.

Commitment to the Austrian Code of Corporate Governance

The Austrian Code of Corporate Governance (hereinafter "ACCG"), as amended in January 2018 and as applicable to this report, is a set of rules and regulations for responsible management and guidance of companies in Austria. Its objective is to create sustained and long-term value and to increase transparency for all shareholders. It is based on international standards of good corporate governance and includes relevant provisions of the Stock Corporation Act, the Stock Exchange Act as well as the Capital Markets Act. The text of the ACCG is accessible on the website https://www.corporate-governance.at.

The ACCG primarily applies to Austrian stock market listed companies that undertake to adhere to its principles. In addition, the Vienna Stock Exchange requires compliance with the ACCG under provisions applicable for companies whose shares are traded in its prime market segment.

The ACCG is based on statutory provisions of Austrian corporate law, securities law and capital markets law (Legal Requirements, "L-Rules"). In addition, the ACCG contains rules considered to be part of 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").

Marinomed fully complies with all “L-Rules” of the ACCG. Deviations from the “C-Rules” are explained as follows.

C-Rule 18

The 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 with regards to headcount, the Company did not set up a separate staff unit and does not have the intention to do so.

C-Rule 41

The rule provides that the supervisory board shall set up a nomination committee but that in cases of supervisory boards with no more than six members the function may be exercised by all members jointly. As Marinomed’s supervisory board currently has no more than six members, nomination matters are decided by the entire supervisory board and no separate committee has been established.

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 and represents the Company towards third parties. The supervisory board is responsible for supervising the management and internal controls of the Company. Members of the management board are appointed by the supervisory board. Members of the supervisory board are elected or appointed by the shareholders’ meeting. Marinomed currently does not have a works council, therefore the right to delegate works council representatives is not applicable. The corporate bodies of the Company 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.

Members of the management board

Pursuant to the Articles of Association, the management board consists of at least two and a maximum of 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: 2022

Andreas Grassauer is Chairman of the management board and Chief Executive Officer. He co–founded Marinomed in 2006 and since then has been CEO of the Company. Prior to founding the Company, he built up several other companies and was involved in the raising of more than EUR 30 million from private as well as public sources. In the last ten 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 in the management board include strategy, IP rights, production, IT, business development, and legal affairs.

Eva Prieschl-Grassauer
Vice Chairwoman and
Chief Scientific Officer
Year of birth: 1968
Year of first appointment: 2006
End of term: 2022

Pascal Schmidt
Chief Financial Officer
Year of birth: 1972
Year of first appointment: 2018
End of term: 2022

Eva Prieschl-Grassauer is Vice Chairwoman of the management board and Chief Scientific Officer. She co-founded Marinomed in 2006 and since then has been CSO of the Company. Eva Prieschl-Grassauer has more than twenty years of experience in pharmaceutical drug development. Prior to her engagement 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 35 articles in high-ranking peer-reviewed journals in the field of immunology, molecular biology and medicinal chemistry. She holds a doctoral degree (PhD) in Immunology from the University of Vienna, Austria.

Her responsibilities in the management board include strategy, research and development, business development, and legal affairs.

Pascal Schmidt is Chief Financial Officer. He started his work as CFO of the Company in August 2018. Pascal Schmidt has more than twenty years of experience in corporate finance, corporate development and M&A, amongst others as managing director of Raymond James Financial Inc. and as partner of 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.

His responsibilities in the management board include strategy, administration and organisation, controlling and accounting, business development, and legal affairs.

Compensation for the managing board

When deciding on the total remuneration of the management board members, the supervisory board must ensure that the remuneration is commensurate with the tasks and performance of the individual management board members, the company situation and customary remuneration, and that long-term incentives for sustainable corporate development are taken into account. The remuneration includes fixed and variable components.

Related to the Company's priority to raise financing for the ongoing and upcoming R&D projects, all management board members had this primary parameter for evaluating their performance for 2018. As the IPO was suspended until 2019, the related one-time incentive for members of the management board of EUR 170,000 in total in case of completion of the offering was deferred.

Furthermore, the Company has implemented an employee stock option programme for the benefit of members of the management board and other employees (the "Employee Stock Option Programme"): This Programme has been approved by the extraordinary shareholders' meeting held on November 15, 2018 and by resolution of the supervisory board dated November 15, 2018. The effectiveness of the Employee Stock Option Programme was conditional upon commencement of trading of the shares on the Vienna Stock Exchange.

The total volume of the Stock Option Programme amounts to up to 43,694 stock options entitling to subscribe for a total of up to 43,694 shares, whereby up to 21,847 stock options may be granted to members of the management board and up to 21,847 stock options may be granted to other employees of the Company. The first trading day of the shares on the Vienna Stock Exchange was February 1, 2019 (the "ESOP Grant Date").

The allocation of stock options to the respective beneficiaries is effected by resolution of (i) the supervisory board if the beneficiary is a member of the management board and (ii) the management board with subsequent approval of the supervisory board if the beneficiary is another employee of the Company. When allocating stock options, the entire period of employment of the employee, the use and responsibility of the employee as well as the extent of any management function of the employee shall be taken into account.

Stock options may be exercised only to the extent that they have actually accrued (vested) to the relevant beneficiary. Stock options vest over a period of four years following the ESOP Grant Date, with 25% of the stock options vesting after twelve months from the ESOP Grant Date and thereafter 6.25% of the stock options vesting every three months over the following twelve quarters.

Stock options entitle the respective beneficiary to acquire shares from the Company, whereas each (vested) stock option entitles them to acquire one share at a fixed exercise price, which corresponds to the offer price of EUR 75.00. Granted stock options expire after six years after the ESOP Granting Date and may be exercised only during fixed exercise periods lasting ten days and starting at the beginning of the sixth trading day following the publication of the annual financial report or the quarterly report for the first, second and third quarters of the financial year of the Company.

The right to exercise stock options is conditional, among other things, upon an increase in the Company's share price – after vesting and before exercise of the stock options – of at least 2.5% per quarter compared to the offer price.

The Stock Option Programme contains common "good leaver/bad leaver" provisions whereby a good leaver shall remain entitled to vested options with the non-vested options lapsing and vested options to be exercised within the next possible exercise period. A bad leaver leaving shall lose all options, whether vested or not.

In the financial year 2018, the total expenses for salaries and short-term-employee benefits for the members of the management board amounted to an aggregate amount of EUR 472,032.77. Pascal Schmidt joined the Company on August 1, 2018 and was appointed third member of the management board on September 17, 2018.

In case a member of the management board is dismissed for a cause that does not fall within the scope of Section 27 of the Austrian Employees Act, the respective management service agreement provides for a compensation amounting to up to two annual salaries.

A directors and officers liability insurance (D&O insurance) is in place. Its costs are borne by the Company.

In 2018, the following remuneration was paid to the members of the management board:

	Fixed remuneration	Variable remuneration	Total
Andreas Grassauer, CEO	177,496.86	0,00	177,496.86
Eva Prieschl-Grassauer, CSO	186,015.05	0,00	186,015.05
Pascal Schmidt, CFO	108,520.86	0,00	108,520.86

Members of the supervisory board

Pursuant to the Articles of Association, the supervisory board consists of a minimum of three and a maximum of six members appointed by the shareholders' meeting for a term of five years. No works council is currently established. The supervisory board had the following five members as of December 31, 2018:

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

Simon Nebel is a venture partner of Aravis, a private equity firm for which he has participated in the financing of a number of life science companies and M&A transactions of the Aravis portfolio. Furthermore, he is managing director of and holds 100% of the shares in Viopas Venture Consulting GmbH and managing director and 26.6% shareholder of Viopas Partners AG. Moreover, Simon Nebel is currently a board member of SynAffix (NL) and Bird Rock Bio (US). He used to be a board member of Borean Pharma (DK), ImVision (CH), MerLion Parmaceutical SA (CH) and secretary of the board of Evolva (CH). Simon Nebel holds a PhD in Biophysics from the Biocentre of the University of Basel and an MBA with distinction from the London Business School. Simon Nebel has been a member of the Company's supervisory board and its Chairman since 2017 (previously Chairman of the Company's advisory board since 2008).

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 served as Managing Partner at Mummert & Company and headed their Vienna office for ten years. Since 2015, Ute Lassnig has been responsible Corporate Development and Innovate BD at Evotec AG. Ute Lassnig is managing director of and holds 100% of the shares in Laureo Ges.m.b.H. She holds a master's degree in Computer Science and Business Administration from the University of Zurich. Ute Lassnig has been a member of the Company's supervisory board and its Vice Chairwoman since 2017 (previously member of the Company's advisory board since 2016).

Karl Lankmayr
Member
Year of birth: 1978
Year of first appointment: 2017
End of term: 2023

Karl Lankmayr has long-standing experience in M&A, Corporate Finance and Investment Banking (e.g. at Raiffeisen Investment and PwC Corporate Finance), was a founding partner and managing partner of Noreia Capital, a leading M&A advisory and investment company, and served as Head of Finance at the Alukönigstahl group. He holds a degree (Mag. FH) in international economics from the University of Applied Sciences Kufstein. Karl Lankmayr has been a member of the Company's supervisory board since 2017 (previously member of the Company's advisory board since 2015).

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

Gernot Hofer has been an investment manager with Invest AG since 2005. 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 Business Studies from the Vienna University of Economics and Business and was awarded a doctorate in Venture Capital and Private Equity in 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 (previously member of the Company's advisory board since 2016).

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 Parliament, Secretary of State for European Affairs and Finance City Councillor in Vienna. From 2001 to 2013, she held various management positions in the Siemens Group. Moreover, Brigitte Ederer is a member of several supervisory boards, inter alia Boehringer Ingelheim Austria RCV GmbH, Infineon Technologies Austria AG und Schoeller-Bleckmann Oilfield AG. Brigitte Ederer studied economics at the University of Vienna. She has been a member of the Company's supervisory board since 2018.

Compensation for supervisory board

The Company has had a statutory supervisory board since 2017. The supervisory board, which supports the management in strategic, commercial and scientific matters, consisted of five members as at December 31, 2018. The aggregate compensation of the members of the supervisory board (including amounts paid to members for advisory services) amounted to EUR 136,869.25 in 2018.

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 independence:

- The supervisory board member has not been a member of the managing 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 approval of individual transactions by the supervisory board 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 managing board of another company that has a member of the Company'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 managing board or individuals holding one of the positions described above.

The supervisory board as a whole is considered to be independent if at least 50% of the members elected by the shareholders' 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 as of December 31, 2018 based on the criteria indicated.

The following supervisory board members exercised supervisory mandates or comparable positions in the following companies as of December 31, 2018:

Name	Name of company	Position held
Simon Nebel	Bird Rock Bio, Inc.	Director of the board
	Synaffix BV	Director of the board
	Aravis Biotech II	Director of the board
	Viopas Partners AG	Director of the board
Karl Lankmayr	Sico technology GmbH	Member of the advisory board
	A.M.I. Agency for Medical Innovations GmbH	Member of the advisory board
	System Industrie Electronic GmbH	Member of the advisory board
	O.L.S. Handels G.m.b.H.	Member of the advisory board
Gernot Hofer	JOSKO Fenster und Türen GmbH	Member of the supervisory board
	Lenzing Plastics GmbH	Member of the supervisory board
Brigitte Ederer	Boehringer Ingelheim Austria GmbH& Co KG	Member of the supervisory board
	Infineon Technologies Austria AG	Member of the supervisory board
	Schoeller-Bleckmann Oilfield Equipment AG	Member of the supervisory board
	W.E.B. Windenergie AG	Member of the supervisory board
	TTTech Computertechnik AG	Member of the supervisory 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. The committees consist of at least three members. Unless the supervisory board issues rules of procedures for its committees, the rules of procedure for the supervisory board apply to the committees mutatis mutandis.

Since securities of the Company have been listed on a regulated market, the Company is required by Austrian law to establish an audit committee ("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 has not more than six members, the supervisory board has not established a separate nomination committee or remuneration committee, but takes related decisions jointly.

Audit Committee

The Audit Committee reports to the supervisory board and prepares the proposal for the election of the auditor by the shareholders' meeting. In addition, the Audit Committee is responsible for the monitoring of accounting, the effectiveness of the internal control system, the review of the annual financial statements, the examination and monitoring of the auditor's independence and the preparation of the approval of the annual financial statements and the management report, the recommendation for the distribution of profit and the corporate governance report.

For the time being, the Audit Committee consists of all supervisory board members. Ute Lassnig is appointed as chairwoman of the Audit Committee. All members of the Audit Committee are experienced financial experts with knowledge and practical experience in finance, accounting and reporting that satisfy the requirements of the Company.

Meetings of the supervisory board

One ordinary shareholders' meeting and four ordinary supervisory board meetings distributed over the reporting year were held in 2018. The financial statement auditor, BDO Austria Holding GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, met with the supervisory board members in 2019 that addressed auditing of the 2018 annual financial statements including 2017 financial statements and also attended the ordinary shareholders' meeting.

No member of the supervisory board attended less than half of the supervisory board meetings after having been elected to the supervisory board.

Measures to promote women, diversity

Marinomed is committed to equal opportunities for women and men in the recruitment process and in all areas of employment without taking measures specifically designated as "measures to promote women".

Due to its small size the Company does not have a binding diversity concept that stipulates the consideration of criteria such as gender, age, education, and professional background in the appointment of members for the management board and supervisory board. Nevertheless, the supervisory board, the management board and the extended management team are diverse in terms of gender, nationality, education and professional background. Women account for 40% in the supervisory board. The share of women in the management board is 33%.

External evaluation of compliance with the Code

C-Rule 62 of the Austrian Code of Corporate Governance provides voluntary external evaluation of compliance with the C-Rules of the Code at least every three years. Marinomed seeks to have such an evaluation after 2019.

Report of the supervisory board

Marinomed Biotech AG continued its dynamic progress in 2018. The Company recorded important research and development successes, which open up new opportunities for creating sustainable value while necessitating ongoing high levels of investment, especially for the clinical projects. The supervisory board supports this growth trajectory and development plan. It therefore concurred with the owners' decision on the IPO and supported the management in its implementation.

During the 2018 reporting year, the supervisory board performed the tasks assigned to it by law and by the Articles of Association, and convened four scheduled meetings on March 13, May 9, June 5, and December 3, at which the management board was also present. In addition, the management board informed the supervisory board regularly, both in writing and verbally, about the Company's business performance and the development of its projects. The supervisory board was closely involved in and was regularly informed about the preparations for the Company's IPO.

The Chairman of the supervisory board also maintained regular contact with the management board outside of supervisory board meetings, discussing the strategy, risk situation and business performance, as well as the progress of the preparations for the IPO.

The supervisory board granted Dr Renate Moser general commercial power of representation in April 2018, and appointed Pascal Schmidt CFO in September 2018. In November 2018 the AGM elected Brigitte Ederer to the supervisory board.

The Audit Committee met in April 2019 to examine and prepare the approval of the 2018 annual financial statements including the management report, and to draft a proposal for the appointment of the auditor. The Audit Committee comprises all members of the supervisory board and is chaired by Ute Lassnig.

The 2018 annual financial statements and management report as well as the 2018 financial statements and management report pursuant to IFRS were audited by BDO Austria Wirtschaftsprüfungs- und Steuerberatungsgesellschaft GmbH in accordance with statutory provisions and awarded an unqualified audit opinion. The supervisory board examined the documents pursuant to Section 96 of the Stock Corporation Act (AktG) and concurred with the audit result. In addition, the supervisory board approved the annual financial statements, which were thereby adopted in accordance with Section 96 (4) of the Stock Corporation Act (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 hard work and commitment during the 2018 fiscal year. We thank our shareholders, especially the new shareholders since February 2019, for the trust placed in us and invite them to continue to support Marinomed Biotech AG on its path to growth.

Vienna, April 2019
Simon Nebel,
Chairman of the supervisory board

Management discussion and analysis

2018

Market environment

As a biopharmaceutical company, Marinomed is firmly established in the global pharmaceutical and biotechnology market environment.

Pharmaceutical market

The global market for prescribable pharmaceutical products is a worldwide growth market. Since 2016, annual sales have topped the trillion US-dollar mark. The value of companies in the sector as a whole is estimated at more than USD 5 trillion (Torreya, The Future of the Global Pharmaceutical Industry, 10/2017), surpassed only by the technology, consumer goods and energy sectors.

The first product of the Marinosolv® platform, Budesolv, targets the market for allergic rhinitis, which is forecast to post sales of USD 13 billion in 2019 (Visiongain Allergic Rhinitis Report 2018). The market for nasal steroids is growing faster than the overall market and with a 38% share has been the largest segment in this market since 2018. These increases are partly due to the trend towards non-prescription over-the-counter (OTC) products.

The OTC pharmaceutical market is of particular relevance for Marinomed's Carragelose® business area. The OTC market comprises drugs that can be sold directly to consumers without a doctor's prescription. This applies to all of Marinomed's Carragelose® products that are currently authorised for sale.

According to experts from Nicolas Hall (Nicolas Hall's OTC YearBook 2018), the overall OTC market was valued at USD 135 billion in 2017 with growth forecast to reach USD 170 billion in 2022. The sub-segment of coughs, colds and allergies was the second largest category of the OTC market in 2017 with global revenues of some USD 28 billion. Growth of 5% p.a. is expected in the subsequent years to around USD 35 billion in 2022. The highest growth rates – at 9% – are expected in Latin America, with the lowest – at just 1% – in Japan.

The market environment is characterised by intense competition, strict regulations and fragmented distribution networks. Above and beyond product development and brands, it is therefore essential to be able to bring innovations to the market. With an innovative, patent-protected product portfolio, Marinomed enables its highly specialised distribution partners to be ideally prepared for this challenge in the various countries and regions.

Biotechnology industry

With growth of around 7% p.a., the global biotechnology industry is growing significantly faster than the world economy, with this trend set to continue (EY Biotechnology Report 2017). Increasing spending on research and development and the potential for newly established biotech companies to mobilise significant volumes of risk capital also point to a positive trend in the sector.

Austria

The pharmaceutical and biotechnology industries also play a significant role in the Austrian economy. More than 1,000 companies are involved in the life sciences sector in Austria, with 150 companies with 18,000 employees in the pharmaceutical segment investing millions in research and development and generating 2.8% of total gross domestic product. Over the past few years numerous companies have achieved great success, for example by obtaining market approvals for drugs (Vienna Life Science Report 2018/19, LISA Vienna).

Business performance

In line with the two technology platforms, Marinomed reports separately for the Marinosolv® and Carragelose® operating segments. Business performance is characterised by different factors in the two segments. It is essential that these are taken into account in any analysis of the earnings situation.

Marinosolv® segment

No distribution licensing rights or other intellectual property rights have been issued to third parties for products of the newly developed Marinosolv® technology platform to date. As a result, the exceptionally positive trend at the research and development level has not yet been reflected in revenues or income. This operating segment is characterised by high spending on research and development, which is not expected to generate revenues for some years.

Marinomed achieved key development milestones for Budesolv, its flagship Marinosolv® product, in the 2018 fiscal year. The pivotal Phase III study – which is the prerequisite for subsequent authorisation – started at the end of 2018. Marinomed can thus continue to keep to its timetable for approval and subsequent market launch in Europe in 2021.

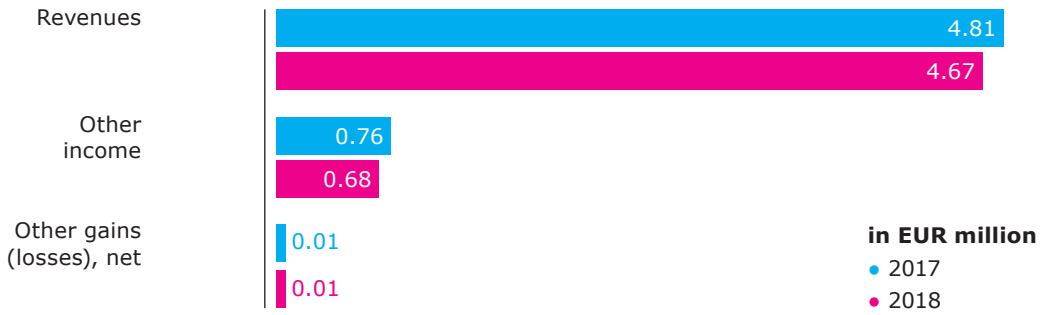
Carragelose® segment

Capacity-related order deferrals into 2019 resulted in the Carragelose® platform for treating cold-related illnesses exhibiting less dynamic performance than the previous year. This operating segment encompasses sales and distribution of the existing Carragelose® products alongside ongoing research and development. After a doubling of product sales to EUR 4.81 million in the 2017 reporting period, this high level was largely maintained in 2018. While new product launches in key markets in Asia contributed to growth, some major markets in Europe experienced significant fluctuations in revenues. This was attributable to products in storage, which had been ordered by and delivered to customers as part of product launches at the end of 2017. However, in the following year, customers did not meet their revenue projections.

Revenues and earnings

In the 2018 fiscal year, Marinomed generated all of its revenues of EUR 4.67 million (2017: EUR 4.81 million) from the Carragelose® segment. Other income largely comprised non-repayable development grants and the research premium, and at EUR 0.68 million in 2018 remained largely on a par with the prior year (2017:EUR 0.76 million). Other gains (losses) are mostly related to exchange gains and losses and in 2018 remained on a similarly low level to the 2017 fiscal year.

Aggregate operating performance

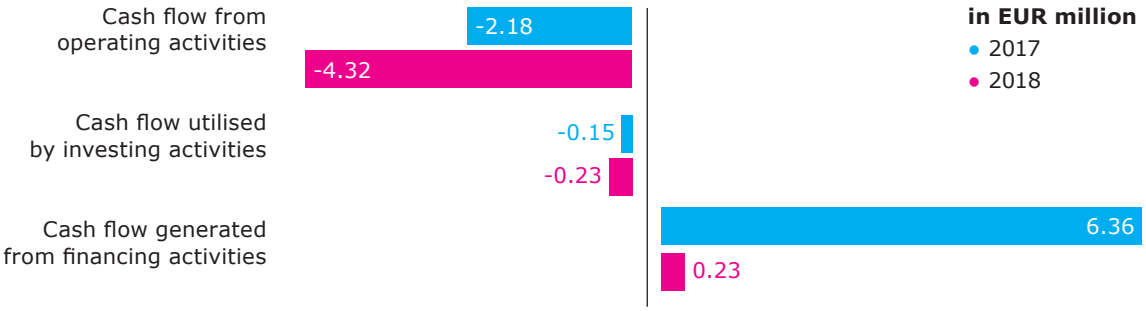


The slight decline in product sales led to a decrease in material costs to EUR 3.31 million, compared to EUR 3.47 million in 2017. As a result of higher investments, especially in clinical development projects and patents, the cost of services obtained rose from EUR 0.69 million in 2017 to EUR 1.52 million in 2018. Personnel costs reflected the increase in research and development staff and the expansion of the management team and at EUR 2.52 million, were therefore higher than the prior year's figure of EUR 1.77 million. The increase in other expenses from EUR 1.08 million in 2017 to EUR 2.91 million in 2018 was largely attributable to advisory services and other costs connected with the preparations for the Company's IPO.

The high investments in Marinomed's future growth path were reflected in the Company's earnings performance. Due to the high expenses for research and development and for the IPO, the operating result (EBIT) of EUR -5.14 million was down on the prior year's figure of EUR -1.64 million. The financial result was burdened by a one-off, non-cash valuation result of EUR -5.67 million in connection with the convertible bond issued in 2017, and declined to EUR -6.95 million (2017: EUR -0.74 million). The loss for the year in 2018 therefore came in at EUR -12.10 million, compared to EUR -2.38 million in 2017.

These expenses contrasted with positive IPO issue proceeds of EUR 22.43 million in February 2019. This provided the Company with sufficient funds to enable it to press ahead with its planned growth trajectory. In addition, 99.7% of the convertible bond holders converted their bonds into shares, significantly reducing the Company's debt burden. The Company was able to repurchase the outstanding 0.3% of the convertible bond issue in February 2019. The convertible bond was then delisted from the Third Market of the Vienna Stock Exchange.

Cash flow



Assets and financial situation

The assets and financial situation largely reflects the negative trend in earnings, which is to be expected for a biopharmaceutical firm during the development stage. The funding measures in the 2015 to 2018 fiscal years should ensure long-term investment in research and development.

Total assets fell from EUR 9.33 million as at December 31, 2017 to EUR 5.26 million as at the 2018 reporting date. Non-current assets increased slightly to EUR 1.54 million compared to EUR 1.48 million on the cut-off date in the prior year, while current assets fell significantly from EUR 7.85 million to EUR 3.72 million. Cash and cash equivalents, which fell from EUR 6.03 million to EUR 1.72 million on the reporting date, were the main reason for this.

Equity capital declined further over the 2018 fiscal year due to the loss for the period and remained negative at EUR -16.27 million compared to EUR -5.03 million in 2017.

Non-current liabilities increased, primarily on account of an increase in other financial liabilities in connection with the non-cash valuation of the 2017 convertible bond issue, to EUR 13.89 million compared to EUR 7.49 million as at the 2017 reporting date. Current liabilities rose from EUR 6.86 million to EUR 7.64 million as at December 31, 2018, due to increased trade payables mainly related to invoices for advisory services in connection with the preparations for the IPO.

The changes in cash flow reflect the earnings situation and the repayment of financial liabilities in 2018. Consequently, cash and cash equivalents at year-end fell from EUR 6.03 million in 2017 to EUR 1.72 million in 2018.

Supplementary report

Successful IPO in February 2019

The success of the 2019 IPO has set the course for Marinomed's successful future. Marinomed Biotech AG's shares have been listed in the prime market of the Vienna Stock Exchange since February 1, 2019. Under the IPO 299,000 new bearer shares were placed with investors. The gross proceeds from the issue amounted to around EUR 22.4 million (including overallotment/ greenshoe option). The high conversion rate (99.7%) and the full use of the greenshoe option (39,000 shares) also confirm that the high costs incurred in 2018 for preparation of the IPO were a worthwhile investment in the future. The share capital amounts to EUR 1,469,772, divided into 1,469,772 shares with voting rights, and the free float is around 39%.

In addition, at the start of 2019, the European Investment Bank granted Marinomed a loan of up to EUR 15 million. The loan will be disbursed in three tranches depending on the achievement of defined milestones. Marinomed thus has sufficient financial flexibility to speed up growth and fully exploit the potential offered by its platforms.

On April 23, 2019, Marinomed announced the successful completion of the pivotal Phase III study for Budesolv. The available top-line results show that Budesolv achieves at least the same effect as the product which is currently on the market, with a significantly lower dose. The planned primary endpoint of the study for the first product of the innovative Marinosolv® technology platform has thus been achieved. The approval process can be continued as planned. The complete Phase III study with detailed results is expected and will be published at the end of the second quarter of 2019 at the latest.

Outlook for 2019

Marinomed expects that the expansion of the distribution partnerships and planned product launches will bring continuing positive performance for orders and sales in 2019. However, the high research and development expenses mean that it expects continuing operating losses over the coming years.

Focus on Marinosolv®

Marinomed's Marinosolv® technology platform serves a billion-dollar market with strong growth prospects. The platform's flagship product is the anti-allergy drug Budesolv. A pivotal Phase III study was started in the fourth quarter of 2018. The detailed results of this study are expected at the end of the second quarter of 2019. The top-line results published on April 23, 2019 already show that Budesolv achieves at least the same effect as the product which is currently on the market, with a significantly lower dose.

Marinomed is also researching further developments based on the Marinosolv® technology platform. Marinomed is developing the product Tacrosolv for the treatment of inflammatory ocular disorders, with clinical development scheduled for 2019. Marinomed's strategy consists in further expanding the Company's intellectual property and utilising this to optimum effect. The broad applicability of the Marinosolv® technology platform opens up a multitude of options.

The potential for Carragelose®

Marinomed sees further substantial growth potential in the pharmaceutical market for OTC products against a backdrop of what remains intense competitive pressure. Of the ten largest regional OTC markets, the Company has so far only achieved noteworthy sales in the UK and Germany. Testing of various distribution channels started recently in China. To make the best use of this potential, Marinomed is aiming to forge additional new partnerships. The upcoming product launches in Asia, Russia and other markets over the next few years will make a particularly significant contribution to this growth.

Against this backdrop, Marinomed expects a further longer-term rise in revenues from its Carragelose® products. This increase is set to come from product launches in new markets as well as the introduction of additional products in existing markets.

The United States of America are a special case. There are barriers to market entry in the US in the form of regulatory provisions and licensing criteria that differ from those in the rest of the world and render authorisation in the next few years unlikely. Nevertheless, Marinomed is endeavouring to access this especially attractive market.

In the foreseeable future, further investment in research and development will be required to leverage the potential of the two platforms. Depending on the scale of this investment and the commercial success realised, there may be a need for additional capital. Marinomed is involved in ongoing discussions regarding additional project financing.

Risk report

Marinomed is a research and development company that supplies its products to pharmaceutical firms and distribution partners on all continents. As such, Marinomed is exposed to various risks. The risks described below are continuously monitored so that action can be taken quickly and countermeasures adopted if necessary.

Risks relating to funding and funding instruments

The main financial risks include default and liquidity risks. Exchange-rate risks also exist due to the fact that some sales are generated in GBP. As receivables in GBP generally do not exceed EUR 250,000.00, the effect on the income statement of a fluctuation of +/- 10% would be less than EUR 25,000. As a research and development company, Marinomed continues to report a loss in its accounts, which means that it has no access to conventional credit instruments. Accordingly, there is a risk that the capital requirement will not be met in future, or only at unfavourable conditions. This is a typical risk for a biotech firm.

The Company does not have any derivative financial instruments.

Strategic risks

The risk for Marinomed is that long-term potential will not be utilised or will be misjudged. The partnerships it has entered into or may establish in future for both technology platforms could prove disadvantageous. The current assessment of the products' potential on the global markets may be overly optimistic. Accordingly, there is a risk that the 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 endeavouring to rein in health care costs by encouraging greater 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 on both the supplier and marketing sides. Despite equitable 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.

With more than 90% of sales billed in euros, the Company considers the currency risk to be low. However, in non-Eurozone countries (excluding the United Kingdom), appreciation of the euro against local currencies could make the Company's products more expensive for distributors and end consumers, resulting in reduced sales for 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 a convertible bond, new shares under the IPO, as well as via subsidies, subsidised loans and other government assistance.

The management board expects the Company's research and development spending and operational losses to remain substantial over the coming years at least. The management projects that the existing cash reserves as well as the raised financings through the IPO and from EIB will be sufficient to fund the Company's operating costs and investments for the coming years. This estimate is based on assumptions that could prove to be wrong and the Company could exhaust its capital resources more quickly than it currently expects.

Marinomed always strives to maintain financial flexibility, e.g. via raising additional capital in more favourable market conditions or based on strategic considerations. Currently, the Company believes that it has sufficient funds for its current or future operating plans.

Marinomed believes that the Company could forgo certain expenditures to reduce its cash requirements. If Marinomed becomes unable to raise capital when needed, this may result in delays, cutbacks or termination of research and development programmes as well as future commercialisation efforts.

Location risk

Marinomed is a sublessee of the University of Veterinary Medicine in Vienna, which is also currently a shareholder of the Company. The rental agreement has a fixed term until the end of June 2020. Marinomed is therefore currently planning to relocate. Even though some options are currently available in Vienna, a relocation involves additional costs as well as financing requirement and could result in a decline in productivity. If the new premises are not ready for occupancy in time, Marinomed could be reliant on the University of Veterinary Medicine extending the rental agreement.

Risk relating to patents

The Carragelose® technology is protected by several patents worldwide. The patents of the Marinosolv® technology are currently in the nationalisation phase. Nonetheless, it is possible that patents will be contested or current unique selling points will be undermined by new technologies or products.

Research and development risk

Marinomed's success largely depends upon to what degree its research and development initiatives achieve the expected results. The research activities of Marinomed serve to increase knowledge for the benefit of humanity, while protecting the environment at the same time. 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 at risk of abuse: identifying and minimising research risks, carefully managing publications, documenting risks, as well as implementing educational and training measures.

Nonetheless, it is possible that 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. 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 realise.

Personnel risk

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

Risk management and internal control system

Marinomed carries out research and development activities for drugs and medical devices. Utilising opportunities and avoiding risks is therefore important for the Company's success. Consequently, Marinomed pursues a systematic approach for the early recognition of opportunities and risks. The areas outlined in the "Risk report" are repeatedly scrutinised through company-wide planning and control processes. Overall responsibility for Marinomed's internal control and risk management lies with the management board.

The risk management system focuses on the areas set out in the preceding section on risk. Operational risks are in particular addressed through close internal and also external communication. Regular contact with all external suppliers and partners and the documentation of discussions and meetings enable constant tracking of planning and implementation. Marinomed has succeeded in securing investors for the IPO and also in obtaining a venture loan from the EIB. These two funding elements have firstly helped improve the capital structure while also enabling the Company to step up implementation of its research and development activities. They have thus reduced the level of dependency on the general economic situation, financing conditions, and successful receivables management.

Marinomed's internal control system has the specific task of ensuring the reliability of financial reporting, compliance with statutory and internal company guidelines, and also identifying risks including risks not related to financial reporting. The principle of dual control is observed for all relevant transactions.

The internal control system is divided into the structural and the procedural organisation. The structural organisation is characterised by flat hierarchies and a clear allocation of responsibility. There is organisational separation of operational and financial responsibility and, for accounting, of bookkeeping, controlling and reporting.

The procedural organisation is shaped by a clear set of rules which provide an appropriate basis for an efficient control system based on approvals and authorities. Internal reporting to the management board is particularly important here, in order to ensure that risks can be identified at an early stage and countermeasures taken. It takes the form of regular meetings on key areas, notably research and development, supply chain and finance. Depending on their significance, these meetings are held weekly or monthly.

At the meetings, the relevant departmental managers provide the management board with structured reports containing the necessary information. This aims to reduce risks which could result in incomplete or incorrect financial reporting.

Internal reporting is designed to enable the management board to conduct regular reviews on the plausibility of key processes and their financial impact and to compare with planning, in order to be able to decide on and adopt suitable measures in the event of deviations. The necessary planning for e.g. clinical studies, external service providers and sales is approved by the management board in advance.

In addition, the Company prepares rolling liquidity planning, which is continuously monitored and aligned with the Company's own criteria.

Accounting regularity is ensured through an accounting-based internal control system. This aims to ensure compliance with legal norms, generally accepted accounting principles, and the accounting rules of the Austrian Commercial Code (UGB) as well as the accounting rules of the International Financial Reporting Standards (IFRS). Until the end of the 2018 fiscal year, accounting was outsourced to the tax consultants Glocknitzer Hollenthoner Steuerberatung GmbH & Co KG. In 2018, the financial module of BMD Systemhaus GesmbH's software solution was introduced and parallel accounting was commenced. From the start of the 2019 fiscal year, accounting is provided internally using the BMD software.

The accounts are audited by the international auditing firm BDO Austria Holding GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. In addition, Deloitte Tax Wirtschaftsprüfungs GmbH assist with the preparation of reporting pursuant to IFRS, especially with regard to valuation and presentation matters.

Marinomed complies with the provisions of the Austrian Code of Corporate Governance (ACCG) and prepares a corresponding public corporate governance report as part of its annual report. The Company has appointed a Compliance Officer to advise the management board from the 2019 fiscal year and monitor the functioning of the internal control system.

Research and development

Marinomed has a research and development facility on its premises, including state-of-the-art laboratories to facilitate research in the fields of pharmacy, biology, molecular biology, cell biology and in vivo pharmacology. Its research and development activities focus on the two platforms, Carragelose® and Marinosolv®. Spending on research and development amounted to EUR 2.93 million in the 2018 fiscal year, up from EUR 2.19 million in the 2017 fiscal year.

The flagship product of the Marinosolv® technology platform is Budesolv, a new medicine to treat allergic rhinitis. Marinomed has devised a method for fully dissolving the hardly soluble compound budesonide. This can achieve better results in treating allergies while using a lower dose of the compound. The clinical trial was started in the fourth quarter of 2018 as a basis for the subsequent approval process. First top-line results of this study were published in April 2019. Initial approval for the medicine is expected in 2021 at the earliest. Other products to treat eye conditions are in the pre-clinical development stage. The product Tacrosolv is scheduled to enter clinical development in 2019/2020.

The Carragelose® platform is set to be extended in future with additional products. The first newly developed medical device on a physical basis received certification in July 2018. Carravin, a combination of Carragelose® and the decongestant compound xylometazolin, will subsequently undergo a bibliographical approval process. Marinomed expects approval to be obtained in 2020 at the earliest, depending on regulatory requirements of the authorities.

Personnel and corporate bodies

Personnel

Marinomed employed 32 staff at the end of the 2018 fiscal year (2017: 27), including 18 in research and development. The majority of its personnel have academic qualifications.

Management board

The management board of Marinomed Biotech AG comprises a minimum of two and a maximum of five members in accordance with the Articles of Association. The members are appointed by the supervisory board for up to five years and can be reappointed. Marinomed's management board consisted of three members at the end of the 2018 fiscal year.

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 at the AGM for a period of five years. If a workers' council is established in future, it can delegate two staff representatives to the supervisory board. The supervisory board consisted of five members at the end of the 2018 fiscal year. The members appointed in 2017 were all members of the Company's advisory council before the change of legal form to a limited stock corporation.

Management board Name and function	**Year of birth**	**Initial appointment**	**End of function period**
Andreas Grassauer Chairman and Chief Executive Officer	1969	2006[1)]	2022
Eva Prieschl-Grassauer Chief Scientific Officer	1968	2006[1)]	2022
Pascal Schmidt Chief Financial Officer	1972	2018	2022
Supervisory board Name and function			
Simon Nebel Chairman	1966	2017	2023
Ute Lassnig Vice Chairwoman	1970	2017	2023
Karl Lankmayr Member	1978	2017	2023
Gernot Hofer Member	1980	2017	2023
Brigitte Ederer Member	1956	2018	2023

[1)] since 2006 – management; following change of legal form to a limited stock corporation in 2017 – management board

Financial statements

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

Year ended December 31 all amounts in EUR	Notes	2018	2017
Profit or loss			
Revenues	5	4,666,276.41	4,810,974.77
Other income	6	675,691.84	757,233.82
Other gains (losses), net	7	10,229.44	5,099.97
Expenses of materials and services	8	(4,831,722.57)	(4,159,552.44)
Personnel expenses	9	(2,516,541.29)	(1,773,159.40)
Depreciation and amortisation	10	(236,763.94)	(202,579.50)
Other expenses	11	(2,908,011.59)	(1,076,058.07)
Operating result (EBIT)		**(5,140,841.70)**	**(1,638,040.85)**
Financial income	13	210,776.48	218,001.78
Financial expenses	13	(7,163,285.50)	(956,401.50)
Financial result		**(6,952,509.02)**	**(738,399.72)**
Loss before taxes		**(12,093,350.72)**	**(2,376,440.57)**
Taxes on income	14	(3,500.00)	(1,750.00)
Loss for the year		**(12,096,850.72)**	**(2,378,190.57)**
Other comprehensive income (loss) for the year		0.00	0.00
Total comprehensive loss for the year		**(12,096,850.72)**	**(2,378,190.57)**

All results are attributable to shareholders of the Company.

Year ended December 31 all amounts in EUR	**Notes**	**2018**	**2017**
Earnings per share			
Basic (EUR per share)	15	(12.10)	(2,38)
Diluted (EUR per share)	15	(12.10)	(2,38)

The notes are an integral part of these financial statements.

Statement of financial position

Year ended December 31 all amounts in EUR	Notes	2018	2017
ASSETS			
Non-current assets			
Intangible assets	18	1,331,721.20	1,311,587.61
Property, plant and equipment	17	195,446.79	162,989.83
Long-term receivables	21	12,838.36	2,910.00
		1,540,006.35	1,477,487.44
Current assets			
Inventories	19	115,708.78	177,722.92
Trade and other receivables	21	1,892,173.03	1,643,823.37
Current tax receivables	14	16.90	16.90
Cash and cash equivalents	22	1,715,471.10	6,030,381.94
		3,723,369.81	7,851,945.13
Total assets		**5,263,376.16**	**9,329,432.57**

Year ended December 31 all amounts in EUR	**Notes**	**2018**	**2017**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	1,000,000.00	132,360.00
Capital reserves		6,968,315.43	6,979,333.83
Retained losses		(24,235,415.49)	(12,138,564.77)
		(16,267,100.06)	(5,026,870.94)
Non-current liabilities			
Borrowings	25	1,173,514.57	1,085,290.96
Silent partnerships	24	0.00	0.00
Convertible bond	26	5,583,138.60	4,941,930.62
Other financial liabilities	27	7,131,983.32	1,464,354.25
Other non-current liabilities	29	0.00	1,487.16
		13,888,636.49	7,493,062.99
Current liabilities			
Borrowings	25	3,715,639.49	4,613,136.89
Trade payables	28	2,014,536.49	730,994.20
Convertible bond	26	131,178.08	131,178.08
Other financial liabilities	27	0.00	17,278.43
Current contract liabilities and other current liabilities	29	960,485.67	607,652.92
Provisions	30	820,000.00	763,000.00
		7,641,839.73	6,863,240.52
Total equity and liabilities		**5,263,376.16**	**9,329,432.57**

The notes are an integral part of these financial statements.

Statement of cash flows

Year ended December 31 all amounts in EUR	Notes	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		(12,096,850.72)	(2,378,190.57)
Adjustments for:			
Taxes on income recognised in profit or loss		3,500.00	1,750.00
Financial income recognised in profit or loss		(210,776.48)	(218,001.78)
Financial expense recognised in profit or loss		7,163,285.50	956,401.50
Depreciation and amortisation expense		236,763.94	202,579.50
Net book value of disposals of assets		0.06	0.02
(Gain)/Loss on disposal of assets		(170.00)	(50.00)
Non-cash income from grant due to debt relief		(350,512.00)	(563,281.00)
Other non-cash income (interest advantage)		(10,750.54)	(31,813.31)
Changes in deposits and other non-current receivables		(9,928.36)	10.00
Changes in inventories		62,014.14	(129,930.14)
Changes in trade liabilities and other receivables		(248,349.66)	(341,092.23)
Changes in provisions		57,000.00	0.00
Other changes in trade, contract liabilities and other liabilities		1,650,821.25	500,500.37
Interest paid		(558,265.78)	(220,840.34)
Interest received		54.59	315.87
Taxes paid		(3,500.00)	39,483.10
Cash flow utilised by operating activities	16	**(4,315,664.06)**	**(2,182,159.01)**
Purchase of plant and equipment and intangible assets		(229,082.75)	(153,921.29)
Proceeds from sale of property, plant and equipment		170.00	50.00
Cash flow utilised by investing activities	16	**(228,912.75)**	**(153,871.29)**

Year ended December 31 all amounts in EUR	**Notes**	**2018**	**2017**
Proceeds from shareholders		867,640.00	0.00
Proceeds from convertible bond		0.00	6,367,397.08
Repayments of shareholders' loans		(89,314.00)	0.00
Repayments of long-term borrowings		(529,988.00)	0.00
Finance lease payments		(16,953.63)	(7,206.47)
Equity transaction costs		(1,718.40)	0.00
Cash flow generated from financing activities	16	**229,665.97**	**6,360,190.61**
Net cash flow		**(4,314,910.84)**	**4,024,160.31**
Cash & cash equivalents at beginning of period	22	6,030,381.94	2,006,221.63
Cash & cash equivalents at end of period	22	1,715,471.10	6,030,381.94
Thereof effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		1,808.38	3,666.05

The notes are an integral part of these financial statements.

Statement of changes in equity

all amounts in EUR	Nominal capital/ share capital	Capital reserves
January 1, 2017	**132,360.00**	**6,979,333.83**
Loss for the year	0.00	0.00
Total comprehensive income (loss) for the year	0.00	0.00
December 31, 2017	**132,360.00**	**6,979,333.83**
Loss for the year	0.00	0.00
Total comprehensive income (loss) for the year	0.00	0.00
Paid-in capital, net of transaction cost	867,640.00	(11,018.40)
December 31, 2018	**1,000,000.00**	**6,968,315.43**

The notes are an integral part of these financial statements.

Retained losses	Total
(9,760,374.20)	**(2,648,680.37)**
(2,378,190.57)	(2,378,190.57)
(2,378,190.57)	(2,378,190.57)
(12,138,564.77)	**(5,026,870.94)**
(12,096,850.72)	(12,096,850.72)
(12,096,850.72)	(12,096,850.72)
0.00	856,621.60
(24,235,415.49)	**(16,267,100.06)**

Notes to the financial statements

1. General information

Marinomed Biotech AG ("Marinomed" or the "Company"; formerly Marinomed Biotechnologie GmbH – see Note 23) is a biopharmaceutical company focusing on the development of innovative products in the field of respiratory and ophthalmological diseases based on its intellectual property (IP) protected technology platforms. The Company develops therapies against respiratory diseases using its innovative antiviral respiratory technology platform, Carragelose®. The Company was incorporated in March 2006 as a spinoff from the Veterinary University of Vienna. The Company's headquarters is located at Veterinärplatz 1, 1210 Vienna, Austria.

The management board approved the financial statements for issuance on April 29, 2019.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise noted. The tables in this report may contain rounding differences.

2.1. Basis of preparation

The 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 International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It requires 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 disclosed in Note 4.

Going concern

Since inception, the Company has incurred significant losses from its operations. As the Company is a biotech company in the research phase, 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 gaining its own relevant income. The research and development risk as well as the financing and liquidity risk are covered primarily by equity financing from shareholders as well as use of support programmes by the Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft, or FFG), the research premium from the Austrian government and external research assignments.

After placement of a convertible bond on the Third Market (MTF) of the Vienna Stock Exchange in the amount of kEUR 7,000 in 2017, the Company prepared for going public in financial year 2018. In the course of a successful Initial Public Offering (IPO) on February 1, 2019 and the fully exercised greenshoe option on February 28, 2019, total gross proceeds of kEUR 22,425 were recorded from the issuance of new shares.

As of February 25, 2019, the Company was granted a loan by the European Investment Bank (EIB) in the amount of kEUR 15,000, which is covered by a guarantee of the European Fund for Strategic Investments (EFSI). This venture debt loan bears interest at customary market rates. It is expected to be transferred to Marinomed Biotech AG in three tranches subject to the achievement of certain milestones between 2019-2022, subject to fulfilment of certain milestones, and will be settled in financial years 2024-2027.

The Company´s ability to generate profits depends on further revenues from licensing and milestone payments from existing contracts and contracts currently under negotiation for the commercialisation of existing and future products and technologies.

However, based on the cashflows from the IPO, the EIB loan as well as from future sale of goods, management expects liquidity to be most probably ensured until the end of 2020.

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

New and revised standards and interpretations that are effective for the current year
In the current year, the Company has applied the following new and revised standards and interpretations issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2018:

- IFRS 9 Financial Instruments (applicable to financial years beginning on or after January 1, 2018; EU endorsement: November 22, 2016): IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
  IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes FVTOCI not reclassified. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The Company has reviewed its financial assets and liabilities and has come to the conclusion, that IFRS 9 does not have an impact on the financial statements as of December 31, 2018. Financial assets only consist of loans and receivables previously measured at amortised cost under IAS 39, that are measured on the same bases under IFRS 9. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. However, due to the Company's history of receivables write-downs the expected credit loss model has no impact for the Company. Further, there is no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Company did not designate liabilities at FVTPL. Also the new rules for hedge accounting are currently not relevant for the Company.

- IFRS 15 Revenue from contracts with customers (applicable to financial years beginning on or after January 1, 2018; EU endorsement: September 22, 2016): IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations.

  The Company has adopted the new standard on January 1, 2018 using the modified retrospective method and applied that method to all contracts that were not completed at the date of initial application. As a result, the Company has not applied the requirements of IFRS 15 to the comparative periods presented. The first-time adoption of IFRS 15 had no effect on the Company's retained earnings as at January 1, 2018, however required some minor reclassifications within the balance sheet. The effect of adopting IFRS 15 on the opening balance as at January 1, 2018 is as follows:

all amounts in EUR	December 31, 2017	Adjustment IFRS 15	January 1, 2018
Assets			
Current Assets			
Trade receivables	1,190,256.19	(767.45)	1,189,488.74
Liabilitites			
Current liabilities			
Trade payables	730,994.20	(5,000.00)	725,994.20
Current contract liabilities and other liabilities	607,652.92	4,232.55	611,885.47

Contract liabilities as shown in the tables above are included under "current contract liabilities and other liabilities" in the statement of financial position. Trade payables reclassified to contract liabilities relate to advance payments only.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

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 constrained 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 recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in line item "Current contract liabilities and other liabilities") is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period.

Due to the fact that the expected discounts and rebates have been deferred prior to the adoption of IFRS 15 there is no change in revenue recognition.

The same basically applies to milestone payments resulting from one-off revenues agreed in licensing and distributor agreements. Such milestone payments give rise to variable consideration under IFRS 15, which is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. Prior to IFRS 15 revenue from milestone payments was recognised when all contractual obligations were fulfilled by the Company and the amounts were non-refundable. The timing of revenue recognition for such milestone payments generally coincides prior and past IFRS 15. As such, the adoption of IFRS 15 did not have an effect on revenue recognition for milestone payments in the financial statements as of December 31, 2018.

Some contracts for the sale of goods provide customers with a marketing contribution, payable to the customer under specific circumstances. Prior to IFRS 15 such a marketing contribution has been shown as expense in the respective period. Under IFRS 15 such consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue, because the payment to the customer does not qualify as "in exchange for a distinct good or service that the customer transfers to the entity". The following table shows the effects of these changes on the financial statements as of December 31, 2018:

all amounts in EUR	**2018 (as reported)**	**Adjustment IFRS 15**	**Without adoption of IFRS 15**
Revenues	4,666,276.41	32,139.48	4,698,415.89
Other expenses	(2,908,011.59)	(32,139.48)	(2,940,151.07)
Operating result (EBIT)	**(5,140,841.70)**	**0.00**	**(5,140,841.70)**

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 recognised 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 recognised at a point in time. The Company's licence contracts in place provide right-to-use licences.

Revenue recognition for licence agreements follows the same principles under IFRS 15 as the Company's accounting policy under IAS 18. Therefore, the adoption of IFRS 15 had no effect on revenue recognition for licence agreements in the financial statements as of December 31, 2018.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company.

New and revised standards and interpretations in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been adopted early by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

- IFRS 16 Leases (applicable to financial years beginning on or after January 1, 2019; EU endorsement: October 31, 2017): IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets (the right to use the leased item) and financial liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

  The Company will apply the standard from its mandatory adoption date of January 1, 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). For leases that were classified as finance leases under IAS 17, the balances of lease assets and lease liabilities previously recognised will be carried forward in 2019.

As at the reporting date, the Company has one operating lease commitment with the Veterinary University of Vienna for the use of business and research premises (see Note 32). A preliminary assessment indicates that the Company will recognise a right-of-use asset of about kEUR 119 and a corresponding lease liability in respect of this lease agreement as of January 1, 2019. The impact on profit or loss is to decrease other expenses by approx. kEUR 87, to increase depreciation by approx. kEUR 79 and to increase interest expense by approx. kEUR 11.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.3. Segment reporting

In 2018, the Company reports the two operating segments, Carragelose and Marinosolv, based on the Company´s platforms. Carragelose combines activities from products which are already distributed, as well as Research & Development of new products based on the Carragelose® technology. Marinosolv does not generate any revenues yet, but is expected to contribute in the future. Residual operating activities which cannot be attributed to Carragelose or Marinosolv are reported as "Corporate".

The Carragelose® containing products with unique anti-viral properties target viral infections of the respiratory tract of more than 200 different virus strains. Marinomed has achieved market validation with its anti-viral nasal spray for common cold, initially launched in 2008. IP protection lasts until 2036 for particular products (decongestant medical device nasal spray). The Company managed to conclude licence and distribution agreements for various Carragelose® products with OTC (over the counter, or non-prescription drug) partners in countries almost all over the world.

Marinosolv® is an innovative technology platform that increases the bioavailability of hardly soluble compounds for the treatment of sensitive tissues such as nose and eyes. Stable aqueous formulations of hardly soluble compounds such as corticosteroids and immunosuppressants allow a faster onset of action, high local activity, an increased bioavailability and aseptic production. Currently, two products are in development targeting inflammatory diseases of nose (Budesolv) and eyes (Tacrosolv). A patent application was filed in 2015, which is currently in the nationalisation phase subsequent to the patent cooperation treaty (PCT) phase. Depending on the active ingredient, the products may be either OTC or Rx (prescription drug).

General information on revenues from the Carragelose segment is provided in section "Break-down of revenues by categories 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, operating result (EBIT) and certain other profit or loss information and result from continuing operations by reportable segment.

Year ended December 31, 2017 in kEUR	**Carragelose®**	**Marinosolv®**	**Corporate**	**Total**
Total revenues	4,811.0	0	0	4,811.0
Thereof sale of goods	*4,585.4*	*0*	*0*	*4,585.4*
Cost of goods sold	(3,419.8)	0	0	(3,419.8)
Contract research	(187.8)	(84.6)	0	(272.4)
Personnel expenses	(482.2)	(785.5)	(505.5)	(1,773.2)
Other miscellaneous income/(expense)	(614.0)	(219.9)	(432.3)	(1,266.3)
Depreciation and amortisation	(132.0)	(33.1)	(37.5)	(202.6)
Non-recurring items	0	0	485.2	485.2
Operating result (EBIT)	**(24.9)**	**(1,123.1)**	**(490.1)**	**(1,638.0)**

Year ended December 31, 2018				
Total revenues	4,666.3	0.0	0.0	4,666.3
Thereof sale of goods	*4,416.4*	*0.0*	*0.0*	*4,416.4*
Cost of goods sold	(3,285.4)	0.0	0.0	(3,285.4)
Contract research	(168.9)	(759.1)	0.0	(928.0)
Personnel expenses	(693.8)	(792.3)	(1,030.4)	(2,516.5)
Other miscellaneous income/(expense)	(604.4)	(122.4)	(597.8)	(1,324.6)
Depreciation and amortisation	(138.8)	(27.3)	(70.7)	(236.8)
Non-recurring items	0.0	0.0	(1,515.8)	(1,515.8)
Operating result (EBIT)	**(225.0)**	**(1,701.1)**	**(3,214.8)**	**(5,140.8)**

Additional information on 2017 figures

"Cost of goods sold" include expenses for merchandise and regular batch release charges (excluding exceptional charges) related to "Sale of goods" and build part of, but do not equal the P&L item "Expenses of materials and services". Research services provided by third parties are presented as "Contract Research". "Personnel Expenses" include the Company´s total staff expense.

"Other miscellaneous expense" comprises service and other expenses such as e.g. consulting expenses, charges of the legal manufacturers, patent expenses, supervisory board compensation, site and maintenance expenses, travel and representation, laboratory consumables, marketing expenses etc.

"Other miscellaneous income" mainly refers to the research premium.

"Non recurring items" include income from the conversion of loans to non-repayable grants in the amount of kEUR 563.3 as well as expenses related to the change of the Company´s legal form of kEUR 78.1.

Additional information on 2018 figures
General explanations on "Cost of goods sold", "Contract research", "Personnel Expenses" and "Other miscellaneous income/(expense) for 2017 also apply to the 2018 figures.

"Non-recurring items" include income from the conversion of loans to non-repayable grants in the amount of kEUR 350.5 as well as expenses in the context of the preparation of the going public in the amount of kEUR 1,866.3.

Break-down of revenues by categories 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 licenes and royalties as well as miscellaneous other services. The geographical break-down is based on distribution markets.

Year ended December 31, 2017 in kEUR	**Sale of goods**	**Other revenues**	**Total revenues**
Austria	11.7	73.7	85.4
Other European countries	3,080.9	34.7	3,115.6
Non-European countries	1,492.8	117.2	1,610.0
Total	**4,585.4**	**225.6**	**4,811.0**

Year ended December 31, 2018			
Austria	74.8	85.4	160.3
Other European countries	2,082.8	62.1	2,144.9
Non-European countries	2,258.7	102.4	2,361.1
Total	**4,416.4**	**249.9**	**4,666.3**

Between 10 and 20% of total revenues were generated in the Iranian market in 2017 and 2018. Additionally, Australia and Germany accounted for 10-20% of total revenues each in 2018.

Long-term assets
Long-term assets are fully attributable to Austria where the Company´s premises are located in 2018 and 2017.

Major customers

Customers exceeding 10% of total revenues are considered major customers for this schedule. In total three customers account for approximately 62% (kEUR 2,910.7) of the Company´s revenues in 2018 (2017: four customers/ kEUR 4,054.6/84%):

Segment Carragelose

Year ended December 31

2017 in kEUR	Total revenues	%
Top 1	1,598.3	33%
Top 2	982.0	20%
Top 3	841.8	17%
Top 4	632.5	13%
Total	**4,054.6**	**84%**

2018 in kEUR	Total revenues	%
Top 1	1,653.3	35%
Top 2	765.7	16%
Top 3	491.8	11%
Total	**2,910.7**	**62%**

2.4. 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 Euro, which is the Company's functional and presentation currency.

Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the exchange rates prevailing at the dates of the transactions. 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 recognised in the statement of profit or loss and other comprehensive income (loss) (see also Note 7).

2.5. Basic recognition and valuation principles

These financial statements are prepared on the basis of historical cost of acquisition with the exception of certain items such as financial assets at FVTPL and financial assets at FVTOCI, 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.

2.6. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are 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 recognised 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 constrained 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 recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in line item "Current contract liabilities and other liabilities") is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are regularly made with a credit term of 30 to max. 75 days after the last day of the month following the issuance of the invoice.

A trade receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Licence revenue

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 recognised 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 recognised at a point in time. The Company's licence contracts in place provide right-to-use licences. Thus, revenue is recognised 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 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 recognised 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 has been 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 constrained until the associated uncertainty is subsequently resolved. Revenue from milestone payments is therefore only 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 are fulfilled by the Company and the amounts are non-refundable.

Milestone payments relating to "sales milestones" might 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 recognised if and when the annual sales threshold is met in accordance with the exception for royalties.

2.7. Grant income

Grant income comprises (a) grants received from FFG and the Vienna Business Agency (Wirtschaftsagentur Wien, or WAW), (b) the research premium from the Austrian government, and (c) the interest advantage of government loans according to IAS 20.10A. Please refer to Note 6 for further details on all forms of grant income.

The FFG and WAW grants were provided to support specific research projects and are recognised according to the progress of the respective project. Futhermore, grant income may result from conversion of loans into non-repayable grants. The research premium is calculated as 14.0% (2017: 12.0%) of a specified research and development cost base. It is recognised 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. The Company is and has been in full compliance with the conditions of the grants and all related regulations. If, in the future, compliance with all obligations cannot be fully assured, any related contingent liability will be treated in accordance with IAS 37.

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 organisation is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 (previously IAS 39) and the proceeds received. This benefit is deferred (recorded in the line item "other liabilities" (see Note 29)), and recognised through profit or loss over the term of the corresponding financial liabilities 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 25. The loan is recognised and measured in accordance with IFRS 9.

2.8. Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

An operating lease is a lease other than a finance lease. Payments made by the Company on operating leases, mainly in connection with the rental agreements for the premises in Austria, are charged to the statement of profit or loss over the period of the lease.

2.9. Dividend distribution

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

2.10. Property, plant and equipment

Property, plant and equipment are stated at historical costs less accumulated depreciation and amortisation. 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 recognised as a separate asset where appropriate, but only when 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 derecognised. All other repair and maintenance costs are charged to the statement of profit or loss and other comprehensive income (loss) during the financial period in which they are incurred.

Depreciation on assets is calculated using the straightline method over the estimated useful lives of the assets. In calculating the estimated useful life, the economic and technical life expectancy has been taken into consideration. In 2017 and 2018, the estimated useful lives of property, plant and equipment are as follows: 2-5 years for IT equipment, 2-8 years for laboratory equipment and 4-10 years for other plant and office equipment. The assets' residual values 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 recognised in other gains (losses).

2.11. Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire the software and bring it into use. These costs are amortised on a straight-line basis over their estimated useful lives (3-5 years in 2017 and 2018).

2.12. Research and development expenses (IAS 38)

Research expenses 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 recognised 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;
- Management intends to complete the intangible asset and to utilise or sell it;
- There is an ability to utilise 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 utilise 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 recognised 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 recognised, development expenditure is recognised 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 amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straightline basis over the period of expected future benefit.

2.13. Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. During the reporting period, no events have been identified that materially reduced the value of any asset and thus no impairment is deemed necessary.

2.14. Inventories

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

2.15. Financial instruments

Financial instruments are recognised 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 recognised immediately in profit or loss as financial income or financial expense.

2.16. Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at (a) amortised 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 amortised 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 assessment is referred to as the SPPI test and is performed at an 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 recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Financial assets at amortised cost are currently the only relevant category 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 amortised cost include trade and other receivables. They are included in current assets, except for items with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The company currently does not have any financial assets at FVTOCI nor at FVTPL.

2.17. Cash and cash equivalents and restricted cash

Cash and cash equivalents are classified as cash on hand and deposits held on call with banks and may include other short-term highly liquid investments with original maturities of three months or less. They are recorded 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 recorded as a separate asset (restricted cash) in the statement of financial position.

2.18. 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 recognised at the proceeds received, net of direct issue costs (transaction costs).

Compound instruments

Compound instruments have both a liability and an equity component from the issuer's perspective. The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity according to their substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices or other events.

In 2015, certain shareholders provided the Company with shareholders' loans (see Note 25). The shareholders' loans attract interest at a below-market rate. They shall be repaid in cash at the end of the period. However, the Company is entitled to request conversion of the loans into non-repayable shareholders' contributions upon fulfillment of certain criteria and agreement in the general meeting of shareholders by at least 80% of the votes cast.

The Company has an unavoidable obligation to make yearly interest payments on the outstanding amount. Further, there is an obligation to repay the loan at maturity. Whilst the loan may be converted into a shareholders' contribution, this is not at the Company's sole discretion. Accordingly the shareholders' loans represent a financial liability, which is initially recognised at fair value and subsequently measured at amortised cost.

Due to the fact that the interest rate in the loan agreements is below market rate, the market rate (estimated with 15.0% p.a. in 2015 and following years, see Note 25) has been taken into account to calculate the fair value of the loans at inception. The difference between the fair value and the amounts received is recognised directly in equity. This is because, in essence, the shareholders have provided the Company the benefit of finance at an advantageous rate of interest.

Transaction costs that relate to the issue of the shareholders' loans are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are deducted from the carrying amount of the liability component and are amortised over the lives of the shareholders' loans using the effective interest method.

2.19. Financial liabilities

Financial liabilities are classified, at initial recognition, as subsequently measured at either (a) amortised cost or FVTPL and include the convertible bond, borrowings, silent partnerships, trade payables and other financial liabilities as described in more detail below.

Financial liabilities at FVTPL

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) it is 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 recognised in the statement of profit or loss.

The equity conversion feature from the convertible bond (see Note 27), which is shown under other financial liabilities in the statement of financial position, is classified as embedded derivative to the respective bond and is separated from the main contract (held-for-trading derivatives according to IFRS 9 Appendix A/previously IAS 39.9). The fair value of optional derivative instrument was calculated as the difference between the fair value of the hybrid

(combined) instrument and the fair value of the host contract in line with IAS 39.13 in 2017. As of December 31, 2018 the fair value of the equity conversion right has been determined individually in line with IFRS 9.4.3.3. (see Note 2.20 and Note 4.3).

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has currently not designated any financial liability as at FVTPL.

Financial liabilities at amortised cost

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 amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised 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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

This category generally applies to interest-bearing loans and borrowings as well as trade and other payables.

The Company has obtained loans from various governmental agencies for certain research and development projects, which are stated 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 at inception is treated as a grant in accordance with IAS 20.10A (please refer to Note 2.7 for further details). The loans are recognised 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 recognised initially at fair value and subsequently measured at amortised cost.

There is an obligation to pay to Austria Wirtschaftsservice GmbH (aws), a certain amount upon the occurrence of specific future events, i.e. an IPO or the sale of more than 25% of the shares in Marinomed to a strategic investor (see Note 27). This represents a financial liability that has to be accounted for at fair value initially and at amortised cost following the effective interest method in subsequent periods. Any adjustments to the underlying cash flow projections and probabilities of such events are taken into consideration, with any fluctuations being recognised in line with IFRS 9 B5.4.6 (previously IAS 39 AG 8) in the line items finance income or finance expense.

2.20. Convertible Bond

On July 14, 2017 the Company placed a Pre-IPO 4% Bond listed on the Vienna Stock Exchange under ISIN AT0000A1WD52. The Bond has a conditional conversion right, whereas bondholders have the right to convert their entire claim into ordinary shares of the Company upon execution of a qualifying public offering (QPO).

The convertible bond represents two financial instruments: an interest bearing loan and an option in form of an equity conversion right for the holders of these instruments. The loan feature of the contract represents a host debt contract that is accounted for at fair value at inception, net of transaction costs incurred, in line with IFRS 9.5.1.1 (previously IAS 39.43) and sub-sequently at amortised cost following the effective interest method.

The loan feature also includes the contingent payment of a Trade Sales Premium and/or Licence Payment Premium, which represents a financial liability containing a contingent settlement provision. Any adjustments to the underlying cash flow projections and probabilities of such premiums are taken into consideration, with any fluctuations being recognised in line with IFRS 9 B5.4.6 (previously IAS 39 AG 8) in the line items finance income or finance expense. Due to the fact that the conversion price is not fixed but dependent on future developments, the equity conversion right is considered a financial liability in accordance with IAS 32. The conversion right represents an embedded derivative, that is separated from the host contract and accounted for at fair value at inception and in subsequent periods with changes in fair value being recognised as profit or loss in the financial result line item in the statement of profit or loss and other comprehensive income (loss).

Upon initial recognition the fair value of the host contract (loan) was estimated using a market interest rate of 15.0% p.a. The fair value of the embedded derivative (equity conversion right) resulted from the difference between the fair value of the hybrid (combined) instrument and the fair value of the host contract in line with IAS 39.13 in 2017. As of December 31, 2018 the fair value of the equity conversion right has been estimated based on the lower end of the price range for the shares offered in the course of the planned IPO as publicated in the respective prospectus dated November 16, 2018, i.e. EUR 75,00 per share, in line with IFRS 9.4.3.3. This amount also equals the share price finally accomplished in the course of the IPO in January 2019 (see also Note 35 for events after the end of the reporting period). For further details please also refer to Note 2.19 and to Note 4.3.

2.21. Silent partnerships

The Company has entered into three silent partnership agreements over recent years, which entitle the silent partners to a proportionate share in the fair value of the Company, similar to a shareholder, including a share in profit or loss, according to an agreed participation rate (see Note 24).

Upon termination of the silent partnership agreements, the Company has to settle its obligation vis-à-vis the silent partner in cash. Accordingly, the Company does not have the ability to avoid a cash payment to settle the liability, but has a contractual obligation to pay the silent partners (i.e. not at the discretion of the Company). Therefore, the silent partnership agreements are classified as a financial liability according to IAS 32.11. According to IAS 39 (now

IFRS 9) contributions of the silent partner have been initially measured at fair value and sub-sequently at amortised cost. Amortised cost in this sense is taken as the original paid in amount plus cumulative profit allocations less cumulative loss allocations and dividend payments made. As the silent partners do not have an additional funding obligation, amortised costs cannot go below EUR 0.00 after loss allocations. The amount payable on demand as of December 31, 2018 amounted to EUR 0.00.

Based on a contribution in kind and incorporation agreement dated November 15, 2018 as well as a deed of variation dated December 30, 2018, the investment from silent partnerships was contributed to the Company against transfer of existing shares to the silent partners by the existing shareholders subject to the condition precedent of a successful IPO of Marinomed Biotech AG, which was fulfilled on February 1, 2019. The Company did not have to settle any amount in cash to the silent partners at any time.

According to a separate call option agreement dated 15 November 2018, as amended by an amendment agreement dated 30 December 2018, the silent partners granted the Company a call option to acquire the shares received for the contribution in kind and incorporation. The effectiveness of the option agreement was subject to the condition precedent of a successful IPO and further gross proceeds from the IPO of at least EUR 30m. As gross proceeds came out below the EUR 30m, the condition precedent was not met and the option did not become effective.

Please refer to Note 35 for information on events after the reporting period.

2.22. Employee benefits

The Company is legally required to make monthly contributions to a state plan classified as a defined contribution plan. These contributions are recognised under expenses for social security and payroll related taxes (see Note 9).

2.23. Provisions

Provisions are recognised 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 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).

2.24. Income tax

The income tax expense (or credit) for the period is the tax payable on the current period's taxable income based on the applicable income tax rate (adjusted by 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 valuation and accounting differences between financial statements prepared for tax purposes and IFRS financial statements.

Deferred income tax is provided 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 recognised 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 utilised. For further details please refer to Note 4.2 and 14.

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 minimise 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 recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

As of December 31 all amounts in EUR	**2018** **GBP**	**2017** **GBP**
Trade receivables	133,444.34	216,656.80
Cash and cash equivalents	659.02	874.74
Trade payables	(74.15)	(389.46)
Total	**134,029.21**	**217,142.08**

Foreign currency denominated receivables and payables are short term in nature (generally 30 days to max. 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 stated in the table above, the Company is primarily exposed to changes in GBP/EUR exchange rates. The Company's sensitivity to a 10% increase/decrease in EUR against the GBP amounts to EUR (13,402.92)/13,402.92 (2017: EUR (21,714.21)/21,714.21). The sensitivity analysis includes only outstanding 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's exposure to the risk of changes in market interest rates relates primarily to the Company's 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 management.

Long-term borrowings with variable rates only comprise finance lease contracts in 2018 (see Note 25). The majority of interest-bearing financial liabilities carry fixed interest rates. Further, 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 amortised 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.

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 exposed to commodity price risk.

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 Comapny 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.

Credit quality of the customer is assessed based on past experience and other factors. Out-standing customer receivables are regularly monitored and collection measures set as required. To reduce the credit risk, advance payments are mandatory for specific customers.

The requirement for an impairment is analysed at each reporting date on an individual basis. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable (see Note 21).

The credit risk on liquid funds (bank accounts, cash balances and securities) is limited because the counterparties are 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, 2017 all amounts in EUR	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings	(5,100,018.34)	(74,663.40)	(1,208,320.13)
Convertible bond	(280,000.00)	(13,440,000.00)	0.00
Other financial liabilities (aws Profit Share)	(79,200.00)	0.00	0.00
Trade payables	(730,994.20)	0.00	0.00
Trade receivables	1,190,256.19	0.00	0.00
Total	**(4,999,956.35)**	**(13,514,663.40)**	**(1,208,320.13)**

As of December 31, 2018 all amounts in EUR	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings	(4,163,851.82)	(1,270,033.28)	0.00
Convertible bond	(280,000.00)	(13,160,000.00)	0.00
Other financial liabilities (aws Profit Share)	0.00	0.00	0.00
Trade payables	(2,014,536.49)	0.00	0.00
Trade receivables	622,314.22	0.00	0.00
Total	**(5,836,074.09)**	**(14,430,033.28)**	**0.00**

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.

The contractual undiscounted cash flows resulting from the convertible bond stated in the table above represent the maximum amount of possible payments including contingently payable licence/trade sale premiums to the highest possible extent (max. licence premium: EUR 2,800k; max. trade sale premium: EUR 2,800k). In 2019, EUR 6,980k were converted into equity and the remaining EUR 20k were bought back by the company for an amount of EUR 25k (refer to Note 35).

3.2. Capital risk management

The main objectives of the Company's capital 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 recorded 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 management to make estimates and other judgments 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 recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

4.1. Development costs

Development costs are capitalised in accordance with the accounting policy (see Note 2.12). Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In line with industry practice, the date of approval by the notified body is deemed to be the point at which the development costs fulfill all the conditions listed in Note 2.12. Starting with the commercialisation of the product no further development costs are capitalised.

Development costs incurred after that date that are directly attributable to the development activities have been recognised as an intangible asset. Directly attributable costs include employee costs, material costs, contract research as well as an appropriate portion of relevant overheads. Capitalised development costs are recorded as an intangible asset which is amortised 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 16.5 years starting from July 1, 2011.

Management constantly monitors the recoverability of capitalised internal development costs as well as the amortisation period. Adjustments will be made in future periods if future market activity indicates that such adjustments are appropriate.

4.2. Taxes

A deferred tax asset is recognised 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 utilised.

The Company is in a loss-making position and has a history of recent losses. Therefore, the Company can recognise 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 utilised.

Significant management judgement is required to determine whether such deferred tax assets can be recognised and, if so, the amount to be recognised, 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 recognise 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, when future taxable profits will be available.

If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by EUR 6,895,316.81 (2017: EUR 3,817,085.05). Further details on taxes are disclosed in Note 14.

4.3. Fair value estimation

As described in Note 20, the Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain financial instruments, specifically with regard to the equity conversion right included under other financial liabilities.

As described in Note 2.20 the conversion right has to be accounted for at fair value at inception and in subsequent periods with changes in fair value being recognised as profit or loss in the financial result section of the statement of profit or loss. According to IAS 39.13 (now IFRS 9.4.3.7), if an entity is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions (for example, because the embedded derivative is based on an equity instrument that does not have a quoted price in an active market for an identical instrument, ie a Level 1 input), the fair value of the embedded derivative is the difference between the fair value of the hybrid (combined) instrument and the fair value of the host contract.

At inception the fair value of the combined instrument equals the funds raised, i.e. EUR 7,000k. For subsequent measurement, the fair value of the combined instrument was measured in accordance with IFRS 13.37 in 2017, under which an entity should measure the fair value of a liability by reference to the quoted price of an identical item that is held by another party as an asset, if a quoted price for the transfer of an identical or a similar liability is not available. Accordingly the fair value of the liability is measured from the perspective of a market participant that

holds the identical item as an asset at the measurement date. This requirement could be relevant, as it is the case for the Company, when measuring the fair value of corporate bonds (IFRS 13.35). Under these circumstances the appropriate bases for measuring the fair value of the liability are listed in IFRS 13.38, in descending order of preference:

(a) using the quoted price in an active market for the identical item held by another party as an asset, if that price is available.
(b) if that price is not available, using other observable inputs, such as the quoted price in a market that is not active for the identical item held by another party as an asset.
(c) if the observable prices in (a) and (b) are not available, using another valuation technique, such as:
    (i) an income approach (e.g. a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).
    (ii) a market approach (e.g. using quoted prices for similar liabilities or equity instruments held by other parties as assets).

Accordingly the quoted market price of the bond according to the notation on the Vienna Stock Exchange was taken as fair value of the combined instrument in 2017.

The fair value of the host contract (loan) was estimated by discounting the expected future cash flows using the prevailing market interest rate (estimated with 15.0% p.a. based on an offer received by an external financial institution at the time of the fair value calculation). The fair value of the embedded derivative (equity conversion right) then resulted as the difference between the fair value of the hybrid (combined) instrument and the fair value of the host contract (both calculated as described above).

As of December 31, 2018 the fair value of the equity conversion right has been determined individually in line with IFRS 9.4.3.3. The fair value has been estimated based on the lower end of the price range for the shares offered in the course of the planned IPO as publicated in the respective prospectus dated November 16, 2018, i.e. EUR 75,00 per share. This amount also equals the share price finally accomplished in the course of the IPO in January 2019 (see also Note 35 for events after the end of the reporting period). The fair value adjustment (resulting from a calculation based on a share price of EUR 75,00) recognised in 2018 amounted to EUR 5,668k and is included under financial expenses in the statement of profit or loss and other comprehensive income (see also Note 13 and Note 27).

5. Revenues

The Company derives the following types of revenues:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Sale of goods	4,416,377.21	4,597,830.68
Licence revenues	114,704.13	89,600.45
Other revenues	135,195.07	123,543.64
Total revenues	**4,666,276.41**	**4,810,974.77**

Revenues were affected by several product launches in new and existing markets in 2017 that concur with customers building up significant stock. Accordingly, in financial year 2018, demand from such customers decreased, but was mostly offset by growth in more mature sales regions.

The Company does not sell goods directly to consumers, but all goods are sold through intermediaries (distributors) in various geographical areas. In the current and preceeding years all revenue from contracts with customers is allocated to the reportable segment Carragelose. The second reportable segment Marinosolv does not generate any revenue yet.

For geographical and segment information on revenues please make reference to Note 2.3.

6. Other income

Other income consists of the following items:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Grant income	350,512.00	578,673.00
Research premium	314,429.30	146,747.51
Other income (interest advantage)	10,750.54	31,813.31
Total	**675,691.84**	**757,233.82**

Grants were received from FFG and WAW. These grants are non-refundable, except in the case of non-compliance with the agencies' rules and regulations or in the case of misuse of the funds. The Company is and has been in full compliance with the conditions of the grants and all related regulations.

In 2017 two loans from FFG amounting to kEUR 563 have been converted into non-repayable grants due to technical failure of the respective project. In 2018 three loans from FFG amounting to kEUR 351 have been converted into non-repayable grants.

The research premium is an Austrian R&D premium of 14% (2017: 12%) on research and development expenses, which is paid out in cash by the Austrian fiscal authorities.

In recent years the Company was granted several R&D support loans from FFG and aws (see Note 25). According to IAS 20.10A (and IFRS 1.B10), the differences between the nominal interest rates of the R&D support loans granted after the date of transition and the market rate of interest, estimated at 15.0% (see Note 25), are treated as a government grant and recognised over the term of the corresponding financial liabilities (see Note 2.7).

7. Other gains and losses

Other gains and losses consist of the following items:

Year ended December 31 all amounts in EUR	2018	2017
Net gain/(loss) on disposal of property, plant and equipment	169.94	49.98
Net foreign exchange gains	5,867.30	4,597.87
Net foreign exchange losses	(3,965.10)	(4,968.30)
Other items	8,157.30	5,420.42
Total	**10,229.44**	**5,099.97**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (please refer to Note 3.1 for further details).

8. Material and service expenses

The statement of profit or loss and other comprehensive income (loss) includes expenses for materials and services as follows:

Year ended December 31 all amounts in EUR	2018	2017
Expenses for materials	(3,313,864.04)	(3,468,644.52)
Expenses for services	(1,517,858.53)	(690,907.92)
Total	**(4,831,722.57)**	**(4,159,552.44)**

Expenses for materials include expenses for sale of goods (cost of goods sold) and expenses for laboratory consumables. The decrease in expenses for materials is essentially due to the decrease of expenses for merchandise. Correspondingly the sales of goods decreased (see Note 5).

The expenses for services relate primarily to third-party R&D services as well as to expenses for patent applications. Since the Budesolv clinical trial project started during the first quarter 2018 with first patients treated in the fourth quarter 2018, expenses for third-party R&D services increased significantly. Furthermore, patent expenses rose in the course of nationalisation (translation of the international patent into national law) of two patents.

9. Personnel expenses

Personnel expenses include the following items:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Salaries	(1,999,825.53)	(1,380,479.32)
Expenses for social security and payroll-related taxes	(509,012.12)	(384,426.43)
Other employee benefit expenses	(7,703.64)	(8,253.65)
Total	**(2,516,541.29)**	**(1,773,159.40)**

Personnel expenses were EUR 2,517k in 2018, an increase of EUR 743k, which is mainly related to complementing and additional staff.

10. Depreciation and amortisation

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

Year ended December 31 all amounts in EUR	**2018**	**2017**
Amortisation of intangible assets	(149,241.14)	(125,452.75)
Depreciation of property, plant and equipment	(87,522.80)	(77,126.75)
Total	**(236,763.94)**	**(202,579.50)**

For further details on amortisation and depreciation see also Notes 17 and 18.

11. Other expenses

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

Year ended December 31 all amounts in EUR	2018	2017
Fees	(22,791.69)	(10,154.54)
Maintenance expenses	(81,397.66)	(60,621.86)
Operating costs	(41.968,43)	(60,595.43)
Insurance	(126,187.30)	(5,585.59)
Freight	(12,357.12)	(22,611.09)
Travel expenses	(99,266.58)	(54,753.70)
Car expenses	(6,141.97)	(5,678.31)
Telephone expenses	(16,840.04)	(13,269.03)
Rental expenses	(90,113.40)	(90,323.87)
Education expenses	(26,435.50)	(13,662.00)
Office and administrative expenses	(34,437.45)	(17,390.41)
Advertising expenses	(95,175.27)	(86,157.44)
Consulting expenses	(2,085,920.51)	(536,514.84)
Claim	(57,013.60)	0.00
Other expenses	(111,965.07)	(82,688.16)
Total	**(2,908,011.59)**	**(1,076,058.07)**

Consulting expenses include expenses for legal advice and other consulting services, mainly for consulting and legal fees in connection with the planned IPO.

12. Research and development expenses

The Company has incurred research and development expenses of EUR 2,934,787.32 in the current year (2017: EUR 2,193,973.71) 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 EUR	**2018**	**2017**
Personnel expenses	(1,118,819.00)	(1,088.315.26)
Expenses of materials and services	(1,198,192.50)	(354,433.24)
Other expenses	(193,683.00)	(222,731.68)
Depreciation and amortisation	(166,090.56)	(165,098.34)
Financial expenses	(258,002.26)	(361,565.29)
Other gains (losses), net	0.00	(1,829.90)
Total	**(2,934,787.32)**	**(2,193,973.71)**

13. Financial income and expenses

Year ended December 31 all amounts in EUR	2018	2017
Interest income		
Bank deposits	54.59	315.87
Total	**54.59**	**315.87**
Interest and similar expenses		
FFG loans	(46,872.54)	(77,257.31)
aws Seed loan	(88,803.23)	(81,710.26)
Shareholders' loans	(436,394.57)	(405,195.44)
aws DEQ loan	(921,207.98)	0.00
Convertible bond	(2,358.31)	(387,751.78)
Finance leasing	0.00	(1,836.73)
Bank deposits	(19.80)	(6.63)
Other interest expenses	(1,495,656.43)	0.00
	(953,758.15)	**(953,758.15)**
Other financial income/(expenses)		
Valuation equity conversion right	(5,667,629.07)	217,685.91
Adjustment of carrying amount of shareholders' loans (according to IFRS 9:B5.4.6)	193,443.46	0.00
Adjustment of carrying amount of aws Profit Share	17,278.43	(2,643.35)
	(5,456,907.18)	**215,042.56**
Total financial result	**(6,952,509.02)**	**(738,399.72)**
Thereof financial income	*210,776.48*	*218,001.78*
Thereof financial expenses	*(7,163,285.50)*	*(956,401.50)*

Interest income arises on cash and cash equivalents. Interest expenses consist of interest payable on borrowings of all kinds (e.g. shareholder and other loans) as well as the convertible bond and are expensed as incurred.

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

all amounts in EUR	Loans and receivables	Other financial liabilities	FVTPL (held for trading)	Total
Financial result as per statement of profit or loss and other comprehensive income (loss)				
Year ended December 31, 2017				
Financial income	315.87	0.00	217,685.91	218,001.78
Financial expenses	0.00	(956,401.50)	0.00	(956,401.50)
Total	**315.87**	**(956,401.50)**	**217,685.91**	**(738,399.72)**
Financial result as per statement of profit or loss and other comprehensive income (loss)				
Year ended December 31, 2018				
Financial income	54.59	210,721.89	0.00	210,776.48
Financial expenses	0.00	(1,495,656.43)	(5,667,629.07)	(7,163,285.50)
Total	**54.59**	**(1,284,934.54)**	**(5,667,629.07)**	**(6,952,509.02)**

14. Taxes on income

Year ended December 31 all amounts in EUR	2018	2017
Current tax	(3,500.00)	(1,750.00)
Total	**(3,500.00)**	**(1,750.00)**

Taxes on income are calculated using the current corporate income tax rate of 25%. Under the Austrian Corporate Income Tax Act (KStG) a minimum amount of EUR 1,750.00 corporate income tax is levied for a private limited company even if there is a tax loss. As the Company has been converted into a stock company the minimum corporate income tax now amounts to EUR 3,500.00.

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

Year ended December 31 all amounts in EUR	**2018**	**2017**
Profit (Loss) before taxes	(12,093,350.72)	(2,376,440.57)
Tax income (expense) at 25%	3,023,337.68	594,110.14
Expenses not deductible for tax purposes	(18,764.21)	(1,568.77)
Income not subject to tax	81,795.53	40,317.48
Effect of equity transaction costs (recognised directly in equity, but deductible for tax purposes)	2,754.60	0.00
Effect of deferred tax asset not recognised	(3,089,123.60)	(632,858.85)
Minimum corporate income tax	(3,500.00)	(1,750.00)
Tax expense (before loss carry-forwards)	**(3,500.00)**	**(1,750.00)**
Other tax adjustments	0.00	0.00
Total income tax expense	**(3,500.00)**	**(1,750.00)**

Deferred Taxes

Deferred taxes have only been recognised to the extent that the Company has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available in the following taxable period against which the unused tax losses can be utilised.

Accordingly, temporary differences resulting in deferred tax liabilities in the amount of EUR 711,793.89 (2017: EUR 765,230.62) are offset against deferred tax assets resulting mainly from tax loss carry-forwards showing the same amount and timing with the same fiscal authority. Further to this, no deferred tax assets have been capitalised in the statement of financial position or effects shown in the statement of profit or loss and other comprehensive income (see also Note 4.2).

Year ended December 31 all amounts in EUR	**2018**	**2017**
Deferred tax asset from		
Tax losses carried forward	5,249,225.95	3,633,363.49
Current receivables	0.00	1,770.85
Investment from silent partnership	567,312.50	567,312.50
Borrowings	7,576.42	9,460.39
Conversion right	1,782,995.83	370,408.17
Trade payables	0.00	0.27
Non-recognition of deferred tax assets	(6,895,316.81)	(3,817,085.05)
Total deferred tax assets	**711,793.89**	**765,230.62**

Year ended December 31 all amounts in EUR	**2018**	**2017**
Deferred tax liability from		
Intangible assets – software	(1,294.83)	(510.51)
Intangible assets – development costs	(306,635.60)	(319,462.98)
Property, plant and equipment	(11,516.88)	(12,991.63)
Receivables	(84,883.43)	(149.08)
Cash and cash equivalents	0.00	(0.60)
Borrowings	(48,360.87)	(50,133.23)
Convertible bond	(259,102.18)	(381,982.59)
Trade payables	(0.10)	0.00
Total deferred tax liability	**(711,793.89)**	**(765,230.62)**
Deferred tax, net	**0.00**	**0.00**

As of December 31, 2018 the Company has unrecognised deferred tax assets of EUR 6,895,316.81 (2017: EUR 3,817,085.05) mainly resulting from cumulative tax loss carry-forwards in respect of losses of EUR 20,996,903.78 (2017: EUR 14,533,453.94). Since the Company is in a loss-making position and has a history of losses, no deferred tax asset has been recognised. The tax loss carry-forwards will not expire.

15. Earnings (loss) per share

Basic earnings/losses per share

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

Year ended December 31 all amounts in EUR	2018	2017
Earnings (losses) for the year	(12,096,850.72)	(2,378,190.57)
Weighted average number of shares outstanding	1,000,000	1,000,000.00
Basic earnings (loss) per share	**(12,10)**	**(2.38)**

In the general meeting of May 12, 2017 the conversion of the Company into a stock company has been decided with effect from December 31, 2016 (please refer to Note 23 for further details). Prior to the conversion the Company's share capital was not divided into a specific number of shares, but shareholders had a proportionate interest in the Company corresponding to their amount of nominal capital paid in. On September 17, 2018, the extraordinary general meeting approved the increase 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. For calculating earnings (loss) per share in 2018 and 2017 respectively, it was assumed that the number of shares was 1,000,000.

Diluted earnings/losses per share

Diluted earnings/losses per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. In 2017 and 2018 dilutive potential shares include a convertible bond. As the conversion options pursuant to the convertible bond are contingent on a QPO they have been treated as contingently issuable shares. As the QPO has not taken place at the balance sheet date they have not been included in the diluted earnings per share calculation.

Therefore diluted earnings/losses per share equal basic earnings per share in 2017 and 2018.

16. Notes to the statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents (see Note 2.17) 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.in the statement of cash flows are cash and cash equivalents.

Cash flow utilised by operating activities

The cash flow from operating activities shows the flows of funds arising from the provision and receipt of goods and services during the reporting period and includes changes in working capital.

Cash flow generated from (utilised by) investing activities

The cash flow from investing activities consists mainly of outflows of funds for the acquisition of tangible and intangible assets.

Cash flow generated from financing activities

The cash flow from financing activities consists of proceeds from shareholders of EUR 867,640.00 (2017: EUR 0.00) less equity transaction costs in the amount of EUR 1,718.40 (2017: EUR 0.00), repayments of shareholders' loans of EUR 89,314.00 (2017: EUR 0.00), proceeds from the convertible bond in the amount of EUR 0.00 (2017: EUR 7,000,000.00) less transaction costs in the amount of EUR 0.00 (2017: EUR 632,602.92), cash flows from repayments of long-term borrowings of EUR 529,988.00 (2017: EUR 0.00) and finance lease payments of EUR 16,953.63 (2017: EUR 7,206.47).

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 flow from financing activities.

all amounts in EUR	Convertible bond	Equity conversion right	Finance leases	FFG loans
Carrying amount as of January 1, 2017	0.00	0.00	45,048.01	2,779.115.31
Financing cash flows	6,367,397.08	0.00	(7,206.47)	0.00
Non-cash changes: Separation (recognition) of equity conversion right	(1,682,040.16)	1,682,040.16	0.00	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	(563,281.00)
Non-cash changes: Fair value adjustments	0.00	(217,685.91)	0.00	0.00
Non-cash changes: Effective interest accrued	387,751.78	0.00	1,836.73	75,958.31
Interest paid	0.00	0.00	(1,836.73)	(44,145.00)
Carrying amount as of December 31, 2017	**5,073,108.70**	**1,464,354.25**	**37,841.54**	**2,247,647.62**

all amounts in EUR	Shareholders' loans	Silent partnerships	aws profit share	aws Seed loan
Carrying amount as of January 1, 2017	2,159,596.93	0.00	14,635.08	941,294.67
Financing cash flows	0.00	0.00	0.00	0.00
Non-cash changes: Separation (recognition) of equity conversion right	0.00	0.00	0.00	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	0.00
Non-cash changes: Adjustment of carrying amount	0.00	0.00	448.09	0.00
Non-cash changes: Effective interest accrued	405,195.44	0.00	2,195.26	81,710.26
Interest paid	(174,858.61)	0.00	0.00	0.00
Carrying amount as of December 31, 2017	**2,389,933.76**	**0.00**	**17,278.43**	**1,023,004.93**

all amounts in EUR	Convertible bond	Equity conversion right	Finance leases	FFG loans
Carrying amount as of January 1, 2018	5,073,108.70	1,464,354.25	37,841.54	2,247,647.62
Financing cash flows	0.00	0.00	(16,953.63)	(529,988.00)
Non-cash changes: Separation (recognition) of equity conversion right	0.00	0.00	60,271.80	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	(350,512.00)
Non-cash changes: Fair value adjustments	0.00	5,667,629.07	0.00	0.00
Non-cash changes: Reclassification of Grant – below market rate	0.00	0.00	0.00	13,183.84
Non-cash changes: Effective interest accrued	921,207.98	0.00	2,358.32	46,872.54
Non-cash changes: Interest paid	(280,000.00)	0.00	(2,358.32)	(36,122.00)
Carrying amount as of December 31, 2017	**5,714,316.68**	**7,131,983.32**	**81,159.71**	**1,391,082.00**

all amounts in EUR	Shareholders' loans	Silent partnerships	aws profit share	aws Seed loan
Carrying amount as of January 1, 2017	2,389,933.76	0.00	17,278.43	1,023,004.93
Financing cash flows	(89,314.00)	0.00	0.00	0.00
Non-cash changes: Separation (recognition) of equity conversion right	0.00	0.00	0.00	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	0.00
Non-cash changes: Adjustment of carrying amount	(193,443.46)	0.00	(17,278.43)	0.00
Non-cash changes: Effective interest accrued	436,394.57	0.00	0.00	88,803.23
Non-cash changes: Interest paid	(238,466.68)	0.00	0.00	0.00
Carrying amount as of December 31, 2017	**2,305,104.19**	**0.00**	**0.00**	**1,111,808.16**

17. Property, plant and equipment

The movement on property, plant and equipment was as follows:

all amounts in EUR	IT equipment	Laboratory equipment	Other plant and office equipment	Total
As of January 1, 2017				
Cost or valuation	94,640.32	366,329.52	96,162.27	557,132.11
Accumulated depreciation	(46,167.84)	(297,044.26)	(28,615.27)	(371,827.37)
Carrying amount	**48,472.48**	**69,285.26**	**67,547.00**	**185,304.74**
Year ended December 31, 2017				
Beginning carrying amount	48,472.48	69,285.26	67,547.00	185,304.74
Additions	22,728.73	7,230.94	24,852.19	54,811.86
Disposals	(0.02)	0.00	0.00	(0.02)
Depreciation	(20,318.67)	(35,520.58)	(21,287.50)	(77,126.75)
Carrying amount	**50,882.52**	**40,995.62**	**71,111.69**	**162,989.83**
As of January 1, 2017				
Cost or valuation	95,283.57	373,560.46	109,988.60	578,832.63
Accumulated depreciation	(44,401.05)	(332,564.84)	(38,876.91)	(415,842.80)
Carrying amount	**50,882.52**	**40,995.62**	**71,111.69**	**162,989.83**
Year ended December 31, 2018				
Beginning carrying amount	50,882.52	40,995.62	71,111.69	162,989.83
Additions	43,272.79	75,306.25	1,400.76	119,979.80
Disposals	(0.04)	0.00	0.00	(0.04)
Depreciation	(45,310.03)	(28,397.37)	(13,815.40)	(87,522.80)
Carrying amount	**48,845.24**	**87,904.50**	**58,697.05**	**195,446.79**
As of December 31, 2018				
Cost or valuation	97,518.81	448,866.71	110,123.92	656,509.44
Accumulated depreciation	(48,673.57)	(360,962.21)	(51,426.87)	(461,062.65)
Carrying amount	**48,845.24**	**87,904.50**	**58,697.05**	**195,446.79**

As of December 31, 2018 fully depreciated property, plant and equipment with acquisition costs of EUR 340,115.95 (2017: EUR 327,692.17) is still in use.

Laboratory equipment includes the following amounts where Marinomed is a lessee under a finance lease (refer to Note 25 for further details).

Year ended December 31 all amounts in EUR	**2018**	**2017**
Leasehold laboratory equipment		
Cost	132,271.80	72,000.00
Accumulated depreciation	(81,040.76)	71,999.99
Carrying amount	**51,231.04**	**0.01**

Other plant and office equipment includes the following amounts where the Company is a lessee under a finance lease of a vehicle (refer to Note 25 for further details).

Year ended December 31 all amounts in EUR	**2018**	**2017**
Other plant and office equipment		
Cost	65,000.00	65,000.00
Accumulated depreciation	(25,052.08)	16,927.08
Carrying amount	**39,947.92**	**48,072.92**

18. Intangible assets

The following table shows the movement in intangible assets:

As of January 1, 2017 all amounts in EUR	Development costs	Software	Total
Cost or valuation	1,962,836.35	48,625.57	2,011,461.92
Accumulated depreciation	(642,083.17)	(31,447.82)	(673,530.99)
Carrying amount	**1,320,753.18**	**17,177.75**	**1,337,930.93**
Year ended December 31, 2017			
Beginning carrying amount	1,320,753.18	17,177.75	1,337,930.93
Additions – acquisitions	0.00	21,942.23	21,942.23
Additions – internal development	77,167.20	0.00	77,167.20
Disposals	0.00	0.00	0.00
Depreciation	(120,068.47)	(5,384.28)	(125,452.75)
Carrying amount	**1,277,851.91**	**33,735.70**	**1,311,587.61**
As of January 1, 2018			
Cost or valuation	2,040,003.55	70,567.80	2,110,571.35
Accumulated depreciation	(762,151.64)	(36,832.10)	(798,983.74)
Carrying amount	**1,277,851.91**	**33,735.70**	**1,311,587.61**
Year ended December 31, 2018			
Beginning carrying amount	1,277,851.91	33,735.70	1,311,587.61
Additions – acquisitions	0.00	91,036.06	91,036.06
Additions – internal development	78,338.69	0.00	78,338.69
Disposals	0.00	(0.02)	(0.02)
Depreciation	(129,648.22)	(19,592.92)	(149,241.14)
Carrying amount	**1,226,542.38**	**105,178.82**	**1,331,721.20**
As of December 31, 2018			
Cost or valuation	2,118,342.24	160,250.22	2,278,592.46
Accumulated depreciation	(891,799.86)	(55,071.40)	(946,871.26)
Carrying amount	**1,226,542.38**	**105,178.82**	**1,331,721.20**

19. Inventories

Inventories include the following items:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Goods for sale	115,708.78	177,722.92
Thereof nasal and throat sprays	*115,708.78*	*49,593.60*
Thereof lozenges	*0.00*	*128,129.32*
Total	**115,708.78**	**177,722.92**

Inventories recognised as an expense during the year ended December 31, 2018 amounted to EUR 3,236,443.37 (2017: EUR 3,375,621.20). These were included under the line item "Expenses of materials and services" in the statement of profit or loss and other comprehensive income. Additionally, expenses for free customer samples were presented as other expenses in the amount of EUR 12,542.40 (2017: EUR 0.00).

20. Financial instruments

In accordance with IAS 39 and IFRS 7, financial instruments are classified as follows:

As of December 31, 2017 all amounts in EUR	**Loans and receivables**	**Total**
Assets as per statement of financial position		
Non-current receivables	2,910.00	2,910.00
Current receivables	1,190,256.19	1,190,256.19
Cash and cash equivalents	6,030,381.94	6,030,381.94
Total	**7,223,548.13**	**7,223,548.13**

all amounts in EUR	**Other financial liabilities**	**FVTPL**	**Total**
Liabilities as per statement of financial position			
Borrowings	5,698,427.85	0.00	5,698,427.85
Silent partnerships	0.00	0.00	0.00
Convertible bond	5,073,108.70	0.00	5,073,108.70
Other financial liabilities	17,278.43	1,464,354.25	1,481,632.68
Trade payables	730,994.20	0.00	730,994.20
Total	**11,519,809.18**	**1,464,354.25**	**12,984,163.43**

As of December 31, 2018 all amounts in EUR	Financial liabilities at amortised cost	Total
Assets as per statement of financial position		
Non-current receivables	3,030.00	3,030.00
Current receivables	622,314.22	622,314.22
Cash and cash equivalents	1,715,471.10	1,715,471.10
Total	**2,340,815.32**	**2,340,815.32**

all amounts in EUR	Financial liabilities at amortised cost	FVTPL	Total
Liabilities as per statement of financial position			
Borrowings	4,889,154.06	0.00	4,889,154.06
Silent partnerships	0.00	0.00	0.00
Convertible bond	5,714,316.68	0.00	5,714,316.68
Other financial liabilities	0.00	7,131,983.32	7,131,983.32
Current contract liabilities	7,695.00	0.00	7,695.00
Trade payables	2,014,536.49	0.00	2,014,536.49
Total	**12,625,702.23**	**7,131,983.32**	**19,757,685.55**

The Company did not hold any financial assets classified as at FVTPL or at FVTOCI as of December 31, 2018. Financial liabilities classified as at FVTPL include liabilities that meet the definition of held for trading in IFRS 9. In 2017 and 2018 the Company did not hold any financial liabilities designated as FVTPL upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9.

Trade receivables are stated under trade and other receivables in the statement of financial position (see also Note 21).

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 receivables and trade payables are assumed to approximate their fair value due to their relatively short maturity. For non-current liabilities (borrowings and convertible bond) refer to Note 25 and to Note 26.

The following table presents the financial instruments measured at fair value and classified by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (as exchange rates) (Level 2).
- Valuation techniques that include inputs for the asset or liability that are not based on observable market data (those are unobservable inputs) (Level 3).

It does not include fair value information for financial assets and liabilities not measured at fair value where the carrying amount is a reasonable approximation of the fair value.

Year ended December 31 all amounts in EUR	**2018**	**2017**
Liabilities as per statement of financial position		
Other financial liabilities (equity conversion right)		
Level 1	0.00	0.00
Level 2	0.00	0.00
Level 3	7,131,983.32	1,464,354.25
Total	**7,131,983.32**	**1,464,354.25**

According to a separate call option agreement dated 15 November 2018, as amended by an amendment agreement dated 30 December 2018, the silent partners granted the Company a call option to acquire the shares received for the contribution in kind and incorporation. The effectiveness of the option agreement was subject to the condition precedent of a successful IPO and further gross proceeds from the IPO of at least EUR 30m. As gross proceeds came out below the EUR 30m, the condition precedent was not met and the option did not become effective. As of December 31, 2018 management expected that the fulfillment of the condition precedent for the call option agreement was not genuine and the fair value amounted to 0.

There were no transfers between Level 1 and 2 in the period.

21. Long-term and current receivables

Year ended December 31 all amounts in EUR	2018	2017
Deposits	3,030.00	2,910.00
Prepaid expenses	9,808.36	0.00
Total long-term receivables	**12,838.36**	**2,910.00**
Trade receivables	622,314.22	1,190,256.19
Prepaid expenses	359,335.70	35,273.92
Other receivables	910,523.11	418,293.36
Total current receivables	**1,892,173.03**	**1,643,823.37**

Current receivables were all due within one year. None of them was either past due or impaired.

Prepaid expenses mainly increased due to accrued equity transaction costs relating to the planned IPO. Other receivables mainly include receivables vis-à-vis tax authorities resulting from the research premium and credits from VAT returns.

22. Cash and cash equivalents

The following table shows the cash and cash equivalents:

Year ended December 31 all amounts in EUR	2018	2017
Cash on hand	412.75	707.10
Cash at bank	1,715,058.35	6,029,674.84
Total cash and cash equivalents	**1,715,471.10**	**6,030,381.94**

23. Share capital

At December 31, 2018 the issued share capital amounted to EUR 1,000,000.00 (2017: EUR 132,360.00) and is fully paid up. The development of share capital and reserves can be seen in the statement of changes in equity.

In the general meeting of May 12, 2017 the conversion of the Company into a stock company has been decided with effect from December 31, 2016. The share capital complied with the share capital as of December 31, 2016 after the conversion. On September 17, 2018, the extraordinary general meeting approved the increase 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 share capital is made up of 1,000,000 no-par value shares registered in the names of the holders with a nominal value of EUR 1.00 per share.

As of December 31, 2018 the authorised share capital comprises up to 173,122 no-par value shares with a nominal amount of EUR 173,122.00 for the issuance of shares to holders of the convertible bond, up to 500,000 no-par value shares with a nominal amount of EUR 500,000.00 subject to approval of the supervisory board and up to 480,000 no-par value shares with a nominal amount of EUR 480,000.00 for issuance in connection with the planned IPO.

24. Investment from silent partnerships

By partnership agreements dated December 30, 2011, June 22, 2012 and June 25, 2013 respectively the Company established silent partnerships, according to which the silent partners share in the Company's fair value and in profit or loss according to the agreed participation rate.

For further details on investments from silent partnerships refer to Note 2.21.

The development of the silent partnerships was as follows:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Amortised cost as of January 1	0.00	0.00
Contributions	0.00	0.00
Adjustments to amortised costs	0.00	0.00
De-recognition/Settlement by issued equity instruments	0.00	0.00
Amortised cost as of December 31	**0.00**	**0.00**

Amortised cost of the silent partnerships consists of the following:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Contributions	1,205,000.00	1,205,000.00
Attributable losses	(1,205,000.00)	(1,205,000.00)
Amortised cost	**0.00**	**0.00**

Based on a contribution in kind and incorporation agreement dated November 15, 2018 as well as a deed of variation dated December 30, 2018, the investment from silent partnerships was incorporated subject to the condition precedent of a successful IPO of Marinomed Biotech AG, which was fulfilled on February 1, 2019.

25. Borrowings

Borrowings consist of the following items:

Year ended December 31 all amounts in EUR	2018	2017
Non-current borrowings		
FFG loans	0.00	31,980.35
aws Seed loan	1,111,808.16	1,023,004.93
Shareholders' loans	0.00	0.00
Finance lease obligations	61,706.41	30,305.68
Total non-current borrowings	**1,173,514.57**	**1,085,290.96**
Current borrowings		
FFG loans	1,391,082.00	2,215,667.27
Shareholders' loans	2,305,104.19	2,389,933.76
Finance lease obligations	19,453.30	7,535.86
Total current borrowings	**3,715,639.49**	**4,613,136.89**
Total borrowings	**4,889,154.06**	**5,698,427.85**

The maturity of borrowings is as follows:

Year ended December 31 all amounts in EUR	2018	2017
No later than 1 year	3,715,639.49	4,613,136.89
Later than 1 year and no later than 5 years	1,173,514.57	62,286.03
Later than 5 years	0.00	1,023,004.93
Total borrowings	**4,889,154.06**	**5,698,427.85**

The reduction in total borrowings mainly results from the repayment of FFG loans in the amount of kEUR 530, the repayment of shareholder's loans in the amount of kEUR 89 as well as the fact, that in 2018 three loans from FFG amounting to kEUR 351 have been converted into non-repayable grants (see Note 6), which was partly compensated by accrued interest and an additional finance lease obligation.

The nominal and carrying amounts, maturity dates and interest rates on borrowings were as follows (all amounts in EUR):

Lender	Nominal amount	Carrying amount as of December 31, 2017	Maturity date	Nominal interest rate	Weighted average effective interest rate
FFG loans	1,391,082.00	1,391,082.00	30.09.2019	2.00%	2.00%
aws Seed loan	500,000.00	1,111,808.16	indefinite	8.50%	8.50%
Shareholders' loans	2,262,686.00	2,305,104.19	31.12.2019	10.00%	20.29%
Finance lease	81,159.71	81,159.71	03.11.2020 to 31.03.2023	variable	2.95%

Further details and explanations to the table above are given below for each class of borrowings.

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 EUR	**2018**	**2017**
Carrying amount		
FFG loans	1,391,082.00	2,247,647.62
aws Seed loan	1,111,808.16	1,023,004.93
Total	**2,502,890.16**	**3,270,652.55**
Fair value		
FFG loans	1,269,240.43	2,056,189.68
aws Seed loan	803,943.28	699,081.11
Total	**2,073,183.71**	**2,755,270.79**

The fair values of non-current borrowings stated above are based on discounted cash flows using an interest rate of 15.0%, which was considered to be the best estimate for a market interest rate for the Company based on an offer received by an external financial institution at the time of the fair value calculation. They are classified as level 3 fair values in the fair value hierarchy (see Note 20) 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 borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

R&D support loans – FFG loans and aws Seed loan

As of December 31, 2018 the Company shows a FFG loan with a nominal amount of EUR 1,391,082.00 (2017: EUR 2,271,582.00). The loan carries a fixed interest rate of 2.00% (2017: between 0.75% and 2.50%) p.a. According to IAS 20.10A, the differences between the nominal interest rates of these loans and the market rate of interest, estimated at 15.0% (see above), are treated as a government grant and recognised over the term of the corresponding financial liabilities. As the Company has applied IAS 20 prospectively to government loans existing at the date of transition to IFRS according to IFRS 1.B10, the benefit of a government loan at a below-market rate of interest has only been recognised for government loans that became effective or for which tranches have been paid out after the date of transition to IFRS.

In 2017 two loans from FFG amounting to kEUR 563 have been converted into non-repayable grants due to technical failure of the respective projects. In 2018 further three loans from FFG amounting to kEUR 351 have been converted into non-repayable grants.

In 2006 the Company took out a loan from aws (“aws Seed loan”) in the total nominal amount of EUR 500,000.00. The aws Seed loan is generally granted for supporting 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 loan has a term of 10 years including a grace period of 5 years starting with July 1, 2007 (date on which the last tranche has been 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. In case of a profit generated by the Company, 30% of the profit before tax (adjusted for certain items) has to be used to repay the loan. In case that 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. Management of the Company expects the loan to be repaid within the next five years; accordingly the carrying amount of the aws Seed loan has been included in the line “later than 1 year and no later than 5 years” in the table on maturities of borrowings stated above.

Shareholders' loans

In 2015 a number of shareholders provided the Company with shareholders' loans with a nominal amount of EUR 1,075,000.00.

In 2016 a new investor and exisiting shareholders provided the Company with shareholders' loans with a nominal amount of EUR 1,277,000.00.

In 2018 a partial repayment of the shareholders' loan with an amount of EUR 89,314.00 has been made.

The loans are provided to support the Company's R&D activities and working capital requirements. The term of the loans has been extended for one year and ends on December 31, 2019. The loans carry fixed interest of 10% p.a., which has to be paid annually until 5 working days after the end of each calender year. The nominal amount has to be repaid in full at the end of the loan term. However, the Company is entitled to request conversion of the loans into non-repayable shareholders' contributions upon fulfillment of certain conditions which will not be fulfilled until due date.

Due to the fact, that the interest rate in the loan agreements is below market rate, the market rate of interest (estimated with 15.0% p.a. in 2017 respectively) has been taken into account to calculate the fair value of the loans at inception. The difference between the fair value and the amounts received is recognised directly in equity.

Accordingly, the development of shareholders' loans was as follows:

all amounts in EUR	2018	2017
Carrying amount as of January 1	2,389,933.76	2,159,596.93
Repayment of shareholders' loan	(89,314.00)	0.00
Adjustment of carrying amount (according to IFRS 9:B5.4.6)	(193,443.46)	0.00
Effective interest accrued	436,394.57	405,195.44
Interest paid	(238,466.68)	(174,858.61)
Carrying amount as of December 31	**2,305,104.19**	**2,389,933.76**

Finance leases

The Company leases laboratory equipment and a vehicle under finance leases expiring within one to five years.

In February 2016 the contract regarding the laboratory equipment expired. As the laboratory equipment is used continuously it is shown under the fixed assets with a book value of EUR 0.01.

In 2018 the Company leased further laboratory equipment. Under the terms of the laboratory equipment lease, there is no residual value guaranteed.

Under the terms of the vehicle lease, a residual value with an amount of EUR 14,885.69 is guaranteed.

Year ended December 31 all amounts in EUR	**2018**	**2017**
Commitments in relation to finance leases are payable as follows:		
Within one year	21,544.44	9,043.20
Later than one year but not later than five years	48,918.63	17,332.80
Later than five years	0.00	0.00
Minimum lease payments	**70,463.07**	**26,376.00**
Guaranteed residual value	14,885.69	14,885.69
Future finance charges	(4,189.05)	(3,420.15)
Recognised finance lease liabilities	**81,159.71**	**37,841.54**
The present value of finance lease liabilities is as follows:		
Within one year	19,453.30	7,535.86
Later than one year but not later than five years	61,706.41	30,305.68
Later than five year	0.00	0.00
Total finance lease liabilities	**81,159.71**	**37,841.54**

26. Convertible bond

On July 14, 2017 the Company placed a PRE-IPO 4% bond with a conditional equity conversion right listed on the Vienna Stock Exchange under ISIN AT0000A1WD52. The bond has a nominal amount of EUR 7,000,000.00 and a maturity of 4 years, i.e. repayable until July 14, 2021. The bondholders have the right to convert their entire claim into ordinary shares of the Company conditional upon the execution of a QPO (Refer to Note 27 for more details on the conversion right).

The bond bears interest at a rate of 4% p.a. as from the interest commencement date, i.e. July 14, 2017. Interest is payable annually in arrears at the end of each one-year period, i.e. on July 14 of each calendar year. In case of a Trade Sale or Licence Payment (both as defined in the Terms and Conditions of the Bond) the Company is obliged to pay a Trade Sales Premium/Licence Payment Premium together with the redemption amount on the Maturity Date. For further information regarding the conversion after balance sheet date refer to Note 35.

The development of the convertible bond was as follows:

all amounts in EUR	2018	2017
Carrying amount as of January 1	5,073,108.70	0.00
Proceeds of issue	0.00	7,000,000.00
Transaction costs	0.00	(632,602.92)
Separation (recognition) of equity conversion feature	0.00	(1,682,040.16)
Effective interest accrued	921,207.98	387,751.78
Interest paid	(280,000.00)	0.00
Carrying amount as of December 31	**5,714,316.68**	**5,073,108.70**
Thereof current	*131,178.08*	*131,178.08*
non-current	*5,583,138.60*	*4,941,930.62*

The fair value of the convertible bond (excluding the equity conversion rights) amounts to EUR 6,228,159.81 as of December 31, 2018 (2017: EUR 5,675,645.75) and is based on discounted cash flows using an interest rate of 15.0%, which was considered to be the best estimate for a market interest rate for the Company. It is classified as level 3 fair values in the fair value hierarchy (see Note 20) due to the use of unobservable inputs.

27. Other financial liabilities

Other financial liabilities include the following items:

Year ended December 31 all amounts in EUR	2018	2017
aws Profit Share	1,464,354.25	17,278.43
Equity conversion right	5,667,629.07	1,464,354.25
Total other inancial liabilities	**7,131,983.32**	**1,481,632.68**

Other financial liabilities include a liability resulting from a profit-related guarantee fee ("aws Profit Share"), which the Company granted to aws in connection with the guarantee from aws for 80% of the aws DEQ loan (see Note 25). The obligation from the aws profit share is payable upon the occurrence of one of the following events: (a) IPO or (b) sale of more than 25% of the shares in the Company to a strategic investor (not a financial investor, e.g. venture capital or private equity funds). It started with the drawdowns of the aws DEQ loan and ends 2 years after full repayment of the loan (i.e. December 31, 2018). As non of the triggering events have occurred until December 31, 2018 the obligation from the aws profit share expired and the resulting liability has been released in 2018.

The equity conversion rights from the convertible bond represent embedded derivatives that are not closely related to the host debt and consequently accounted for separately at fair value through profit or loss (see Note 4.3). The development of the fair value of the conversion rights was as follows:

Year ended December 31 all amounts in EUR	2018	2017
Fair value as of January 1	1,464,354.25	0.00
Separation (recognition) of equity conversion right	0.00	1,682,040.16
Fair value adjustment	5,667,629.07	(217,685.91)
Fair value as of December 31	**7,131,983.32**	**1,464,354.25**

Refer to Note 2.20 for more details on the fair value changes.

28. Trade payables

Year ended December 31 all amounts in EUR	**2018**	**2017**
Advance payments	0.00	5,000.00
Trade payables	2,014,536.49	725,994.20
Total trade payables	**2,014,536.49**	**730,994.20**

Trade payables were all due within one year. Trade payables are unsecured and are usually paid within 30 days of recognition. Advance payments shown as of December 31, 2017 have been reclassified to current contract liabilities upon adoption of IFRS 15. Prior year figures have not been reclassified.

29. Current contract liabilities and other liabilities

Current contract liabilities and other liabilities include the following items

Year ended December 31 all amounts in EUR	**2018**	**2017**
Other non-current liabilities		
Grant – below market rate	0.00	1,487.16
Total other non-current liabilities	**0.00**	**1,487.16**
Current contract liabilities and other current liabilities		
Grant – below market rate	0.00	22,447.22
Social security contributions	118,001.79	94,753.75
Accounting, tax and audit services	92,700.00	38,181.55
Unconsumed vacation	173,455.68	115,385.36
Overtime	21,618.80	9,375.07
Contract liability	7,695.00	0.00
Others	547,014.40	327,509.97
Total current contract liabilities and other current liabilities	**960,485.67**	**607,652.92**
Total contract liabilities and other liabilities	**960,485.67**	**609,140.08**

Other liabilities include the difference between the nominal and fair value of R&D support loans according to IAS 20.10A in the amount of EUR 0.00 (2017: EUR 23,934.38).

Other current liabilities – Others mainly include accrued expenses for legal and consulting services resulting from the planned IPO.

30. Provisions

Provisions include the following items:

Year ended December 31 all amounts in EUR	Warranty provision	Other provisions
Carrying amount at January 1, 2017	750,000.00	13,000.00
Use/Release	0.00	0.00
Additions	0.00	0.00
Carrying amount at December 31, 2017	750,000.00	13,000.00
Use/Release	0.00	0.00
Additions	0.00	57,000.00
Carrying amount at December 31, 2018	**750,000.00**	**70,000.00**

In 2013 the Company granted the exclusive rights for the antiviral product line of the Company to an international pharmaceutical company for several territories. The amount that contractually needs to be paid back in case of the return of the exclusive rights has been considered as provision.

Other provisions include probable losses for onerous contracts resulting from purchase commitments for which the unavoidable costs of fulfilling the contractual obligation are higher than the expected economic benefits (EUR 57,000.00) as well as expected expenses for several claims (EUR 13,000.00).

31. Contingencies

The Company has entered into purchase commitments for unfinished goods with an estimated value at year-end of EUR 171,000.00, from which EUR 114,000.00 are expected to be sold to customers. For the remaining difference a provision has been considered (see Note 30).

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

32. Commitments

Lease agreements

In 2006, a lease agreement for a limited period starting January 1, 2007 was entered into with the Veterinary University of Vienna for the use of business and research premises at Veterinärplatz 1, 1210 Vienna, Austria. The monthly rental fee for the premises is approx. EUR 10,730 (2017: EUR 10,730) including operating costs.

Future minimum lease payments under non-cancellable operating leases are as follows:

Year ended December 31 all amounts in EUR	**2018**	**2017**
No later than 1 year	128,764.00	128,764.00
Later than 1 year and no later than 5 years	64,382.00	64,382.00
Later than 5 years	0.00	0.00
Total	**193,146.00**	**193,146.00**

Other contractual commitments

In addition to the agreements above, the Company has entered into a number of other agreements also entailing financial commitments for the future and relating mainly to services provided by third parties in connection with the conduct of clinical trials and other research and development activities. The increase of short term commitments in 2018 is largely related to the ongoing pivotal phase III clinical study for Budesolv. The remaining payments to be made under these agreements, if all milestones and other conditions are met, are estimated to be as follows:

Year ended December 31 all amounts in EUR	**2018**	**2017**
No later than 1 year	1,439,082.02	28,300.00
Later than 1 year and no later than 5 years	62,191.00	16,755.50
Later than 5 years	0.00	40,000.00
Total	**1,484,173.02**	**85,055.50**

33. Related party transactions

Key management benefits

In 2018 the members of the management board of the Company were:

- Andreas Grassauer, CEO
- Eva Prieschl-Grassauer, CSO

In 2018 expenses for salaries and short term employee benefits of members of the management board amounted to an aggregate amount of EUR 472,032.77 (2017: EUR 320,930.99). No long-term employee benefits or termination benefits were paid in 2017 and 2018.

Supervisory board compensation

The Company has a statutory supervisory board since 2017. The supervisory board ("Aufsichtsrat"), which supports management in commercial and scientific matters, consisted of the following members in 2018:

- Simon Nebel, Viopas Venture Consulting GmbH, Uster, Switzerland (chair, since June 2, 2017)
- Ute Lassnig, Laureo Corporate Finance GmbH, Vienna, Austria (deputy chair, since June 2, 2017)
- Karl Lankmayr, aws Mittelstandsfonds Beteiligungs GmbH & Co KG, Vienna, Austria (since June 2, 2017)
- Gernot Hofer, Invest Unternehmensbeteiligungs Aktiengesellschaft, Linz, Austria (since June 2, 2017)
- Brigitte Ederer (since November 21, 2018)

The aggregate compensation of the members of the supervisory board (including amounts paid to members for advisory services) amounted to EUR 136,869.25 (2017: EUR 128,410.87).

Simon Nebel (chair of supervisory board) and Laureo Corporate Finance GmbH (100% owned by Ute Lassnig, deputy chair of the supervisory board) participated in the convertible bond issued in 2017 in the aggregate amount of EUR 70,000.00.

For further details and contractual agreements refer to Note 26.

Shareholders' loans

In 2015 the Company entered into shareholders' loans (see Note 25) with some of its share-holders with an aggregate principle amount of EUR 1,075,000.00 as of December 31, 2015. In 2017, a new shareholders' loan has been provided and the existing loans have been increased with a total aggregate principle amount of EUR 2,352,000.00 as of December 31, 2017. In 2018, a partial repayment in the amount of EUR 89,314.00 has been made. The following shareholders participated in these loans:

- aws Mittelstandsfonds Beteiligung GmbH & Co KG
- Martin Platzer
- Hermann Unger
- Invest Unternehmensbeteiligungs Aktiengesellschaft

For further details and contractual agreements refer to Note 25.

34. Audit fees

The auditors of the statutory accounts BDO Austria GmbH (2017: Ernst & Young Wirtschaftsprüfungs GmbH) have performed the following services for the Company:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Audit fees financial statements	40,000.00	12,400.00
Other assurance services	136,810.00	92,800.00
Tax advisory services	26,410.00	0.00
Other advisory services	61,361.56	0.00
Total	**264,581.56**	**105,200.00**

35. Events after the reporting period

On January 29, 2019 Marinomed announced the closing of its IPO of 260,000 new bearer shares. In the course of an over-allotment option (greenshoe option) further 39,000 shares were sold in February 2019. The total number of shares sold by the Company in its IPO therefore amounts to 299,000 shares. The shares were sold at the IPO price of EUR 75.00 per share, resulting in total gross proceeds of EUR 22.4 million.

The settlement date and first trading day was February 1, 2019. From this date the Marinomed shares are traded under the symbol "MARI˝ on the official market (prime market segment) of the Vienna Stock Exchange.

As the transaction met the requirements of a qualified public offer in accordance with the terms and conditions of the convertible bonds issued in 2017, convertible bondholders were entitled to convert their bonds into new shares of the Company. By the end of the conversion period on February 14, 2019, conversion notices for nominal value of EUR 6.98 million of the convertible bond have been submitted for conversion into new shares. The remaining bonds with a nominal value of kEUR 20 were bought back by the Company in March 2019. Subsequently, Marinomed cancelled the listing of the convertible bond on the Third Market of Vienna Stock Exchange on March 20, 2019.

As of February 25, 2019, the Company signed contracts with the EIB for providing a loan of up to EUR 15 million to Marinomed. The EIB's financing will support the development of the Company's two platforms. Subject to milestones, the EIB funding will be paid in tranches to Marinomed in 2019-2022 and will be repayable in 2024-2027.

Based on a contribution in kind and incorporation agreement dated November 15, 2018 as well as a deed of variation dated December 30, 2018, the investment from silent partnerships was contributed to the Company against transfer of existing shares to the silent partners by the existing shareholders subject to the condition precedent of a successful IPO of Marinomed Biotech AG, which was fulfilled on February 1, 2019. The Company did not have to settle any amount in cash to the silent partners at any time.

Following the IPO in February 2019, the FFG loan in the amount of kEUR 1,391 was repaid to Österreichische Forschungsförderungsgesellschaft mbH as contractually required.

As per the resolution of the supervisory board on April 11, 2019, the shareholder loans in the amount of kEUR 2,305 plus interest that accrues until the date of actual repayment will be repaid in Q2/2019.

On April 23, 2019 Marinomed announced positive top line results of the Phase III study for Budesolv via ad hoc announcement.

The Company's financial statements were approved by the Managing Board for submission to the Supervisory Board on April 29, 2019.

The Supervisory Board is responsible for reviewing and acknowledging the Company's financial statements.

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Vienna, 29.04.2019
Andreas Grassauer

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Vienna, 29.04.2019
Eva Prieschl-Grassauer

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Vienna, 29.04.2019
Pascal Schmidt

Auditor's report

Report on the financial statements audit opinion

Audit opinion

We have audited the financial statements (IFRS) of Marinomed Biotech AG, Vienna, comprising the balance sheet as of December 31, 2018, the income statement, the statement of changes in equity and the statement of cash flows for the fiscal year then ended and the notes to the financial statements.

Based on our audit the accompanying 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 Company as of December 31, 2018 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Basis for opinion

We conducted our audit 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 is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditors towards the Company and towards third parties is limited to a total of two million euro by analogy with section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies).

Responsibilities of management and of the supervisory board for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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

We also:

- identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other legal and regulatory requirements

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the 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 financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Vienna, April 29, 2019

BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. (FH) Georg Steinkellner
Certified Public Accountant

Mag. Klemens Eiter
Certified Public Accountant

Statement by the management board

Pursuant to section 124 (1) 3. of the Stock Exchange Act

We confirm to the best of our knowledge that the financial statements of Marinomed Biotech AG for the year ended December 31, 2018 voluntarily prepared in accordance with the International Financial Reporting Standards (IFRS) give a true and fair view of the assets, liabilities, financial position, and profit or loss of Marinomed Biotech AG and that the management discussion and analysis for the year ended December 31, 2018 give a true and fair view of the development and performance of the business and the position of Marinomed Biotech AG, together with a description of the principal risks and uncertainties Marinomed Biotech AG faces.

We confirm to the best of our knowledge that the financial statements of Marinomed Biotech AG for the year ended December 31, 2018 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 Marinomed Biotech AG and that the management report for the year ended December 31, 2018 gives a true and fair view of the development and performance of the business and the position of Marinomed Biotech AG, together with a description of the principal risks and uncertainties Marinomed Biotech AG faces.

Vienna, April 29, 2019
The Management Board
of Marinomed Biotech AG

Legal notice

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Consultancy and concept
Metrum Communications

Layout
Tina Feiertag

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

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

Misprints and typographical errors excepted.
Published in April 2019.


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