Annual Report 2021

gaining TRACTION

Marinosolv
First deal with Luoxin Pharmaceutical for co-development and marketing of Budesolv in Greater China

New technology partnerships with Solv[4U] business unit

Promising top-line data from dose finding trial with Tacrosolv

SARS-CoV-2

Carragelose
Proven efficacy against common SARS-CoV-2 variants of concern (Alpha, Beta, Gamma & Delta)

Record Carragelose sales

EUR 11.6 million

Revenues
+43% 2021 up from EUR 8.1 miliion in 2020 (includes EUR 1.9 million upfront payment from Budesolv-deal)

EUR 9.3 million

Funding
secured in 2021 and Q1/2022 (EIB loan, Nice & Green Convertible Note Funding Program, Real Estate)

EMPLOYEES

Marked 50+ employees in 02/22

BCG's Gender Diversity Champion second year in a row

EUR 7.5 million

Research & Development
Spending in 2021 increased by +26% from EUR 5.9 million in 2020

An ocean of ideas

Marinomed has the vision to transform the lives of people living with diseases with limited or no treatment options in two key therapeutic areas: virology and immunology. Driven by curiosity, patented technologies, and a deep understanding of the underlying science, we uncover unconventional paths no one has gone before.

We are a biopharmaceutical company focused on inventing, developing, and partnering clinically meaningful therapies for patients suffering from serious viral infectious diseases and autoreactive immune disorders. Our business model is based on what we do best: validating innovative approaches, preclinical and clinical drug development, and out-licensing. In successful collaborations, we leverage what our pharmaceutical partners do best: clinical development, regulatory affairs and commercialization.

With passion for patients and science, the Marinomed team is proud of its track record of successful product and drug development in respiratory, infectious, immunological, and ophthalmic diseases. We build on this proven expertise to take our innovative approaches to the next level, creating sustainable value for patients, public health systems, the company and our stakeholders.

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Dear shareholders,

We look back to a successful year with the highest revenues in our history so far. We reached important milestones like the first deal for our Marinosolv platform, extensive results supporting Carragelose's efficacy against SARS-CoV-2 and encouraging Tacrosolv clinical data.

Based on this progress, we are now taking the company to the next level and adapt our strategy. We plan to target diseases in immunology, with a focus on autoreactive disorders, and virology with unmet medical need – both indication areas, where our powerful technologies, innovation and know-how can make a great difference. We are committed to working hard for this goal and are excited for a future where we can help patients with optimised treatments by applying our proprietary technologies. To improve human health is the mission of Marinomed.

Virology - Carragelose

SARS-CoV-2 is doing what many viruses tend to do: becoming better at spreading. While constantly mutating, it adapts to an increasingly immunised population thereby progressing from a pandemic virus to an endemic virus with elements of pathogenicity that can also be observed for seasonal influenza viruses. The progress with vaccinations has helped to prevent severe COVID-19 cases, but newly emerging variants of concern are circulating almost worldwide and continue to cause a major public health threat.

Together with scientists from the University of Erlangen-Nürnberg, Marinomed showed that Carragelose is effective against SARS-CoV-2 and all of its prevalent variants of concern so far. Several independent scientific groups have also confirmed these laboratory findings. Clinical data in healthcare personnel from Argentina demonstrated that the polymer is effective in humans as well. These results helped boost our sales, and we closed 2021 with the highest revenues in our history. While we wish that there would have been an even broader uptake of Carragelose as an official addition to vaccines and hygiene measures, we are still very happy with this outcome. The unprecedented speed of the COVID-19 vaccination campaign unfortunately had a side effect for us: it meant that our clinical trial on COVID-19 prevention in healthcare workers was not able to recruit the planned number of participants. Although we are still awaiting results, it is already clear that they will not reach significance due to the low rate of SARS-CoV-2 infections in the study population. Still, we firmly believe in the efficacy of Carragelose against SARS-CoV-2 and other respiratory viruses, and we have extensive data to proof it. More than ever, we are convinced that broad-band virus blocking medicines are much needed and could help millions of patients.

The 2020/21 common cold season was exceptional and unique in its kind. SARS-CoV-2 preventive measures resulted in an absence of seasonal epidemics for cold and influenza viruses in the Northern hemisphere. The result was a dramatic drop in pharmacy sales of cough and cold remedies of up to -70% (source: IQVIA). Our Carragelose products were an exception: against the market trend, sales were up by 20%. Later in the year, with relaxed pandemic restrictions, the cold and flu viruses returned, and sales in the cough and cold

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

remedy segment returned to pre-pandemic levels. Carragelose demand has remained high: As the Omicron variant is spreading through communities, we are facing occasional stock-outs in several countries. Like everybody else in the pharmaceutical industry, we are facing unprecedented supply chain challenges that are keeping our teams busy. Despite these challenges, we aim to continue to increase the reach of our Carragelose segment. With several new partnerships in place and a growing demand for our products, we have an ideal basis for a continued growth strategy of our broadly virus-blocking compound.

Immunology - Marinosolv

The Marinomed team has substantial experience in the field of immunology and capitalising on that is a logical next step. With our Marinosolv technology we successfully provide soluble formulations for even the most hydrophobic substances. We have completed two important clinical trials in immunological indications: a phase 3 study with our lead-product Budesolv and in 2021, a dose-finding study with Tacrosolv. Both studies demonstrated that the Marinosolv technology is safe to use and well-tolerated. Moreover, the

results show that due to the enhanced bioavailability Marinosolv provides, the drug can be dosed significantly lower while increasing its efficacy at the same time.

In 2021, we closed the first Budesolv deal with the listed leading Chinese pharmaceutical company Luoxin Pharmaceutical. Our partner will develop Budesolv to meet local regulatory requirements and commercialise it for the treatment of allergic rhinitis in mainland China, Hong Kong, Macau, and Taiwan.

Strengthening business development

This first deal for a Marinosolv-based product is a major milestone for Marinomed. We plan to continue this successful path both in terms of development and commercialization. Our goal is to establish additional Budesolv partnerships in different regions of the world, and we are optimistic to achieve fruitful partnerships for the commercialization of this and other products. Business development activities are also ongoing for Tacrosolv, our Carragelose products and our recently launched Solv4U platform for formulation partnerships.

To further strengthen our business development team, we are grateful that we were able to welcome Dr. Cornelia Kutzer as Chief Business Officer to our team. Her experience includes more than 20 years in the pharmaceutical industry in strategic planning, marketing, sales, and business development across a range of indications, including vaccines for infectious and chronic diseases.

Focusing strategy towards higher values

Going forward we will maintain our activities around what distinguishes Marionmed - our expertise resulting in proprietary intellectual property. With our augmented strategy, we plan to take our R&D efforts in virology and immunology to the next level and unleash the full potential of our products and technologies. By identifying indications where our technologies and expertise meet unmet medical need, we strive to provide optimal treatments for patients and create additional sustainable value for our stakeholders.

We plan to leverage our experience to target indications in immunology, with a focus on treating autoreactive immune disorders, and virology. This entails new development projects for pharmaceutical products based on our Marinosolv platform and on iota-carrageenan. This includes the shift from over-the-counter (OTC) to prescription (Rx) medicines. Based on our technologies, our science, our network, and our fantastic team, we are confident to successfully expand our track record and realise our goal. More details on our updated strategy are presented in the strategy section of this report (see p. 13ff).

Financials 2021 – the right direction

The first revenues from the deal with the Chinese partner Luoxin Pharmaceutical and the revenue growth in the Carragelose segment resulted in a strong fourth quarter and improved EBIT for the full year compared to prior year despite continued high investments in R&D. Revenues came to

EUR 11.6 million (2020: EUR 8.1 million). Our R&D expenses reached EUR 7.5 million for the full year (2020: EUR 5.9 million) – they constitute important investments creating value for the future. We closed the year with lower than planned losses of EUR 5.9 million (2020: EUR 6.0 million). We also met the agreed milestones for the third tranche of the EIB loan and together with our ongoing convertible note programme, we have a solid financial base.

We are heading towards the new financial year with optimism. For the Carragelose segment, we expect continued growth as SARS-CoV-2 will likely return in autumn 2022 in the Northern hemisphere together with seasonal cold and flu viruses. While there is no direct exposure to Ukraine or Russia, the geopolitical environment remains unpredictable and may impact our supply chain. We work hard to translate our successful clinical development of Marinosolv based products into commercial success. Our R&D investments will cause operating losses for 2022 but we are committed to show profitability in the medium term.

We would like to thank our employees for their exceptional dedication in 2021. Their commitment allows us to look into the future with confidence regardless of the difficult circumstances that we are still facing. We would also like to thank all our investors, public funding bodies and customers for the trust they have placed in Marinomed's ideas and scientific capabilities. We hope for a successful and peaceful 2022.

Andreas Grassauer

Eva Prieschl-Grassauer

Pascal Schmidt

Marinomed at a glance

Marinomed has the vision to transform the lives of people living with diseases with limited or no treatment options in two key therapeutic areas: virology and immunology. Driven by curiosity, proprietary technologies, and a deep understanding of the underlying science, we can uncover unconventional paths no one has gone before.

We are a biopharmaceutical company focused on inventing, developing, and partnering clinically meaningful therapies for patients suffering from serious viral infectious diseases and immune disorders. Our business model is based on what we do best: validating innovative approaches, preclinical and clinical drug development, and out-licensing. In successful collaborations, we leverage what our pharmaceutical partners do best: clinical development, regulatory management and commercialisation.

With passion for patients and science, the Marinomed team is proud of its track record of successful product and drug development in respiratory, infectious, immunological and ophthalmic diseases. We build on this proven expertise to take our innovative approaches to the next level, creating sustainable value for patients, public health systems, the company and stakeholders.

Technologies rooted in scientific expertise

Since its foundation in 2006, Marinomed has launched two powerful technologies with great potential for treating viral diseases, and immune disorders. An active pipeline with both Carragelose- and Marinosolv-based candidates has successfully proven the value of these technologies in viral respiratory and allergy indications, respectively.

Experienced management team

Marinomed is led by a management team with strong expertise and an extensive track record in virology, infectious diseases, allergies, immunology, molecular biology, finance, M&A and business development. A scientific advisory board comprised of several high-calibre international experts supports the management team.

Lean and diverse organisation

As of March 31, 2022, the Company employed 44 staff (FTEs), 53 % in research and development. 69 % of employees were female. Marinomed was awarded the BCG Gender Diversity Award Austria 2020 and 2021 as the most diverse among Austria's 50 biggest listed companies regarding gender composition of corporate boards.

Shares and shareholders

Marinomed has been trading on the prime market of the Vienna Stock Exchange since February 1, 2019. As of this report, 1,492,279 shares are registered for trading at the Vienna stock exchange under ISIN ATMARINOMED6. Free float is approximately 62 %. The company's founders and its management team own roughly 27 % of Marinomed shares; the largest single shareholder is Acropora Beteiligungs-GmbH with an equity interest of around 14 %. In 2021, the share price started at EUR 123 in January, peaked at EUR 147 in February and closed the year at EUR 88.

Milestones

2006
Marinomed Biotechnologie GmbH is founded

2007
Development of the Carragelose platform

2008
Market launch of the first Carragelose product

2010
Licensing partnership with Boehringer Ingelheim

2011
Approval of Carragelose products in additional countries

2012–2016
Additional product launches and sales partnerships

2016
Development of the Marinosolv technology platform

2018
Market launch of a decongestant Carragelose product

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

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

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

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

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

2021
Positive clinical data against SARS-CoV-2

Encouraging clinical data for Tacrosolv

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

Strategy 2025

Marinomed is committed to improving people's health. With our augmented strategy, we are increasing our focus on high unmet medical needs with the aim to provide important benefits for patients and generate sustainable value for our stakeholders.

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

Coming from a clear OTC footprint in the last 15 years, we have decided to expand the applications of iota-carrageenan in the field of viral infectious diseases and focus our Marinosolv-based pipeline on therapies for immune disorders. This decision is based on scientific data, product development success, and extensive scientific and industry know-how.

We aim to provide doctors and patients with powerful therapies to significantly improve patients' quality of life. Our two proprietary and validated platforms, Marinosolv and iota-carrageenan, will provide the basis for novel Rx medicines for the treatment of indications with high unmet medical needs.

Our augmented strategy will be supported by in-depth market analysis, and continuing engagement with international key opinion leaders.

Virus blocker against SARS-CoV-2 is just the first step - deepened strategy for the future

Marinomed has a strong dataset demonstrating the broad virus-blocking effect of Carragelose. We and other scientific groups have published extensive in vitro results showing the virus-blocking activity of Carragelose against over 200 viruses, including SARS-CoV-2 and its variants of concern. In several clinical trials, we have shown efficacy in preventing and treating various viral respiratory infections. An independent clinical trial in Argentina, which was published in a peer-reviewed journal last year, demonstrated the effectiveness of iota-carrageenan in preventing COVID-19 in humans.

This polymer is an effective tool against viral infections of the upper respiratory tract, but we believe it can do much more.

Requirements for future antiviral treatments

"...researchers would ideally like to identify targets that are common to entire families of viruses and inhibit them with a single drug."
Carl Dieffenbach, Director of the division of AIDS at the US National Institute of Allergy and Infectious Diseases (NIAID), on the requirements of future antiviral treatments in Nature, January 2022

Our antiviral polymer Carragelose displays certain properties that perfectly resonate with this statement.

Marinomed will build on its proprietary technology and its extensive experience to develop iota-carrageenan-based antiviral drugs. The first pharmaceutical candidate is already underway, an inhaled formulation that is currently tested in a clinical trial

in hospitalised COVID-19 patients. Two further projects targeting other viral diseases that currently have no adequate treatment options are in preclinical stages and we plan to disclose the specific indications once the clinical research plans and their funding requirements are established.

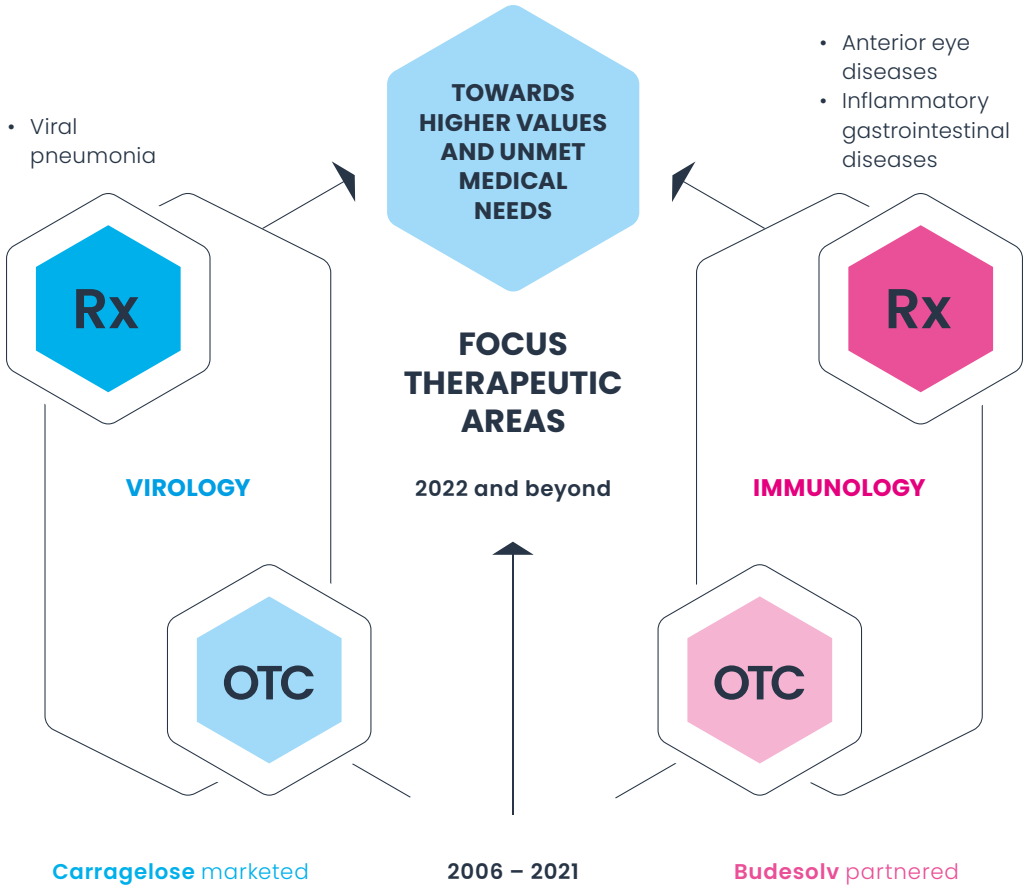
A winning technology is a must – patient-centric development the key for success

With Marinosolv, we have a powerful platform in our hands to provide patients with significantly improved treatment options. In the future, we plan to target immune disorders, with a focus on autoreactive immune diseases. This will enable us to capitalise on our know-how in immunology and Marinosolv's capabilities that can provide extensive benefits in this area.

Our successful phase 3 trial for Budesolv in allergic rhinitis and our phase 2 trial for Tacrosolv in allergic rhinoconjunctivitis have proven that Marinosolv can transform the treatment of diseases and has the potential to be a game-changing technology. The strongly reduced concentration of the active ingredients results in a strongly reduced systemic exposure and a strongly reduced pollution of the environment by pharmaceutical compounds.

We will concentrate on indications with the highest values for patients and our stakeholders and we are convinced that this will be generated in diseases with high unmet medical needs.

We will therefore not develop Tacrosolv in the field of allergy but have identified a number of anterior eye indications where patients do not have



adequate treatment options, making them highly attractive targets. This approach is backed by several key opinion leaders encouraging us to develop Tacrosolv for the respective markets.

Further, we also plan to advance our development in autoinflammatory gastrointestinal diseases. We are collaborating with a team of scientists from the Medical University of Vienna, who are experts in these indications, which currently are often only treated symptomatically. With our development, we want to target the underlying disease mechanisms and make a difference in the treatment of these largely neglected but relatively common disorders.

Autoreactive immune disorders are characterised by an overactive adaptive or innate immune system. In both cases immune cells attack self-structures thereby causing damage.

Commercial roots are important – but we aim for more

The Marinomed team has a strong track record in research, product development and negotiating distribution agreements. This expertise will be invaluable in the execution of our new strategy. We are already generating revenues and growth with our products for common cold and allergic rhinitis and will further grow these businesses. At the same time, we are convinced that our new strategy offers a huge upside potential both for patients and for stakeholders of the Company.

Lean, science-driven business model

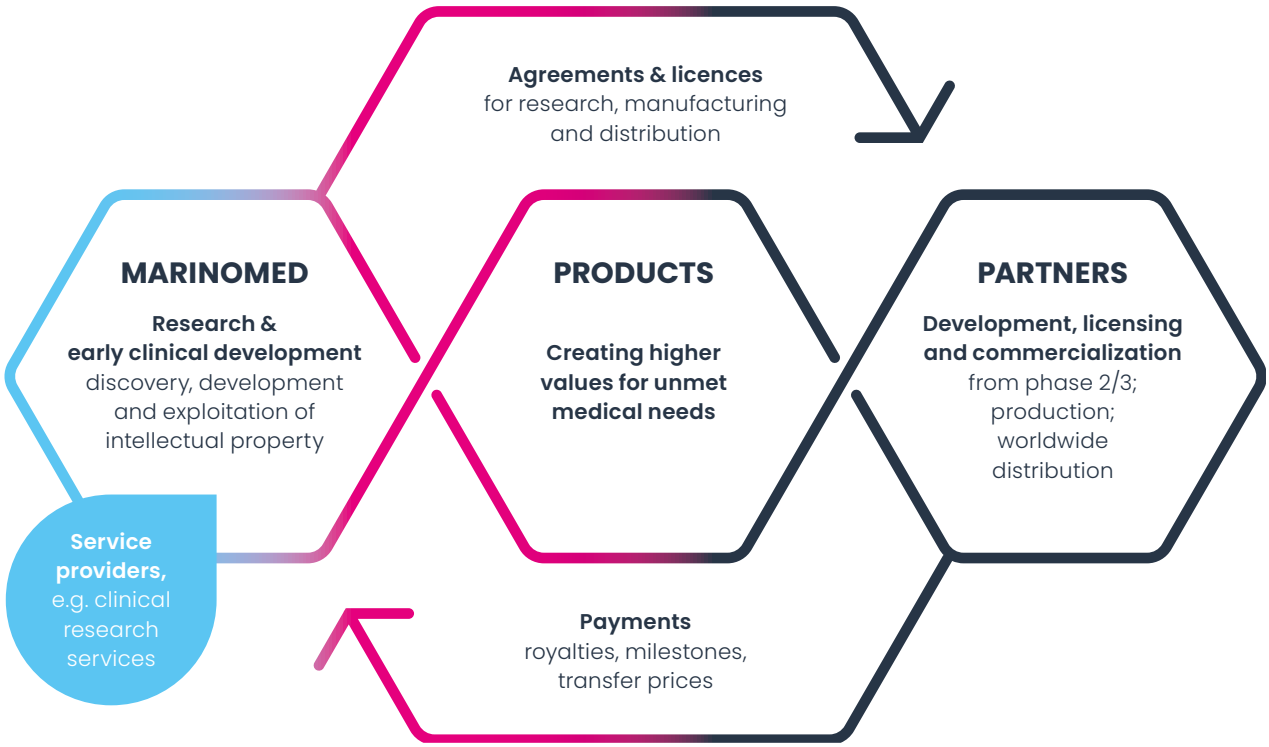
Marinomed develops medicines and medical devices to help patients combat viral infectious diseases and autoreactive immune disorders. Also in the future, our commercializsation model will aim to keep the Company set-up lean and work with partners.

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

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

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

Marinomed Business Model



A selection of sales partners for Carragelose products

Therapeutic areas

Viral infectious diseases

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

The Carragelose polymer forms a physical barrier on the nasal and oropharyngeal mucosa to prevent respiratory viruses from attaching to cells and multiplying, at the same time also moisturising nose and throat. This can lead to fewer symptoms and shorter disease duration and can lower the risk of recurrence. This mode of action has been proven both in the laboratory and in clinical studies.

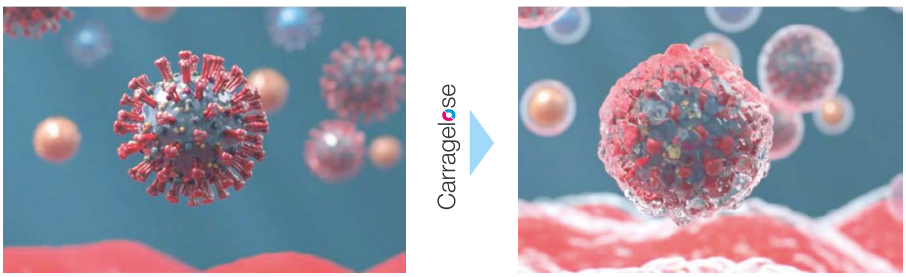
Soon after the emergence of a novel coronavirus in 2019 and its global spread in 2020, Marinomed initiated preclinical and clinical testing of its Carragelose-based preparations against SARS-CoV-2. The efficacy in-vitro against SARS-CoV-2 and in the meantime also SARS-1 has been confirmed by several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

Currently, Carragelose is used in six different marketed nasal and throat products: four nasal sprays, a throat spray and lozenges. Further Carragelose-based products are in development. For Carravin, a combination of Carragelose and Xylometazoline, the marketing approval process is ongoing, and we hope to launch it soon.

Carragelose products are currently sold in more than 40 countries via established partners - including under the Coldamaris brand in Austria, the Algovir brand in Germany and the Lontax brand in Italy. Marinomed expanded its market reach in 2021 e.g. with the new partner Perrigo in Scandinavia and France. Marketing authorization

Mode of action of Carragelose

It forms a physical barrier and the virus cannot spread.



procedures are ongoing in Brazil and Mexico. Growth drivers will include the launch of existing products in new regions, higher market penetration in existing markets and increased market share by broadening the range of products and customers. Carragelose products have significant growth potential as they have not yet been fully rolled out in all key markets in Europe. Our goal is to also partner Carragelose in the U.S., Japan and China in the future.

Iota-carrageenan has capabilities as an antiviral medicine that go far beyond blocking viruses in the upper respiratory tract. As outlined in our strategy update, we plan to take advantage of this potential and develop iota-carrageenan for severe viral infections that currently lack adequate treatment options. With Inhaleen, an inhaled formulation of iota-carrageenan, we have already taken a first step towards developing pharmaceutical antiviral treatments, and we are currently evaluating further indications with significant potential outside the respiratory field.

Autoreactive immune disorders

This therapeutic area is based on Marinomed's differentiating technology platform: Marinosolv is a unique technology that can significantly increase the solubility of hardly soluble compounds. The successful completion of a pivotal phase 3 study for the flagship product Budesolv in 2019 clinically validated the technology platform. Marinosolv is patent protected in all major target markets. Formulations based on this technology can be patent protected even if the active ingredient itself is no longer protectable.

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

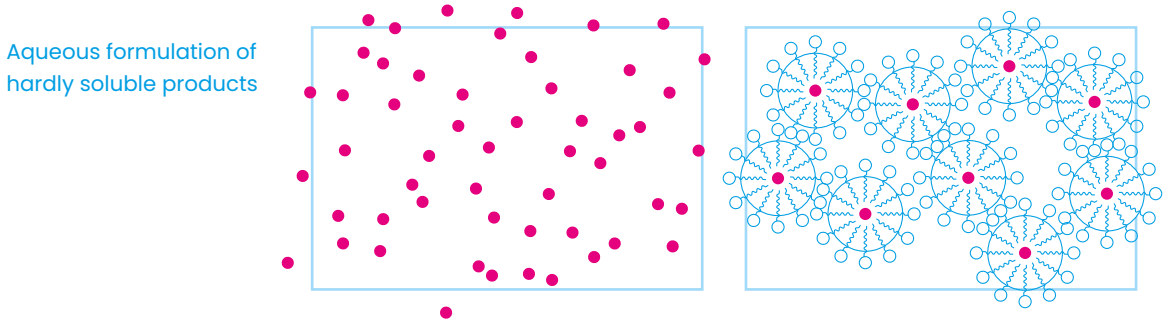
Marinomed has initially been using this technology for approved compounds such as treatments for allergies and ophthalmic conditions. However, as Marinosolv is not limited to specific drugs or indications, it offers the potential to be used for

many other applications where increased solubility is beneficial in the future.

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

A phase 2 trial for Tacrosolv was initiated in Q4 2020 and top line results were published in July 2021. In this trial, Tacrosolv eyedrops were used to treat allergic rhinoconjunctivitis with the aim to define the optimal dose for future clinical trials in anterior eye diseases. The doube blind placebo-controlled phase 2 clinical trial was conducted at the Vienna Challenge Chamber (Austria) to assess safety and efficacy of two different doses of Tacrosolv in a crossover design. The higher dose showed significant relief of allergic symptoms in the eyes. This topline data strongly supports the hypothesis that fully solubilised Tacrolimus can be developed as an effective therapy for ocular inflammation, which we plan to do in the future.

Marinomed is currently expanding the use of this powerful technology to target severe immunological disorders that currently lack adequate treatment options. Here, we aim to identify the areas where Marinosolv has the greatest potential to significantly improve therapies and lives. One future focus will be on autoreactive immune disorders, including inflammatory gastrointestinal



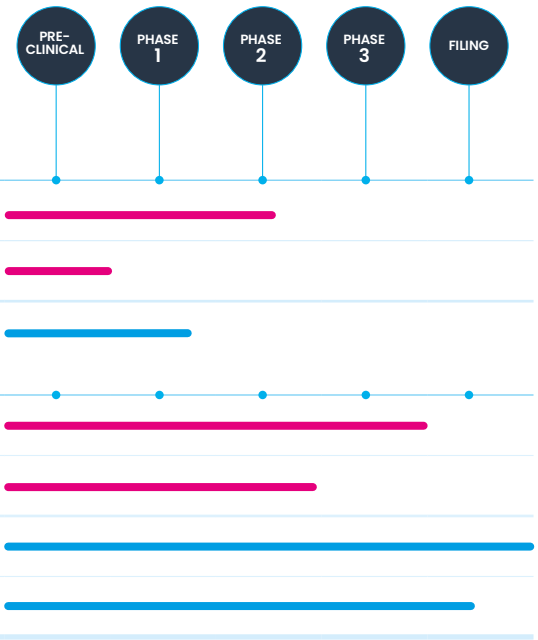
diseases. Further, preparations for a clinical trial of Flutisolv targeting autoreactive immune disorders are currently underway. Future Tacrosolv development will focus on inflammatory anterior eye diseases, including the prevention of eye inflammation. Marinomed is currently working with renowned key opinion leaders and clinical development experts on plans for the next development steps and with potential partners on the commercialisation strategy. With Marinosolv, we have a powerful tool at our hands to significantly improve current treatments for immune disorders and transform the lives of patients.

Potential benefits of Marinosolv

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

Pipeline

Therapeutic Area	Product	Indication	Status
RX SEGMENT			
Immunology	Tacrosolv	Anterior inflammatory eye diseases	Phase 2 clinical trial
	Locally applied steroid	Autoimmune gastritis	Preclinical
Virology	Inhaleen	Viral pneunomia	Phase 1 clinical trial
OTC SEGMENT			
Immunology	Budesolv	Allergic rhinitis	Filing in preparation
	Flutisolv		Clinical study in preparation
Virology	Carragelose	Viral respiratory infections	Marketed in >40 countries
	Carravin	Viral respiratory infections	Filing in progress



Investor relations

The share

Marinomed Biotech AG shares have been listed on the Vienna Stock Exchange since February 1, 2019. They are listed in the Prime Market segment and included in the ATX Prime Index. The number of shares is 1,492,279.

ISIN	ATMARINOMED6
Share class	No-par value bearer shares
Share capital (as at April 8, 2022)	EUR 1.492.279 (1.492.279 shares)
Ticker	Symbol MARI
Issue price (IPO) on 01.02.2019	EUR 75.00

Performance 2021	
Market capitalisation 30.12	EUR 130.25 million
Share turnover	EUR 81.29 million
Average daily share turnover	kEUR 321.30
Share price 30.12.2020	EUR 119.00
Share price 30.12.2021	EUR 88.00
Yearly high 19.02	EUR 147.00
Yearly low 16.12	EUR 86.00
Performance 2021	-26.05%
All-Time High 19.02.2021	EUR 147.00

Performance 2022	
Share price 30.12.2021	EUR 88.00
Share price 08.04.2022	EUR 80.00
Performance year-to-date	-9.09%
Market capitalisation 08.04.2022	EUR 119.38 million

Share price performance

In 2021, stock markets were characterized by a recovery in the global economy, although the COVID-19 pandemic persisted despite vaccinations. The demand for Marinomed's effective Carragelose products continued and led to an increase of 20% in revenue from sale of goods. Together with the first partnership for Budesolv based on the Marinosolv technology, Marinomed reached to the highest revenue in the company's history with an overall growth of 43%. However, the successful development of the company was not reflected in the overall annual share price development.

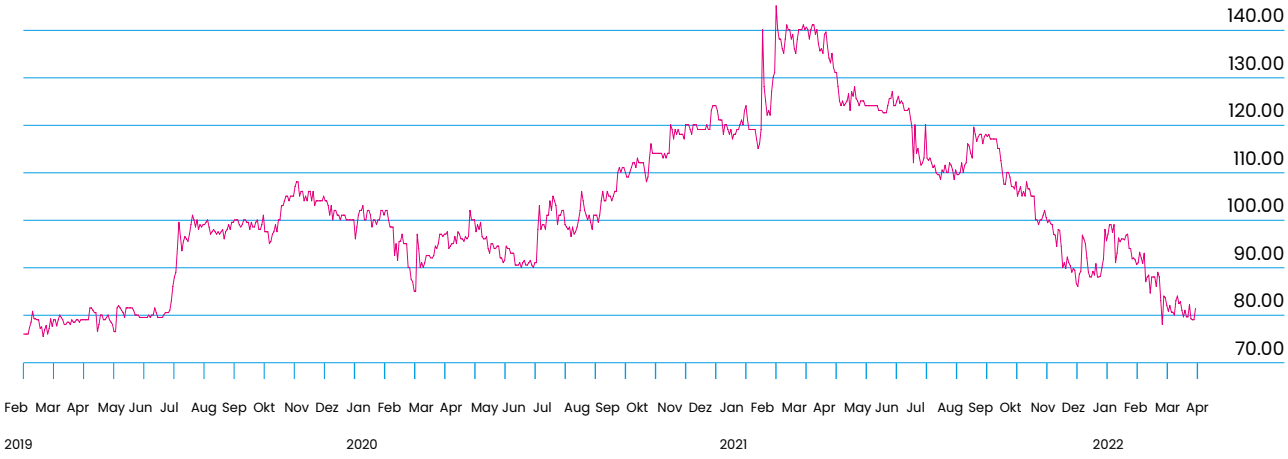
The Marinomed share started with the IPO on February 1, 2019 with an opening price of EUR 75.50 on the Vienna Stock Exchange and reached its all-time high at EUR 147.00 on February 19, 2021. On December 30, 2020, the closing price was at EUR 119.00, the closing price on December 30, 2021 was EUR 88.00. This corresponds to a negative performance of -26.05%. At the time this annual report was prepared (April 8, 2022), the price was at EUR 80.00 in a difficult geopolitical environment.

Dividend policy

Marinomed is already generating revenues, but has not yet reached break even and profitability. The company continues to invest proceeds to further expand R&D and business growth, therefore no dividend will be paid for 2021.

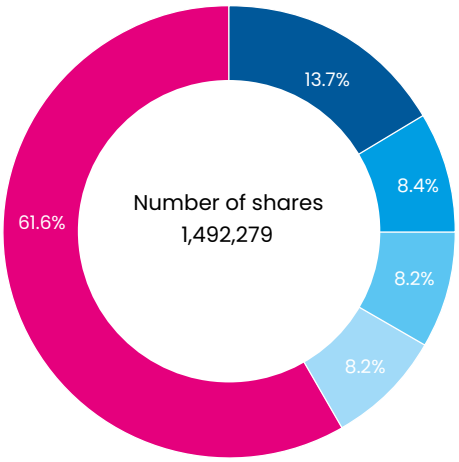
Share price performance Marinomed Biotech AG

(ATMARINOMED6, EUR)
01.02.2019 – 08.04.2022



Shareholder structure

The current shareholder structure at Marinomed is as follows: the founders and management team of Marinomed are the core shareholders with around 27% of total shares. Long-term investor Acropora holds some 14% of shares, while approximately 62% are in free float.



- Acropora Beteiligungs GmbH
- Hermann Unger
- Andreas Grassauer (CEO)
- Eva Prieschl-Grassauer (CSO)
- Free Float

Note: Rounding differences possible

Communication with the capital market

Marinomed pursues an active and transparent communication policy with existing and potential investors. The principle of equal treatment of all shareholders is given top priority.

To engage in the direct dialogue with the shareholders, we were at numerous conferences, most of which were held in virtual form due to the pandemic. In 2021, these included the Finest CEElection conference of Erste Group, the MKK and ZKK capital market conferences in Munich and Zurich, the Equity Forum, the Baader Investor Breakfast and the Stock Exchange Information Day of the Vienna Stock Exchange in Innsbruck. Conference calls for analysts and investors were also offered on the quarterly and annual results.

Private shareholders had the opportunity to meet management at the Annual General Meeting on June 17, 2021, which took place as in-person event. The shareholders approved all items on the agenda with large majorities. The voting results are available on the website: https://www.marinomed.com/de/investoren/hauptversammlung

The direct dialogue is to be further intensified and the approach to international investors further expanded, which is why the Investor Relations department was expanded in 2021.

Financial calendar

23.05.2022	Publication of Q1 Update 2022
05.06.2022	AGM cut-off date
15.06.2022	Annual General Meeting
25.08.2022	Puplication of Half-Year Report 2022
21.11.2022	Publication of Q3 Update 2022

Analyst coverage

It is important to have international research. Austrian and international financial analysts regularly evaluate Marinomed's development. As of April 8, 2022, analysts from the following institutes are covering the share:

Institute	Analyst
Erste Bank Group	Vladimira Urbankova
FMR/Oddo Seydler	Mohamad Vaseghi
Intron Health	Naresh Chouhan
Stifel Europe Bank	Daniel Grigat

The company website www.marinomed.com represents another important cornerstone in communication. Detailed information about the company, the research and development projects and the products can be found in the internet presence. The Investor Relations pages provide information relevant to the capital market, in particular the financial reports.

Report of the supervisory board

The coronavirus pandemic entered its third year. Despite unprecedented resources have been made available around the world, the SARS-CoV-2 virus remains a threat for the global public health. Marinomed and its scientific partners have generated exciting data on the efficacy of Carragelose against the SARS-CoV-2 virus. While the cough and cold market imploded in the 20/21 season and supply chain issues affect almost all industries, Marinomed reports record sales. In parallel, the Company has made significant progress with the Marinosolv technology. A first deal was closed for the lead product and clinical data for Tacrosolv are promising. The supervisory board endorses the Company's flexibility and quick responses to the ongoing challenges and fully supports its strategy for the future. We are convinced that Marinomed is well positioned to execute the strategy 2025.

In the 2021 reporting year, the supervisory board performed the tasks assigned to it by law and the articles of association. At the beginning of the year, the focus was again on coronavirus and its effects on Marinomed. In the first half of the year, the Tacrosolv clinical trial and the supply chain constraints were central topics. The challenges, opportunities and risks in Marinomed's business areas including partnering opportunities were discussed and evaluated on an ongoing basis. The supervisory board convened in four regular meetings on February 10, March 18, September 14 and November 18 in the presence of the management board, with the meetings being held virtually from March onwards. In addition, the management board kept the supervisory board informed in writing, via regular update calls and orally about business developments and progress with the projects.

The Chairman of the supervisory board was also in regular contact with the management board outside of the supervisory board meetings and discussed the strategy, risk situation and business development. The audit committee met on December 12 to discuss, among other things, the key audit matters for the upcoming consolidated financial statements with the auditor. The meeting scheduled for April 5, 2022 took place as a virtual meeting, due to COVID-19. It served to review and prepare the adoption of the 2021 consolidated financial statements including the management report and to prepare a proposal for the appointment of the auditor. The audit committee includes all members of the supervisory board with Gernot Hofer as Chairman.

The 2021 annual financial statements according to the Austrian Commercial Code (UGB) as well as the consolidated financial statements pursuant to IFRS were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in accordance with statutory provisions and awarded an unqualified auditor's report. 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 consolidated financial statements, which were thereby adopted in accordance with Section 96 (4) AktG.

The members of the supervisory board extend their thanks and recognition to the management board and all employees of Marinomed Biotech AG for their performance and commitment in the 2021 financial year. We would like to thank the shareholders for their trust and invite them to continue accompanying Marinomed Biotech AG on its growth trajectory.

Korneuburg, April 2022

Simon Nebel,
Chairman of the supervisory board

Management discussion and analysis

Market environment

As a biopharmaceutical company, Marinomed is deeply connected with the global pharmaceutical and biotechnology market environment.

Pharmaceutical market

Despite the coronavirus crisis, the overarching topics in the health sector remain the same. Aging populations and chronic diseases are putting pressure on healthcare resources around the world, just as scientific advances, artificial intelligence and digital data are transforming traditional healthcare delivery models. This leads to changes with new market entrants (often not profit-oriented) disrupting incumbents.

Nevertheless, the global market has grown from USD 1,228 billion in 2020 to USD 1,250 billion in 2021, with a growth rate (CAGR) of 1.8%. (Source: Research and Markets, Global Pharma Report). The analysis neither takes into account the progress of the Covid issue nor the acts of war in Ukraine for the following years. While the effects of the war in Ukraine are still unclear, the consequences of the COVID-19 pandemic are affecting the pharmaceutical industry on many levels. The manufacturers of vaccines against SARS-CoV-2 were able to realise sales on an unprecedented scale. At the same time, global supply chains came and remain under pressure due to allocations to Covid-related products, the scarcity of raw materials and rising manufacturing and procurement costs. The pharmaceutical industry is less affected by the global economic crisis than other sectors of the economy. However, it is not certain whether the pharmaceutical industry will be able to pass on the current sharp rise in costs directly to patients.

Especially generic and less innovative products are exposed to enormous pressure on margins. Highly innovative products will still be in demand in the long term. Marinomed assumes that the global pharmaceutical market will grow at slightly higher rates than the global economy in the long term.

To remain competitive and provide the personalised experience patients demand, life science organisations must find new working methods. Partnering with others to share data, medications and resources while anticipating trends and regulatory changes will help ensure sustainability in what is an increasingly evidence-based, result-driven sector.

With 982 companies active in the fields of biotechnology, pharma or medical devices, life sciences are an important and constantly growing part of the Austrian economy (source: LISA Vienna Region). Between 2017 and 2020, the number of life science companies established in Austria increased by seven percent. These companies were responsible for sales of EUR 25.1 billion. From 2017, sales increased significantly by 12.1%. These life science companies are also important employers in Austria. In 2020, more than 60,000 people earned their living in an Austrian life science company, an increase of 8.9% compared to 2017.

Target market for Carragelose

The Carragelose product line consists of four nasal sprays, a throat spray and lozenges. It addresses the market for virus-related diseases, such as coughs and colds, but also influenza infections, which recently received great attention in connection with the SARS-CoV-2 pandemic. The Carragelose products are typically available over the counter (OTC) in pharmacies. Not least a large number of publications providing data on the effectiveness of Carragelose against SARS-CoV-2 including its variants can raise awareness of the Carragelose brand and products in the distribution countries and further boost sales. The strong increase in 2020 compared to 2019 was repeated in 2021 and the trend could continue. The Carragelose OTC products give the consumer the opportunity to purchase a virus-blocking product. Marinomed believes that the pandemic will change public awareness of the dangers of viral respiratory infections in the long term. In addition to vaccinations and research into medication, the prophylactic effect against coronaviruses offers an opportunity for Carragelose products. Conversely, a number of reports on product developments have recently been observed that claim a similarly broad effect against viruses as Carragelose, without providing comparable scientific evidence or data from clinical studies to date. Even if the success of the competition cannot be ruled out, Carragelose has a unique technology profile with its excellent safety record, broad effectiveness against respiratory viruses and, last but not least, patent protection.

Target market for Marinosolv

The Marinosolv platform aims to achieve higher bioavailability with less active ingredient. The technology is currently applicable to all small molecules and is particularly important for those that are poorly soluble in water. Marinomed uses the technology in its own product development, but also allows pharmaceutical companies to improve their products through technology partnerships. Last but not least, the technology also addresses sustainability goals with the reduction of active ingredients, such as less pollution of waste water and the possibility of curtailing the use of resource and costs.

Budesolv, the first product based on the Marinosolv platform, targets the market for allergic rhinitis. This market has already turned over USD 9 billion in the seven largest markets (USA, Japan, Great Britain, Germany, France, Italy and Spain) in 2018 and is expected to grow by an average of 2.5% by 2030, in the USA even 3.8% (Source: DelveInsight Business Research, LLP (January 2022)). The market for nasal steroids is growing faster than the overall market and has been the largest segment since 2018 with a share of 38%. These increases are partly due to the trend towards the non-prescription OTC market.

Another product from the platform is Tacrosolv, with which a phase 2 dose-finding study was conducted. This product targets the anterior eye inflammation market, a sub-market of ophthalmology. These markets are currently undersupplied, giving new innovative medicines a chance to reach a large group of patients.

The possibility of even greater market penetration was opened up with the business unit called Solv4U, which allows external customers access to the Marinosolv technology. The IPOs of specialists in this segment, such as Nanoform from Finland and Hyloris from Belgium, show that new technologies in the areas of improving the availability of active ingredients and better effectiveness are in demand on the market.

Business performance

In line with the two technology platforms, Marinomed reports separately for the Marinosolv and Carragelose operating segments. Business performance is determined by different factors in the two segments. It is essential that these are taken into account in any analysis of the company's results of operations.

Carragelose segment

The business area with products from the Carragelose platform for treating colds continued its positive trend in 2021. After double-digit growth in the previous year, sales in the carragelose segment rose again significantly with an increase from EUR 8.1 million to EUR 9.7 million.

Marinomed continues to see great growth potential in the pharmaceutical market for OTC products, with competitive pressure remaining high. After the sharp decline in the market for over-the-counter drugs and medical devices (in some cases -50% and more) since the outbreak of the COVID-19 pandemic in 2020, the market is showing a return to the expected seasonal focus. With the Carragelose products, which are effective against both cold viruses and SARS-CoV-2, Marinomed sees itself very well positioned. Many sales partners in the regions took the opportunity to position the product in the fight against the pandemic and thus helped the brand to become better known. In addition, the data situation made it possible to win new partners for certain regions - talks are still ongoing for some countries. Investments in additional clinical data have peaked in financial years 2020 and 2021. However, the related R&D expenditures are funded to a large extent by the Emergency Grant KLIPHA-COVID19 from the FFG.

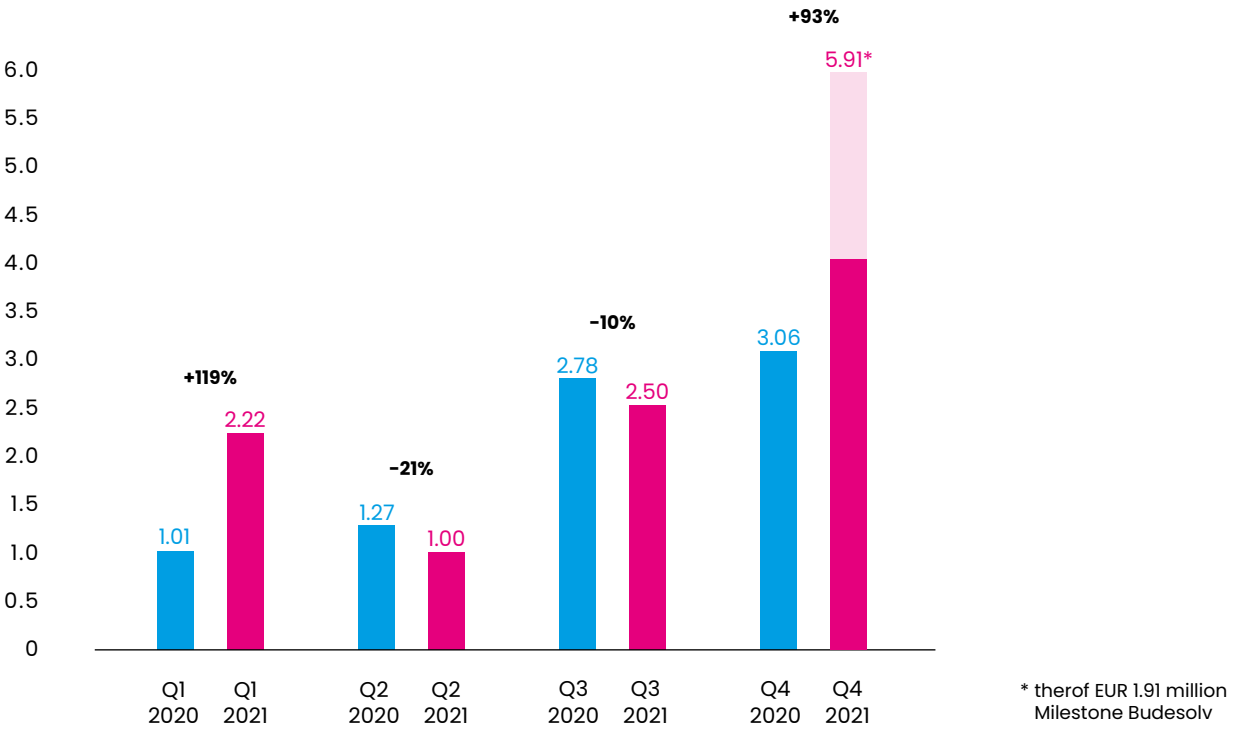
Marinosolv segment

The COVID-19 pandemic has had a delaying effect on the Marinosolv segment. Marinomed's increased focus on the Carragelose platform, the authorities' emphasis on fighting the pandemic and the uncertainty in the economy continued to have an impact in 2021. However, the Company continued to intensify its efforts in the partnering and approval process of Budesolv, in conducting the clinical study for Tacrosolv as well as in offering technology partnerships, and achieved several milestones.

The clinical study for the product candidate Tacrosolv could not be started in 2020 due to pandemic restrictions. The dose-finding study was finally successfully completed in the past financial year 2021. The data available from the study allow Marinomed to enter into discussions with potential co-development and marketing partners.

Based on the data from the pivotal clinical phase 3 study for the lead product Budesolv, a first license agreement for the Chinese market was concluded with Luoxin Pharmaceutical in 2021. An upfront payment of USD 2 million, milestones in the tens of millions and licenses for product sales are part of this agreement. Marinomed has set itself the goal of entering into further partnerships. Other products, such as a new formulation for use against autoimmune gastritis, are in preclinical research. In 2021, the technology platform also generated

Revenues



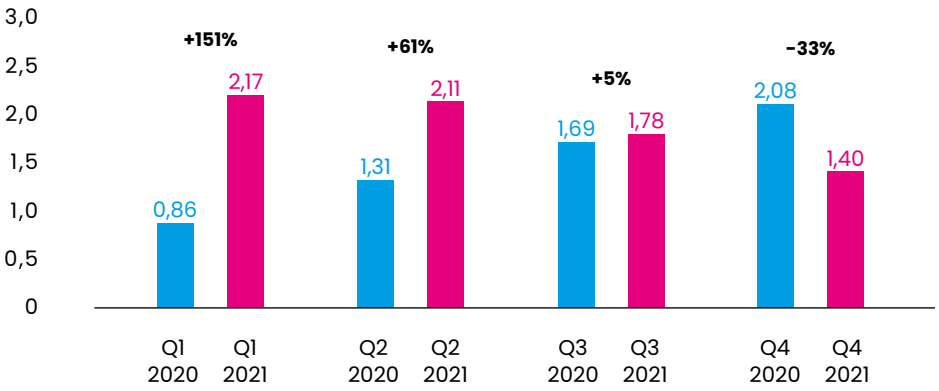
sales from third parties who were able to improve solubility with Marinosolv formulations. The successfully completed feasibility studies open up the possibility for customers to continue their developments through and with Marinosolv. Due to increased efforts in business development, which have led to the conclusion of new agreements in 2021, Marinomed assumes that further commercial exploitation of these developments will most likely lead to further sales growth.

Revenues and earnings

Marinomed was able to increase revenues by 43% to EUR 11.63 million in the 2021 financial year (2020: EUR 8.12 million). On the one hand, this growth is due to the EUR 1.47 million increase in sales of goods in the Carragelose segment and, on the other hand, to the first milestone in the Marinosolv segment in the amount of USD 2 million. Other income increased to EUR 1.52 million compared to the previous year (2020: EUR 1.15 million). As in the previous year, other income mainly includes the government research premium and grants for research on a Carragelose-based SARS-CoV-2 therapy (Emergency Grant KLIPHA-COVID-19). Other gains and losses mostly related to foreign exchange gains and losses and remained at low levels in 2021.

Due to the increased sales of goods, expenses for materials increased from EUR 5.41 million in 2020 to EUR 6.43 million in 2021. Compared to the previous year, the gross margin rose from 30% to 32%. As a result of higher investments, in particular for clinical development projects, expenses for purchased services increased from EUR 3.35 million in 2020 to EUR 3.78 million in 2021. Personnel expenses include expenses for the employee stock option plan and amounted to EUR 4.46 million in 2021, which is above the previous year's figure of EUR 4.10 million. The increase is mainly due to the growth in the workforce. Other expenses were EUR 2.07 million (2020: EUR 1.79 million). The high

R&D expenses



level of investment in Marinomed's future trajectory was reflected in the Company's earnings performance. Research and development expenses rose to EUR 7.46 million in 2021, after EUR 5.94 million in 2020. Nevertheless, the operating result (EBIT) of EUR -4.14 million was above the prior-year figure of EUR -5.82 million. The financial result for 2021 was EUR -1.55 million (2020: EUR -0.19 million). This is mainly due to the payout of the second tranche of the EIB loan in December 2020 in the amount of EUR 5.00 million. Furthermore, the financial result in 2020 was positively influenced by an adjustment of the carrying amount of the loan from the European Investment Bank (EIB) in the amount of EUR 0.52 million. As a result, the loss for 2021 stood at EUR -5.89 million, after EUR -6.01 million in 2020.

Net assets and financial position

The net assets and financial position largely reflect the negative earnings, which is to be expected for a biopharmaceutical firm during the development stage. The funding measures performed in the financial years 2015 to 2021 enable long-term investment in research and development.

Total assets decreased from EUR 23.50 million as of December 31, 2020 to EUR 21.34 million as at the 2021 reporting date. Non-current assets remained almost stable at EUR 8.46 million compared to EUR 8.11 million on the prior-year reporting date. Current assets decreased to EUR 12.88 million (2020: EUR 15.40 million).

As at the 2021 balance sheet date, equity stood at EUR 0.19 million compared to EUR 5.36 million as at end-December 2020.

Non-current liabilities increased from EUR 12.54 million to EUR 15.13 million in 2021. The increase is mainly due to the drawdown of the second tranche of the ERP loan (EUR 0.80 million) and the first tranche of the NÖBEG financing (EUR 1.00 million). Both are part of the real estate financing for the new company headquarters. Current liabilities increased from EUR 5.61 million to EUR 6.01 million as of December 31, 2021.

Cash and cash equivalents decreased from EUR 9.21 million as at end of 2020 to EUR 5.80 million on the 2021 balance sheet date.

Outlook

Even though it appears that the COVID-19 pandemic is slowly becoming endemic, Marinomed's business activities remain severely affected by it. Marinomed expects Carragelose sales to continue growing. Marinomed has sponsored multiple clinical trials on COVID-19, including one in Vienna, Austria and one in Swansea, UK. Furthermore, Marinomed initiated a clinical study to demonstrate the efficacy and safety of inhaled Carragelose (Inhaleen) in treating COVID-19 and other viral pneumonias. All studies are nearing completion or are currently being evaluated, but it can already be seen that the recruitment target could not be achieved. Nevertheless, the studies had several positive effects: the fact that hospitals were willing to take part in the studies, in addition to dealing with the pressure exerted by the pandemic, convinced several partners to (re-)market the products. In addition, the excellent safety profile of the product was once again confirmed. This confirms Marinomed's strategy of researching medications for more serious viral infectious diseases.

Marinomed sees the Marinosolv platform as a key value driver and intends to further advance the development of Budesolv and Tacrosolv. The dose-finding phase 2 study evaluating the safety and efficacy of Tacrosolv eye drops reported positive top-line data for the second quarter of the financial year. Initial results showed a reduction of the inflammatory reaction in the eye at a low dosage and thus open up the application in anterior eye diseases, which so far have been difficult to treat. Marinomed plans to establish an alternative to treatment with cortisone derivatives and thus make a significant contribution to eye health. This data makes it possible to hold initial discussions with potential co-development and marketing partners. Realising the potential of both platforms requires investments in research and development. The investment volume in research and development is expected to increase in the coming years, in particular due to the expansion of the Marinosolv platform and larger clinical studies for more severe indications. For the current financial year, the Company expects a slight increase in research and development costs, which will continue to result in an operating loss in 2022. The medium-term goal is aimed at reaching the profit zone.

Risk report

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

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

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

As an international company, Marinomed is part of the global economy. Governments on all continents have adopted and implemented massive restrictions relating to global social and economic processes to contain the pandemic. The consequences of these measures are expected to have a long-term impact on the global economy. The effects are increasingly manifesting themselves in the supply chain. On the one hand, the procurement prices follow the rapidly increasing inflation, on the other hand there are bottlenecks in raw materials, which in many cases lead to a doubling of delivery times to sometimes more than 12 months for packaging. Although Marinomed can develop rather positively with its Carragelose products, it sees itself exposed to an increased risk in procurement. Furthermore, it may be possible in some cases that Marinomed cannot or not fully pass on the rising purchase prices to its customers. The Marinosolv technology platform also has to face an increased risk during commercialisation.

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

Risks relating to funding and funding instruments

The main financial risks include default and liquidity risks. There are also exchange-rate risks as some sales are generated in British pounds (GBP). As receivables in GBP do not generally exceed EUR 500,000, the effect on the income statement of a fluctuation of +/- 10% would be less than EUR 50,000. The revenues from the license agreement with Luoxin Pharmaceutical are made in USD, but initially occur only at long intervals as milestone payments. A currency gain was recorded from the translation of the inflows from the first upfront payment. Regular payments are only expected once the product has been approved in China (not before 2024), which then entails a continuous risk of foreign currency losses.

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

Further, Marinomed is to a usual extent exposed to interest risks based on the development of international interest levels. Specific interest rate risks result from the aws seed loan (3M-EURIBOR +2%) and from the revenue-related royalties to be paid in connection with the EIB loan. From July 1, 2024, a semi-fixed interest rate will be used for the ERP loan, which will depend on the 1-year EURIBOR. From December 15, 2026 the NÖBEG-financing will bear a semi-fixed interest rate, linked to the 3-months EURIBOR. 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 turn out to 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 healthcare 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 existing contracts, there is a risk that one or more partners may be unable to resolve financial or technical problems through no fault of Marinomed, resulting in losses for the Company. Partners may fail to achieve their own revenue targets, while other issues may relate to supply delays, payment difficulties or other risks typical of the sector.

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

Liquidity risk

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

Marinomed will always try to maintain financial flexibility, e.g. by raising additional capital at more favorable market conditions or due to strategic

considerations. In this way, most of the expenses for the acquisition and expansion of the new headquarters could be refinanced at low interest rates.

The Management Board expects that the available liquid funds and the financing already promised will be sufficient to cover the operating expenses and investments for the primary forecast period (until June 2023). Various scenarios for the growth of the company were analyzed as part of the preparation of the going concern prognosis. Depending on the intensity of the research expenditure (consisting of internal and external costs), there is a liquidity requirement in the secondary forecast period (from July 2023) of up to EUR 10 million. The intensity of the research expenditure and thus the liquidity requirement can be adjusted to a large extent. In the management case, it is assumed that the workforce will almost double by 2026 from the current 50 employees and that new product developments including clinical studies will be started. Various financing alternatives are currently being worked on to finance the necessary liquidity requirements. The Executive Board assumes that, as in the past, these can be completed in good time. If it is not possible to gain further liquidity, new product developments can be delayed or interrupted. In an adjusted fallback scenario, the increase in staff was also limited to less than 60% increase by 2026. In this scenario, it would be possible to get by without additional liquid funds.

Against this background, the Management Board expects that the liquidity for the company will be secured in the primary forecast period (until June 2023) even without additional financing measures with a predominant probability and that annual profits will be achieved in the secondary forecast period and that there is therefore a positive going concern forecast.

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

Risk relating to patents

The Carragelose technology is protected by several patents worldwide. The patents 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. Competitors can also disregard Marinomed's patents and make it necessary for the Company to defend itself with legal advice and the associated expenses.

Research and development risk

Marinomed's success largely depends upon the degree to which its research and development initiatives achieve the expected results. Marinomed's research activities serve to increase knowledge and are committed to the well-being of mankind and the protection of the environment. Its internal and external researchers act in accordance with statutory rules and ethical principles. A responsible approach to research primarily involves the following measures in the event of research that is susceptible to abuse: identifying

and minimising research risks, carefully managing publications, documenting risks and implementing educational and training measures. Nonetheless, it is possible that severe adverse events occur during a study, or the results of the research and clinical trials will not reach the expected primary or secondary endpoints or will not be significantly better than existing or new rival products. It may also turn out that regulatory authorities may not regard the clinical studies as sufficient and may therefore not grant marketing authorisation. 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.

Regulatory risk

Marinomed researches and develops medical products and drugs. Regulation (EU) 2017/745 came into force on May 25, 2017 for medical devices. It is also called the European Medical Device Regulation (MDR). It applies in the member states of the European Union. Newly developed and modified products must already be certified according to the MDR. Existing, unchanged products are subject to a transition period until May 25, 2024, after which they must also be certified according to the MDR. Even though Marinomed is already preparing to switch to the MDR, it faces the risk that the Carragelose products marketed as medical devices in the EU do not meet the new, higher standards.

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

Personnel risk

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

Research and development

R&D activities focus on the two segments of viral infections and diseases with an overactive immune system. Since the outbreak of the pandemic, research activities in the field of viral infections have focused on combating SARS-CoV-2. Both the effectiveness against the COVID-19 pathogen and the very good safety profile of the active ingredient were confirmed. Motivated by this, Marinomed will continue to use its expertise in this area to develop treatment options for more serious and so far insufficiently addressed viral diseases. Most recently, a drug with a decongestant active ingredient has been developed. It has already been submitted for approval, but its launch will be delayed. A product against viral pneumonia is also in early clinical development.

Marinosolv, also developed by Marinomed, is an innovative technology platform which increases the bioavailability of poorly soluble active ingredients for the treatment of sensitive tissues such as the nose and eyes. Stable aqueous formulations of poorly soluble active ingredients such as corticosteroids and immunosuppressants enable a faster onset of action, high local activity, increased local bioavailability and aseptic production. There are currently three products in development targeting inflammatory diseases of the nose (Budesolv, Flutisolv) and the eyes (Tacrosolv). A patent application was filed in 2015 and the national patents derived from it are now being gradually granted, e.g. in 38 European countries in December 2020. Depending on the active ingredient, the products can be either OTC (prescription-free or non-prescription) or Rx (prescription-only). For the Budesolv corticosteroid nasal spray, OTC and Rx approvals are expected, depending on the geographical area, while immunosuppressive eye drops are expected to be approved only as a prescription drug.

The Company maintains a lean business model by focusing on research and development and outsourcing all other cost-intensive parts of the value chain. Marinomed generates its sales either through licence sales agreements or royalties from licensing agreements with its partners. The Company acts as a wholesaler for its partners around the world for products marketed without a prescription.

Corporate bodies

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 2021 financial 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 by the general meeting for a period of five years. If a works council is established in future, it can delegate three staff representatives to the supervisory board. The supervisory board consisted of four members at the end of the 2021 financial year (2020: four members). The members appointed in 2017 were all members of the Company's advisory board before the change of legal form to a stock corporation.

Management board Name and function	**Year of birth**	**Initial appointment**	**End of term**
Andreas Grassauer Chairman and Chief Executive Officer	1969	2006[1)]	2027
Eva Prieschl-Grassauer Chief Scientific Officer	1968	2006[1)]	2027
Pascal Schmidt Chief Financial Officer	1972	2018	2027
Supervisory board Name and function			
Simon Nebel Chairman	1966	2017	2023
Ute Lassnig Vice Chairwoman	1970	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

Sustainability report

Foreword

Dear Ladies and Gentlemen

Social responsibility with adherence to high ethical principles characterizes Marinomed's economic and social activities as a science-based biotech company.

It is our vision to alleviate or prevent diseases through continuous research and development. Specifically, our mission is to improve the health of people worldwide and to develop treatments for indications that have no or no adequate treatments so far. In doing so, we are working directly towards Goal 3 of the United Nations Sustainable Development Goals, health for all and well-being for all ages.

Our products focus on viral infectious diseases and autoreactive immune diseases. In the second year of the COVID-19 pandemic, Marinomed was able to make a positive impact for patients with products based on Carragelose and the necessary expert knowledge about coronaviruses. In several publications by Marinomed, some of them in collaboration with renowned universities, it was confirmed that our Carragelose products are also effective against SARS-CoV-2 and its variants. In addition, protection against SARS-CoV-2 infection has been demonstrated in an independently conducted clinical study. Partnerships and collaborations are important for us and help make our products known worldwide and accessible to as many people as possible. So far, we have succeeded in making Carragelose available in more than 40 countries on 5 continents. We are committed to high standards in the selection of our partners who take over the production and distribution of our products. Our partners are selected based on the applicable regulatory standards of the authorities and are regularly inspected in professional audits. In addition to quality standards, ethical, social and sustainability aspects are considered. We prefer partners from areas with a stable legal, social and political framework and short transport distances.

We have also taken a step forward in the area of immunological diseases. The first product based on Marinosolv, Budesolv, was successfully partnered in 2021. In addition, the efficacy of an innovative therapy with tacrolimus was tested in a clinical study. Initial results showed a reduction of the inflammatory reaction in the eye at a low dosage and thus open up the application in anterior eye diseases, which so far have been difficult to treat. Marinomed plans to establish an alternative to treatments with cortisone derivatives and thus make a significant contribution to eye health.

In order to make the Marinosolv technology available to partners, we launched Solv4U in 2021. This platform provides access to the technology in the form of collaborations. In the future, it will be of particular importance to reduce the amount of pharmaceuticals which enter the environment. We are convinced that Marinosolv can contribute to

this, as previous projects have achieved improved efficacy while reducing the dosing of the active ingredient by more than 80%.

Our dedicated and well-trained employees are an important pillar to achieve our mission. It is important to us to provide a working environment that encourages creativity to develop innovative products. In addition, the continued professional training of our employees is an essential focus to ensure the successful development of our company in the future.

Andreas Grassauer

Eva Prieschl-Grassauer

Pascal Schmidt

Sustainability at Marinomed

Marinomed is a science-driven company committed to medical progress. We aim to develop more efficient and better-performing products that help protect people's health and well-being, as well as improve treatment options for diseases for which there are currently no, or no adequate therapies. This is the key sustainable concept for us and at the same time the guiding principle of our actions.

Marinomed pursues a highly sustainable business model and has specialised in the research and development of biopharmaceutical products in the therapeutic areas of virology and immunology. After approval (or Declaration of Conformity for medical devices), Marinomed contracts experienced partners via licenses who then produce and distribute these products. Outsourcing these parts of the value chain enables Marinomed to maintain a lean "asset light" business model even when it experiences strong growth. The use of existing production sites and distribution channels helps conserve resources and save costs, keeping the ecological footprint small and thus promoting sustainability.

Sustainable business practices are essential for Marinomed, which is why management is collectively responsible for the planning of strategic development. Important sustainability topics are routinely on the agenda and are regularly addressed by the entire management team and integrated into ongoing projects. The management board firmly believes that long-term economic success can only be achieved if both social and ecological aspects are taken into account. Corporate decisions are made on the basis of this awareness, and processes that are within the Company's sphere of influence are evaluated at regular intervals in order to continuously increase sustainability in various areas. The supervisory board receives regular reports on the improvement of sustainability.

About this report

This report was drawn up based on the following regulations:

While financial reporting adheres to the IFRS standards, the EU Non-Financial Reporting Directive (NFRD) serves as the basis for non-financial reporting. This piece of legislation introduced reporting obligations for public interest entities, in other words, for listed entities, banks and insurance companies with more than 500 employees.

At a national level, Austria has transposed the NFRD into national law with the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). In its explanatory notes, this national law makes reference to the Global Reporting Initiative (GRI) guidelines as an appropriate reporting standard.

Marinomed has a very sustainable business model. To foster transparency, we are voluntarily publishing a non-financial statement in the form of this sustainability report and setting out our diversity policy in a corporate governance report, even though our size of just under 50 employees does not require us to do so.

From an international perspective, the United Nations Sustainable Development Goals (SDGs) were an important reporting framework for Marinomed when crafting this sustainability report.

While the NFRD defines companies' disclosure obligations, the EU Taxonomy describes activities that make a significant contribution to the achievement of its defined environmental objectives. The EU Taxonomy established criteria for defining environmentally sustainable economic activities for 15 industries. It includes the following environmental objectives: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) protection and restoration of biodiversity and ecosystems.

Until now, just the first two of the Taxonomy's environmental objectives have been finalised. As a result, only the EU Taxonomy Regulation's first two objectives on mitigating and adapting to climate change entered into force on January 1, 2022. Reports must now detail the percentage of revenue, capital expenditure (Capex) and operating expenditure (Opex) from taxonomy-eligible and taxonomy-non-eligible economic activities. Marinomed is not subject to this EU Taxonomy reporting requirement, since our company neither meets the size requirement nor operates in one of the listed industries.

By publishing this sustainability report, we want to advance dialogue with our stakeholders. One of our main goals is to provide even more transparency about our long-standing commitment to sustainability. As a healthcare company, we have already achieved a great deal and set high standards with our sustainable business model. In keeping with our strategy, we have defined how and in which areas we want to maintain and further improve these high standards. We can measure progress against these goals both internally and externally.

Marinomed knows the importance of climate-friendly business practices and the reduction of carbon emissions. That's why we are publishing our annual report electronically, with the ultimate goal of completely replacing the small number of printed copies (currently around 50).

Materiality analysis

Marinomed has conducted a comprehensive materiality analysis to identify our substantive contributions to sustainable development for society, technology, and stakeholders. This work is guided by the SDGs. Conversations, for instance with suppliers, customers, investors, and employees, were at the heart of this analysis. We also analysed and expanded our system of key performance indicators (KPIs). Some environmental KPI have been only available since fiscal year 2021 as this was the first year with our own headquarters. Marinomed does not have access to data for the University of Veterinary Medicine, Vienna buildings, where employees previously worked.

The analysis culminated in the following topics where Marinomed can have a substantial impact. The outcomes of this process largely define Marinomed's sustainability strategy in line with our vision and mission:

Good health and well-being. Health and well-being shape Marinomed's mission. This area is where we can make the biggest contribution to sustainable development. As a biopharmaceutical company, we are dedicated to improving the health of people. By offering innovative therapies, we want to improve treatment options for illnesses with major unmet medical needs.

Partnerships for the goals. We are stronger together. Research and development are our focus. We forge research partnerships that can help us with novel developments. Our innovative products are produced and distributed by our strong network of experienced partners all over the world. This is just one way that we are working together to help make lasting improvements to patient health around the globe.

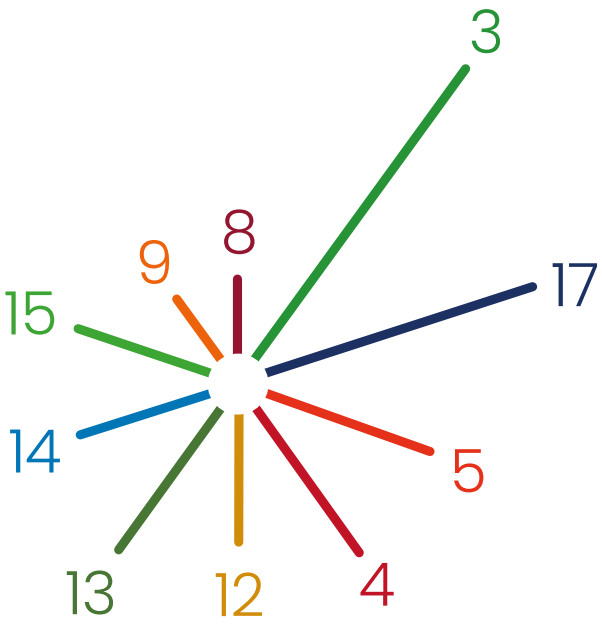
Gender equality. We know that equality and diversity are cornerstones of company success. Expertise is what matters to us. We make recruitment decisions based purely on technical and management skills, regardless of gender. We also create working conditions that help create a work/life balance.

Quality education. Marinomed is a knowledge-based company that needs skilled professionals for its research and development work and for its quality products . Ongoing training and education are critical to guarantee our company's innovative strength and ensure compliance with high quality and safety standards. We encourage interest in science starting already in schools.

Sustainable business practices. We make an important contribution to sustainable business practices. Our entire business model is sustainable. We consider environmental aspects at all levels of our company, from our technologies to the way that we use materials in a way that conserves resources in everyday work to our location, which is built and operated with sustainability in mind. Our innovative technologies reduce and improve the use and duration of medical products and drugs.

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

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



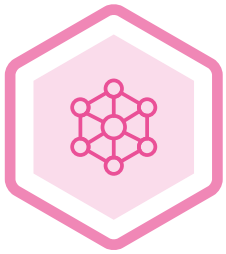
Overview of the most important SDG goals that Marinomed pursues with its sustainability strategy. The length of the rays corresponds to the importance of the topics for Marinomed.

ESG Highlights 2021

ENVIRONMENT

New Company Headquarter in Korneuburg, AT SDG 13, 15

- Removal of the sealed surface and added greening to the property
- Thermal renovation of existing buildings
- Environmentally friendly new building and usage of renewable energies
- Fleet almost fully electric



SOCIAL

Marinosolv Solubilisation Technology SDG 3, 9, 17

- Solv4U for technology partnerships
- First partnership for Budesolv
- R&D advances (Indications with high medical need)

Employees & Diversity SDG 5, 8

- Employee growth +16%
- Investor relations strengthened
- High diversity: again 1st place in the BCG Gender Diversity Index

Virusblocker Carragelose SDG 3, 9, 17

- Sales +20%
- New partnerships for global availability
- Efficacy proven against SARS-CoV-2 variants of concern
- Support of the Vienna City Marathon

GOVERNANCE

Employees SDG 4, 8

- Expansion of quality and training management
- Re-evaluation of principles of the Corporate Governance Codex
- Increased evaluation of sustainable corporate goals

Environmental

Sustainable innovation

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

Infectiology products and projects contain the virus-blocking polymer Carragelose (Iota-carrageenan) as the API. This ingredient is extracted from red algae, a renewable raw material. The Marinosolv technology, which is based on immunology therapies and used to improve the solubility of hydrophobic APIs, employs two natural products also available in pharmaceutical quality: escin (an extract of horse chestnut) and glycyrrhizin (an extract from liquorice root).

Marinosolv technology improves the solubility of hydrophobic APIs. In turn, this increases the product's bioavailability and effectiveness. This results in lower doses and less medication entering the environment through excretion, which cuts drug pollution in water bodies and the soil.

Building and resource management

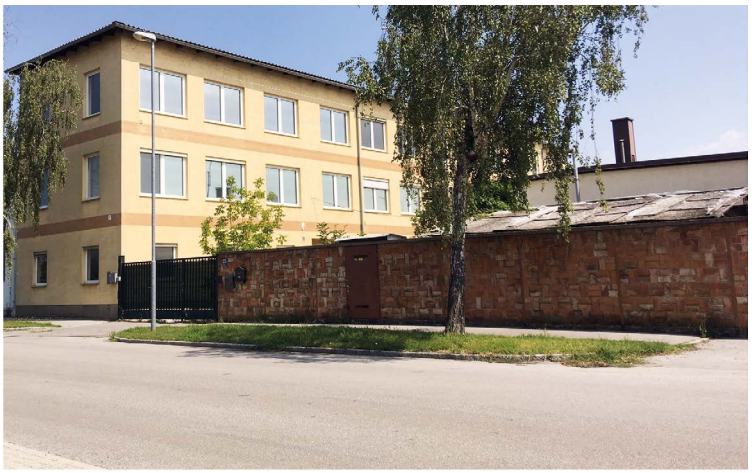
Since 2020, Marinomed's research and development facility has been located at our own premises in Korneuburg, Lower Austria. This site contains both laboratory and office space. We paid attention to environmental issues when selecting the site: This piece of land had an entirely impervious surface with a complex comprising old industrial halls, an office building, and parking spaces. During the remodeling process, the team focused on maximising resource efficiency, environment conservation, sustainable practices, and fostering biodiversity at the site.

As part of these efforts, the concrete and asphalt cover was removed from more than 50% of the sealed surface. In keeping with this environmental mindset, parking spaces were designed with permeable gravel turf, which stopped discharge into the existing sewer system. The landscaping plan featuring trees and diverse planting also has a positive impact on the local microclimate.

Preserving the existing office building was another important environmental step. The renovation process entailed bringing its thermal and building systems up to date. A new building housing laboratories and other offices was also added. Altogether, Marinomed has around 2,000 m² of laboratory and office space across three floors.

The project also involved installing a new 20 kwp electric photovoltaic system on the new building, meaning a significant proportion of our power comes from sustainable sources. A heat pump

provides cooling in summer and powers the in-floor heating system in winter. Other items, such as motion sensors, an automatic lights-out function, triple glazing (wood-aluminum windows) and automatic shading, help create an efficient building climate and optimise power consumption. Altogether, 98% of our energy came from renewable sources in 2021.



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

Resource consumption	2019[1)]	2020[1)]	2021
Power consumption in MWh	**N/A**	**N/A**	**158**
thereof renewable	*N/A*	*N/A*	*98%*
therof self-generated	*N/A*	*N/A*	*7%*
per FTE	*N/A*	*N/A*	*3.71*
Gas consumption in MWh	**N/A**	**N/A**	**90**
per FTE	*N/A*	*N/A*	*2.11*
Total energy consumption in MWh	**N/A**	**N/A**	**248**
per FTE	*N/A*	*N/A*	*5.82*
per EUR 1 million of revenues	N/A	N/A	21.33
Water consumption in m³	**N/A**	**N/A**	**1,175**
per FTE	*N/A*	*N/A*	*27.58*

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

Green mobility

Marinomed's efforts to embrace sustainability encompass mobility, too.

We have procured two electric cars for our fleet. Like employee vehicles, they can be charged using electric stations at the Company premises that are fed with power generated by the photovoltaic system on the new building.

We also encourage using environmentally friendly travel for work. Wherever possible, we choose green methods of transport. The pandemic meant that we took just a few business trips in 2020 and 2021, with the majority of meetings held online.

Mobility	2019	2020	2021
Air travel (in flight segments)	94	20	32
thereof within Europe	*87%*	*100%*	*100%*
Train journeys	77	57	40

A safe workplace where resources are conserved

Making all employees aware of safety and quality issues - and keeping this awareness at high levels - is a top priority for Marinomed. All employees are required to take part in regular training tailored to their area of work. To this end, we have also established a body responsible for quality management.

Marinomed wants to deliver constant improvements so we are also continously widening our range of training for employees. Regular quality awareness education events have been held since 2021. Training on topics like safety and health take place annually.

What's more, we have enough trained employees on our emergency response and fire safety teams. We also provide regular training on compliance and IT security.

	2019	2020	2021
Occupational health and safety	✓	✓	✓
Quality management	✓	✓	✓
IT security training	✓	✓	✓
Compliance training	✓	✓	✓
Code of conduct			✓

Marinomed is a research-based tech firm that carries out essential research activities at its own laboratory areas in Korneuburg. Featuring a multi-functional design, these laboratories can be used to perform biochemical, virological, molecular biological, pharmaceutical, analytical, and chemical research.

When creating this building, the Company paid a great deal of attention to crafting a design that lives up to the latest technical and safety standards. Two large chemical exhaust hoods and a spot extraction system are available for working with hazardous chemicals. Ambient air is also constantly circulated through a ventilation system. Of course, we also included other safety precautions, such as eye-wash stations, emergency showers, and cabinets suitable for safely storing hazardous or explosive chemicals. These systems are regularly checked and maintained.

Marinomed's laboratories adhere to a strict waste management policy. Where possible, any consumables are reused or used sparingly. Brown glass bottles containing solvents and other glass waste are taken to the Korneuburg waste collection centre with an electric vehicle. Chemical waste is collected separately and handled by a specialist provider.

Wherever possible, we choose to work with local companies to perform external analyses or for partnerships (Austria, Germany or other EU countries). This minimises transport distances and maximises transparency. Sustainability is also an important consideration when setting up our studies; we take advantage of opportunities to perform studies virtually.

A certain amount of animal testing is required by law when carrying out specific medical research work. Marinomed endeavours to carry out this testing with the greatest possible care in keeping

with the 3Rs principle: replace, reduce, refine (replacing animal testing wherever possible, decreasing the number of animals to the bare minimum, and modifying animal suffering to minimise pain and distress). Any testing must have been previously approved by the relevant committee on animal testing.

When designing laboratory experiments, we also maximise resource conservation and efficiency while taking account of working hours and material and chemical consumption. Broadly speaking, we first create proof of concept before upscaling. Moreover, large tests are planned with at least dual control to avoid unnecessary resource consumption in the laboratory. The devices used are carefully handled and kept in excellent condition. This means that they can typically be used beyond the end of their typical service life. For instance, our oldest high-performance liquid chromatography (HPLC) device has been in operation since 2001. To save power, all devices and laboratory PCs are turned off when analyses are not running, as are office appliances.

Marinomed also strives to conserve resources in offices. We have reduced paper and office supply consumption to low levels by switching to largely digital working and archiving methods. This approach is not just more environmentally friendly, it also cuts costs. Our company provides waste sorting and recycling facilities with specially marked collection stations. Our already highly conscientious employees become even more aware of proper waste sorting practices as a result.

Altogether, we sort waste into eight different categories, which are managed by specialist providers, the local waste collection firm or taken to our local waste collection centre.

Recycling	2019[1)]	2020[1)]	2021
Paper waste in litres	N/A	N/A	19,800
Plastic and metal waste in litres	N/A	N/A	8,580
Glass waste in kg	N/A	N/A	600
Residual waste in litres	N/A	N/A	34,320
Special organic waste in litres	N/A	N/A	360
Medical waste in kg	N/A	N/A	140
Solvent-water mixtures in kg	N/A	N/A	412

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

Partnerships, supply chains

After obtaining approval (or a declaration of conformity for medical products), Marinomed works with its partners to manufacture and distribute the biopharmaceutical products it develops. By entering into partnerships, we put the different stages of the value chain in the hands of specialists who can maximise efficiency and resource conservation. We carefully select our partners who undergo regular evaluations. This process includes regular audits that examine quality issues along with ethical, social and sustainability aspects. We also prefer to work with partners headquartered in the European Union to make products and carry out external research work. Along with ensuring a familiar and stable legal, social and political framework, this approach keeps transport routes short and makes any checks easier.

Marinomed also uses codes of conduct. Along with documenting internal standards, these codes seek to further enhance supply chain transparency and traceability. Codes of conduct with our sales partners set out key governance principles to counteract money laundering, corruption and financing terrorism. To make supply chains safer and more secure, we have already agreed on a code of conduct with three of fifteen partners.

Our sustainability goals

Marinomed already has a sustainable business model. Our goal is to maintain or further improve our high standards in all areas.

We have set ourselves the following environmental goals:

	2022	2030
Develop products containing less API for the benefit of patients and the environment	✓	✓
Use sustainable raw materials	✓	✓
Maintain high quality standards to protect human health and the environment	✓	✓
No increase in resource consumption per employee	✓	✓
Use more renewable energy generated in-house	✓	✓
Expand our photovoltaic system	✓	✓
Further expand green mobility	✓	✓
Promote environmentally friendly supply chains		✓
Achieve carbon neutrality		✓

Social – Corporate social responsibility

Corporate Social Responsibility

As a biomedical company, we are especially aware of our social responsibility. Patient well-being is our top priority. Our actions shape the search for better patient health and safety. Our research focuses on our core expertise in viral infectious diseases and immunology. Available over the counter in more than 40 countries, the Carragelose line of products has already made a significant contribution to preventing and treating viral respiratory diseases. We are developing several products to tackle immunological diseases based on the Marinosolv technology. Our lead product, Budesolv, treats allergic rhinitis (which affects an estimated 400 million people around the globe). It is at an advanced stage of development and has already been licensed for the Chinese market.

Going forward, we want to focus on symptoms whose treatment options are inadequate or inefficient at the moment, severely impacting the people affected and society as a whole. We want to address this problem by deploying our innovative solutions.

Our scientific success is rooted in the expertise displayed by our talented employees. Beyond this valuable resource, we cultivate partnerships with universities, institutes, and partners to unlock synergy effects and advance research into new medical products. We consider ourselves to be a think tank that constantly builds knowledge and experience – helping improve healthcare solutions for people.

Within the parameters of tech partnerships, we also make our Marinosolv technology available to other companies via the Solv4U platform. By doing so, we make product developments happen in the first place and/or make them cost-effective by reducing the amount of API. This helps our partners continue to develop products for the benefit of patients.

It goes without saying that we comply with all laws and regulations. We also respect human rights, including the welfare of children, and practice mutual respect. These values shape our work together with our partners, customers, and suppliers. Since 2020, contracts with our partners therefore have included an obligation to comply with a code of conduct addressing these issues.

We create value for many stakeholders, for instance by offering jobs. In turn, our shareholders trust that we can make lasting improvements to the value of our company. We need to keep investing in research and development to make this happen. Securing financing for our projects is key. We actively seek to engage in dialogue with capital market players, lenders, and shareholders. Transparency is important to us, so we expanded our Investor Relations department in 2021.

Employee issues

Our employees' dedication and the creative ideas are the bedrock of our success. Their achievements and skills help make sure that our research and development projects ultimately result in biopharmaceutical products. Recruitment and HR management are top priorities. In 2021, we also created the role of an HR manager so employees

have a single point of contact for various range of inquiries.

Personnel management is geared towards creating a motivating work environment. Along with adopting flexible work time models, we highly value open communication and mutual respect day in, day out. Internal and external employee training, in the form of specialist courses, additional education, and occasionally educational leave, is viewed as essential for professional and personal staff development - and therefore for our company as a whole.

We adopt performance-based pay at all levels. At Marinomed, all employees receive a basic salary, a performance-based bonus, and the opportunity to be part of our company's success through a stock option program.

Our employees tell us that we offer fair working conditions that give them space to grow. Our flat hierarchical structures allow them to discuss and develop their own ideas in close cooperation with the management team. We have not established a whistle-blower system to date owing to our company's small size and open corporate culture. In the event of any conflicts, employees can contact an internal compliance officer in complete confidence.

Diversity

Marinomed employed an average of 43 people in the 2021 financial year. The average number of employees is calculated as FTE (Full Time Equivalent) on the basis of 38.5 hours per week as the average of the 12 monthly values on the respective last day of the month. Marinomed values work/life balance and offers employees the option of working part-time. A large portion of our employees have an academic background. Our meticulous selection process for employees and good working climate are reflected in the fact that almost all temporary workers were taken on as full-time employees.

With our small workforce, staff turnover stood at around 5% on average over the past three years. Staff turnover is calculated by dividing the number of people leaving the Company by the number of average FTEs. This includes dismissals by the company and proposed severance agreements. Staff turnover in research and development was around 1%. Three people left our Company in the past financial year.

Marinomed wants to inspire young people to become interested in the sciences, especially the life sciences, and encourage them to choose careers in science. That's why we offer student internships for young people learning about careers to give them insight into everyday work in research.

Of course, Marinomed fills positions based on qualifications rather than gender. In 2021, our workforce had 71% women, and our supervisory board had equal representation as of December

31, 2021. Marinomed's efforts to promote diversity have also attracted external recognition. In March 2022, Marinomed achieved first place on the Gender Diversity Index Austria 2021, an initiative by the Boston Consulting Group and the Austrian business magazine trend, for the second time.

Employee health and safety

Maintaining and constantly improving health and safety in the workplace is not a one-off training topic at Marinomed. Instead, it is an integral part of our corporate culture that encompasses both physical health and creating a healthy working environment for all employees.

In 2020, Marinomed moved into a new building that was renovated with accessibility in mind. Our offices were also equipped with a focus on employee well-being. Their modern infrastructure includes an air-conditioning system and a shading plan that takes account of people working on monitors, too. Office furniture is ergonomically designed, and electrical height-adjustable desks come as standard. The building also contains unassigned offices and telework stations, giving people space to retreat and work in peace or meet in small groups. Employees can use the buildings' kitchens to prepare fresh meals. These rooms also serve as a place to meet during breaks. All employees can make use of their access to a large patio during break times.

A wide variety of safety precautions and guidelines have been put in place for all employees. All staff undergo safety training to maintain high awareness of workplace safety. The onboarding process includes basic training, followed by regular follow-up sessions dealing with topics such as compliance, health, safety and quality management. Occupational health and safety are especially important in our laboratories and checked during regular audits.

Additionally, all employees participate in regular pharmacovigilance and good distribution practice (GDP) training to raise general awareness within our company that constant and systematic monitoring of drug safety and good distribution practice are essential.

Marinomed offers preventative healthcare measures for our employees, too. All employees have free access to Carragelose products. What's more, they were offered access to SARS-CoV-2 testing and vaccination by an ENT specialist and could consult the doctor, if necessary. We also provided preventative flu and hepatitis vaccines.

Work/life balance

Since its incorporation Marinomed has placed great emphasis on work/life balance. We offer flexible working hours, allowing employees to return easily after parental leave. After all, we want to retain our skilled employees. During the pandemic and its various lockdowns, we gave employees the option of working from home, taking special care leave and opting for even more flexible working hours without unnecessary red tape.

HR metrics	2019	2020	2021
Total employees	**33**	**40**	**47**
thereof part-time	*21%*	*25%*	*23%*
Thereof unlimited contracts	*100%*	*98%*	*100%*
thereof with university degree	*74%*	*71%*	*75%*
FTE total	**31**	**37**	**43**
thereof female	*68%*	*67%*	*70%*
thereof male	*32%*	*33%*	*30%*
Turnover rate	*7%*	*3%*	*7%*
Revenues per FTE in kEUR	*200*	*222*	*273*
thereof R&D	*48%*	*54%*	*54%*
thereof female	*75%*	*69%*	*71%*
thereof male	*25%*	*31%*	*29%*
Turnover rate	*0%*	*0%*	*4%*
thereof management	*16%*	*14%*	*12%*
thereof female	*40%*	*40%*	*40%*
thereof male	*60%*	*60%*	*60%*
Turnover rate	*0%*	*0%*	*0%*
Supervisory board	**5**	**4**	**4**
thereof female	*40%*	*50%*	*50%*
thereof male	*60%*	*50%*	*50%*
Work accidents	**1**	**0**	**3**
thereof commuting accidents	*0*	*0*	*2*
Number of sick days per employee	**6.17**	**4.27**	**7.25**
thereof related to the pandemic	*N/A*	*0.12*	*0.77*

Consumer data protection and data security

As a research and development company, Marinomed knows that data security is crucial. Our IT infrastructure, encryption technology and backup systems are state of the art and constantly upgraded. Even though Marinomed almost exclusively engages in B2B relationships, we take the implementation of the EU General Data Protection Regulation (GDPR) very seriously. Data protection management therefore is a direct management board responsibility.

In 2021, we had no cases of data breaches that had to be reported to the data protection authority and no cases of data leaks, data theft, or data loss in connection with customer information or other business activities. In order to ensure awareness and training for all employees, the Company offers regular workshops and information for employees.

Sustainable research and development policy

Safety and patient well-being are at the heart of Marinomed's operations. As a biomedical company, Marinomed is subject to especially stringent rules governing the entire value chain. Additionally, Marinomed's partners regularly perform codes of social audits. Marinomed regularly undertakes internal reviews of its own high safety standards, as well.

Marinomed's research activities serve to increase knowledge and are committed to the well-being of mankind and the protection of the environment. Its internal and external researchers act in accordance with statutory rules and ethical principles. Respecting good scientific practice is a given. Marinomed's responsible approach to research includes:

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

When conducting research and developing drugs, Marinomed and its research partners cannot always avoid performing animal testing. Applicable law might sometimes even require this practice. The ethical and humane treatment of animals and compliance with the principles of animal welfare are fundamental and essential prerequisites for Marinomed. Before starting any animal testing, all approvals from the ethics committee must be available, the staff must be

appropriately trained, and the veterinary prerequisites for implementation must be met. Provided that animal-free test and investigation methods exist and are adequate and legally permissible alternatives, we will make use of this option with the aim of replacing and reducing animal testing as much as possible.

Product quality and product safety

Marinomed's products and technologies help make significant improvements to the treatment and prevention of illnesses. With the Marinosolv technology, we have managed to catapult the effectiveness of hardly soluble active ingredients to a new dimension. This benefits patient well-being as doses can be reduced and side-effects can be minimised or avoided altogether.

Published data on the efficacy of Carragelose against SARS-CoV-2 in cell culture assays and in clinical studies also open the doors to raising awareness of the Carragelose brand and products in countries where they are distributed. These products' broad efficacy, including against new variants, has also been proven in studies. The pandemic has brought lasting changes to public awareness of how dangerous viral infections of the respiratory tract can be and of the need to protect against them. Marinomed strives to make these products available to all consumers. These products are available in pharmacies over the counter, giving consumers the opportunity to purchase a virus-blocking product.

Marketing and distribution policy

Marinomed has outsourced distribution and marketing activities to its license partners. We engage in regular and close coordination with them based on a spirit of partnership. Marinomed informs the sales partners promptly about the latest scientific findings and results obtained from ongoing research and development activities. Marinomed's sales partners and supply chain are embedded in the special regulatory environment of pharmaceutical and medical device companies. When selecting companies, we checked whether partners meet the regulatory requirements for distributing products. During operations, regular audits and reviews ensure that regulatory compliance and ethical principles are met. In 2021, there were neither reportable incidents nor violations of vigilance agreements. The complaint rate stood at 10 ppm (parts per million) in 2021. In other words, we had just 10 complaints for every million products made. This pays testimony to the fact that Carragelose products are extremely safe.

Our sustainability goals

	2022	2030
Social responsibility: Focus on symptoms that until now have been rarely treated or hard to treat		✓
Engage in regular, open, and transparent dialogue with all stakeholders	✓	✓
Create a healthy working environment for employees, keep the staff turnover rate <10%	✓	✓
Development of all employees, maintain high levels of diversity	✓	✓
Recruit skilled professionals to drive our growth trajectory	✓	✓
Continue supporting continuing education and professional development	✓	✓
Adopt a zero-incident strategy by carrying out regular safety training with a minimum target of < 1 accident per year	✓	✓
Respect and regularly monitor human rights and responsibility throughout the entire supply chain.	✓	✓
Have no compliance infringements	✓	✓

Corporate governance

Committed to good corporate governance

As a biomedical company, Marinomed has high standards in compliance. We are convinced that effective and safe drugs and medicines can only be developed in an environment that is dedicated to the principles of good corporate governance. Strict compliance with our own and statutory rules is vital to ensure our stakeholders' long-term trust in our company and our products.

As a listed company, Marinomed is subject to the provisions of the EU Market Abuse Directive (MAD) and Regulation (MAR) and the Austrian Stock Exchange Act governing basic principles according to which information is to be communicated and on organisational measures to prevent the misuse of insider trading within the Company. Austria's Regulation on Compliance for Issuers implements these legal requirements. It is reviewed and updated at regular intervals. Marinomed has appointed a compliance officer for issuers who reports to the management team and provides information about compliance and ongoing reviews of the principles to prevent market abuse or the sharing of sensitive and confidential information that might influence its share price. As already noted, employees can also contact this officer if they suspect impropriety.

Commitment to the Austrian Code of Corporate Governance

Marinomed follows the regulations of the Austrian Code of Corporate Governance (ACCG) and creates a corresponding public corporate governance report as part of the annual report.

Since the listing on the prime market of the Vienna Stock Exchange on February 1, 2019, Marinomed Biotech AG has been considered a large corporation pursuant to Section 221(3) of the Austrian Commercial Code (UGB). The company is issuing a Corporate Governance Report as at December 31, 2021.

The Austrian Code of Corporate Governance, as amended in January 2021 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 Austrian Stock Corporation Act, the Austrian Stock Exchange Act as well as the Austrian Capital Markets Act. The text of the ACCG is accessible on the website https://www.corporate-governance.at.

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

The 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. Non-compliance with the "C-Rules" is explained as follows.

C-Rule 18

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

C-Rule 28

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

C-Rule 36

This rule provides for annual self-evaluations of the supervisory board. Marinomed's supervisory board consists of only four members and has frequent interactions (among themselves as well as with the management board members). Thus, it is not yet foreseen to document the efficiency of its activities in writing.

C-Rules 41 and 43

The rule requires the supervisory board to set up a nomination or remuneration committee. In cases where the supervisory board has no more than six members, the functions may be exercised by all members jointly. As Marinomed's supervisory board currently has fewer than six members, nomination and remuneration matters are decided by the entire supervisory board and no separate committees have been established.

C-Rule 83

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

Marinomed does not currently have a works council. As a result, 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.

External evaluation of compliance with the Code

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

Working methods of the management board and the supervisory board

In accordance with Austrian law, the Company has a two-tier management and oversight structure comprising the management board and the supervisory board. The management board is responsible for the executive management and represents the Company vis-à-vis third parties. The supervisory board supervises the management and is responsible for 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 general meeting.

Members of the management board

Pursuant to the articles of association, the management board consists of at least two and no more than five members appointed by the supervisory board for a term of up to five years. Members may be reappointed by the supervisory board for consecutive terms. Currently, the management board consists of three members.

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

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

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

Eva Prieschl-Grassauer is Chief Scientific Officer. She co-founded Marinomed in 2006 and since then has been CSO of the Company. Eva Prieschl-Grassauer has more than 20 years of experience in pharmaceutical drug development. Prior to her appointment at Marinomed, she was head of the allergy programme of Novartis in Vienna, Austria. In this position, she discovered the mechanism of action of FTY720 (fingolimod), Novartis' novel immunomodulatory drug against multiple sclerosis. Eva Prieschl-Grassauer has published more than 50 articles in prestigious peer-reviewed journals in the fields of immunology, molecular biology and medicinal chemistry. She holds a doctoral degree (PhD) in immunology from the University of Vienna, Austria.

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

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

Pascal Schmidt is Chief Financial Officer. He took over as CFO of the Company in August 2018. Pascal Schmidt has more than 20 years of experience in corporate finance, corporate development and M&A, including positions as managing director of Raymond James Financial Inc. and as a partner at the consultancy firm Mummert & Company. Before that, he was a member of the investment committee at Infineon Ventures GmbH. Pascal Schmidt holds a master's degree in business administration from the University of Bayreuth, Germany.

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

Members of the supervisory board

In accordance with the articles of association, the supervisory board of Marinomed Biotech AG comprises a minimum of three and a maximum of six members, who are elected by the general meeting for a period of five years. Marinomed does not have a works council at present. The supervisory board had the following four members in the 2021 financial year:

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

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

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

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

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

Gernot Hofer has been 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 Vienna University of Economics and Business, Austria, and was awarded a doctorate in venture capital and private equity by the Department of Entrepreneurship and Innovation, where he is currently employed as a lecturer. Gernot Hofer has been a member of the Company's supervisory board since 2017. He was previously a member of the Company's advisory board from 2016 onwards.

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

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

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 management board or a senior manager of the Company in the last five years.
- The supervisory board member does not have a business relationship with the Company that is of such significance for the supervisory board member that it affects his or her activities on the supervisory board to the detriment of the Company. This also applies to business relationships with companies in which the supervisory board member has a considerable economic interest. The supervisory board's approval of individual transactions 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 management board of another company that has a member of Marinomed's management board on its supervisory board.
- The supervisory board member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a member of the management board or individuals holding one of the positions described above.

The supervisory board as a whole is considered to be independent if at least 50% of the members elected by the general meeting satisfy the criteria above for the independence of a supervisory board member.

Each member of the supervisory board has declared whether they can be considered independent based on the criteria specified by the supervisory board. All supervisory board members were independent throughout financial year 2021 based on the criteria indicated.

In 2019 the Company entered into a consultancy contract with the Chairman of the supervisory board in relation to certain business development activities. In the financial year 2021 expenses related to this contract amounted to kEUR 37 (2020: kEUR 30).

The following supervisory board members held posts on supervisory boards or comparable positions in the following companies as at December 31, 2021:

	Name of company	Position held
Simon Nebel	Bird Rock Bio, Inc.	Member of the supervisory board
	Synaffix BV	Member of the supervisory board
	Aravis Biotech II	Vice Chairman of the supervisory board
	Digital Doctor House AG	Member of the supervisory board
Gernot Hofer	JOSKO Fenster und Türen GmbH	Member of the supervisory board
	Lenzing Plastics GmbH	Member of the supervisory board
Brigitte Ederer	Boehringer Ingelheim RCV GmbH	Member of the supervisory board
	AMS AG	Member of the supervisory board
	Schoeller-Bleckmann Oilfield Equipment AG	Vice Chairwoman of the supervisory board
	W.E.B. Windenergie AG	Member of the supervisory board
	TTTech Computertechnik AG	Member of the supervisory board
	ÖBB-Personenverkehr AG	Member of the supervisory board
	Österreichische Bundesbahnen-Holding 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 subject to the necessary changes.

Since securities of the Company have been listed on a regulated market, the Company is required by Austrian law to establish an audit committee, which must convene at least two meetings in each financial year. In accordance with C-Rules 41 and 43 of the ACCG, and given that the supervisory board does not have more than six members, the supervisory board has not established a separate nomination committee 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 general meeting. In addition, the audit committee is responsible for monitoring the accounting process, the effectiveness of the internal control system, reviewing the consolidated

financial statements, examining and monitoring of the auditor's independence and preparing the approval of the consolidated financial statements and the management report, the recommendation for the distribution of profits and the corporate governance report.

For the time being, the audit committee consists of all supervisory board members. Since November 16, 2020, Gernot Hofer has been Chairman of the audit committee. All members of the audit committee are experienced financial experts with knowledge and practical experience in finance, accounting and reporting that satisfy the requirements of the company.

Meetings of the supervisory board

One ordinary general meeting and four ordinary supervisory board meetings distributed over the reporting year were held in 2021. The auditor of the consolidated financial statements, BDO Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, met with the supervisory board members in 2021 to discuss the auditing of the 2021 consolidated financial statements and also attended the annual general meeting.
No member of the supervisory board attended less than half of the supervisory board meetings after having been elected to the supervisory board.

Measures to promote women, diversity

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

Due to its small size, the Company does not have a binding diversity policy that stipulates the consideration of criteria such as gender, age, education and professional background in the appointment of members to 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. As of December 31, 2021 women account for 50% of the supervisory board members (December 31, 2020: 50%). The share of women on the management board is 33%, in the extended management team even 40%.

The diversity practised at Marinomed is also recognised externally. In March 2022 Marinomed achieved 1st place for the second time and became "Diversity Champion Austria 2021". This is an initiative by Boston Consulting Group and the business magazine trend.

Risk management and internal control system

Marinomed conducts research and development of pharmaceuticals and medical devices. Taking advantage of opportunities and avoiding risks is therefore important for the success of the Company. Accordingly, Marinomed pursues a systematic approach to the early detection of opportunities and risks. The aspects listed in the "Risk report" section are repeatedly reviewed using company-wide planning and control processes. Overall responsibility for internal control and risk management at Marinomed lies with the management board. The risk management system focuses on the areas mentioned in the risk section.

Operational risks are primarily addressed through close communication with internal and external stakeholders (especially investors, analysts, banks). Regular contact with all external suppliers and partners as well as the documentation of the discussions and meetings allow a constant follow-up of planning and implementation.

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

The tasks of Marinomed's internal control system include ensuring the reliability of financial reporting, compliance with statutory and internal company policies and the detection of risks even outside of financial reporting. The principle of dual control is applied in all relevant business cases.

The internal control system is divided into the structural and procedural organisation. The organisational structure is characterised by flat hierarchies and a clear assignment of responsibilities. There is an organisational separation of operational and financial responsibility as well as of accounting, controlling and reporting.

The process organisation is characterised by a clear set of rules that represent an appropriate basis for an efficient control system comprising approvals and competencies. Internal reporting to the management board is particularly important in order to identify risks at an early stage and to be able to take countermeasures. This takes place through regular meetings on the main subject areas, above all research and development, supply chain and finance. These meetings take place weekly or monthly, depending on their importance. The relevant divisional heads report to the management board in a structured manner. This is to avoid those risks that could lead to incomplete or incorrect financial reporting.

The internal reporting system is designed to enable the management board at regular intervals to check important processes and their financial impact for plausibility and to compare them with plans in order to be able to adopt and take appropriate measures in the event of deviations. The necessary plans for this, for example for clinical studies, external service providers and sales, are approved in advance by the management board.

In addition, the Company creates a rolling liquidity plan that is continuously monitored and coordinated with its own specifications.

The correctness of the accounting is based on an internal control system related to the financial reporting process. The objectives are compliance with legal norms, the principles of proper bookkeeping and the accounting regulations of the Austrian Commercial Code (UGB) and the accounting regulations of the International Financial Reporting Standards (IFRSs).

Since 2019, accounting has been carried out in the Company using the BMD financial accounting software. Financial planning is drawn up in close cooperation between the management board, the project managers in research and development and the finance department. The planning data is compared with the actual data recorded in BMD on a monthly basis and reported internally. The accounting is audited by the international auditing company BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The evaluation of the Company's activities is also reviewed based on the regulations of the Austrian Code of Corporate Governance (ACCG). The Company has appointed a Compliance Officer who has been advising the management board since the 2019 financial year and monitors the functioning of the internal control system.

Our sustainability goals

	2022	2030
Maintaining high standards of corporate governance	✓	✓
Compliance with listing laws and regulations	✓	✓
Observance of the rules of the Austrian Corporate Governance Code	✓	✓
External evaluation of compliance with the CGC every three years	✓	✓
Maintaining the independence of the Supervisory Board	✓	✓
Respect for diversity when filling the Management Board and the Supervisory Board	✓	✓
Regular review of the internal control system	✓	✓

Outlook

Sustainability is firmly enshrined in our business model and our corporate culture. We already have high standards in our day-to-day operations and in the way that we work with our partners.

Our primary goal is to maintain these high standards and raise them even further, wherever possible.

This is especially true for our research and development activities and our products. We make a lasting contribution to healthcare. An effective healthcare system with drugs and medical products that can alleviate or heal diseases is in the interests of society as a whole because it affects us all.

This is why dialogue with all stakeholders is essential to help us make our contribution to a sustainable future. We will keep having more of these conversations. Our efforts in this regard include reporting that provides wide-ranging information about our sustainability ambitions and achievements.

Consolidated financial statements

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

all amounts in kEUR	Note	1-12/2021	1-12/2020
Profit or loss			
Revenues	5	11,627.8	8,124.4
Other income	6	1,574.6	1,161.3
Expenses for materials	7	−6,428.3	−5,414.2
Expenses for services	7	−3,775.2	−3,351.9
Personnel expenses	8	−4,461.7	−4,097.9
Depreciation and amortisation	9	−608.9	−428.4
Other expenses	10	−2,073.1	−1,809.2
Operating result (EBIT)		**−4,144.7**	**−5,816.0**
Financial income	12	0.0	523.0
Financial expenses	12	−1,549.5	−713.7
Financial result		**−1,549.5**	**−190.7**
Loss before taxes		**−5,694.2**	**−6,006.7**
Taxes on income	13	−197.1	−3.5
Loss for the period		**−5,891.3**	**−6,010.2**
Thereof attributable to the shareholders of the Company		*−5,891.3*	*−6,010.2*
Other comprehensive income (loss) for the period		-	-
Total comprehensive loss for the period		**−5,891.3**	**−6,010.2**
Thereof attributable to the shareholders of the Company		*−5,891.3*	*−6,010.2*
Earnings per share			
Basic (EUR per share)	14	−4.0	−4.1
Diluted (EUR per share)	14	−4.0	−4.1

Statement of financial position

all amounts in kEUR	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Intangible assets	17	2,007.3	2,056.8
Property, plant and equipment	16	6,431.7	6,036.4
Deposits and other non-current receivables	20	20.5	12.2
		8,459.6	8,105.4
Current assets			
Inventories	18	1,027.4	926.1
Trade and other receivables	20	6,047.9	5,263.1
Cash and cash equivalents	21	5,802.1	9,206.9
		12,877.5	15,396.1
Total assets		**21,337.0**	**23,501.6**

all amounts in kEUR	Note	31.12.2021	31.12.2020
Equity and liabilities			
Capital and reserves			
Share capital	22	1,480.2	1,472.7
Capital reserves	22	42,068.8	41,351.2
Retained losses		−43,357.6	−37,466.3
		191.4	5,357.6
Non-current liabilities			
Non-current borrowings	23	15,044.3	12,457.1
Other non-current liabilities	25	87.7	78.5
		15,132.0	12,535.6
Current liabilities			
Current borrowings	23	754.0	356.8
Trade payables	24	1,994.9	1,975.8
Current contract liabilities and other current liabilities	25	3,264.8	2,512.7
Provisions	26	-	763.0
		6,013.7	5,608.4
Total equity and liabilities		**21,337.0**	**23,501.6**

Statement of cash flows

all amounts in kEUR	Note	1-12/2021	1-12/2020
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period		−5,891.3	−6,010.2
Adjustments for:			
Taxes on income recognised in profit or loss		197.1	3.5
Financial income recognised in profit or loss		−0.0	−523.0
Financial expense recognised in profit or loss		1,549.5	713.7
Depreciation and amortisation expense		608.9	428.4
(Gain)/Loss on disposal of assets		-	1.0
Other non-cash income/expense		−163.0	247.8
Changes in deposits and other non-current receivables		−8.3	0.4
Changes in inventories		−101.3	−828.6
Changes in trade and other receivables		−784.8	−2,042.7
Changes in provisions		−763.0	-
Other changes in trade payables, contract liabilities and other liabilities		847.6	1,336.8
Interest paid		−357.6	−212.0
Interest received		0.0	0.1
Cash flow utilised by operating activities	**15**	**−4,866.3**	**−6,884.9**
Cash outflow from capital expenditure for plant and equipment and intangible assets		−918.8	−3,963.5
Cash flow utilised by investing activities	**15**	**−918.8**	**−3,963.5**

all amounts in kEUR	Note	1-12/2021	1-12/2020
Proceeds from convertible notes		600.0	-
Proceeds of long-term borrowings		1,800.0	8,000.0
Proceeds from executed options		304.1	306.0
Repayments of long-term borrowings		–300.0	–210.0
Lease payments		–23.1	–78.7
Equity transaction costs		–0.8	–11.7
Cash flow generated from financing activities	**15**	**2,380.2**	**8,005.6**
Effect of initial consolidation of Marino Immo GmbH		-	30.2
Total change in cash & cash equivalents		**–3,404.8**	**–2,812.7**
Cash & cash equivalents at beginning of period		9,206.9	12,019.6
Cash & cash equivalents at end of period		5,802.1	9,206.9
Of which effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		*34.6*	*–2.2*

Statement of changes in equity

all amounts in kEUR Note 22	Nominal capital/ Share capital	Capital reserves	Retained losses	Total
December 31, 2019	**1,469.8**	**40,848.1**	**–31,451.9**	**10,866.0**
Loss for the period	-	-	–6,010.2	–6,010.2
Total comprehensive income (loss) for the period	-	-	–6,010.2	–6,010.2
ESOP 2019	2.9	503.1	-	506.0
Initial consolidation Marino Immo GmbH	-	-	–4.1	–4.1
December 31, 2020	**1,472.7**	**41,351.2**	**–37,466.3**	**5,357.6**
December 31, 2020	**1,472.7**	**41,351.2**	**–37,466.3**	**5,357.6**
Loss for the period	-	-	–5,891.3	–5,891.3
Total comprehensive income (loss) for the period	-	-	–5,891.3	–5,891.3
ESOP 2019	4.4	420.8	-	425.2
Convertible notes	3.1	296.7	-	299.8
December 31, 2021	**1,480.2**	**42,068.8**	**–43,357.6**	**191.4**

Notes to the consolidated financial statements 2021

1. General information

Marinomed Biotech AG ("Marinomed" or the "Company") is an Austrian science-based biotech company with globally marketed therapeutics. The Company was incorporated in March 2006 as a spin-off from the Veterinary University of Vienna. Since the fourth quarter 2020, the Company's headquarters have been located at Hovengasse 25, 2100 Korneuburg, Austria.

The management board approved the consolidated financial statements for issuance on April 12, 2022.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the previous periods except for the adoption of new and amended standards as described in Note 2.2. These policies have been consistently applied to all the periods presented, unless otherwise noted. The tables in this report may contain rounding differences.

2.1. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union (EU). The consolidated financial statements meet the requirements of section 245a UGB (Austrian Commercial Code) on exempting consolidated financial statements according to internationally accepted accounting standards.

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

The consolidated financial statements as of December 31, 2021 include Marinomed Biotech AG and Marino Immo GmbH. The consolidation of Marino Immo GmbH, a wholly owned subsidiary of Marinomed Biotech AG, does not have any material effect on the presentation of net assets, financial position and results of operations.

Going concern

Since inception, the Company has incurred significant losses from its operations. As the Company is a biotech company, the losses are not unexpected, but according to plan. The business model of the Company foresees a phase of research and development over several years before generating relevant income. The research and development risk as well as the financing and liquidity risk are covered primarily by equity and debt financing, the use of support pro-

grammes by the Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft, or FFG) and the research premium from the Austrian government as well as external research contracts.

As of February 25, 2019, the Company was granted a loan by the European Investment Bank (EIB) in the amount of up to 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. In October 2019, Marinomed called the first tranche in the amount of kEUR 4,000, in December 2020 the second tranche amounting to kEUR 5,000, in February 2022 the third tranche amounting to kEUR 6,000. The loan will be settled in financial years 2023-2027.

Furthermore in November 2020 and October 2021 both tranches of the real estate financing (ERP loan) for the construction of the new headquarters in Korneuburg, amounting to a total of kEUR 3,800, were drawn. The second part of the financing, provided by NÖ Bürgschaften und Beteiligungen GmbH (NÖBEG), was partially drawn down in December 2021 (kEUR 1,000 of kEUR 1,200).

In October 2021 Marinomed secured financing in a total amount of up to kEUR 5,400 via a flexible Convertible Notes Funding Program (CNFP) from the Swiss investment firm Nice & Green S.A. Under the terms of the agreement, Marinomed Biotech AG is entitled to issue up to 18 tranches of zero-coupon convertible bonds of up to kEUR 300 per tranche during the contractual period of approximately 23 months. Nice & Green S.A. has committed to subscribing for those convertible notes and requesting the conversion into ordinary shares of the Company within a specific period after their issuance.

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

The Management Board expects that the available liquid funds and the financing already promised will be sufficient to cover the operating expenses and investments for the primary forecast period (until June 2023). Various scenarios for the growth of the company were analyzed as part of the preparation of the going concern prognosis. Depending on the intensity of the research expenditure (consisting of internal and external costs), there is a liquidity requirement in the secondary forecast period (from July 2023) of up to EUR 10 million. The intensity of the research expenditure and thus the liquidity requirement can be adjusted to a large extent. In the management case, it is assumed that the workforce will almost double by 2026 from the current 50 employees and that new product developments including clinical studies will be started. Various financing alternatives are currently being worked on to finance the necessary liquidity requirements. The Executive Board assumes that, as in the past, these can be completed in good time. If it is not possible to gain further liquidity, new product developments can be delayed or interrupted. In an adjusted fallback scenario, the increase in staff was also limited to less than 60% increase by 2026. In this scenario, it would be possible to get by without additional liquid funds.

Against this background, the Management Board expects that the liquidity for the company will be secured in the primary forecast period (until June 2023) even without additional financing measures with a predominant probability and that annual profits will be achieved in the secondary forecast period and that there is therefore a positive going concern forecast.

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

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

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

The following amendments and interpretations that are mandatorily effective for an accounting period that begins on or after January 1, 2021, do not have a material impact on the consolidated financial statements of the Company:

Amendment	Date of Publication	Date of Endorsement	Effective Date (EU)
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions	28.05.2020 31.03.2021	15.10.2020 30.08.2021	01.06.2020 01.04.2021
Amendments to IFRS 4 Insurance Contracts: Deferral of IFRS 9	25.06.2020	15.12.2020	01.01.2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	27.08.2020	13.01.2021	01.01.2021

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

Standard / Amendment	Date of Publication	Date of Endorsement	Effective Date (EU)
Amendments to IFRS 16 Leases (issued on 31.03.2021)	31.03.2021	30.08.2021	01.04.2021
Amendments to: IFRS 3 Business Combinations IAS 16 Property, Plant and Equipment IAS 37 Provisions, Contingent Liabilities and Contingent Assets Annual Improvements 2018-2020	14.05.2020	28.06.2021	01.01.2022
IFRS 17 Insurance Contracts including Amendments to IFRS 17 (issued on 25.06.2020)	18.05.2017 25.06.2020	19.11.2021	01.01.2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	12.02.2021	02.03.2022	01.01.2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	12.02.2021	02.03.2022	01.01.2023

Standard / Amendment (Pending Adoption into EU Law)	Date of Publication	Effective Date (IASB)
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	23.01.2020 15.07.2020	01.01.2023
Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	07.05.2021	01.01.2023
Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	09.12.2021	01.01.2023

2.3. Segment reporting

In 2021, the Company reports on two operating segments, Carragelose and Marinosolv, based on the Company's platforms. Carragelose combines activities from marketed products and research and development of new products based on the active ingredient Carragelose. In 2021 Marinosolv generated the first significant revenues, but is expected to contribute even more in the future. The remaining operating activities which cannot be attributed to Carragelose or Marinosolv are reported as "Corporate".

The Carragelose product line with unique anti-viral properties targets viral infections of the respiratory tract of more than 200 different virus strains. Data from laboratory studies and since February 2021 from clinical studies confirmed the efficacy also against SARS-CoV-2. Marinomed has achieved market validation with its anti-viral nasal spray for the common cold, initially launched in 2008. IP protection lasts until 2036 for particular products (decongestant medical device). The Company managed to conclude licence and distribution agreements for various products with OTC (over the counter, or non-prescription drug) partners in more than 40 countries.

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 poorly soluble active ingredients such as corticosteroids and immunosuppressants enable a faster onset of action, high local activity, increased bioavailability and aseptic production. There are currently several products in development; the most advanced projects target inflammatory diseases of the nose (Budesolv) and the eyes (Tacrosolv). A patent application was filed in 2015, which is currently in the nationalisation phase subsequent to the patent cooperation treaty (PCT) phase. Although in some regions, Budesolv may become available as an OTC (over-the-counter) product, it is assumed that most of the products derived from the platform will be classified as Rx (prescription drug). Based on the data from the pivotal clinical phase III study for the lead product Budesolv, a first license agreement for the Chinese market was concluded with Luoxin Pharmaceutical ("Luoxin") in 2021. An upfront payment of USD 2 million, milestones in the tens of millions and licenses for product sales are part of this agreement.

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

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

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

Year ended December 31, 2020 all amounts in kEUR	Carragelose	Marinosolv	Corporate	Total
Total revenues	8,084.9	39.0	0.5	**8,124.4**
Of which sale of goods	*7,531.0*	-	-	**7,531.0**
Austria	*69.9*	-	-	**69.9**
Other European countries	*5,180.3*	-	-	**5,180.3**
Non-European countries	*2,280.8*	-	-	**2,280.8**
Of which other revenues	*553.9*	*39.0*	*0.5*	**593.4**
Austria	*370.8*	-	*0.5*	**371.3**
Other European countries	*97.0*	*39.0*	-	**136.0**
Non-European countries	*86.2*	-	-	**86.2**
Cost of goods sold	−5,247.5	-	-	**−5,247.5**
Contract research	−1,981.9	−571.5	-	**−2,553.4**
Personnel expenses	−972.9	−1,151.6	−1,973.5	**−4,097.9**
Other miscellaneous income/expense	−113.9	−135.7	−1,363.6	**−1,613.2**
Depreciation and amortisation	−216.5	−84.7	−127.2	**−428.4**
Operating result (EBIT)	**−447.8**	**−1,904.5**	**−3,463.7**	**−5,816.0**

Year ended December 31, 2021 all amounts in kEUR	Carragelose	Marinosolv	Corporate	Total
Total revenues	9,687.9	1,935.5	4.3	**11,627.8**
Of which sale of goods	*9,003.7*	-	-	**9,003.7**
Austria	*218.3*	-	-	**218.3**
Other European countries	*5,580.5*	-	-	**5,580.5**
Non-European countries	*3,204.8*	-	-	**3,204.8**
Of which other revenues	*684.3*	*1,935.5*	*4.3*	**2,624.1**
Austria	*380.8*	-	*4.3*	**385.1**
Other European countries	*286.9*	*2.7*	-	**289.6**
Non-European countries	*16.6*	*1,932.9*	-	**1,949.4**
Cost of goods sold	−6,112.9	-	-	**−6,112.9**
Contract research	−1,646.0	−1,232.2	-	**−2,878.2**
Personnel expenses	−1,236.8	−1,361.6	−1,863.2	**−4,461.7**
Other miscellaneous income/expense	−549.0	22.3	−1,484.1	**−2,010.9**
Depreciation and amortisation	−260.4	−179.5	−169.0	**−608.9**
Non-recurring items	300.0	-	-	**300.0**
Operating result (EBIT)	**182.8**	**−815.5**	**−3,512.1**	**−4,144.7**

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

Break-down of revenues by category and geographical area

Revenues from the sale of goods include nasal and throat products based on the Carragelose technology. Other revenues relate to income from licences and royalties, milestone payments as well as miscellaneous other services. The geographical break-down is based on distribution markets. Germany, the United Kingdom, Italy (2020: each 10-20%), Iran and China (2020: each under 10%) each accounted for 10-20% of total revenues in 2021. The Philippines contributed 10-20% to total revenues in 2020, but remained below 10% in 2021.

Non-current assets

Non-current assets are fully attributable to Austria where the Company's premises were located in 2021 and 2020. The internal reporting does not include a split of non-current assets by operating segments.

Major customers

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

Year ended December 31, 2020 all amounts in kEUR	Total revenues	%	Segment
Top 1	1,803.1	22%	Carragelose
Top 2	1,226.1	15%	Carragelose
Top 3	841.2	10%	Carragelose
Top 4	839.6	10%	Carragelose
Total	**4,710.0**	**58%**	

Year ended December 31, 2021			
Top 1	1,911.2	16%	Marinosolv
Top 2	1,761.8	15%	Carragelose
Top 3	1,601.6	14%	Carragelose
Top 4	1,391.8	12%	Carragelose
Top 5	1,210.0	10%	Carragelose
Total	**7,876.4**	**68%**	

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 euros, 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 prevailing exchange rates. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income (loss).

2.5. Significant accounting policies

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

2.6. 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.

2.7. 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). Impaired non-financial assets are reviewed for possible reversal of the impairment at each reporting date. During the reporting period, no events have been identified that materially reduced the value of any asset and thus no impairment is deemed necessary.

2.8. 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).

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 kEUR	2021 GBP	2020 GBP	2021 USD	2020 USD
Trade receivables	37.3	89.4	882.9	-
Cash and cash equivalents	0.1	0.9	0.2	-
Trade payables	–0.1	–0.1	-	-
Total	**37.3**	**90.2**	**883.1**	**-**

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

Trade receivables in USD solely relate to the second installment from the first milestone of the license agreement entered into with Luoxin Pharmaceutical Group Stock Co, Ltd. in October 2021 regarding the commercialisation of the first drug of the Marinosolv platform Budesolv in China, targeting the allergic rhinitis market. Revenues from the license agreement with Luoxin are made in USD, but initially occur only at long intervals as milestone payments. Regular payments are only expected once the product has been approved in China (not before 2024), which then entails a continuous risk of foreign currency losses. As of December 31, 2021 the Company's sensitivity to a 10% increase/decrease in EUR against the USD amounted to kEUR (88.3)/88.3 (2020: kEUR (0.0)/0.0), against the GBP to kEUR (3.7)/3.7 (2020: kEUR (9.0)/9.0). The sensitivity analysis includes outstanding USD and GBP denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

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

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

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

The Company's fixed rate borrowings are carried at 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.

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

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

The Company is currently not exposed to equity or debt securities price risk from investments held by the Company and classified in the statement of financial position as FVTOCI or FVTPL. The Company is not subject to any particular commodity price risk, as it has outsourced production to partners on the basis of long-term quotes. For the most part, Marinomed has the contractual possibility to adjust prices based on changes in a consumer price index. Nevertheless, it cannot be completely ruled out that significant price increases, such as those currently caused by the pandemic and the Ukraine war, may not or not entirely be passed on.

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

Outstanding customer receivables are regularly monitored and collection measures taken as required. To reduce the credit risk, advance payments are mandatory for specific customers. The customer's creditworthiness is checked regularly and impairments for expected losses are recognised in accordance with IFRS 9 based on historical

experience and days past due. Given the favourable market environment in the pharmaceutical industry (for further details see management report and analysis) there is no indication of a future decline in creditworthiness of the Company's customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable (see Note 20).

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, 2020 all amounts in kEUR	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings	–533.4	–15,978.2	–7,602.7
Trade payables	–1,975.8	-	-
Trade receivables	2,333.4	-	-
Total	**–175.7**	**–15,978.2**	**–7,602.7**
As of December 31, 2021			
Borrowings	–661.2	–17,142.3	–8,016.6
Trade payables	–1,994.9	-	-
Trade receivables	3,400.9	-	-
Total	**744.8**	**–17,142.3**	**–8,016.6**

For borrowings with variable interest rates, the cash flows have been estimated using the interest rate applicable to the contract at the end of the reporting period. In 2021 and 2020 borrowings include royalty payments related to the EIB venture loan (see Note 23).

3.2. Capital risk management

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

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

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

4. Critical accounting estimates and assumptions

The preparation of financial statements requires management to make estimates and other judgements that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed at the respective balance sheet/P&L position. The COVID-19 pandemic and risks related to climat change have no impact on the key estimates and assumptions.

5. Revenues

The Company generates the following types of revenues:

Year ended December 31 all amounts in kEUR	2021	2020
Sale of goods	9,003.7	7,531.0
Milestones	2,149.2	20.0
Licence revenues	370.2	353.6
Other revenues	104.8	219.8
Total revenue from contracts with customers	**11,627.8**	**8,124.4**

Marinomed's revenues are mostly based on the sale of goods. Customers of Marinomed act as distributors in the respective geographical regions. Depending on the stage of a product in the respective country, revenues may fluctuate year over year, e.g. in the case of product launches in new and existing markets, customers tend to build up significant stock. Accordingly, in subsequent years, demand from such customers decreases. In some countries, customers place TV advertisements for quick market penetration, while in other countries, they may focus on the education of doctors and pharmacists. The increase in the line item "Sale of goods" is largely attributable to the increased demand as a result of the COVID-19 crisis. The increase in revenue from milestone payments is primarily related to the USD 2 million upfront payment from the license agreement with Luoxin regarding the commercialisation of the first drug of the Marinosolv platform Budesolv.

Today, Marinomed distributes its products via 17 partners (2020: 15) in more than 40 countries. This enables regional fluctuations to be balanced.

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

Significant accounting policies

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

Sale of goods

Revenue from the sale of goods is 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 maintained until the associated uncertainty is subsequently resolved. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period, which is deducted from trade receivables. No element of financing is deemed present as the payment terms for sales are regularly based on the number of days customary for the industry and in the respective region.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is 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 and control of the goods is transferred to the customer.

Licence revenues

For revenue from licensing of intellectual property IFRS 15 provides specific guidance which differs from the recognition model for other promised goods and services. According to this, a licence will either provide a right to access the entity's intellectual property throughout the licence period, which results in revenue being 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 licensing agreements in place provide right-to-use licences. Revenue is therefore 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 "milestone payments" section below.

The Company applies the exception for sales-based or usage-based royalties received in exchange for licences of intellectual property. Accordingly, revenue is 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 maintained 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 associated with the payment are fulfilled by the Company and the amounts are non-refundable.

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

6. Other income

Other income consists of the following items:

Year ended December 31 all amounts in kEUR	2021	2020
Grant income	477.3	488.9
Research premium	677.6	607.5
Other income	419.7	64.9
Total	**1,574.6**	**1,161.3**

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

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

According to IAS 20.10A (and IFRS 1.B10), the differences between the nominal interest rates of R&D support loans and the market rate of interest, estimated at the time of initial recognition at 6.0% (WAW loan) and 15.0% (AWS Seed loan) respectively, are treated as a government grant and recognised over the term of the corresponding borrowings (see Note 23). In 2021 this interest advantage amounted to kEUR 59 (2020: kEUR 53) and is shown in the line item "Other Income".

Significant accounting policies

Grants were provided to support specific research projects and are recognised according to the progress of the respective project. Furthermore, grant income may result from conversion of loans into non-repayable grants. The research premium, which is paid out in cash by the Austrian fiscal authorities, is calculated as 14.0% (2020: 14.0%) 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.

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 amount of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is deferred (recorded in the line item "other liabilities" (see Note 25)), and recognised through profit or loss over the term of the corresponding borrowing in accordance with IAS 20.10A. For further information on the market interest rate and the nominal interest rates of the government loans please refer to Note 24. The loan is recognised and measured in accordance with IFRS 9.

7. Expenses for materials and for services

Expenses for materials comprise expenses for sale of goods (cost of goods sold) including merchandise, cost of primary packaging and other raw materials, as well as expenses for laboratory consumables (see Note 19).

The expenses for services relate primarily to third-party R&D services as well as to expenses for patent applications (see Note 11).

8. Personnel expenses

Personnel expenses include the following items:

Year ended December 31 all amounts in kEUR	2021	2020
Salaries	–3,449.7	–3,044.3
Expenses for social security and payroll related taxes	–860.9	–727.6
Expenses for the employee stock option plan (ESOP 2019)	–105.7	–311.7
Other employee benefit expenses	–45.4	–14.3
Total	**–4,461.7**	**–4,097.9**

Significant accounting policies

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

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

In 2019 21,847 stock options were issued to the 3 management board members and 19,660 stock options to 28 employees from all hierarchy levels. In 2020, an additional 2,478 options were issued to 8 new employees. When options are exercised, the Company may settle via shares (equity-settled) or in cash (cash-settled). This decision is taken at the sole discretion of the Company. Management plans to settle via shares. Granted options cannot be exercised immediately, but after vesting, i.e. 25% after 12 months starting with the first trading day (February 1, 2019), then another 6.25% every three months. The exercise price equals the IPO issue price (= EUR 75.00). The exercise period is limited to 10 trading days starting with the 6th trading day after the release of financial statements (annual reports, quarterly financial statements). Furthermore, a hurdle rate of 2.5% per quarter starting with the first trading day applies (without compound interest). The options expire without further compensation on January 31, 2025 at the latest. If the employment is effectively terminated, the options that have not yet vested expire immediately. However, vested options may be exercised in the exercise period following termination, depending on the achievement of the hurdle rate. In the reporting period the stock options developed as follows:

Number of issued stock options	As of December 31, 2020	Additions	Exercised options	Expired options	As of December 31, 2021	Therof vested
Management board	21,437	-	540	-	20,897	14,069
Employees	16,946	-	2,867	1,200	12,879	6,723
Total	**38,383**	**-**	**3,407**	**1,200**	**33,776**	**20,792**

Critical accounting estimates and assumptions

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

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

9. Depreciation and 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 kEUR	2021	2020
Amortisation of intangible assets	–237.6	–203.4
Depreciation of property, plant and equipment	–371.3	–225.0
Total	**–608.9**	**–428.4**

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

10. Other expenses

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

Year ended December 31 all amounts in kEUR	2021	2020
Fees	–76.7	–68.1
Maintenance expenses	–224.2	–152.1
Operating costs	–61.7	–64.3
Insurance	–42.6	–39.7
Freight	–30.4	–18.9
Travel expenses	–21.4	–13.2
Car expenses	–13.3	–9.3
Telecommunication expenses	–32.2	–26.1
Relocation expenses	–30.5	–38.0
Education expenses	–40.5	–19.1
Office and administrative expenses	–57.8	–39.4
Marketing/PR expenses	–365.8	–271.2
Consulting expenses	–980.8	–1,005.2
Claims	–0.6	-
Other expenses	–94.5	–44.6
Total	**–2,073.1**	**–1,809.2**

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

11. Research and development expenses

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

Year ended December 31 all amounts in kEUR	2021	2020
Personnel expenses	–1,979.6	–1,783.7
Expenses for services	–3,013.7	–2,708.1
Expenses for materials	–357.4	–213.9
Other expenses	–323.2	–250.3
Depreciation and amortisation	–424.9	–294.0
Financial expenses	–1,405.7	–692.6
Total	**–7,504.4**	**–5,942.6**

In 2021 as well as in the prior year, research and development expenses were primarily attributable to clinical studies and in 2021 are split equally between the Marinosolv and Carragelose segments. The focus in 2020 was clearly on the Carragelose segment.

Significant accounting policies

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

12. Financial income and expenses

Year ended December 31 all amounts in kEUR	2021	2020
Interest income		
Bank deposits	0.0	0.1
Total	**0.0**	**0.1**
Interest and similar expenses		
EIB loan	–1,329.4	–625.0
Real estate financing	–72.0	–4.2
Other interest and similar expenses	–107.6	–84.4
Total	**–1,509.1**	**–713.7**
Other financial income/(expenses)		
Adjustments of carrying amount (according to IFRS 9.B5.4.6)	–40.4	522.9
Total	**–40.4**	**522.9**
Total financial result	**–1,549.5**	**–190.7**
Of which financial income	*0.0*	*523.0*
Of which financial expenses	*–1,549.5*	*–713.7*

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

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

all amounts in kEUR	Financial assets at amortised cost	Financial liabilities at amortised cost	FVTPL (held for trading)	Total
Financial result as per statement of profit or loss and other comprehensive income (loss)				
Year ended December 31, 2020				
Financial income	0.1	522.9	-	523.0
Financial expenses	-	–713.7	-	–713.7
Total	**0.1**	**–190.8**	**-**	**–190.7**

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

13. Taxes on income

Year ended December 31 all amounts in kEUR	2021	2020
Current tax	–4.6	–3.5
Foreign withholding tax	–192.5	-
Total	**–197.1**	**–3.5**

The tax expense relates primarily to retained withholding taxes for income from license agreements abroad. From the tax expense presented above, kEUR 96 were cash-effective in 2021 (2020: kEUR 0).

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

Year ended December 31 all amounts in kEUR	2021	2020
Profit (Loss) before taxes	–5,694.2	–6,006.7
Tax income (expense) at 25%	1,423.5	1,501.7
Expenses not deductible for tax purposes	–48.6	–99.7
Income not subject to tax	184.6	163.2
Effect of equity transaction costs	0.2	-
Effect of deferred tax asset not recognised	–1,559.8	–1,565.2
Foreign withholding tax	–192.5	-
Minimum corporate income tax	–4.6	–3.5
Tax expense (before loss carryforwards)	**–197.1**	**–3.5**
Other tax adjustments	-	-
Total income tax expense	**–197.1**	**–3.5**

Deferred taxes

Temporary differences resulting in deferred tax liabilities in the amount of kEUR 765.3 (2020: kEUR 599.4) are offset against deferred tax assets resulting mainly from tax loss carryforwards showing the same amount and timing with the same fiscal authority. Further to this, no deferred tax assets have been recognised in the statement of financial position or effects shown in the statement of profit or loss and other comprehensive income.

Year ended December 31 all amounts in kEUR	**2021**	**2020**
Deferred tax asset from		
Tax losses carried forward	11,144.7	9,453.2
Property, plant and equipment	3.0	-
Current receivables	34.9	33.2
Borrowings	32.4	4.1
Other financial liabilities	7.2	-
Other liabilities	11.1	11.0
Non-recognition of deferred tax assets	−10,468.1	−8,902.1
Total deferred tax assets	**765.3**	**599.4**

Year ended December 31 all amounts in kEUR	**2021**	**2020**
Deferred tax liability from		
Intangible assets - software	−13.9	−2.0
Intangible assets - development costs	−457.6	−465.3
Property, plant and equipment	−11.5	−14.1
Inventories	−27.8	−25.7
Current receivables	−246.9	−3.4
Borrowings	−7.2	−88.9
Convertible note	−0.3	
Other liabilities	−0.1	-
Total deferred tax liability	**−765.3**	**−599.4**
Deferred tax, net	**-**	**-**

As of December 31, 2021 the Company has unrecognised deferred tax assets of kEUR 10,468.1 (2020: kEUR 8,902.1) mainly resulting from cumulative tax loss carryforwards in respect of losses of kEUR 44,551.8 (2020: kEUR 37,812.8). 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 carryforwards will not expire.

Significant accounting policies

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

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

Deferred income tax is recognised 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.

Critical accounting estimates and assumptions

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 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 of when future taxable profits will be available.

If the Company had been able to recognise all unrecognised deferred tax assets, profit and equity would have increased by kEUR 10,468.1 (2020: kEUR 8,902.1).

14. Earnings (loss) per share

Basic earnings/losses per share

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

Year ended December 31	2021	2020
Profit (loss) for the period (in kEUR)	–5,891.3	–6,010.2
Weighted average number of shares outstanding	1,475,850	1,471,257
Basic earnings (loss) per share (in EUR)	**–4.0**	**–4.1**

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

The number of shares outstanding increased on February 1, 2019 by 260,000 in the course of the IPO, on February 20, 2019 by 170,772 after the conversion of the convertible bond and on February 28, 2019 due to the exercise of the green-shoe option by another 39,000. In 2020 and 2021 7,272 shares were issued under the employee stock option plan. 3,116 shares were issued in 2021 as a result of the conversion of the convertible notes from the first tranche of the CNFP. Taking these capital measures into account the weighted average number of shares outstanding in 2021 amounts to 1,475,850 (2020: 1,471,257).

Diluted earnings/losses per share

Basic and diluted earnings per share are the same in 2021 and 2020, because at December 31, 2021 12,984 (December 31, 2020: 24,586) non-vested stock options as well as 3,684 (December 31, 2020: 0) convertible notes not yet converted into equity were not included in the calculation of potentially dilutive shares, as they were, due to the reported losses, anti-dilutive for the 2021 and 2020 financial year. These shares may potentially have a dilutive effect in the future.

15. Notes to the statement of cash flows

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

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

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

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

all amounts in kEUR	EIB Loan	Real estate financing	Other borrowings
Carrying amount as of January 1, 2020	4,069.7	-	570.8
Financing cash flows	5,000.0	3,000.0	–288.7
Non-cash changes: Adjustments of carrying amount (according to IFRS 9.B5.4.6)	–522.9	-	-
Non-cash changes: Reclassification of provisions to borrowings			510.0
Non-cash changes: Reclassification of grant – below market rate			–35.7
Non-cash changes: Effective interest accrued	625.4	5.8	68.8
Interest paid	–40.0	–134.8	–14.1
Carrying amount as of December 31, 2020	**9,132.3**	**2,871.0**	**811.1**

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

16. Property, plant and equipment

all amounts in kEUR	IT equipment	Laboratory equipment	Other plant and office equipment	Right-of-use asset	Land and buildings	Prepayments, buildings under construction	Total
As of January 1, 2020							
Cost	109.1	544.7	110.9	123.4	358.9	1,825.5	3,072.5
Accumulated depreciation	−67.4	−368.2	−64.1	−81.8	-	-	−581.5
Carrying amount	**41.7**	**176.5**	**46.8**	**41.6**	**358.9**	**1,825.5**	**2,491.0**
Year ended December 31, 2020							
Beginning carrying amount	41.7	176.5	46.8	41.6	358.9	1,825.5	2,491.0
Additions	118.5	78.4	110.3	-	4.8	3,424.5	3,736.6
Disposals	−0.2	−0.2	−0.7	-	-	-	−1.2
Reclassifications	-	-	-	-	2,288.0	−2,288.0	-
Depreciation	−35.4	−38.7	−29.5	−41.6	−44.7	-	−189.8
Carrying amount	**124.6**	**216.0**	**126.9**	**-**	**2,607.0**	**2,962.0**	**6,036.6**
As of December 31, 2020							
Cost	221.4	609.3	203.6	123.4	2,651.7	2,962.0	6,771.4
Accumulated depreciation	−96.8	−393.3	−76.7	−123.4	−44.7	-	−734.9
Carrying amount	**124.6**	**216.0**	**126.9**	**-**	**2,607.0**	**2,962.0**	**6,036.4**
Year ended December 31, 2021							
Beginning carrying amount	124.6	216.0	126.9	-	2,607.0	2,962.0	6,036.4
Additions	35.3	37.9	163.1	49.6	93.9	357.2	736.9
Disposals	-	-	-	-	-	−3.5	−3.5
Reclassifications	-	-	173.8	-	3,141.9	−3,315.7	-
Depreciation	−44.3	−43.4	−74.8	−1.6	−174.1	-	−338.1
Carrying amount	**115.6**	**210.4**	**389.0**	**48.1**	**5,668.7**	**-**	**6,431.7**
As of December 31, 2021							
Cost	253.2	646.5	540.5	49.6	5,887.5	-	7,377.2
Accumulated depreciation	−137.6	−436.0	−151.5	−1.6	−218.8	-	−945.5
Carrying amount	**115.5**	**210.4**	**389.0**	**48.1**	**5,668.7**	**-**	**6,431.7**

As of December 31, 2021 fully depreciated property, plant and equipment with acquisition costs of kEUR 403.9 (2020: kEUR 321.5) is still in use.

The Company has entered into a number of agreements entailing financial commitments for the future relating to the construction of the new headquarters in Korneuburg. The remaining payments to be made under these agreements amount to kEUR 0 (2020: kEUR 1,120). All of these were entirely due within one year (see also Note 28).

Prepayments and buildings under construction relate to the new premises in Korneuburg. On September 6, 2019, Marinomed acquired real estate close to the city limits of Vienna. On this land, the new headquarters of the Company was built by refurbishing an existing building and constructing a new laboratory building. During the financial year 2021, Marinomed invested a total of kEUR 337 (2020: kEUR 3,429) in the new building.

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

Year ended December 31 all amounts in kEUR	**2021**	**2020**
Leasehold laboratory equipment		
Cost	132.3	132.3
Accumulated depreciation	–117.2	–105.2
Net carrying amount	**15.1**	**27.1**

Year ended December 31 all amounts in kEUR	**2021**	**2020**
Other plant and office equipment		
Cost	49.6	65.0
Accumulated depreciation	–1.6	–41.3
Net carrying amount	**48.1**	**23.7**

Significant accounting policies

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

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

Assets are depreciated on a straight-line basis over their estimated useful lives. Estimated useful life is calculated taking into account the assets' expected economic and technical life. In 2020 and 2021, the estimated useful lives of property, plant and equipment are as follows: 2-5 years for IT equipment, 2-8 years for laboratory equipment, 4-10 years for other plant and office equipment and 30 years for the building. The assets' residual carrying amounts and useful lives are reviewed, and adjusted if appropriate, at each reporting date. When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the asset is recognised in other gains (losses).

In accordance with IAS 23, borrowing costs directly attributable to the construction of a 'qualifying asset' (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of the asset. The requirements for capitalising borrowing costs according to IAS 23 were not met for any property, plant and equipment in 2020 and 2021.

17. Intangible assets

The following table shows the changes in intangible assets:

all amounts in kEUR	Development costs	Software	Purchased patents	Total
As of January 1, 2020				
Cost	2,543.8	167.1	-	2,710.9
Accumulated depreciation	–1,023.3	–62.2	-	–1,085.6
Carrying amount	**1,520.5**	**104.9**	**-**	**1,625.4**
Year ended December 31, 2020				
Beginning carrying amount	1,520.5	104.9	-	1,625.4
Additions - acquisitions	-	37.1	100.0	137.1
Additions - development	497.7	-	-	497.7
Disposals	-	-	-	-
Amortisation	–156.9	–46.4	-	–203.4
Carrying amount	**1,861.2**	**95.6**	**100.0**	**2,056.8**
Cost	3,041.5	204.3	100.0	3,345.8
Accumulated amorisation	–1,180.3	–108.6	-	–1,288.9
Carrying amount	**1,861.2**	**95.6**	**100.0**	**2,056.8**
Year ended December 31, 2021				
Beginning carrying amount	1,861.2	95.6	100.0	2,056.8
Additions - acquisitions	-	39.0	-	39.0
Additions - development	149.0	-	-	149.0
Disposals	-	-	-	-
Amortisation	–179.8	–50.6	–7.1	–237.6
Carrying amount	**1,830.5**	**84.0**	**92.9**	**2,007.3**
As of December 31, 2021				
Cost	3,190.5	243.3	100.0	3,533.8
Accumulated amortisation	–1,360.1	–159.3	–7.1	–1,526.5
Carrying amount	**1,830.5**	**84.0**	**92.9**	**2,007.3**

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

The Company has entered into a number of agreements entailing financial commitments for the future and relating to services provided by third parties in connection with the implementation of clinical trials and other research and development activities; these commitments are capitalised as development costs. The remaining payments to be made under these agreements amount to kEUR 0 (2020: kEUR 112). All of these were entirely due within one year (see also Note 28).

Significant accounting policies

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 2020 and 2021).

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

All research costs are expensed as incurred. Development expenditures on an individual project are 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;
- The Company is able 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 costs are 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 straight-line basis over the period of expected future benefit.

Critical accounting estimates and assumptions

Development costs are capitalised in accordance with the accounting policies presented above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility has been confirmed. 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 shown 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 14.8-16.5 years for development costs where the amortisation period has already started.

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

18. Inventories

Inventories include the following items:

Year ended December 31 all amounts in kEUR	**2021**	**2020**
Raw materials and supplies	815.7	561.3
Bulk goods	4.1	-
Goods for sale	111.1	102.9
Raw materials and supplies in production	96.6	261.9
Total	**1,027.4**	**926.1**

Inventories recognised as an expense during the year ended December 31, 2021 amounted to kEUR 6,055.2 (2020: kEUR 5,199.5). These were included under the line item "Expenses for materials" in the statement of profit or loss and other comprehensive income.

Significant accounting policies

Inventories are carried at the lower of cost and net realisable value. Costs of purchased inventories 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.

19. Financial instruments

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

As of December 31, 2020 all amounts in kEUR	**Financial assets at amortised cost**
Assets as per statement of financial position	
Non-current receivables	3.5
Trade and other receivables	2,333.4
Cash and cash equivalents	9,206.9
Total	**11,543.9**

all amounts in kEUR	**Financial liabilities at amortised cost**
Liabilities as per statement of financial position	
Borrowings	12,814.0
Current contract liabilities and other current liabilities	2,512.7
Trade payables	1,975.8
Total	**17,302.5**

As of December 31, 2021 all amounts in kEUR	**Financial assets at amortised cost**
Assets as per statement of financial position	
Non-current receivables	0.5
Trade and other receivables	3,576.9
Cash and cash equivalents	5,802.1
Total	**9,379.5**

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

The Company did not hold any financial assets classified as at FVTPL or at FVTOCI as of December 31, 2021. Financial liabilities classified as at FVTPL include liabilities that meet the definition of held for trading in IFRS 9.

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

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

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

Significant accounting policies

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.

Financial assets
At initial recognition, financial assets are classified 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 measurement is referred to as the SPPI test and must be performed at instrument level.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are 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 category relevant to the Company and include financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company's financial assets at amortised cost include trade and other receivables. They are included in current assets, except for items with maturities greater than twelve months after the end of the reporting period, which are classified as non-current assets.

Financial assets at 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.

Financial liabilities

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

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

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at 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) over 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 loans, trade payables, current contract liabilities and other current liabilities as well as other financial liabilities.

In February 2019 Marinomed was granted a loan commitment of up to EUR 15 million by the European Investment Bank. The payout of three tranches in total took place from 2019 to Q1/2022 and was subject to the achievement of certain contractually defined milestones. Each tranche has a maturity of 5 years. Apart from fixed interest payments, Marinomed also has to pay royalties based on revenues (for more details see Note 23). If the Company revises its estimates of payments or receipts, it adjusts the amortised cost of the EIB loan to reflect revised estimated contractual cash flows in accordance with IFRS 9.B5.4.6. The Company recalculates the amortised cost of the EIB loan as the present value of the estimated future contractual cash flows, which are discounted at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense (see Note 12).

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

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

Critical accounting estimates and assumptions

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

20. Long-term and current receivables

all amounts in kEUR	Year ended December 31, 2021	Year ended December 31, 2020
Deposits	0.5	3.5
Prepaid expenses	20.0	8.6
Total long-term receivables	**20.5**	**12.2**
Trade receivables	3,400.9	2,333.4
Prepaid expenses	1,235.5	79.7
Other receivables	1,411.5	2,850.0
Total current receivables	**6,047.9**	**5,263.1**

Current receivables were all due within one year. None of them was impaired. Other receivables mainly include receivables vis-à-vis tax authorities resulting from the research premium and credits from VAT returns. All trade receivables due as of the balance sheet date were already paid.

21. Cash and cash equivalents

The following table shows the cash and cash equivalents:

Year ended December 31 all amounts in kEUR	2021	2020
Cash on hand	0.6	0.3
Cash at bank	5,801.5	9,206.6
Total cash and cash equivalents	**5,802.1**	**9,206.9**

Significant accounting policies

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

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

22. Capital and reserves

As of December 31, 2021 the number of shares outstanding amounts to 1,480,160 (December 31, 2020: 1,472,660), of which 1,474,731 (December 31, 2020: 1,472,433) recorded in the Company register at the balance sheet date.

At the annual general meeting held on September 17, 2020 resolutions were adopted to cancel the existing Authorised Capital 2018 (500,000 shares) and to authorise the management board in accordance with Section 169 of the Austrian Stock Corporation Act to increase the Company's share capital by up to 736,017 shares by September 16, 2025, subject to the partial disapplication of pre-emption rights and partial authorisation to disapply pre-emption rights, if necessary in several tranches, against cash and / or contribution in kind by issuing up to 736,017 new no-par value bearer shares at a minimum issue price of EUR 1 per share (proportionate amount of share capital per share) and to increase the issue amount, issue conditions and other details of the capital increase to be determined in agreement with the Supervisory Board ("Authorised Capital 2020").

In addition, the Conditional Capital 2019 (100,000 shares) was reduced by 56,306 to 43,694 no-par value bearer shares, and a resolution was passed for conditional capital of up to 54,000 bearer shares for the purpose of servicing stock options under the Stock Option Plan 2020 ("Conditional Capital 2020").

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

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

In the reporting period expenses from ESOP 2019 amounting to kEUR 97 (2020: kEUR 305) were accounted for in capital reserves in accordance with IFRS 2.7.

23. Borrowings

Borrowings consist of the following items:

Year ended December 31 all amounts in kEUR	2021	2020
Non-current borrowings		
EIB loan	9,989.6	8,958.2
Real estate financing	4,618.6	2,841.0
Other borrowings	436.1	657.9
Total non-current borrowings	**15,044.3**	**12,457.2**
Current borrowings		
EIB loan	253.7	173.6
Real estate financing	31.3	30.0
Other borrowings	469.0	153.2
Total current borrowings	**754.0**	**356.8**
Total borrowings	**15,798.3**	**12,814.0**

The maturity of borrowings is as follows:

Year ended December 31 all amounts in kEUR	2021	2020
No later than 1 year	754.0	356.8
Later than 1 year and no later than 5 years	9,985.5	10,375.6
Later than 5 years	5,058.8	2,081.5
Total borrowings	**15,798.3**	**12,814.0**

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

Financial instrument all amounts in kEUR	Nominal amount	Carrying amount as of December 31, 2021	Maturity date	Weighted nominal interest rate	Weighted average effective interest rate
EIB loan	9,000.0	10,243.3	14.10.2024-17.12.2025	6.94%	14.71%
ERP loan	3,800.0	3,677.3	31.12.2033	1.97%	2.32%
NÖBEG financing	1,000.0	972.6	31.12.2033	2.53%	2.76%
AWS Seed loan	419.9	361.6	undefined	2.00%	2.00%
Convertible note	300.0	298.7	10.01.2022	N/A[1)]	N/A[1)]
WAW loan	200.0	190.7	01.11.2023	2.00%	2.00%
Leasing	54.0	54.0	31.03.2023-22.09.2026	2.49%	2.49%

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

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

Year ended December 31 all amounts in kEUR	2021	2020
Carrying amount		
EIB loan	10,243.3	9,131.9
Real estate financing	4,649.9	2,871.0
Other borrowings	851.0	783.7
Total	**15,744.2**	**12,786.5**
Fair Value		
EIB loan	10,243.3	9,131.9
Real estate financing	4,794.6	2,999.3
Other borrowings	889.5	851.2
Total	**15,927.5**	**12,982.3**

The fair values of the AWS Seed loan and the WAW loan stated above are based on discounted cash flows using an interest rate of 6.0% (2020: 6.0%), which was considered to be the best estimate for a market interest rate for the Company based on a quotation 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 19) due to the use of unobservable inputs, including an estimation of the timing of repayment of the aws Seed loan based on the Company's forecast.

For other 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.

aws Seed loan

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

The aws Seed loan has a term of ten years including a grace period of five years starting on July 1, 2007 (date on which the last tranche was received from aws) and a fixed interest rate of 8.50% p.a. Yearly repayments are to be based on annual profits made by the Company. If the Company generates a profit, 30% of the profit before tax (adjusted for certain items) has to be used to repay the loan. If the Company does not make any profits in any given year, no repayments shall be made in that year. The loan period is extended indefinitely until the outstanding amount is paid off. As of December 31, 2021 and 2020 the management of the Company expected 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.

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

EIB loan

In February 2019 Marinomed was granted a loan commitment of up to EUR 15.0 million by the European Investment Bank. The payout of three tranches in total took place from 2019 to Q1/2022 and was subject to the achievement of certain contractually defined milestones. Each tranche has a maturity of 5 years. Apart from interest payments, Marinomed also has to pay royalties based on revenues.

In October 2019, Marinomed called the first tranche of the loan in the amount of EUR 4 million. In December 2020, the second tranche amounting to EUR 5 million was drawn.

WAW loan

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

ERP loan, NÖBEG financing

To finance the new Company headquarters, aws Wirtschaftsservice in conjunction with the ERP fund and NÖBEG granted a financing framework totalling EUR 5 million. From the credit line of the ERP Fund (totalling EUR 3.8 million), EUR 3 million were already drawn in 2020, the remaining EUR 0.8 million were paid out in September 2021. The loan bears interest at 0.5% p.a. (semi-fixed from July 1, 2024) plus a guarantee fee of 1.2% - 2.0% p.a. and is, after a grace period, to be repaid in 20 half-yearly instalments from June 30, 2024. The first tranche of the NÖBEG financing amounting to EUR 1 million (totaling EUR 1.2 million) was drawn in December 2021. The financing bears interest at 2.25% p.a. (from December 14, 2026 variable with a minimum interest of 1.75% p.a.) plus a guarantee fee of 0.28% p.a.. It will be repaid in 11 yearly instalments from December 31, 2023. The financing framework is secured by a mortgage in favour of the paying bank in the maximum amount of EUR 4.44 million.

Leases

As of December 31, 2021 the Company leases laboratory equipment and a vehicle (December 31, 2020: laboratory equipment). The leasing vehicle has a residual value of kEUR 18.2. Under the contractual terms of the laboratory equipment, there is no residual value guaranteed.

Convertible note

In October 2021 Marinomed secured financing in a total amount of up to kEUR 5,400 via a flexible Convertible Notes Funding Program (CNFP) from the Swiss investment firm Nice & Green S.A. Under the terms of the agreement, Marinomed Biotech AG is entitled to issue up to 18 tranches of zero-coupon convertible bonds of up to kEUR 300 per tranche during the contractual period of approximately 23 months. Nice & Green S.A. has committed to subscribing for those convertible notes and requesting the conversion into ordinary shares of the Company within a specific period after their issuance.

Year ended December 31 all amounts in kEUR	2021	2020
Obligations under leases are payable as follows:		
Within one year	17.6	12.5
Later than one year but not later than five years	22.1	15.6
Later than five years	-	-
Minimum lease payments	**39.7**	**28.1**
Guaranteed residual value	18.2	-
Future financing costs	–3.8	–0.7
Recognised lease liabilities	**54.0**	**27.5**
The present value of lease liabilities is as follows:		
Within one year	16.4	12.1
Later than one year but not later than five years	37.7	15.4
Later than five years	-	-
Total lease liabilities	**54.0**	**27.5**

24. Trade payables

Year ended December 31 all amounts in kEUR	2021	2020
Trade payables	1,994.9	1,975.8
Total trade payables	**1,994.9**	**1,975.8**

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

25. Current contract liabilities and other liabilities

Current contract liabilities and other liabilities include the following items:

Year ended December 31 all amounts in kEUR	2021	2020
Other non-current liabilities		
Grant - below market rate	87.7	78.5
Total other non-current liabilities	**87.7**	**78.5**
Current contract liabilities and other current liabilities		
Deferred grant income	1,030.5	754.1
Clinical studies	847.1	513.3
Employee bonuses	276.9	276.7
Grant - below market rate	46.4	59.2
Social security and payroll related taxes	102.9	101.0
Accounting, tax and audit services	45.7	22.6
Holiday not taken	244.8	245.5
Overtime	22.5	16.8
Contract liabilities	311.5	32.7
Other	336.3	491.0
Total current contract liabilities and other current liabilities	**3,264.8**	**2,512.8**
Total contract liabilities and other liabilities	**3,352.5**	**2,591.2**

The position “Other” primarily contains liabilities from contract research.

26. Provisions

Provisions include the following items:

all amounts in kEUR	Warranty provision	Other provisions
Carrying amount at January 1, 2020	750.0	523.0
Use/reversal	-	–510.0
Additions	-	-
Carrying amount at December 31, 2020	750.0	13.0
Carrying amount at January 1, 2021	750.0	13.0
Use/reversal	–750.0	–13.0
Additions	-	-
Carrying amount at December 31, 2021	**-**	**-**

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

Significant accounting policies

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).

27. Contingent liabilities

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

28. Commitments

The Company has entered into a number of agreements which also entail financial commitments for the future and mainly relate to services provided by third parties in connection with the implementation of clinical trials and other research and development activities (see also Note 17). The remaining payments to be made under these agreements, if all milestones and other conditions are met, are estimated as follows:

all amounts in kEUR	Year ended December 31, 2021	Year ended December 31, 2021
No later than 1 year	792.7	4,293.7
Later than 1 year and no later than 5 years	87.7	134.1
Later than 5 years	-	-
Total	**880.4**	**4,427.7**

29. Employees

The average number of employees (FTEs) during the financial year was 43 (2020: 37), including 3 members of the management board (2020: 3).

30. Related party transactions

Management remuneration
In 2021 the members of the management board of the Company were:

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

In 2021 expenses for salaries and short-term employee benefits of members of the management board excluding expenses for social security and payroll related taxes amounted to kEUR 922 (2020: kEUR 1,002). In 2021 these amounts included expenses for the employee stock option plan amounting to kEUR 65 (2020: kEUR 142). No long-term employee benefits or termination benefits were paid in 2020 and 2021.

Supervisory board remuneration
The supervisory board, which supports management in strategic, commercial and scientific matters, consisted of the following members in 2021:

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

In 2021, the aggregate remuneration of the members of the supervisory board amounted to kEUR 143 (2020: kEUR 173).

In 2019 the Company entered into a consultancy contract with the Chairman of the supervisory board in relation to certain business development activities. In the financial year 2021 expenses related to this contract amounted to kEUR 37 (2020: kEUR 30). The resulting open liability amounts to kEUR 8 as of December 31, 2021 (December 31, 2020: kEUR 8).

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

31. Audit fees

The auditors of the statutory accounts BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft have performed the following services for the Company:

Year ended December 31 all amounts in kEUR	2021	2020
Audit fees financial statements	45.9	45.0
Other assurance services	29.5	24.1
Tax advisory services	0.0	0.0
Other advisory services	35.1	52.5
Total	**110.5**	**121.5**

32. Events after the balance sheet date

In 2021, the first two tranches of the flexible convertible bond programme were subscribed and the first tranche was converted, from which the share capital was increased by 3,116 shares in 2021 and by 3,684 shares in January 2022. Tranches 3 to 5 were drawn in January, February and March 2022. The third tranche was converted into 3,623 shares in February 2022, and the fourth tranche into 3,950 shares in March 2022. No shares had been issued for the fifth tranche at the time of this report.

In February 2022, the third and final tranche of a loan from the European Investment Bank (EIB) in the amount of kEUR 6,000 was paid out to Marinomed. The loan agreement has a total volume of kEUR 15,000. The third tranche of the loan bears interest at 5.5% p.a. and is to be repaid in 9 half-yearly installments each amounting to kEUR 667 by February 11, 2027. For tranches 1 and 2 see Note 23.

It must be feared that the war in Ukraine will have long-term effects on many areas and that a slowdown in economic growth is to be expected in conjunction with the corona pandemic. In addition to rising inflation, this can lead to lower customer demand. Marinomed has not had any sales in Ukraine or Russia so far. Neither country will be considered as a target market for Marinomed products in the foreseeable future.

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

The Company's consolidated financial statements were approved by the management for submission to the supervisory board on April 12, 2022.

Korneuburg, 12.04.2022	Korneuburg, 12.04.2022	Korneuburg, 12.04.2022
Andreas Grassauer	Eva Prieschl-Grassauer	Pascal Schmidt

Auditor's report

Report on the consolidated financial statements

Audit opinion
statements of Marinomed Biotech AG, Vienna, and of its subsidiary (the Group) comprising the consolidated balance sheet as of December 31, 2021, the consolidated statement of profit or loss and other comprehensive income (loss), the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2021 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements and with requirements stated in par. 245a UGB.

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

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

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

Below we present the Key audit matters:

1. Revenue recognition
2. Accounting of convertible notes funding program

1. Revenue recognition

Situation and reference to further information

The group generated kEUR 11,627.8 in revenue in the financial year of 2021. The group's revenue in the financial year of 2020 related to sales of goods in the Carragelose segment amounted to kEUR 9,004. Moreover, kEUR 2,149 revenue was recognized relating to upfront- and milestone payments.

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

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

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

Further information on the accounting and valuation methods as well as the composition of revenues in the financial year 2021 can be found in chapter 5 of the notes to the consolidated financial statements

Audit response

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

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

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

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

2. Convertible notes funding program

Situation and reference to further information

In October 2021 Marinomed secured financing in a total amount of up to kEUR 5,400 via a flexible Convertible Notes Funding Program (CNFP) from the Swiss investment firm Nice & Green S.A. Under the terms of the agreement, Marinomed Biotech AG is entitled to issue up to 18 tranches of zero-coupon convertible bonds of up to kEUR 300 per tranche during the contractual period of approximately 23 months. Nice & Green S.A. has committed to subscribing for those convertible notes and requesting the conversion into ordinary shares of the Company within a specific period after their issuance.

The recognition of hybrid financial instruments represents a complex accounting matter.

Besides the correct recognition of the CNFP, qualitative information about the program in the notes is also important for users of the consolidated financial statements.

Therefore, we identified the accounting of the CNFP as a key audit matter.

Further information on the accounting and valuation methods can be found in chapter 23 of the notes to the consolidated financial statements.

Audit response

We obtained and audited the financing agreement including its corresponding documents.

We assessed whether the recognition and its disclosure as equity or liability was made correctly as of 31 December 2021. We also verified the proper accounting of the conversion of the debt instruments to equity.

Furthermore, we assessed whether the issue of the convertible notes resulted in a value for the conversion right that needed to be valued separately.

Information in the appendix regarding the CNFP was examined for completeness and accuracy.

Other information

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

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

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

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

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

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

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

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

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

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

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

We also:

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

Additional information in accordance with article 10 of the EU regulation
We were elected as auditor by the ordinary general meeting on June 17, 2021. We were appointed by the Supervisory Board on August 12, 2021. We are auditors without cease since 2018.

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

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

We provided no services, in addition to the statutory audit, to the audited company and its controlled undertakings, which have not been disclosed in the Group's management report or in the consolidated financial statements.

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

Vienna, April 12, 2022

BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerhard Fremgen
Auditor

Mag. (FH) Georg Steinkellner
Auditor

We draw attention to the fact that the English translation of this audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Statement by the management board

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

We confirm to the best of our knowledge that the consolidated financial statements of the Group (Marinomed Biotech AG) for the year ended December 31, 2021 prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of section 245a UGB (Austrian Commercial Code) give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group and that the consolidated management report for the year ended December 31, 2021 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the financial statements of the parent company (Marinomed Biotech AG) for the year ended December 31, 2021 prepared in accordance with the Austrian Commercial Code (UGB) give a true and fair view of the assets, liabilities, financial position, and profit or loss of the parent company and that the management report for the year ended December 31, 2021 gives a true and fair view of the development and performance of the business and the position of the parent company, together with a description of the principal risks and uncertainties the parent company faces.

Korneuburg, April 12, 2022

Andreas Grassauer Eva Prieschl-Grassauer Pascal Schmidt

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

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

Misprints and typographical errors excepted.
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