

2021

Marinomed Biotech AG

Update Q3



Dear shareholders,

The year to date shows that SARS-CoV-2 has emerged as an endemic virus. It is constantly mutating and will remain a public health threat in the foreseeable future. In addition, the “normal” common cold is making a comeback. During the first nine months of 2021, Marinomed has continued to advance the virus blocking Carragelose products. Additional partnerships were announced with Perrigo for France and Scandinavia and M8 for Brazil and Mexico. Furthermore, the first deal for a project derived from the Marinosolv platform was signed. It underlines that Marinomed has reached an important milestone that validates the announced growth path of the company and its ability to generate revenues from the Marinosolv platform. On the financing side, Marinomed has secured additional funding shortly after the end of the reporting period in a total amount of up to € 5.4 million via a flexible Convertible Notes Funding Program (CNFP) from the Swiss investment firm Nice & Green S.A. to enable the advancement of the scientific and clinical programs.

Carragelose: The cold is back and there are signs of seasonality in the coronavirus pandemic

In vitro data shows that Carragelose is effective against new SARS-CoV-2 variants of concern, and the mode of action of Carragelose promises to be impervious to future mutations. Increasing scientific evidence shows that Carragelose is a safe and effective complement to vaccination strategies, especially for those who are too young or otherwise not eligible for vaccination. The current rise of SARS-CoV-2 cases in key markets may further push the demand for Carragelose

products. Since there was almost no cold season in 2020/21, experts predict a stronger season this year. However, this demand may meet sufficient availability of products stocked during last cold period. Growing product demand would most likely affect sales in 2022, as partners will be required to refill their stocks ahead of the 2022/23 season. The new partnerships with Perrigo and M8 Pharmaceuticals add a further growth perspective for Carragelose.

Marinosolv: The first deal is done

With the first deal for a project derived from the Marinosolv platform, Marinomed has reached an important milestone that validated the growth path of the company and the ability to generate revenue from the Marinosolv platform. The new partner Luoxin Pharmaceutical will co-develop Budesolv for the Chinese markets and will be responsible for clinical development and obtaining the Chinese marketing authorization. This comprises building production capacities, holding the exclusive distribution rights, as well as ultimately being responsible for manufacturing and marketing Budesolv. Under the terms of the agreement, Marinomed will receive an upfront payment of USD 2 million in Q4/2021.

Marinomed reported the top-line results from a clinical Phase II trial for Tacrosolv, a fully solubilised formulation of the highly potent immunosuppressant tacrolimus, earlier this year. The program continued to progress in Q3/2021 as the trial results indicated the high potential of tacrolimus as an effective treatment for ocular inflammation supporting continued development in further potential indications.

With the first deal in hand and encouraging clinical data for Tacrosolv, Marinomed is now more committed than ever to fully exploit the potential of the Marinosolv platform.

Solv4U: The new service for our customers

At the beginning of November 2021, Marinomed has announced the launch of its new business area Solv4U, enabling the development of innovative formulations in technology partnerships based on the clinically proven Marinosolv platform. Solv4U is designed to support clients with formulation development to increase both solubility and bioavailability of hydrophobic small molecules and peptides in all stages of drug research and development. It has been clinically shown that Marinosolv allows a pronounced reduction in the amount of an active pharmaceutical ingredient in a formulation with an improved therapeutic effect suggesting a more targeted, more precise, and more sustainable treatment compared to existing options.

We are excited that the advantages of Marinosolv are now available with Solv4U for pharma- and biotech customers through new technology partnerships. High bioavailability is a key requirement in drug development and with Solv4U partnerships, we provide a clinically validated solution.

Our Marinosolv technology platform has already made great progress and there is still a lot to come. We see much additional potential in this segment as we consider it a key value driver of

our company in the long run.

Growth in Q1-Q3/2021

After a strong first quarter, the demand for Carragelose products returned to pre-pandemic seasonality in the following two quarters. We were able to increase our revenues by 12.9 % to € 5.7 million in the first three quarters of 2021 (Q1-Q3/2020: € 5.1 million). In addition, governmental support for our R&D activities and other income generated another € 1.4 million, bringing a 21.2 % increase of our total income to € 7.1 million (Q1-Q3/2020: 5.9 million). Our research and development expenses for both platforms, Carragelose and Marinosolv, were € 6.1 million, mainly due to additional clinical studies (Q1-Q3/2020: € 3.9 million). Therefore, the loss for Q1-Q3/2021 was € 6.3 million, fully in line with our expectations (Q1-Q3/2020: € 4.8 million).

Outlook for the fiscal year

The nine months until September 30, 2021, still showed pandemic related effects, but we saw first signs of the return to regular seasonality. The 2021/22 season may lead to additional demand for Carragelose products due to normal colds. The recent rise of SARS-CoV-2 cases in several of our key markets may also add to increased demand but potential higher sales will likely be recognized in 2022. Therefore, we re-confirm our expectation for Carragelose sales to further grow in 2021, but below the exceptional growth levels in 2020. The upfront from the Budesolv deal will add to the top

line. R&D spending is presumably going to slightly increase as we focus even more on Marinosolv; we are convinced of its significant untapped future potential for products with high unmet medical needs.

We re-confirm an operating loss for 2021 in line with our business plan. Going forward, we are aiming for profitability in the medium term.

We would like to express once again our sincere gratitude to our employees for their continued outstanding dedication in these extraordinary times. Their commitment and expertise allow us to look into the future with great confidence regardless of the challenging circumstances that we are still facing. We would also like to thank all our customers and partners, our investors and public funding bodies for the trust they have placed in Marinomed's ideas, vision, and scientific capabilities.

Andreas Grassauer

Eva Prieschl-Grassauer

Pascal Schmidt

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

all amounts in kEUR	1-9/2021	1-9/2020	7-9/2021	7-9/2020
Profit or loss				
Revenues	5,714.6	5,061.4	2,500.0	2,778.8
Other income	1,382.9	793.4	144.5	318.8
Other gains (losses), net	10.9	-13.4	-0.5	-2.5
Expenses for materials	-3,897.7	-3,561.2	-1,716.7	-2,004.0
Expenses for services	-3,257.0	-2,018.2	-980.4	-1,044.9
Personnel expenses	-3,270.0	-2,962.9	-975.7	-945.8
Depreciation and amortisation	-435.7	-313.2	-150.9	-111.2
Other expenses	-1,442.3	-1,276.8	-370.2	-386.6
Operating result (EBIT)	-5,194.2	-4,290.9	-1,549.8	-1,397.4
Financial income	0.0	0.1	0.0	-0,0
Financial expenses	-1,105.1	-492.7	-374.1	-158.4
Financial result	-1,105.1	-492.7	-374.1	-158.4
Loss before taxes	-6,299.3	-4,783.6	-1,923.9	-1,555.8
Taxes on income	-3.6	-2.6	-1.0	-0.9
Loss for the period	-6,302.9	-4,786.2	-1,924.9	-1,556.7
<i>Thereof attributable to the shareholders of the Company</i>	<i>-6,302.9</i>	<i>-4,786.2</i>	<i>-1,924.9</i>	<i>-1,556.7</i>
Other comprehensive income (loss) for the period	-	-	-	-
Total comprehensive loss for the period	-6,302.9	-4,786.2	-1,924.9	-1,556.7
<i>Thereof attributable to the shareholders of the Company</i>	<i>-6,302.9</i>	<i>-4,786.2</i>	<i>-1,924.9</i>	<i>-1,556.7</i>

Statement of financial position

	30.09.2021	31.12.2020
all amounts in kEUR		
ASSETS		
Non-current assets		
Intangible assets	2,100.5	2,056.8
Property, plant and equipment	6,450.8	6,036.4
Deposits and other non-current receivables	14.3	12.2
	8,565.6	8,105.4
Current assets		
Inventories	1,801.0	926.1
Trade and other receivables	2,935.8	5,263.1
Cash and cash equivalents	4,455.6	9,206.9
	9,192.4	15,396.1
Total assets	17,757.9	23,501.6

	30.09.2021	31.12.2020
all amounts in kEUR		
Equity and liabilities		
Capital and reserves		
Share capital	1,476.3	1,472.7
Capital reserves	41,713.7	41,351.2
Retained losses	-43,769.2	-37,466.3
	-579.2	5,357.6
Non-current liabilities		
Non-current borrowings	14,057.2	12,457.1
Other non-current liabilities	106.5	78.5
	14,163.6	12,535.6
Current liabilities		
Current borrowings	354.1	356.8
Trade payables	1,047.0	1,975.8
Other financial liabilities	10.3	-
Current contract liabilities and other current liabilities	2,762.1	2,512.7
Provisions	-	763.0
	4,173.5	5,608.4
Total equity and liabilities	17,757.9	23,501.6

Statement of cash flows

	1-9/2021	1-9/2020
all amounts in kEUR		
Cash flow utilised by operating activities	-4,827.7	-4,488.4
Cash flow utilised by investing activities	-801.3	-2,305.1
Cash flow generated from financing activities	877.7	30.4
Total change in cash & cash equivalents	-4,751.3	-6,763.1
Cash & cash equivalents at beginning of period	9,206.9	12,019.6
Cash & cash equivalents at end of period	4,455.6	5,256.5

Statement of changes in equity

all amounts in kEUR	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	-	-	-4,786.2	-4,786.2
Total comprehensive income (loss) for the period	-	-	-4,786.2	-4,786.2
ESOP 2019	2.7	433.5	-	436.2
Initial consolidation Marino Immo GmbH	-	-	-4.1	-4.1
September 30, 2020	1,472.4	41,281.7	-36,242.2	6,511.9
December 31, 2020	1,472.7	41,351.2	-37,466.3	5,357.6
Loss for the period	-	-	-6,302.9	-6,302.9
Total comprehensive income (loss) for the period	-	-	-6,302.9	-6,302.9
ESOP 2019	3.7	362.5	-	366.1
September 30, 2021	1,476.3	41,713.7	-43,769.2	-579.2

Segment reporting

Period ended September 30, 2020	Carragelose	Marinosolv	Corporate	Total
all amounts in kEUR				
Total revenues	5,021.9	39.0	0.5	5,061.4
<i>Of which sale of goods</i>	4,750.6	-	-	4,750.6
<i>Austria</i>	69.9	-	-	69.9
<i>Other European countries</i>	2,944.1	-	-	2,944.1
<i>Non-European countries</i>	1,736.6	-	-	1,736.6
<i>Of which other revenues</i>	271.3	39.0	0.5	310.8
<i>Austria</i>	169.4	-	0.5	169.9
<i>Other European countries</i>	60.4	39.0	-	99.4
<i>Non-European countries</i>	41.5	-	-	41.5
Cost of goods sold	-3,430.4	-	-	-3,430.4
Contract research	-1,071.9	-473.9	-	-1,545.8
Personnel expenses	-663.1	-827.6	-1,472.2	-2,962.9
Other miscellaneous income/expense	-124.1	45.5	-1,021.4	-1,100.0
Depreciation and amortisation	-156.7	-64.2	-92.4	-313.2
Non-recurring items	-	-	-	-
Operating result (EBIT)	-424.4	-1,281.1	-2,585.4	-4,290.9
Period ended September 30, 2021	Carragelose	Marinosolv	Corporate	Total
all amounts in kEUR				
Total revenues	5,683.8	26.5	4.3	5,714.6
<i>Of which sale of goods</i>	5,436.6	-	-	5,436.6
<i>Austria</i>	218.3	-	-	218.3
<i>Other European countries</i>	3,781.3	-	-	3,781.3
<i>Non-European countries</i>	1,437.0	-	-	1,437.0
<i>Of which other revenues</i>	247.2	26.5	4.3	278.0
<i>Austria</i>	198.8	-	4.3	203.1
<i>Other European countries</i>	36.8	0.1	-	36.9
<i>Non-European countries</i>	11.6	26.4	-	37.9
Cost of goods sold	-3,608.0	-	-	-3,608.0
Contract research	-1,432.4	-1,198.0	-	-2,630.4
Personnel expenses	-850.8	-931.6	-1,487.5	-3,270.0
Other miscellaneous income/expense	-324.6	134.1	-1,074.3	-1,264.8
Depreciation and amortisation	-199.5	-106.2	-130.0	-435.7
Non-recurring items	300.0	-	-	300.0
Operating result (EBIT)	-431.5	-2,075.2	-2,687.5	-5,194.2

Research and development expenses

Period ended September 30	1-9/2021	1-9/2020	7-9/2021	7-9/2020
all amounts in kEUR				
Personnel expenses	-1,430.3	-1,261.3	-386.1	-391.3
Expenses for services	-2,730.7	-1,603.9	-787.1	-912.8
Expenses for materials	-320.1	-162.1	-76.6	-89.6
Other expenses	-243.1	-132.1	-72.9	-57.5
Depreciation and amortisation	-295.7	-215.4	-105.0	-74.3
Financial expenses	-1,040.2	-490.8	-355.7	-167.6
Total	-6,060.1	-3,865.7	-1,783.5	-1,693.2

Legal notice

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

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