

# 2019

**Marinomed Biotech AG**

Half-Year Financial Report 2019



# Table of contents

3	Letter to the shareholders
4	Investor relations
5	Half-year management report
<b>Condensed interim financial statements</b>	
12	Statement of profit or loss and other comprehensive income (loss)
13	Statement of financial position
15	Statement of cash flows
16	Statement of changes in equity
17	Notes to the condensed interim financial statements
33	Report on the auditor's review
35	Statement by the management board
36	Legal notice and contact details

# Letter to the shareholders

## Dear Shareholders,

Marinomed consistently implemented its growth strategy in the first half 2019 and achieved important operational goals. The successful IPO on the prime market of the Vienna Stock Exchange in February 2019 created the financial basis for this, which was further strengthened by a loan commitment from the European Investment Bank of up to EUR 15 million. This puts us in a strong position to realise our R&D goals, to fully exploit the potential of the two platforms Marinosolv® and Carragelose® and to create sustainable value.

In the first half of 2019, we achieved the decisive breakthrough on our Marinosolv® platform. The successful Phase III study for the flagship product Budesolv did not only create the basis for the initiation of market authorisation, but it also provides clinical confirmation of the usability of the innovative Marinosolv® technology platform. The data clearly show that dose reduction can be achieved by using Marinosolv®, while at the same time the clinical effect is significantly improved. Marinomed is now planning this type of improvement with different active ingredients and in other indications.

For the products of our Carragelose® platform, we were able to increase revenues compared to the first half of 2018. The focus on preparatory work for the entry into new markets as well as additional product launches in existing markets showed

some initial success. However, outside the EU regulatory hurdles occasionally led to longer approval processes than expected. We will continue to pursue the expansion of our geographical presence as well as the strengthening of our global distribution partnerships with great consistency.

Our goal is the creation of long-term value. We want to achieve this by investing in a strong technology portfolio that we aim to exploit and commercialise. These investments in the future were reflected in our financials accordingly, hence the results were negative as planned. Nevertheless, with our innovative Marinosolv® platform and our well-established Carragelose® business, we are well on our way to capitalise on the strong growth prospects in the cough, cold and allergy segment and to achieve our long-term goals.

With the Marinosolv® platform we target the USD 5 billion global market for cortisone-based allergic rhinitis treatment. Next steps include the preparation of the regulatory submission of Budesolv, which is set to take place in 2020, as well as the start of the clinical phase II of Tacrosolv, a product to treat inflammatory ocular disorders. We look to the future full of confidence, always bearing in mind our overarching goal: to improve people's health through new therapies.



Andreas Grassauer, CEO



Eva Prieschl-Grassauer, CSO



Pascal Schmidt, CFO

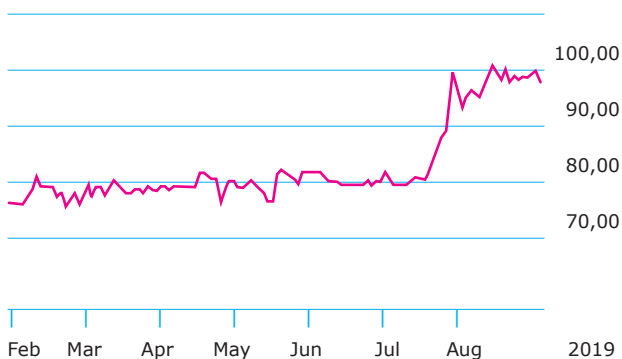
# Investor relations

## The share

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

The Marinomed share started trading on February 1, 2019 at EUR 75.50 on the Vienna Stock Exchange and closed at EUR 80.00 on June 28, 2019. As a result, the share price rose by 6.0% in the first half of 2019, a similar performance to the Austrian leading index ATX, which grew by 8.5%. After the end of the reporting period, the upward trend of the Marinomed share intensified. At the time of the preparation of this half-year report, as at August 28, 2019, the share price stood at EUR 97.50.

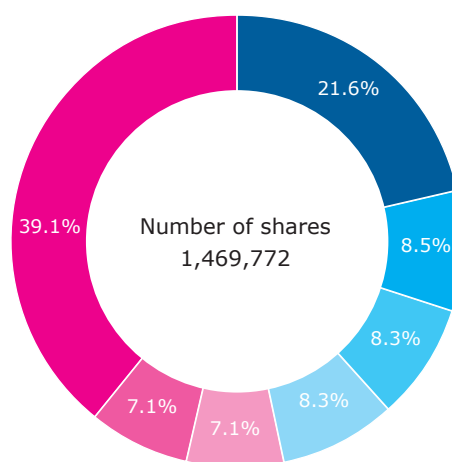
## Performance of the Marinomed share (ATMARINOMED6)



Amounts in Euro  
Source: Wiener Börse AG

## Shareholder structure

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



- Acropora Beteiligungs GmbH
- Hermann Unger
- Andreas Grassauer (CEO)
- Eva Prieschl-Grassauer (CSO)
- Invest Unternehmensbeteiligungs AG
- aws Mittelstandsfonds Beteiligungs GmbH & Co. KG
- Free Float

## Financial calendar

29.11.2019 Publication of Q3 Report 2019

# Half-year management report

## Market environment

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

## Pharmaceutical market

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

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

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

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

## Biotechnology industry

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

# Business performance

## Marinosolv® segment

The Marinosolv® platform is the technological base for the flagship product Budesolv, a nose spray for the treatment of allergic rhinitis. The clinical phase III study for Budesolv was successfully completed in the first half 2019. This increases the product's chances of attaining the planned market authorisation. Now, further investments in new innovative Marinosolv®-based products are to be made. Above all, the clinical development of the ophthalmology drug Tacrosolv will be promoted. Since distribution rights for Marinosolv® have not yet been granted to third parties, the extra-ordinarily positive performance on the R&D level has not yet been reflected in terms of turnover. This segment is characterized by high expenditures for research and development, which is expected to generate revenues only in the following years.

## Carragelose® segment

Carragelose® represents the first causal therapy for colds and flu infections. It is the platform for a range of products and therefore an operating segment. The Carragelose® platform recorded growth in sales of goods compared to the first half 2018 (EUR 1.46 million, after EUR 1.42 million in H1/2018). Positive sales development in many markets offset the weaker demand in two core markets, which benefited from product launches in the same period last year. Thus, after a difficult first quarter 2019 the segment is back on its growth trajectory.

## Revenues and earnings

As a biopharmaceutical R&D company, Marinomed pursues a long-term approach to value creation. In this respect, revenues represent a key performance indicator for the Carragelose® segment. However, the significance of the result for measuring the performance of the Company is limited, since future investments are the main focus.

In the first half 2019, Marinomed generated all of its revenues of EUR 1.66 million (H1/2018: EUR 1.52 million) from the Carragelose® segment. Other income remained at EUR 0.29 million under the previous year (H1/2018: EUR 0.50 million) and largely comprises the research premium. The prior-year value apart from the research premium also included income from the conversion of R&D support loans to non-repayable grants.

Despite the increase in sales of goods, expenses for materials remained at the previous year's period level at EUR 1.11 million in the first half of 2019. Due to higher investments, especially in clinical studies, expenses for services increased from EUR 0.79 million in the first half of 2018 to EUR 1.64 million in the first half of 2019. The increase in personnel expenses from EUR 1.13 million to EUR 2.01 million in the current half year reflects a one-time bonus payment in the first quarter, the extension of the management team and non-cash expenses for the employee stock option plan ("ESOP 2019"). The increase in other expenses from EUR 0.66 million in the first half 2018 to EUR 1.09 million in the current year period is mainly due to one-time consulting expenses connected to the IPO and other recurring costs related to the listing of the Company.

The earnings development reflected the high level of investment in Marinomed's future growth trajectory. As a result of the high expenses for R&D as well as for the IPO, the operating result (EBIT) in the first half of the year was EUR -4.06 million and below the previous year's period figure of EUR -1.78 million. The financial result was impacted by a one-time non-cash valuation effect of EUR -0.47 million in connection with the convertible bond issued in 2017, and accordingly decreased to EUR -0.85 million (H1/2018: EUR -0.27 million). As a result, the half-year result for 2019 was EUR -4.90 million, following EUR -2.05 million in the first half of 2018.

### Assets and financial situation

The assets and financial situation on the one hand reflects the negative earnings situation, which is to be expected for a biopharmaceutical firm during the development stage. On the other hand the IPO in February 2019 laid the foundations for a significant reduction of liabilities. Net proceeds from the IPO amounted to EUR 22.43 million. Furthermore 99.7% of the convertible bond holders converted their bonds into shares, which led to a significantly lower debt burden. The remaining 0.3% were bought back by Marinomed in March 2019. Subsequently, the listing of the convertible bond on the Third Market of the Vienna Stock Exchange was cancelled. Further liquid funds were used to clean up the balance sheet by the repayment of high yield loans. The loan commitment from the European Investment Bank of up to EUR 15.00 million provides Marinomed with the financial flexibility for planned R&D investments.

Total assets increased from EUR 5.26 million as of December 31, 2018 to EUR 15.56 million as of June 30, 2019. Non-current assets increased slightly to EUR 1.61 million, after EUR 1.54 million on December 31, 2018. Current assets increased significantly from EUR 3.72 million to EUR 13.96 million. The main reason for this was the rise in cash and cash equivalents from EUR 1.72 million to EUR 12.58 million as of the reporting date.

Due to the capital increases in connection with the IPO and the conversion of the bond, equity increased significantly in the first half 2019. At the balance sheet date, it turned positive to EUR 12.89 million, after EUR -16.27 million as of December 31, 2018.

Non-current liabilities decreased significantly, primarily as a result of the conversion of the convertible bond into shares. As of June 30, 2019, they amounted to EUR 0.58 million after EUR 13.89 million at the end of the last financial year. As a result of the repayment of the FFG loan and the shareholder loans, short-term liabilities were also significantly reduced. These declined from EUR 7.64 million in 2018 to EUR 2.09 million in the first half of 2019.

The changes in cash flow reflect the earnings situation, the raise of equity capital and the repayment of financial liabilities in 2019. Accordingly, cash and cash equivalents increased from EUR 1.72 million at the end of 2018 to EUR 12.58 million as of June 30, 2019.

## Outlook

With the Marinosolv<sup>®</sup> technology platform Marinomed targets a billion dollar market with substantial growth perspectives. The successful completion of the clinical phase III study for the Marinosolv<sup>®</sup>-based drug Budesolv represented a major milestone for Marinomed and validated the entire Marinosolv<sup>®</sup> platform. Marinomed currently works on the market authorisation and commercialisation of Budesolv. The scope of application for the platform are manifold. For this reason, Marinomed already conducts research on further developments based on this innovative technology. Marinomed is developing the product Tacrosolv for the treatment of inflammatory ocular disorders, which is set to be brought into clinical development in the next six months. Marinomed's strategy is to make the best use of the Company's intellectual property and to further develop it. At the same time Marinomed plans further investments in the Carragelose<sup>®</sup> segment, on the one hand in clinical studies to support worldwide distribution, on the other hand in the optimisation of production.

Marinomed expects a long-term rise in revenues from its Carragelose<sup>®</sup> products. This increase is set to come from product launches in new markets as well as from the introduction of additional products in existing markets. Furthermore, it is expected that products from the Marinosolv<sup>®</sup> platform will rapidly gain importance in the generation of revenues.

Exploiting the potential of the two platforms will require further investment in R&D in the foreseeable future. The necessary funding is provided by proceeds from the IPO, the loan commitment from the EIB, subsidies and recurring revenues. Marinomed expects an increasing order and sales performance in 2019. However, the high research & development expenses as well as one-time expenses related to the IPO mean that the Company expects operating losses for the fiscal year 2019.



# Risk report

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

## Strategic risks

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

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

## Operational risks

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

## Currency risk

Exchange-rate risks exist due to the fact that some sales are generated in GBP. As receivables in GBP generally do not exceed EUR 250,000.00, the effect on the income statement of a fluctuation of +/- 10% would be less than EUR 25,000.

## Liquidity risk

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

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

### Location risk

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

### Risk relating to patents

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

### Research and development risk

Marinomed's success largely depends upon to what degree its research and development initiatives achieve the expected results. Its internal and external researchers act in accordance with statutory rules and ethical principles. A responsible approach to research primarily involves the following measures: identifying and minimising research risks, carefully managing publications, documenting risks, as well as implementing educational and training measures.

Nonetheless, it is possible that the results of the research and clinical trials will not reach the expected primary or secondary endpoints or will not be significantly better than existing or new rival products. This could materially erode the value of Marinomed's research projects. In extreme cases, individual projects could become worthless and the envisaged income impossible to realise.

### Risk management and internal control system

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

# Condensed interim financial statements

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

all amounts in EUR	Note	1-6/2019	1-6/2018	4-6/2019	4-6/2018
<b>PROFIT OR LOSS</b>					
Revenues		1,658,115.92	1,515,074.05	906,894.90	592,854.94
Other income		293,589.83	496,698.61	133,548.92	462,332.52
Other gains (losses), net		1,755.53	9,538.66	-1,778.12	853.02
Expenses of materials and services		-2,746,296.06	-1,904,119.89	-1,163,240.60	-839,044.46
Personnel expenses	(3)	-2,005,959.53	-1,126,464.47	-851,291.02	-547,010.98
Depreciation and amortisation		-164,048.75	-117,372.56	-84,364.33	-60,890.15
Other expenses	(4)	-1,093,687.38	-655,336.43	-364,619.88	-345,340.25
<b>Operating result (EBIT)</b>		<b>-4,056,530.44</b>	<b>-1,781,982.03</b>	<b>-1,424,850.13</b>	<b>-736,245.36</b>
Financial income		161.76	477,338.19	161.76	278,320.61
Financial expenses		-845,536.47	-746,940.69	-239,234.02	-371,942.68
<b>Financial result</b>		<b>-845,374.71</b>	<b>-269,602.50</b>	<b>-239,072.26</b>	<b>-93,622.07</b>
<b>Loss before taxes</b>		<b>-4,901,905.15</b>	<b>-2,051,584.53</b>	<b>-1,663,922.39</b>	<b>-829,867.43</b>
Taxes on income		-2,625.00	-1,750.00	-875.00	-875.00
<b>Loss for the period</b>		<b>-4,904,530.15</b>	<b>-2,053,334.53</b>	<b>-1,664,797.39</b>	<b>-830,742.43</b>
Other comprehensive income (loss) for the period		0.00	0.00	0.00	0.00
<b>Total comprehensive loss for the period</b>		<b>-4,904,530.15</b>	<b>-2,053,334.53</b>	<b>-1,664,797.39</b>	<b>-830,742.43</b>

All results are attributable to the shareholders of the Company.

# Statement of financial position

all amounts in EUR	Note	30.06.2019	31.12.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		1,333,126.04	1,331,721.20
Property, plant and equipment		261,291.71	195,446.79
Deposits and other non-current receivables		12,557.93	12,838.36
		1,606,975.68	1,540,006.35
<b>Current assets</b>			
Inventories		12,573.22	115,708.78
Trade and other receivables		1,368,331.57	1,892,173.03
Current tax receivables		16.90	16.90
Cash and cash equivalents	(8)	12,576,334.26	1,715,471.10
		13,957,255.95	3,723,369.81
<b>Total assets</b>		<b>15,564,231.63</b>	<b>5,263,376.16</b>

all amounts in EUR	Note	30.06.2019	31.12.2018
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	(9)	1,469,772.00	1,000,000.00
Capital reserves	(9)	40,563,369.20	6,968,315.43
Accumulated deficit		-29,139,945.64	-24,235,415.49
		12,893,195.56	-16,267,100.06
<b>Non-current liabilities</b>			
Borrowings	(10)	450,347.55	1,173,514.57
Convertible bond	(11)	0.00	5,583,138.60
Other financial liabilities	(12)	0.00	7,131,983.32
Other non-current liabilities	(13)	127,503.68	0.00
		577,851.23	13,888,636.49
<b>Current liabilities</b>			
Borrowings	(10)	150,806.75	3,715,639.49
Trade payables		308,586.25	2,014,536.49
Convertible bond	(11)	0.00	131,178.08
Current contract liabilities and other current liabilities	(13)	813,791.84	960,485.67
Provisions		820,000.00	820,000.00
		2,093,184.84	7,641,839.73
<b>Total equity and liabilities</b>		<b>15,564,231.63</b>	<b>5,263,376.16</b>

# Statement of cash flows

all amounts in EUR	Note	1-6/2019	1-6/2018
<b>Cash flow from operating activities</b>			
Loss for the period		-4,904,530.15	-2,053,334.53
Adjustments for:			
Taxes on income recognised in profit or loss		2,625.00	1,750.00
Financial income recognised in profit or loss		-161.76	-477,338.19
Financial expense recognised in profit or loss		845,536.47	746,940.69
Depreciation and amortisation expense		164,048.75	117,372.56
Net book value of disposals of assets		0.02	0.03
Gain on disposal of assets		-1.00	-170.00
Non-cash-income from grant due to debt relief		0.00	-350,512.00
Other non-cash-income/expense		98,705.69	-10,750.54
Changes in long-term receivables		280.43	-9,808.36
Changes in inventories		103,135.56	-57,680.10
Changes in trade and other receivables		523,841.46	1,028,668.29
Changes in provisions		0.00	57,000.00
Changes in trade and other liabilities		-2,022,780.64	106,518.20
Interest paid		-361,316.28	-261,148.35
Interest received		161.76	26.78
Taxes paid		-2,625.00	-1,750.00
<b>Cash flow utilised by operating activities</b>		<b>-5,553,079.69</b>	<b>-1,164,215.52</b>
Purchase of plant and equipment and intangible assets		-44,850.53	-72,156.82
Proceeds from sale of property, plant and equipment		0.00	170.00
<b>Cash flow utilised by investing activities</b>		<b>-44,850.53</b>	<b>-71,986.82</b>
Proceeds from shareholders		22,425,000.00	0.00
Repayments of convertible bond		-24,847.20	0.00
Repayments of shareholders' loans		-2,262,686.00	0.00
Repayments of long-term borrowings		-1,891,082.00	-30,988.00
Repayments of lease liabilities (2018: finance lease liabilities)		-46,455.19	-7,444.84
Equity transaction costs		-1,741,136.23	0.00
<b>Cash flow generated from financing activities</b>		<b>16,458,793.38</b>	<b>-38,432.84</b>
<b>Net cash flow</b>		<b>10,860,863.16</b>	<b>-1,274,635.18</b>
Cash & cash equivalents at beginning of period	(8)	1,715,471.10	6,030,381.94
Cash & cash equivalents at end of period	(8)	12,576,334.26	4,755,746.76
<i>thereof effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies</i>		1,289.94	2,686.23

# Statement of changes in equity

all amounts in EUR	Nominal capital/ Share capital	Capital reserves	Accumulated deficit	Total
<b>January 1, 2018</b>	<b>132,360.00</b>	<b>6,979,333.83</b>	<b>-12,138,564.77</b>	<b>-5,026,870.94</b>
<i>Loss for the period</i>	<i>0.00</i>	<i>0.00</i>	<i>-2,053,334.53</i>	<i>-2,053,334.53</i>
Total comprehensive income (loss) for the period	0.00	0.00	-2,053,334.53	-2,053,334.53
<b>June 30, 2018</b>	<b>132,360.00</b>	<b>6,979,333.83</b>	<b>-14,191,899.30</b>	<b>-7,080,205.47</b>
<b>January 1, 2019</b>	<b>1,000,000.00</b>	<b>6,968,315.43</b>	<b>-24,235,415.49</b>	<b>-16,267,100.06</b>
<i>Loss for the period</i>	<i>0.00</i>	<i>0.00</i>	<i>-4,904,530.15</i>	<i>-4,904,530.15</i>
Total comprehensive income (loss) for the period	0.00	0.00	-4,904,530.15	-4,904,530.15
ESOP 2019	0.00	141,794.28	0.00	141,794.28
Paid in capital, net of transaction cost	299,000.00	20,336,262.17	0.00	20,635,262.17
Conversion of convertible bond	170,772.00	13,116,997.32	0.00	13,287,769.32
<b>June 30, 2019</b>	<b>1,469,772.00</b>	<b>40,563,369.20</b>	<b>-29,139,945.64</b>	<b>12,893,195.56</b>



# Notes to the condensed interim financial statements

## 1. General information

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

The Management Board approved the condensed interim financial statements for issuance on August 29, 2019.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim 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 condensed interim financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union (EU).

These condensed interim financial statements for the quarter ended June 30, 2019 were prepared in accordance with IAS 34 (Interim Financial Reporting).

These condensed interim financial statements have been prepared on a going concern basis that assumes 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.

### Critical accounting estimates and assumptions

The preparation of these condensed interim 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 interim financial statements and the reported amounts of revenues and expenses during the interim 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. The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last published annual financial statements.

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

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

In the current year, the Company has applied the following new and revised standards and interpretations issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2019:

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

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

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

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

As at the reporting date, the Company has one operating lease commitment with the Veterinary University of Vienna for the use of business and research premises. The Company recognised a right-of-use asset of about kEUR 119 and a corresponding lease liability in respect of this lease agreement as of January 1, 2019. In the first half of 2019 the impact on profit or loss was to decrease other expenses by kEUR 44, to increase depreciation by kEUR 40 and to increase interest expense by kEUR 7.

The following table reconciles the operating lease commitments (without operating costs) as of December 31, 2018 to the amount of lease liabilities recognised on 1 January 2019:

all amounts in EUR	<b>January 1, 2019</b>
Minimum operating lease commitment at December 31, 2018	130,693.32
Less: effect of discounting using the incremental borrowing rate as at the date of the initial application	-12,102.34
<b>Lease liabilities recognised at January 1, 2019</b>	<b>118,590.98</b>

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the condensed interim financial statements of the Company.

### 2.3. Segment reporting

In 2019, the Company reports the two operating segments, Carragelose and Marinosolv, based on the Company's platforms. Carragelose combines activities from products which are already distributed, as well as R&D of new products based on the Carragelose® technology. Marinosolv does not generate any revenues yet, but is expected to contribute in the future. Residual operating activities which cannot be attributed to Carragelose or Marinosolv are reported as "Corporate".

The reporting format was derived from the Company's internal reporting. IFRS segment information is provided to the management. The segmentation principles were the same as those described in the last published annual financial statements.

The following is an analysis of the Company's revenues and operating result (EBIT) by reportable segment. The geographical breakdown is based on distribution markets.

<b>Period ended June 30, 2018</b>	<b>Carragelose</b>	<b>Marinosolv</b>	<b>Corporate</b>	<b>Total</b>
all amounts in EUR				
Total revenues	1,515.1	0.0	0.0	<b>1,515.1</b>
<i>Thereof sales of goods</i>	<i>1,418.8</i>	<i>0.0</i>	<i>0.0</i>	<i><b>1,418.8</b></i>
<i>Austria</i>	<i>74.8</i>	<i>0.0</i>	<i>0.0</i>	<i><b>74.8</b></i>
<i>Other European countries</i>	<i>416.3</i>	<i>0.0</i>	<i>0.0</i>	<i><b>416.3</b></i>
<i>Non-European countries</i>	<i>927.7</i>	<i>0.0</i>	<i>0.0</i>	<i><b>927.7</b></i>
<i>Thereof other revenues</i>	<i>96.3</i>	<i>0.0</i>	<i>0.0</i>	<i><b>96.3</b></i>
<i>Austria</i>	<i>46.3</i>	<i>0.0</i>	<i>0.0</i>	<i><b>46.3</b></i>
<i>Other European countries</i>	<i>25.5</i>	<i>0.0</i>	<i>0.0</i>	<i><b>25.5</b></i>
<i>Non-European countries</i>	<i>24.5</i>	<i>0.0</i>	<i>0.0</i>	<i><b>24.5</b></i>
Cost of goods sold	-1,091.2	0.0	0.0	<b>-1,091.2</b>
Contract research	-49.6	-393.8	0.0	<b>-443.4</b>
Personnel expenses	-342.9	-371.2	-412.4	<b>-1,126.5</b>
Other miscellaneous income/expense	-297.9	-104.5	-313.2	<b>-715.5</b>
Depreciation and amortisation	-68.6	-13.4	-35.4	<b>-117.4</b>
Non-recurring items	0.0	0.0	196.9	<b>196.9</b>
<b>Operating result (EBIT)</b>	<b>-335.0</b>	<b>-882.8</b>	<b>-564.1</b>	<b>-1,782.0</b>

### Period ended June 30, 2019

Total revenues	1,658.1	0.0	0.0	<b>1,658.1</b>
<i>Thereof sales of goods</i>	<i>1,455.5</i>	<i>0.0</i>	<i>0.0</i>	<i><b>1,455.5</b></i>
<i>Austria</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i><b>0.0</b></i>
<i>Other European countries</i>	<i>1,009.8</i>	<i>0.0</i>	<i>0.0</i>	<i><b>1,009.8</b></i>
<i>Non-European countries</i>	<i>445.7</i>	<i>0.0</i>	<i>0.0</i>	<i><b>445.7</b></i>
<i>Thereof other revenues</i>	<i>202.7</i>	<i>0.0</i>	<i>0.0</i>	<i><b>202.7</b></i>
<i>Austria</i>	<i>42.9</i>	<i>0.0</i>	<i>0.0</i>	<i><b>42.9</b></i>
<i>Other European countries</i>	<i>28.3</i>	<i>0.0</i>	<i>0.0</i>	<i><b>28.3</b></i>
<i>Non-European countries</i>	<i>131.4</i>	<i>0.0</i>	<i>0.0</i>	<i><b>131.4</b></i>
Cost of goods sold	-1,037.5	0.0	0.0	<b>-1,037.5</b>
Contract research	-109.4	-1,186.3	0.0	<b>-1,295.6</b>
Personnel expenses	-403.9	-590.7	-1,011.4	<b>-2,006.0</b>
Other miscellaneous income/expense	-332.6	57.8	-509.5	<b>-784.3</b>
Depreciation and amortisation	-80.4	-37.8	-45.9	<b>-164.0</b>
Non-recurring items	0.0	0.0	-427.2	<b>-427.2</b>
<b>Operating result (EBIT)</b>	<b>-305.7</b>	<b>-1,756.9</b>	<b>-1,993.9</b>	<b>-4,056.5</b>

Long-term assets are fully attributable to Austria where the Company's premises are located.

In both reporting periods "Cost of goods sold" include expenses for merchandise and regular batch release charges (excluding exceptional charges) related to "Sales of goods" and build part of, but do not equal the P&L item "Expenses of materials and services".

In both reporting periods "Non-recurring items" include IPO-related expenses (especially for legal- and other consulting), that were not directly deducted from equity. As of June 30, 2018 this position additionally includes income from the conversion of loans to non-repayable grants in the amount of kEUR 350.5.

### 3. Personnel expenses

Personnel expenses include the following items:

<b>Period ended June 30</b>	<b>2019</b>	<b>2018</b>
all amounts in EUR		
Salaries	-1,530,251.96	-887,671.34
Expenses for social security and payroll related taxes	-328,596.22	-236,113.72
Expenses for the employee stock option plan (ESOP 2019)	-141,794.28	0.00
Other employee benefit expenses	-5,317.07	-2,679.41
<b>Total</b>	<b>-2,005,959.53</b>	<b>-1,126,464.47</b>

The increase in personnel expenses reflects a one-time bonus payment in the first quarter, the extension of the management team and non-cash expenses for the employee stock option plan ("ESOP 2019").

#### 4. Other expenses

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

Period ended June 30	2019	2018
all amounts in EUR		
Fees	-59,115.97	-6,355.97
Maintenance expenses	-35,113.75	-42,572.68
Operating costs	-20,968.70	-20,973.51
Insurance	-13,604.46	-4,400.58
Freight	-2,552.50	-8,431.75
Travel expenses	-21,954.07	-47,571.51
Car expenses	-3,256.18	-3,161.05
Telecommunication expenses	-6,205.40	-7,775.59
Rental expenses	-4,293.00	-43,902.04
Education expenses	-9,446.50	-7,717.50
Office and administrative expenses	-8,742.30	-18,491.15
Marketing/PR expenses	-101,118.37	-34,891.30
Consulting expenses	-804,453.06	-349,277.32
Other expenses	-2,863.12	-59,814.48
<b>Total</b>	<b>-1,093,687.38</b>	<b>-655,336.43</b>

The increase in other expenses is mainly due to one-time consulting expenses connected to the IPO and other recurring costs related to the listing of the Company.

#### 5. Research and development expenses

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

all amounts in EUR	Jan-Jun		Apr-Jun	
	2019	2018	2019	2018
Personnel expenses	572,666.39	558,634.50	294,904.60	264,511.50
Expenses of materials and services	1,402,468.46	635,446.33	460,345.36	331,436.33
Other expenses	61,022.50	89,330.87	33,270.72	45,764.87
Depreciation and amortisation	114,595.37	81,923.58	57,209.76	36,451.73
Financial expenses	222,310.83	185,469.62	139,806.81	89,904.44
<b>Total</b>	<b>2,373,063.55</b>	<b>1,550,804.90</b>	<b>985,537.25</b>	<b>768,068.87</b>

## 6. Earnings (Loss) per share

Period ended June 30	2019	2018
all amounts in EUR		
Loss for the period	-4,904,530.15	-2,053,334.53
Weighted average number of shares outstanding	1,364,991	1,000,000
<b>Basic loss per share</b>	<b>-3.59</b>	<b>-2.05</b>

Basic earnings/losses per share is calculated by dividing the net earnings/loss attributable to shareholders by the weighted average number of shares outstanding during the period. As no dilutive potential ordinary shares exist, basic earnings per share correspond to diluted earnings per share.

## 7. Financial instruments

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

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

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

<b>As of June 30, 2019</b>	<b>Financial assets</b>		<b>Total</b>
all amounts in EUR	<b>at amortised cost</b>		
<b>Assets as per statement of financial position</b>			
Non-current receivables	12,557.93		12,557.93
Trade receivables	302,240.90		302,240.90
Other receivables	250,000.00		250,000.00
Cash and cash equivalents	12,576,334.26		12,576,334.26
<b>Total</b>	<b>13,141,133.09</b>		<b>13,141,133.09</b>
<hr/>			
all amounts in EUR	<b>Financial liabilities</b>	<b>FVTPL</b>	<b>Total</b>
	<b>at amortised cost</b>		
<b>Liabilities as per statement of financial position</b>			
Borrowings	447,859.08	0.00	447,859.08
Convertible bond	0.00	0.00	0.00
Other financial liabilities	0.00	0.00	0.00
Current contract liabilities	0.00	0.00	0.00
Trade payables	308,586.25	0.00	308,586.25
<b>Total</b>	<b>756,445.33</b>	<b>0.00</b>	<b>756,445.33</b>

The Company did not hold any financial assets classified as at FVTPL or at FVTOCI as of June 30, 2019. Financial liabilities classified as at FVTPL include liabilities that meet the definition of held for trading in IFRS 9 (in the prior year, this position solely includes the equity conversion right relating to the convertible bond).

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



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

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

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

	As of June 30, 2019	As of December 31, 2018
all amounts in EUR		
<b>Liabilities as per statement of financial position</b>		
Other financial liabilities (equity conversion right)		
Level 1	0.00	0.00
Level 2	0.00	0.00
Level 3	0.00	7,131,983.32
<b>Total Liabilities</b>	<b>0.00</b>	<b>7,131,983.32</b>

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

## 8. Cash and cash equivalents

Cash and cash equivalents consist of the following items:

	As of June 30, 2019	As of December 31, 2018
all amounts in EUR		
Cash on hand	180.34	412.75
Cash at bank	12,576,153.92	1,715,058.35
<b>Total cash and cash equivalents</b>	<b>12,576,334.26</b>	<b>1,715,471.10</b>

## 9. Share capital

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

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

In accordance with IAS 32.37 transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Therefore transaction costs directly attributable to the IPO amounting to kEUR 1.790 were recognised as a deduction from equity.

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

In accordance with IFRS 2.7 expenses from ESOP 2019 amounting to kEUR 142 were accounted for as a capital increase in capital reserves.

As of June 30, 2019 the number of shares outstanding amounts to 1,469,772 at a nominal value of EUR 1.00.

## 10. Borrowings

Borrowings consist of the following items:

all amounts in EUR	As of June 30, 2019	As of December 31, 2018
FFG loans	0.00	0.00
aws Seed loan	398,590.79	1,111,808.16
Shareholders' loans	0.00	0.00
Finance lease obligations	51,756.76	61,706.41
<b>Total non-current borrowings</b>	<b>450,347.55</b>	<b>1,173,514.57</b>
FFG loans	0.00	1,391,082.00
aws Seed loan	49,268.29	0.00
Shareholders' loans	0.00	2,305,104.19
Finance lease obligations	101,538.46	19,453.30
<b>Total current borrowings</b>	<b>150,806.75</b>	<b>3,715,639.49</b>
<b>Total borrowings</b>	<b>601,154.30</b>	<b>4,889,154.06</b>

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

As per the resolution of the supervisory board on April 11, 2019, the shareholder loans in the amount of kEUR 2,305 were repaid ahead of maturity in June 2019 in order to save interest expenses until year end.

In June 2019 the principal of the aws Seed loan amounting to kEUR 500 was repaid. Regarding the repayment of the accrued interest amounting to kEUR 629 as of June 30, 2019, which accumulated since 2006, a favourable agreement could be reached. Starting with February 1, 2019 the interest was retrospectively reduced from 8.5% fixed to 2% plus 3M-EURIBOR (maximum interest rate according to SME grants law). Furthermore it was agreed to yearly settle kEUR 100 in case of a loss. In case 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 will be June 30, 2020.

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. As of June 30, 2019 the carrying amount of all of the Company's borrowings equals the fair value.

all amounts in EUR	As of June 30, 2019	As of December 31, 2018
<b>Carrying amount</b>		
FFG loans	0.00	1,391,082.00
aws Seed loan	447,859.08	1,111,808.16
<b>Total</b>	<b>447,859.08</b>	<b>2,502,890.16</b>
<b>Fair Value</b>		
FFG loans	0.00	1,269,240.43
aws Seed loan	447,859.08	803,943.28
<b>Total</b>	<b>447,859.08</b>	<b>2,073,183.71</b>

## 11. Convertible bond

all amounts in EUR	As of June 30, 2019	As of December 31, 2018
Carrying amount as of January 1	5,714,316.68	5,073,108.70
Conversion	-5,819,187.83	0.00
Repurchase	-24,847.20	0.00
Effective interest accrued	130,241.09	921,207.98
Interest paid	-522.74	-280,000.00
<b>Carrying amount at the end of the period</b>	<b>0.00</b>	<b>5,714,316.68</b>
<i>Thereof current</i>	0.00	131,178.08
<i>non-current</i>	0.00	5,583,138.60

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

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

## 12. Other financial liabilities

Other financial liabilities include the following items:

all amounts in EUR	As of June 30, 2019	As of December 31, 2018
Equity conversion right	0.00	7,131,983.32
<b>Total other financial liabilities</b>	<b>0.00</b>	<b>7,131,983.32</b>

The equity conversion right from the convertible bond represents an embedded derivative that is not closely related to the host debt and was consequently accounted for separately at fair value through profit or loss. The development of the fair value of the conversion right was as follows:

all amounts in EUR	As of June 30, 2019	As of December 31, 2018
Fair value as of January 1	7,131,983.32	1,464,354.25
Fair value adjustment	336,598.18	5,667,629.07
Conversion	-7,468,581.50	0.00
<b>Fair value at the end of the reporting period</b>	<b>0.00</b>	<b>7,131,983.32</b>

### 13. Current contract liabilities and other liabilities

all amounts in EUR	As of June 30, 2019	As of December 31, 2018
Grant - below market rate	127,503.68	0.00
<b>Total other non-current liabilities</b>	<b>127,503.68</b>	<b>0.00</b>
Grant - below market rate	53,678.66	0.00
Social security contributions and other payroll-related taxes	114,818.05	118,001.79
Accounting, tax and audit services	210,350.00	92,700.00
Unconsumed vacations	179,931.25	173,455.68
Overtime	24,342.17	21,618.80
Contract liability	0.00	7,695.00
Others	230,671.71	547,014.40
<b>Total current contract liabilities and other current liabilities</b>	<b>813,791.84</b>	<b>960,485.67</b>
<b>Total other liabilities</b>	<b>941,295.52</b>	<b>960,485.67</b>

Other liabilities include the difference between the nominal and fair value the aws Seed loan according to IAS20.10A in the amount of EUR 181,182.34 (31.12.2018: EUR 0.00).

### 14. Other contractual commitments

Marinomed 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 conduct of clinical trials and other R&D activities. The remaining payments to be made under these agreements, if all milestones and other conditions are met, are estimated to be as follows:

all amounts in EUR	As of June 30, 2019	As of December 31, 2018
No later than one year	1,452,554.16	1,439,082.02
Later than 1 year and no later than 5 years	70,443.33	62,191.00
Later than 5 years	0.00	0.00
<b>Total</b>	<b>1,522,997.49</b>	<b>1,501,273.02</b>

## 15. 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.

At the end of April 2019 21,847 stock options were issued to the 3 board members as well as 19,960 stock options to 28 employees from all hierarchy levels. In case of exercise, the Company can settle via shares (equity-settled) or in cash (cash-settled). This decision is taken at the sole discretion of the Company. 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 or after termination of employment.

As at the grant date the Company estimated the fair value of one issued share option at EUR 20.75. The fair value of the options has been measured using a Monte Carlo simulation. Due to the lack of historical data for the Marinomed share, expected volatility was derived from a representative peer group. The inputs used in the measurement were as follows:

- Strike price EUR 75,00
- Expected volatility 37%
- Risk-free interest rate 0.68%

## 16. Related party transactions

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

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

As per the resolution of the supervisory board on April 11, 2019, the shareholder loans in the amount of kEUR 2,305 were repaid in June 2019.

In the reporting period the Company entered into a consultancy contract with the chairman of the supervisory board in relation to certain business development activities. In the first half 2019 expenses related to this contract amounted to EUR 4,500.00.

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

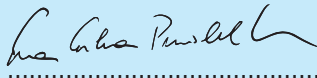
## 17. Events after the reporting period

Between the reporting date on June 30, 2019 and the approval for publication on August 29, 2019 no reportable events occurred.

These condensed interim financial statements were reviewed by the auditor.



Vienna, August 29, 2019  
Andreas Grassauer



Vienna, August 29, 2019  
Eva Prieschl-Grassauer



Vienna, August 29, 2019  
Pascal Schmidt



# Report on the review of the condensed interim financial statements

## Introduction

We have reviewed the accompanying Condensed Interim Financial Statements as of June 30, 2019 of Marinomed Biotech AG, Vienna, (Referred to as "Company" or "Marinomed") comprising the condensed statement of profit or loss and other comprehensive income, condensed statement of financial position, condensed statement of cash flows, condensed statement of changes in equity and selected notes to the condensed interim financial statements for the period from January 1, 2019 to June 30, 2019.

The Management is responsible for the preparation and fair presentation of these Condensed Interim Financial Statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Our responsibility is to issue a report on these Condensed Interim Financial Statements based on our review.

Responsible for the proper performance of the engagement is Mr. Klemens Eiter Austrian Certified Public Accountant.

With reference to § 275 Abs. 2 Austrian Commercial Code (Regulation of Liability during the Auditing for Small and Medium-Sized Enterprises) our responsibility and liability is limited to EUR 2 million. The limitation of our liability agreed with the client and published here also applies to third parties who undertake or refrain from activities on the basis of trust in our report.

## Scope of review

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

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements are not prepared, in all material aspects, in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting, as adopted by the EU.

**Reporting on the half-year management report and the declaration of the representatives in accordance with § 125 of the Austrian Stock Exchange Act (BörseG)**

We have read the half-year management report and assessed whether it has any obvious contradictions to the Condensed Interim Financial Statements. In our opinion, the half-year management report does not contain any obvious contradictions to the Condensed Interim Financial Statements.

The Condensed Interim Financial Statements include the declaration by the legal representatives as required by section 125 paragraph 1 item 3 of the Austrian Stock Exchange Act (BörseG).

Vienna, August 29, 2019

BDO Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Klemens Eiter  
Certified Public Accountant

Georg Steinkellner  
Certified Public Accountant

# Statement by the management board

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

We confirm to the best of our knowledge that the condensed interim financial statements of Marinomed Biotech AG for the reporting period ended June 30, 2019 voluntarily prepared in accordance with the International Financial Reporting Standards (IFRS) give a true and fair view of the assets, liabilities, financial position, and profit or loss of Marinomed Biotech AG and that the management discussion and analysis for the reporting period ended June 30, 2019 give a true and fair view of the development and performance of the business and the position of Marinomed Biotech AG, together with a description of the principal risks and uncertainties Marinomed Biotech AG faces.

Vienna, August 29, 2019

The Management Board  
of Marinomed Biotech AG

# Legal notice

## **Marinomed Biotech AG**

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Rounding and spelling mistakes reserved.  
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