



Marinomed

Remuneration
Report

2022

Remuneration report

Basic principles

On September 17, 2020, the 3rd Annual General Meeting of Marinomed Biotech AG voted on the principles for the remuneration of the members of the Management Board as well as of the Supervisory Board (remuneration policy). The corresponding motion was approved with 86.5% of the valid votes cast. The Company's current remuneration policy is available at www.marinomed.com/en/investors-esg/annual-general-meeting.

This remuneration report for the remuneration of the members of the Management Board and the Supervisory Board gives an account on the implementation of the remuneration policy in the financial year 2022. It was established by the Management Board and the Supervisory Board according to Sections 78c and 98a of the Austrian Stock Corporation Act (AktG) and approved by the Supervisory Board on April 13, 2023. The remuneration report has to be presented to the Annual General Meeting 2023 for a non-binding resolution according to Section 78d para. 1 Austrian Stock Corporation Act (AktG).

Voting on the remuneration report for the preceding financial year 2021 on the occasion of the 5th Annual General Meeting on June 15, 2022, resulted in an affirmative vote of 85.6%. Hence, no material changes to the structure and content of the remuneration report were made in comparison to the 2021 remuneration report.

For its management compensation approach, Marinomed's Supervisory Board continuously

evaluates Marinomed's management compensation practices against market trends and discusses the use of alternative remuneration methods. The target is to remain aligned to best practices and the interests of shareholders, stakeholders, customers, patients and societies around the globe.

Management Board remuneration

Marinomed has implemented a remuneration policy that is focused on the long-term goals of generating intellectual property (IP), translating such IP into relevant products and subsequently commercializing these products. When deciding on the total remuneration of Management Board members, the Supervisory Board must ensure that the remuneration is commensurate with the tasks and performance of the individual Management Board members, the Company's financial capacity and customary remuneration levels, and that long-term incentives for sustainable corporate development are taken into account. The remuneration includes fixed and variable components as well as the long-term incentive through the stock option plan. The variable remuneration component is capped at 50% of fixed remuneration.

The Supervisory Board set the targets for the variable remuneration for the financial year 2022 after its first meeting in April 2022. The return to normality after the corona pandemic and the implementation of the Strategy 2025 represented the central topics for the Management Board of Marinomed. The main focus was on analyzing and using the data from conducted clinical studies

and exploiting them for commercial purposes. On the strategic side, the focus was on the Strategy 2025 based on the two therapeutic areas immunology and virology. This includes evaluating alternative financing options and generating revenue from existing and new license partnerships. Thereby, Marinomed continues setting up the structures to allow its transformation from the previous stage into an internationally recognized, commercially operating company.

For 2022, the remuneration model is based on the remuneration policy that was approved by the 3rd Annual General Meeting of Marinomed on September 17, 2020, taking in particular aspects of sustainability into account. It defines the achievement of strategic and operational corporate goals that have a direct impact on value creation as a basis for the variable remuneration of the Management Board. Goals are weighted depending on the expected value generation and the achievement of such goals can vary between 0% and 150% for each single target. Accordingly, the overachievement of one goal can compensate the failure to achieve another goal. However, in total, the variable compensation component remains capped at 50% of the fixed annual salary.

Performance of the three Management Board members – independent of their individual responsibilities – is measured against the same goals, as target alignment in all areas of the Company should serve to generate value. The prioritization of projects and of other strategic goals or operational activities are considered interdependent.

The goal setting and performance assessment reflect the commitment to transparency, sustainability and the understanding of success as a team. Therefore, the bonuses of top management are entirely contingent on the achievement of company goals. The Supervisory Board looks beyond financial targets for the management's collective performance. The assessment is based on the following pre-defined criteria and measures according to Key Performance Indicators (KPIs) or Key Performance Objectives (KPOs).

- Overall financial performance measured by revenue growth (including milestone payments as realized), profitability and financial flexibility compared to agreed budget. These three KPIs allow for a quantitative analysis of the overall financial achievements in a transparent manner.
- Collective performance of top management, accomplishment of important strategic corporate goals including license and distribution deals, generation of new IP, long term strategic development, structural, and technological development of the Company.
- Sustainable development: This includes setting-up an ESG-reporting suitable for ESG-oriented investors as well as risk management and internal control, quality and efficiency, legal & compliance, workforce-related initiatives, diversity and gender balance as well as succession plans.

For the financial year 2022, the Supervisory Board resolved on April 13, 2023 the following achievement of targets for the variable remuneration components of the Management Board members of the Company:

	Impact on overall performance	Achieved	Share in variable remuneration
Achievement of financial goals as agreed with the Supervisory Board: Overall growth, profitability and financial flexibility as measured by revenues, EBITDA, and cash & equivalents at year end.	30%	50.0%	15.0%
Collective performance of the management including operational excellence: Successful implementation of growth strategy, including evaluation of funding options contingent to approval of the Supervisory Board. Progress in identified strategic opportunities. Progress in existing and future licensing partnerships supporting the strategy of the Company.	40%	83.3%	33.3%
Sustainability: ESG reporting published along with annual report so Marinomed becomes investible for ESG-oriented institutional investors. Human resources: Buildup of future leadership and maintaining a diversity level of >30% of women in senior roles (incl. top ranking in Gender Diversity Index of the Boston Consulting Group). Maintaining excellence in governance including the internal control system as well as compliance with the Austrian Code of Corporate Governance.	30%	100.0%	30.0%
Total/overall	100%	N/A	78.3%

The Company has implemented three stock option plans for the benefit of members of the Management Board and other employees (the "employee stock option plan", ESOP):

The first programme was approved by the extraordinary general meeting held on November 15, 2018 and by resolution of the Supervisory Board of the same day ("ESOP 2019"). The effectiveness of the ESOP 2019 was conditional upon commencement of trading of the Company's shares on the Vienna Stock Exchange on February 1, 2019. The total volume of the plan amounts to up to 43,694 stock options entitling holders to subscribe for a total of up to 43,694 shares of the Company, under which up to 21,847 stock options may be granted to members of the Management Board and up to

21,847 stock options may be granted to other employees of the Company.

The employee stock option programs ESOP 2020 and ESOP 2022 were introduced by resolutions of the 3rd Annual General Meeting on September 17, 2020 and the 5th Annual General Meeting on June 15, 2022. As part of the Conditional Capital 2020 created for both programs, a total of up to 54,000 stock options, entitling holders to subscribe to a total of up to 54,000 of the Company's shares can be issued to participants. Up to 18,000 stock options can be issued to members of the Management Board and up to 36,000 to other employees of the Company.

Stock options may be exercised only to the extent that they have actually accrued (vested) to the relevant beneficiary. Stock options vest over a period of four years following the ESOP grant date, with 25% of the stock options vesting after 12 months from the ESOP grant date and thereafter 6.25% of the stock options vesting every three months over the following twelve quarters. Therefore and because stock options have only been issued from the ESOP 2019, 93.75% of the issued options had vested as at December 31, 2022.

Stock options entitle the beneficiary to acquire shares of the Company, whereas each vested stock option entitles the holder to acquire one share at a fixed exercise price, which corresponds to the offer price of EUR 75.00. Granted stock options expire after six years after the ESOP grant date and may be exercised only during fixed ten-day exercise periods starting at the beginning of the sixth trading day following the publication of the annual financial statements or the quarterly report for the first, second and third quarters of the Company's financial year.

The right to exercise stock options is conditional, among other factors, upon an increase in the Company's share price – after vesting and before exercise of the stock options – of at least 2.5% per quarter compared to the offer price. The stock option plan contains customary "good leaver/bad leaver" provisions under which a good leaver remains entitled to vested options with the non-vested options lapsing and vested options to

be exercised within the next possible exercise period. A bad leaver loses all options, whether vested or not.

In the financial year 2022, the total expenses for salaries and short-term employee benefits for the members of the Management Board, excluding expenses for social security and payroll-related taxes, ran to an aggregate amount of kEUR 919 (2021: kEUR 922). The Management Board members were granted the following number of options: Andreas Grassauer 6,816 (thereof 260 equity-settled in 2020 and 2021); Eva Prieschl-Grassauer (thereof 260 equity-settled in 2020 and 2021) 6,816; Pascal Schmidt 8,215 (thereof 430 equity-settled in 2020 and 2021).

The Chairman of the Management Board, Andreas Grassauer and Eva Prieschl-Grassauer were jointly using a middle-class company car provided by Marinomed in the reporting year. Pascal Schmidt again opted for the company car allowance provided for in the remuneration policy in the amount of EUR 1,000 / month in 2022. Each Management Board member was further eligible to a company mobile-phone as well as a respective laptop for private use. No further remuneration in kind was granted and no payments from affiliated companies were made to the members of the Management Board in the reporting year. There were no reclaims by the Company regarding portions of remuneration paid to Management Board members in past periods.

Total expenses attributable to the members of the Management Board were as follows:

all amounts in kEUR	Andreas Grassauer Chairman		Eva Prieschl-Grassauer Chief Science Officer		Pascal Schmidt Chief Financial Officer		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Expenses for fixed remuneration	222.0	200.0	214.4	206.5	225.3	212.0	661.7	618.5
Fixed remuneration paid	222.0	200.0	214.4	208.6	225.3	212.0	661.7	620.6
Expenses for variable remuneration	78.3	79.5	78.3	79.5	78.3	79.5	235.0	238.5
Variable remuneration paid	79.5	79.5	79.5	79.5	79.5	79.5	238.5	238.5
<i>Of which:</i>								
<i>Bonus 2020</i>	-	79.5	-	79.5	-	79.5	-	238.5
<i>Bonus 2021</i>	79.5	-	79.5	-	79.5	-	238.5	-
Expense for granted options	6.9	20.3	6.9	20.3	8.1	24.4	21.8	65.0
<i>Benefit from exercised stock options</i>	-	2.7	-	2.7	-	2.7	-	8.1
Total remuneration expense	307.2	299.8	299.6	306.3	311.7	315.9	918.5	922.0
Change of total remuneration in percent	2.5%		-2.2%		-1.3%		-0.4%	
Change of average remuneration of other employees							8.5%	
Total shareholder return							-35.9%	

Supervisory Board remuneration

The Company has a mandatory Supervisory Board since 2017. The Supervisory Board, which supports and advises the Management Board in strategic, commercial and scientific matters, consisted of six members as of December 31, 2022 (December 31, 2021: four). The 2nd Annual General Meeting on June 11, 2019, has resolved on the Supervisory Board's remuneration for the financial years 2019

et seqq. According to the resolution passed, the annual basic remuneration for members elected by the Annual General Meeting (capital representatives) amounts to (i) kEUR 50 for the Chairman, (ii) kEUR 20 for the Vice Chairwoman, and (iii) kEUR 10 for any other member of the Supervisory Board. In addition, there is an attendance fee of kEUR 2.5 per member and meeting actually attended.

The aggregate remuneration of the members of the Supervisory Board amounted to kEUR 154 in 2022 (2021: kEUR 143). The Supervisory Board members do not receive stock options or variable remuneration.

For the avoidance of doubt, the compensation for the consultancy contract between the Company

and the Chairman of the Supervisory Board in relation to certain business development activities is not part of the remuneration as Supervisory Board member. In the financial year 2022, expenses related to this contract amounted to kEUR 30 (2021: kEUR 37).

all amounts in kEUR	Fixed remuneration		Attendance fee		Reimbursed expenses		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Simon Nebel Chairman	50.0	50.0	10.0	12.5	5.3	3.4	65.3	65.9
Ute Lassnig Vice Chairwoman	20.0	20.0	10.0	12.5	0.1	-	30.1	32.5
Gernot Hofer Member	10.0	10.0	7.5	12.5	-	-	17.5	22.5
Brigitte Ederer Member	10.0	10.0	10.0	12.5	-	-	20.0	22.5
Elisabeth Lackner¹⁾ Member	5.0	-	2.5	-	-	-	7.5	-
Ulrich Kinzel¹⁾ Member	5.0	-	5.0	-	3.2	-	13.2	-
Total	100.0	90.0	45.0	50.0	8.6	3.4	153.6	143.4

¹⁾ Member of the Supervisory Board since the 5th Annual General Meeting in June 2022

Directors' and Officers' liability insurance (D&O insurance)

In 2019, Marinomed procured directors' and officers' liability insurance cover for its management and Supervisory Board members, its senior management at the expense of the Company of kEUR 17 in 2022 (2021: kEUR 16). An appropriately

sized deductible was agreed upon for the members of the Supervisory Board. The deductible agreed upon for the members of the Management Board is in line with the stipulations of the legal provisions of the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance. No further insurance cover for the members of top management is in place.

Other information

The annual change in the total remuneration of the Management Board, the Company's loss for the period and the remuneration of other company employees is as follows:

	2022	2021	Change
all amounts in kEUR			
Loss for the period	-6,397.7	-5,891.3	-8.6%
Total remuneration Management Board	918.5	922.0	-0.4%
Number of other employees (FTEs, excluding Management Board)	41	40	4.2%
Average remuneration of other employees	71.6	66.0	8.5%

"Average remuneration of other employees" includes salaries as well as expenses for the employee stock option plan.

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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