



Marinomed

Remuneration
Report

2021

Remuneration report

Basic principles

On September 17, 2020, the Annual General Meeting of Marinomed Biotech AG voted on the principles for the remuneration of the members of the management board as well as for members of the supervisory board. The resolution was approved with 86.5% of the valid votes cast. The remuneration policy has been made available at <https://www.marinomed.com/en/investors/general-meeting>.

This remuneration report for the remuneration the members of the management board and the supervisory board was established by the management board and the supervisory board of Marinomed Biotech AG according to §§ 78c and 98a of the Austrian Stock Corporation Act (AktG) and approved by the Supervisory Board on May 19, 2022. It refers to the fiscal year 2021.

The remuneration report has to be presented to the general meeting according to § 78d para. 1 Austrian Stock Corporation Act (AktG) for voting. In the Annual General Meeting on June 17, 2021, the corresponding agenda item regarding the remuneration report for the fiscal year 2020 received 85.0% yes votes.

For its management compensation approach Marinomed's compensation committee 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 its shareholders,

stakeholders, customers and ultimately 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 commercialising these products. When deciding on the total remuneration of the management board members, the supervisory board must ensure that this remuneration is commensurate with the tasks and performance of the individual management board members, the company situation and customary remuneration, and that long-term incentives for sustainable corporate development are taken into account. The remuneration includes fixed and variable components as well as the long-term incentive through the stock option plan. The variable remuneration is capped at 50% of fixed remuneration.

The supervisory board set the targets for the variable remuneration for the financial year 2021 in its first meeting in February 2021. Overcoming the challenges and making use of the opportunities caused by the Corona pandemic represented the central topics for the management board of Marinomed. However, the achievement of long-term goals based on the two platforms Carrage-lose and Marinosolv remain the focus, as they represent the technical basis for further sustainable corporate growth in 2021 and beyond. At the same time, the management board shall continue setting up the structures to allow Marinomed

developing from the current environment into an internationally recognized, commercially operating company.

For 2021, the model is based on the remuneration policy that was approved in the annual general meeting of Marinomed on September 17, 2020. It defines the achievement of strategic and operational corporate goals that have a direct impact on the creation of value within the company 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 a single target. Accordingly, the overachievement of one goal can compensate the failure to achieve another goal. However, in total, the variable compensation remains capped at 50% of the annual salary.

The three members of the management board – independent of their responsibilities – received the same goals, as the 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 reflects the commitment to transparency and the understanding of success as a team. Therefore, the bonuses of 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), profit and cash flow compared to agreed budget. These three KPIs allow for a quantitative analysis of the overall financial achievements in a transparent manner.
- Collective performance of the 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 ESG, risk management and internal control, quality and efficiency, legal & compliance, workforce related initiatives, diversity and gender balance, succession plans.

	Impact on overall performance	Achieved	Share in variable remuneration
Achievement of financial goals as agreed with the supervisory board: This includes revenue growth, adherence to budget and financial flexibility	15%	104.7%	15.7%
Performance on execution of long term business goals: Achievements of new partnerships for Marinomolv and Carragelose, and overall non financial performance of the company with respect to sustainable growth	30%	59.0%	17.7%
Technical and scientific progress in technology, clinical trials, and IP	25%	76.4%	19.1%
Performance on strategic development of the company: This includes strategy, business model, new inventions, and performance on ESG	30%	91.7%	27.5%
Total/overall	100%	N/A	80.0%

The company has implemented an employee stock option plan for the benefit of members of the management board and other employees (the “employee stock option plan”, ESOP): This programme was approved by the extraordinary general meeting held on November 15, 2018 and by resolution of the supervisory board dated November 15, 2018. The effectiveness of the ESOP was conditional upon commencement of trading of the shares on the Vienna Stock Exchange.

The total volume of the stock option plan amounts to up to 43,694 stock options entitling holders to subscribe for a total of up to 43,694 shares, 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 first trading day of the shares on the Vienna Stock Exchange was February 1, 2019 (the “ESOP grant date”). Once trading commenced, the options for the management board were issued to the three members.

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, 68.75% of the issued options had vested as at December 31, 2021.

Stock options entitle the respective beneficiary to acquire shares from 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 and 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 financial year 2021, 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 922

(2020: kEUR 1,002). The management board members were granted the following number of options: Andreas Grassauer 6,816 (thereof 180 exercised equity-settled in 2021); Eva Prieschl-Grassauer 6,816 (180 equity-settled); Pascal Schmidt 8,215 (180 equity-settled).

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

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Expenses for fixed remuneration	200.0	200.0	206.5	208.6	212.0	212.0	618.5	620.6
Fixed remuneration paid	200.0	200.0	206.5	208.6	212.0	212.0	618.5	620.6
Expenses for variable remuneration	79.5	79.5	79.5	79.5	79.5	79.5	238.5	238.5
Variable remuneration paid	79.5	100.0	79.5	100.0	79.5	100.0	238.5	300.0
<i>Of which:</i>								
<i>Bonus 2019</i>	-	100.0	-	100.0	-	100.0	0.0	300.0
<i>Bonus 2020</i>	79.5	-	79.5	-	79.5	-	238.5	-
Expense for granted options	20.3	44.5	20.3	44.5	24.4	53.6	65.0	142.5
<i>Benefit from exercised stock options</i>	2.7	3.5	2.7	3.5	2.7	11.0	8.1	18.0
Total remuneration expense	299.8	324.0	306.3	332.6	315.9	345.1	922.0	1,001.6
Change of total remuneration in percent	-7.5%		-7.9%		-8.4%		-7.9%	
Change of average remuneration of other employees							-4.0%	
Total shareholder return							-26.1%	

Supervisory board remuneration

The company has had a statutory supervisory board since 2017. The supervisory board, which supports management in strategic, commercial and scientific matters, consisted of four members as of December 31, 2021 (December 31, 2020: four). The general meeting voted in favour of the proposed remuneration for the 2019 financial year and years thereafter. This grants a basic remuneration for the members elected by the general meeting as follows: (i) for the Chairman kEUR 50, (ii) for the Vice Chairwoman kEUR 20, and (iii) for any other member of the supervisory board kEUR 10. In addition, there is an attendance fee of kEUR 2.5 per member and actually attended meeting.

The aggregate remuneration of the members of the supervisory board amounted to kEUR 143 in 2021 (2020: TEUR 173). The supervisory board members do not receive stock options or variable remuneration.

For the avoidance of doubt, not part of the remuneration as supervisory board member is the compensation for the consultancy contract between the company and 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).

all amounts in kEUR	Fixed remuneration	Attendance fee	Reimbursed expenses	Total
Simon Nebel Chairman	50.0	12.5	3.4	65.9
Ute Lassnig Vice Chairwoman	20.0	12.5	-	32.5
Gernot Hofer Member	10.0	12.5	-	22.5
Brigitte Ederer Member	10.0	12.5	-	22.5

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 16 in 2021 (2020: kEUR 14). 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 Corporate Governance Codex.

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:

all amounts in kEUR	2021	2020	Change
Loss for the period	-5,891.3	-6,010.2	2.0%
Total remuneration management board	922.0	1,001.6	-7.9%
Number of other employees (FTEs, excluding management board)	40	34	17.8%
Average remuneration of other employees	66.0	68.8	-4.0%

The changes in the average remuneration of employees (management board and other employees) are mainly attributable to lower expenses for the employee stock option plan. "Average remuneration of other employees" includes salaries as well as expenses for the employee stock option plan.

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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.

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