2018 Marinomed Biotech AG

Annual Financial Report 2018

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Management discussion and analysis (IFRS)

2018

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, which 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.

The market environment is characterised by intense competition, strict regulations and fragmented distribution networks. Above and beyond product development and brands, it is therefore essential to be able to bring innovations to the market. With an innovative, patent-protected product portfolio, Marinomed enables its highly specialised distribution partners to be ideally prepared for this challenge in the various countries and regions.

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.

Austria

The pharmaceutical and biotechnology industries also play a significant role in the Austrian economy. More than 1,000 companies are involved in the life sciences sector in Austria, with 150 companies with 18,000 employees in the pharmaceutical segment investing millions in research and development and generating 2.8% of total gross domestic product. Over the past few years numerous companies have achieved great success, for example by obtaining market approvals for drugs (Vienna Life Science Report 2018/19, LISA Vienna).

Business performance

In line with the two technology platforms, Marinomed reports separately for the Marinosolv® and Carragelose® operating segments. Business performance is characterised by different factors in the two segments. It is essential that these are taken into account in any analysis of the earnings situation.

Marinosolv® segment

No distribution licensing rights or other intellectual property rights have been issued to third parties for products of the newly developed Marinosolv® technology platform to date. As a result, the exceptionally positive trend at the research and development level has not yet been reflected in revenues or income. This operating segment is characterised by high spending on research and development, which is not expected to generate revenues for some years.

Marinomed achieved key development milestones for Budesolv, its flagship Marinosolv® product, in the 2018 fiscal year. The pivotal Phase III study – which is the prerequisite for subsequent authorisation – started at the end of 2018. Marinomed can thus continue to keep to its timetable for approval and subsequent market launch in Europe in 2021.

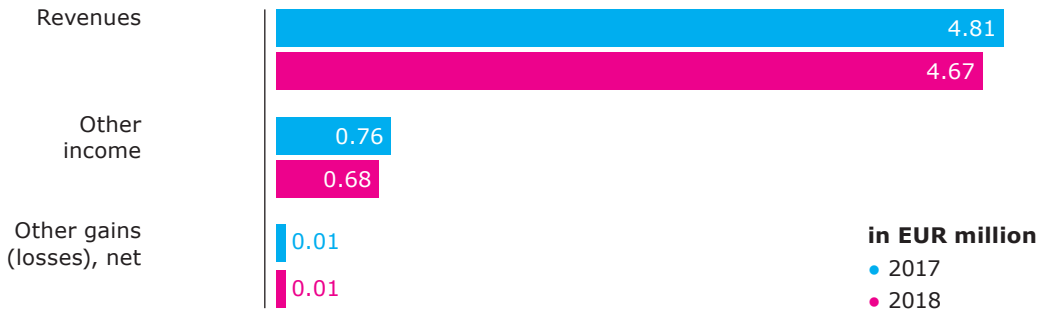
Carragelose® segment

Capacity-related order deferrals into 2019 resulted in the Carragelose® platform for treating cold-related illnesses exhibiting less dynamic performance than the previous year. This operating segment encompasses sales and distribution of the existing Carragelose® products alongside ongoing research and development. After a doubling of product sales to EUR 4.81 million in the 2017 reporting period, this high level was largely maintained in 2018. While new product launches in key markets in Asia contributed to growth, some major markets in Europe experienced significant fluctuations in revenues. This was attributable to products in storage, which had been ordered by and delivered to customers as part of product launches at the end of 2017. However, in the following year, customers did not meet their revenue projections.

Revenues and earnings

In the 2018 fiscal year, Marinomed generated all of its revenues of EUR 4.67 million (2017: EUR 4.81 million) from the Carragelose® segment. Other income largely comprised non-repayable development grants and the research premium, and at EUR 0.68 million in 2018 remained largely on a par with the prior year (2017:EUR 0.76 million). Other gains (losses) are mostly related to exchange gains and losses and in 2018 remained on a similarly low level to the 2017 fiscal year.

Aggregate operating performance

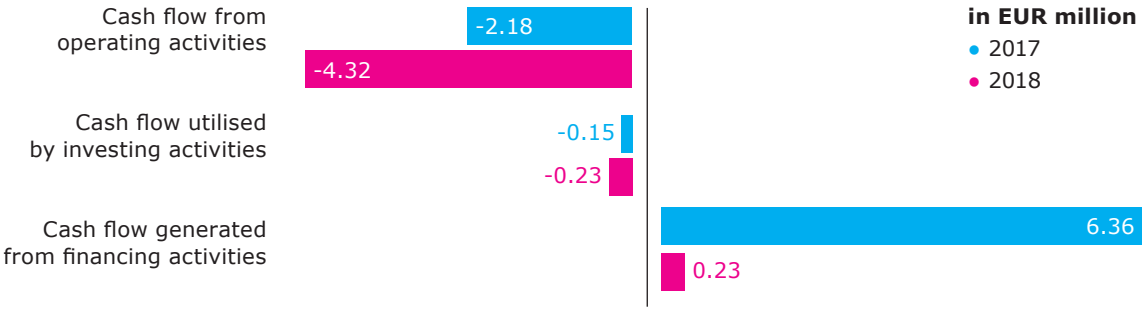


The slight decline in product sales led to a decrease in material costs to EUR 3.31 million, compared to EUR 3.47 million in 2017. As a result of higher investments, especially in clinical development projects and patents, the cost of services obtained rose from EUR 0.69 million in 2017 to EUR 1.52 million in 2018. Personnel costs reflected the increase in research and development staff and the expansion of the management team and at EUR 2.52 million, were therefore higher than the prior year's figure of EUR 1.77 million. The increase in other expenses from EUR 1.08 million in 2017 to EUR 2.91 million in 2018 was largely attributable to advisory services and other costs connected with the preparations for the Company's IPO.

The high investments in Marinomed's future growth path were reflected in the Company's earnings performance. Due to the high expenses for research and development and for the IPO, the operating result (EBIT) of EUR -5.14 million was down on the prior year's figure of EUR -1.64 million. The financial result was burdened by a one-off, non-cash valuation result of EUR -5.67 million in connection with the convertible bond issued in 2017, and declined to EUR -6.95 million (2017: EUR -0.74 million). The loss for the year in 2018 therefore came in at EUR -12.10 million, compared to EUR -2.38 million in 2017.

These expenses contrasted with positive IPO issue proceeds of EUR 22.43 million in February 2019. This provided the Company with sufficient funds to enable it to press ahead with its planned growth trajectory. In addition, 99.7% of the convertible bond holders converted their bonds into shares, significantly reducing the Company's debt burden. The Company was able to repurchase the outstanding 0.3% of the convertible bond issue in February 2019. The convertible bond was then delisted from the Third Market of the Vienna Stock Exchange.

Cash flow



Assets and financial situation

The assets and financial situation largely reflects the negative trend in earnings, which is to be expected for a biopharmaceutical firm during the development stage. The funding measures in the 2015 to 2018 fiscal years should ensure long-term investment in research and development.

Total assets fell from EUR 9.33 million as at December 31, 2017 to EUR 5.26 million as at the 2018 reporting date. Non-current assets increased slightly to EUR 1.54 million compared to EUR 1.48 million on the cut-off date in the prior year, while current assets fell significantly from EUR 7.85 million to EUR 3.72 million. Cash and cash equivalents, which fell from EUR 6.03 million to EUR 1.72 million on the reporting date, were the main reason for this.

Equity capital declined further over the 2018 fiscal year due to the loss for the period and remained negative at EUR -16.27 million compared to EUR -5.03 million in 2017.

Non-current liabilities increased, primarily on account of an increase in other financial liabilities in connection with the non-cash valuation of the 2017 convertible bond issue, to EUR 13.89 million compared to EUR 7.49 million as at the 2017 reporting date. Current liabilities rose from EUR 6.86 million to EUR 7.64 million as at December 31, 2018, due to increased trade payables mainly related to invoices for advisory services in connection with the preparations for the IPO.

The changes in cash flow reflect the earnings situation and the repayment of financial liabilities in 2018. Consequently, cash and cash equivalents at year-end fell from EUR 6.03 million in 2017 to EUR 1.72 million in 2018.

Supplementary report

Successful IPO in February 2019

The success of the 2019 IPO has set the course for Marinomed's successful future. Marinomed Biotech AG's shares have been listed in the prime market of the Vienna Stock Exchange since February 1, 2019. Under the IPO 299,000 new bearer shares were placed with investors. The gross proceeds from the issue amounted to around EUR 22.4 million (including overallotment/ greenshoe option). The high conversion rate (99.7%) and the full use of the greenshoe option (39,000 shares) also confirm that the high costs incurred in 2018 for preparation of the IPO were a worthwhile investment in the future. The share capital amounts to EUR 1,469,772, divided into 1,469,772 shares with voting rights, and the free float is around 39%.

In addition, at the start of 2019, the European Investment Bank granted Marinomed a loan of up to EUR 15 million. The loan will be disbursed in three tranches depending on the achievement of defined milestones. Marinomed thus has sufficient financial flexibility to speed up growth and fully exploit the potential offered by its platforms.

On April 23, 2019, Marinomed announced the successful completion of the pivotal Phase III study for Budesolv. The available top-line results show that Budesolv achieves at least the same effect as the product which is currently on the market, with a significantly lower dose. The planned primary endpoint of the study for the first product of the innovative Marinosolv® technology platform has thus been achieved. The approval process can be continued as planned. The complete Phase III study with detailed results is expected and will be published at the end of the second quarter of 2019 at the latest.

Outlook for 2019

Marinomed expects that the expansion of the distribution partnerships and planned product launches will bring continuing positive performance for orders and sales in 2019. However, the high research and development expenses mean that it expects continuing operating losses over the coming years.

Focus on Marinosolv®

Marinomed's Marinosolv® technology platform serves a billion-dollar market with strong growth prospects. The platform's flagship product is the anti-allergy drug Budesolv. A pivotal Phase III study was started in the fourth quarter of 2018. The detailed results of this study are expected at the end of the second quarter of 2019. The top-line results published on April 23, 2019 already show that Budesolv achieves at least the same effect as the product which is currently on the market, with a significantly lower dose.

Marinomed is also researching further developments based on the Marinosolv® technology platform. Marinomed is developing the product Tacrosolv for the treatment of inflammatory ocular disorders, with clinical development scheduled for 2019. Marinomed's strategy consists in further expanding the Company's intellectual property and utilising this to optimum effect. The broad applicability of the Marinosolv® technology platform opens up a multitude of options.

The potential for Carragelose®

Marinomed sees further substantial growth potential in the pharmaceutical market for OTC products against a backdrop of what remains intense competitive pressure. Of the ten largest regional OTC markets, the Company has so far only achieved noteworthy sales in the UK and Germany. Testing of various distribution channels started recently in China. To make the best use of this potential, Marinomed is aiming to forge additional new partnerships. The upcoming product launches in Asia, Russia and other markets over the next few years will make a particularly significant contribution to this growth.

Against this backdrop, Marinomed expects a further longer-term rise in revenues from its Carragelose® products. This increase is set to come from product launches in new markets as well as the introduction of additional products in existing markets.

The United States of America are a special case. There are barriers to market entry in the US in the form of regulatory provisions and licensing criteria that differ from those in the rest of the world and render authorisation in the next few years unlikely. Nevertheless, Marinomed is endeavouring to access this especially attractive market.

In the foreseeable future, further investment in research and development will be required to leverage the potential of the two platforms. Depending on the scale of this investment and the commercial success realised, there may be a need for additional capital. Marinomed is involved in ongoing discussions regarding additional project financing.

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.

Risks relating to funding and funding instruments

The main financial risks include default and liquidity risks. Exchange-rate risks also 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. As a research and development company, Marinomed continues to report a loss in its accounts, which means that it has no access to conventional credit instruments. Accordingly, there is a risk that the capital requirement will not be met in future, or only at unfavourable conditions. This is a typical risk for a biotech firm.

The Company does not have any derivative financial instruments.

Strategic risks

The risk for Marinomed is that long-term potential will not be utilised or will be misjudged. The partnerships it has entered into or may establish in future for both technology platforms could prove disadvantageous. The current assessment of the products' potential on the global markets may 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 marketing 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.

With more than 90% of sales billed in euros, the Company considers the currency risk to be low. However, in non-Eurozone countries (excluding the United Kingdom), appreciation of the euro against local currencies could make the Company's products more expensive for distributors and end consumers, resulting in reduced sales for the Company's products.

Liquidity risk

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

The management board expects the Company's research and development spending and operational losses to remain substantial over the coming years at least. The management projects that the existing cash reserves as well as the raised financings through the IPO and from 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 or future operating plans.

Marinomed believes that the Company could forgo certain expenditures to reduce its cash requirements. If Marinomed becomes unable to raise capital when needed, this may result in delays, cutbacks or termination of research and development programmes as well as future commercialisation efforts.

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 in Vienna, 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 University of Veterinary Medicine extending the rental agreement.

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. The research activities of Marinomed serve to increase knowledge for the benefit of humanity, while protecting the environment at the same time. Its internal and external researchers act in accordance with statutory rules and ethical principles. A responsible approach to research primarily involves the following measures in the event of research that is at risk of abuse: 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.

Personnel risk

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

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.

The risk management system focuses on the areas set out in the preceding section on risk. Operational risks are in particular addressed through close internal and also external communication. Regular contact with all external suppliers and partners and the documentation of discussions and meetings enable constant tracking of planning and implementation. Marinomed has succeeded in securing investors for the IPO and also in obtaining a venture loan from the EIB. These two funding elements have firstly helped improve the capital structure while also enabling the Company to step up implementation of its research and development activities. They have thus reduced the level of dependency on the general economic situation, financing conditions, and successful receivables management.

Marinomed's internal control system has the specific task of ensuring the reliability of financial reporting, compliance with statutory and internal company guidelines, and also identifying risks including risks not related to financial reporting. The principle of dual control is observed for all relevant transactions.

The internal control system is divided into the structural and the procedural organisation. The structural organisation is characterised by flat hierarchies and a clear allocation of responsibility. There is organisational separation of operational and financial responsibility and, for accounting, of bookkeeping, controlling and reporting.

The procedural organisation is shaped by a clear set of rules which provide an appropriate basis for an efficient control system based on approvals and authorities. Internal reporting to the management board is particularly important here, in order to ensure that risks can be identified at an early stage and countermeasures taken. It takes the form of regular meetings on key areas, notably research and development, supply chain and finance. Depending on their significance, these meetings are held weekly or monthly.

At the meetings, the relevant departmental managers provide the management board with structured reports containing the necessary information. This aims to reduce risks which could result in incomplete or incorrect financial reporting.

Internal reporting is designed to enable the management board to conduct regular reviews on the plausibility of key processes and their financial impact and to compare with planning, in order to be able to decide on and adopt suitable measures in the event of deviations. The necessary planning for e.g. clinical studies, external service providers and sales is approved by the management board in advance.

In addition, the Company prepares rolling liquidity planning, which is continuously monitored and aligned with the Company's own criteria.

Accounting regularity is ensured through an accounting-based internal control system. This aims to ensure compliance with legal norms, generally accepted accounting principles, and the accounting rules of the Austrian Commercial Code (UGB) as well as the accounting rules of the International Financial Reporting Standards (IFRS). Until the end of the 2018 fiscal year, accounting was outsourced to the tax consultants Glocknitzer Hollenthoner Steuerberatung GmbH & Co KG. In 2018, the financial module of BMD Systemhaus GesmbH's software solution was introduced and parallel accounting was commenced. From the start of the 2019 fiscal year, accounting is provided internally using the BMD software.

The accounts are audited by the international auditing firm BDO Austria Holding GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. In addition, Deloitte Tax Wirtschaftsprüfungs GmbH assist with the preparation of reporting pursuant to IFRS, especially with regard to valuation and presentation matters.

Marinomed complies with the provisions of the Austrian Code of Corporate Governance (ACCG) and prepares a corresponding public corporate governance report as part of its annual report. The Company has appointed a Compliance Officer to advise the management board from the 2019 fiscal year and monitor the functioning of the internal control system.

Research and development

Marinomed has a research and development facility on its premises, including state-of-the-art laboratories to facilitate research in the fields of pharmacy, biology, molecular biology, cell biology and in vivo pharmacology. Its research and development activities focus on the two platforms, Carragelose® and Marinosolv®. Spending on research and development amounted to EUR 2.93 million in the 2018 fiscal year, down from EUR 2.19 million in the 2017 fiscal year.

The flagship product of the Marinosolv® technology platform is Budesolv, a new medicine to treat allergic rhinitis. Marinomed has devised a method for fully dissolving the hardly soluble compound budesonide. This can achieve better results in treating allergies while using a lower dose of the compound. The clinical trial was started in the fourth quarter of 2018 as a basis for the subsequent approval process. First top-line results of this study were published in April 2019. Initial approval for the medicine is expected in 2021 at the earliest. Other products to treat eye conditions are in the pre-clinical development stage. The product Tacrosolv is scheduled to enter clinical development in 2019/2020.

The Carragelose® platform is set to be extended in future with additional products. The first newly developed medical device on a physical basis received certification in July 2018. Carravin, a combination of Carragelose® and the decongestant compound xylometazolin, will subsequently undergo a bibliographical approval process. Marinomed expects approval to be obtained in 2020 at the earliest, depending on regulatory requirements of the authorities.

Personnel and corporate bodies

Personnel

Marinomed employed 32 staff at the end of the 2018 fiscal year (2017: 27), including 18 in research and development. The majority of its personnel have academic qualifications.

Management board

The management board of Marinomed Biotech AG comprises a minimum of two and a maximum of five members in accordance with the Articles of Association. The members are appointed by the supervisory board for up to five years and can be reappointed. Marinomed's management board consisted of three members at the end of the 2018 fiscal year.

Supervisory board

In accordance with the Articles of Association, the supervisory board of Marinomed Biotech AG comprises a minimum of three and a maximum of six members, who are elected at the AGM for a period of five years. If a workers' council is established in future, it can delegate two staff representatives to the supervisory board. The supervisory board consisted of five members at the end of the 2018 fiscal year. The members appointed in 2017 were all members of the Company's advisory council before the change of legal form to a limited stock corporation.

Management board Name and function	**Year of birth**	**Initial appointment**	**End of function period**
Andreas Grassauer Chairman and Chief Executive Officer	1969	2006[1)]	2022
Eva Prieschl-Grassauer Chief Scientific Officer	1968	2006[1)]	2022
Pascal Schmidt Chief Financial Officer	1972	2018	2022
Supervisory board Name and function			
Simon Nebel Chairman	1966	2017	2023
Ute Lassnig Vice Chairwoman	1970	2017	2023
Karl Lankmayr Member	1978	2017	2023
Gernot Hofer Member	1980	2017	2023
Brigitte Ederer Member	1956	2018	2023

[1)] since 2006 – management; following change of legal form to a limited stock corporation in 2017 – management board

Financial statements (IFRS)

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

Year ended December 31 all amounts in EUR	Notes	2018	2017
Profit or loss			
Revenues	5	4,666,276.41	4,810,974.77
Other income	6	675,691.84	757,233.82
Other gains (losses), net	7	10,229.44	5,099.97
Expenses of materials and services	8	(4,831,722.57)	(4,159,552.44)
Personnel expenses	9	(2,516,541.29)	(1,773,159.40)
Depreciation and amortisation	10	(236,763.94)	(202,579.50)
Other expenses	11	(2,908,011.59)	(1,076,058.07)
Operating result (EBIT)		**(5,140,841.70)**	**(1,638,040.85)**
Financial income	13	210,776.48	218,001.78
Financial expenses	13	(7,163,285.50)	(956,401.50)
Financial result		**(6,952,509.02)**	**(738,399.72)**
Loss before taxes		**(12,093,350.72)**	**(2,376,440.57)**
Taxes on income	14	(3,500.00)	(1,750.00)
Loss for the year		**(12,096,850.72)**	**(2,378,190.57)**
Other comprehensive income (loss) for the year		0.00	0.00
Total comprehensive loss for the year		**(12,096,850.72)**	**(2,378,190.57)**

All results are attributable to shareholders of the Company.

Year ended December 31 all amounts in EUR	**Notes**	**2018**	**2017**
Earnings per share			
Basic (EUR per share)	15	(12.10)	(2,38)
Diluted (EUR per share)	15	(12.10)	(2,38)

The notes are an integral part of these financial statements.

Statement of financial position

Year ended December 31 all amounts in EUR	Notes	2018	2017
ASSETS			
Non-current assets			
Intangible assets	18	1,331,721.20	1,311,587.61
Property, plant and equipment	17	195,446.79	162,989.83
Long-term receivables	21	12,838.36	2,910.00
		1,540,006.35	1,477,487.44
Current assets			
Inventories	19	115,708.78	177,722.92
Trade and other receivables	21	1,892,173.03	1,643,823.37
Current tax receivables	14	16.90	16.90
Cash and cash equivalents	22	1,715,471.10	6,030,381.94
		3,723,369.81	7,851,945.13
Total assets		**5,263,376.16**	**9,329,432.57**

Year ended December 31 all amounts in EUR	**Notes**	**2018**	**2017**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	1,000,000.00	132,360.00
Capital reserves		6,968,315.43	6,979,333.83
Retained losses		(24,235,415.49)	(12,138,564.77)
		(16,267,100.06)	(5,026,870.94)
Non-current liabilities			
Borrowings	25	1,173,514.57	1,085,290.96
Silent partnerships	24	0.00	0.00
Convertible bond	26	5,583,138.60	4,941,930.62
Other financial liabilities	27	7,131,983.32	1,464,354.25
Other non-current liabilities	29	0.00	1,487.16
		13,888,636.49	7,493,062.99
Current liabilities			
Borrowings	25	3,715,639.49	4,613,136.89
Trade payables	28	2,014,536.49	730,994.20
Convertible bond	26	131,178.08	131,178.08
Other financial liabilities	27	0.00	17,278.43
Current contract liabilities and other current liabilities	29	960,485.67	607,652.92
Provisions	30	820,000.00	763,000.00
		7,641,839.73	6,863,240.52
Total equity and liabilities		**5,263,376.16**	**9,329,432.57**

The notes are an integral part of these financial statements.

Statement of cash flows

Year ended December 31 all amounts in EUR	Notes	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		(12,096,850.72)	(2,378,190.57)
Adjustments for:			
Taxes on income recognised in profit or loss		3,500.00	1,750.00
Financial income recognised in profit or loss		(210,776.48)	(218,001.78)
Financial expense recognised in profit or loss		7,163,285.50	956,401.50
Depreciation and amortisation expense		236,763.94	202,579.50
Net book value of disposals of assets		0.06	0.02
(Gain)/Loss on disposal of assets		(170.00)	(50.00)
Non-cash income from grant due to debt relief		(350,512.00)	(563,281.00)
Other non-cash income (interest advantage)		(10,750.54)	(31,813.31)
Changes in deposits and other non-current receivables		(9,928.36)	10.00
Changes in inventories		62,014.14	(129,930.14)
Changes in trade liabilities and other receivables		(248,349.66)	(341,092.23)
Changes in provisions		57,000.00	0.00
Other changes in trade, contract liabilities and other liabilities		1,650,821.25	500,500.37
Interest paid		(558,265.78)	(220,840.34)
Interest received		54.59	315.87
Taxes paid		(3,500.00)	39,483.10
Cash flow utilised by operating activities	16	**(4,315,664.06)**	**(2,182,159.01)**
Purchase of plant and equipment and intangible assets		(229,082.75)	(153,921.29)
Proceeds from sale of property, plant and equipment		170.00	50.00
Cash flow utilised by investing activities	16	**(228,912.75)**	**(153,871.29)**

Year ended December 31 all amounts in EUR	**Notes**	**2018**	**2017**
Proceeds from shareholders		867,640.00	0.00
Proceeds from convertible bond		0.00	6,367,397.08
Repayments of shareholders' loans		(89,314.00)	0.00
Repayments of long-term borrowings		(529,988.00)	0.00
Finance lease payments		(16,953.63)	(7,206.47)
Equity transaction costs		(1,718.40)	0.00
Cash flow generated from financing activities	16	**229,665.97**	**6,360,190.61**
Net cash flow		**(4,314,910.84)**	**4,024,160.31**
Cash & cash equivalents at beginning of period	22	6,030,381.94	2,006,221.63
Cash & cash equivalents at end of period	22	1,715,471.10	6,030,381.94
Thereof effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		1,808.38	3,666.05

The notes are an integral part of these financial statements.

Statement of changes in equity

all amounts in EUR	Nominal capital/ share capital	Capital reserves
January 1, 2017	**132,360.00**	**6,979,333.83**
Loss for the year	0.00	0.00
Total comprehensive income (loss) for the year	0.00	0.00
December 31, 2017	**132,360.00**	**6,979,333.83**
Loss for the year	0.00	0.00
Total comprehensive income (loss) for the year	0.00	0.00
Paid-in capital, net of transaction cost	867,640.00	(11,018.40)
December 31, 2018	**1,000,000.00**	**6,968,315.43**

The notes are an integral part of these financial statements.

Retained losses	Total
(9,760,374.20)	**(2,648,680.37)**
(2,378,190.57)	(2,378,190.57)
(2,378,190.57)	(2,378,190.57)
(12,138,564.77)	**(5,026,870.94)**
(12,096,850.72)	(12,096,850.72)
(12,096,850.72)	(12,096,850.72)
0.00	856,621.60
(24,235,415.49)	**(16,267,100.06)**

Notes to the financial statements

1. General information

Marinomed Biotech AG ("Marinomed" or the "Company"; formerly Marinomed Biotechnologie GmbH – see Note 23) 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 financial statements for issuance on April 29, 2019.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise noted. The tables in this report may contain rounding differences.

2.1. Basis of preparation

The 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 International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Going concern

Since inception, the Company has incurred significant losses from its operations. As the Company is a biotech company in the research phase, the losses are not unexpected, but according to plan. The business model of the Company foresees a phase of research and development over several years before gaining its own relevant income. The research and development risk as well as the financing and liquidity risk are covered primarily by equity financing from shareholders as well as use of support programmes by the Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft, or FFG), the research premium from the Austrian government and external research assignments.

After placement of a convertible bond on the Third Market (MTF) of the Vienna Stock Exchange in the amount of kEUR 7,000 in 2017, the Company prepared for going public in financial year 2018. In the course of a successful Initial Public Offering (IPO) on February 1, 2019 and the fully exercised greenshoe option on February 28, 2019, total gross proceeds of kEUR 22,425 were recorded from the issuance of new shares.

As of February 25, 2019, the Company was granted a loan by the European Investment Bank (EIB) in the amount of kEUR 15,000, which is covered by a guarantee of the European Fund for Strategic Investments (EFSI). This venture debt loan bears interest at customary market rates. It is expected to be transferred to Marinomed Biotech AG in three tranches subject to the achievement of certain milestones between 2019-2022, subject to fulfilment of certain milestones, and will be settled in financial years 2024-2027.

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

However, based on the cashflows from the IPO, the EIB loan as well as from future sale of goods, management expects liquidity to be most probably ensured until the end of 2020.

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

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

New and revised standards and interpretations that are effective for the current year
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, 2018:

- IFRS 9 Financial Instruments (applicable to financial years beginning on or after January 1, 2018; EU endorsement: November 22, 2016): IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
  IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes FVTOCI not reclassified. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The Company has reviewed its financial assets and liabilities and has come to the conclusion, that IFRS 9 does not have an impact on the financial statements as of December 31, 2018. Financial assets only consist of loans and receivables previously measured at amortised cost under IAS 39, that are measured on the same bases under IFRS 9. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. However, due to the Company's history of receivables write-downs the expected credit loss model has no impact for the Company. Further, there is no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Company did not designate liabilities at FVTPL. Also the new rules for hedge accounting are currently not relevant for the Company.

- IFRS 15 Revenue from contracts with customers (applicable to financial years beginning on or after January 1, 2018; EU endorsement: September 22, 2016): IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations.

  The Company has adopted the new standard on January 1, 2018 using the modified retrospective method and applied that method to all contracts that were not completed at the date of initial application. As a result, the Company has not applied the requirements of IFRS 15 to the comparative periods presented. The first-time adoption of IFRS 15 had no effect on the Company's retained earnings as at January 1, 2018, however required some minor reclassifications within the balance sheet. The effect of adopting IFRS 15 on the opening balance as at January 1, 2018 is as follows:

all amounts in EUR	December 31, 2017	Adjustment IFRS 15	January 1, 2018
Assets			
Current Assets			
Trade receivables	1,190,256.19	(767.45)	1,189,488.74
Liabilitites			
Current liabilities			
Trade payables	730,994.20	(5,000.00)	725,994.20
Current contract liabilities and other liabilities	607,652.92	4,232.55	611,885.47

Contract liabilities as shown in the tables above are included under "current contract liabilities and other liabilities" in the statement of financial position. Trade payables reclassified to contract liabilities relate to advance payments only.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Some contracts for the sale of goods provide customers with a cash discount for early payment, volume rebates or other rebates/discounts. Under IFRS 15 such discounts and rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in line item "Current contract liabilities and other liabilities") is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period.

Due to the fact that the expected discounts and rebates have been deferred prior to the adoption of IFRS 15 there is no change in revenue recognition.

The same basically applies to milestone payments resulting from one-off revenues agreed in licensing and distributor agreements. Such milestone payments give rise to variable consideration under IFRS 15, which is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. Prior to IFRS 15 revenue from milestone payments was recognised when all contractual obligations were fulfilled by the Company and the amounts were non-refundable. The timing of revenue recognition for such milestone payments generally coincides prior and past IFRS 15. As such, the adoption of IFRS 15 did not have an effect on revenue recognition for milestone payments in the financial statements as of December 31, 2018.

Some contracts for the sale of goods provide customers with a marketing contribution, payable to the customer under specific circumstances. Prior to IFRS 15 such a marketing contribution has been shown as expense in the respective period. Under IFRS 15 such consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue, because the payment to the customer does not qualify as "in exchange for a distinct good or service that the customer transfers to the entity". The following table shows the effects of these changes on the financial statements as of December 31, 2018:

all amounts in EUR	**2018 (as reported)**	**Adjustment IFRS 15**	**Without adoption of IFRS 15**
Revenues	4,666,276.41	32,139.48	4,698,415.89
Other expenses	(2,908,011.59)	(32,139.48)	(2,940,151.07)
Operating result (EBIT)	**(5,140,841.70)**	**0.00**	**(5,140,841.70)**

For revenue from licensing of intellectual property IFRS 15 provides specific guidance, which differs from the recognition model for other promised goods and services. According to this a licence will either provide a right to access the entity's intellectual property throughout the licence period, which results in revenue being recognised over time, or a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted, which results in revenue being recognised at a point in time. The Company's licence contracts in place provide right-to-use licences.

Revenue recognition for licence agreements follows the same principles under IFRS 15 as the Company's accounting policy under IAS 18. Therefore, the adoption of IFRS 15 had no effect on revenue recognition for licence agreements in the financial statements as of December 31, 2018.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company.

New and revised standards and interpretations in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been adopted early by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

- 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 will apply the standard from its mandatory adoption date of January 1, 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be 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 recognised will be 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 (see Note 32). A preliminary assessment indicates that the Company will recognise 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. The impact on profit or loss is to decrease other expenses by approx. kEUR 87, to increase depreciation by approx. kEUR 79 and to increase interest expense by approx. kEUR 11.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.3. Segment reporting

In 2018, 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 Research & Development 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 Carragelose® containing products with unique anti-viral properties target viral infections of the respiratory tract of more than 200 different virus strains. Marinomed has achieved market validation with its anti-viral nasal spray for common cold, initially launched in 2008. IP protection lasts until 2036 for particular products (decongestant medical device nasal spray). The Company managed to conclude licence and distribution agreements for various Carragelose® products with OTC (over the counter, or non-prescription drug) partners in countries almost all over the world.

Marinosolv® is an innovative technology platform that increases the bioavailability of hardly soluble compounds for the treatment of sensitive tissues such as nose and eyes. Stable aqueous formulations of hardly soluble compounds such as corticosteroids and immunosuppressants allow a faster onset of action, high local activity, an increased bioavailability and aseptic production. Currently, two products are in development targeting inflammatory diseases of nose (Budesolv) and eyes (Tacrosolv). A patent application was filed in 2015, which is currently in the nationalisation phase subsequent to the patent cooperation treaty (PCT) phase. Depending on the active ingredient, the products may be either OTC or Rx (prescription drug).

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

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

The following is an analysis of the Company's revenues, operating result (EBIT) and certain other profit or loss information and result from continuing operations by reportable segment.

Year ended December 31, 2017 in kEUR	**Carragelose®**	**Marinosolv®**	**Corporate**	**Total**
Total revenues	4,811.0	0	0	4,811.0
Thereof sale of goods	*4,585.4*	*0*	*0*	*4,585.4*
Cost of goods sold	(3,419.8)	0	0	(3,419.8)
Contract research	(187.8)	(84.6)	0	(272.4)
Personnel expenses	(482.2)	(785.5)	(505.5)	(1,773.2)
Other miscellaneous income/(expense)	(614.0)	(219.9)	(432.3)	(1,266.3)
Depreciation and amortisation	(132.0)	(33.1)	(37.5)	(202.6)
Non-recurring items	0	0	485.2	485.2
Operating result (EBIT)	**(24.9)**	**(1,123.1)**	**(490.1)**	**(1,638.0)**

Year ended December 31, 2018				
Total revenues	4,666.3	0.0	0.0	4,666.3
Thereof sale of goods	*4,416.4*	*0.0*	*0.0*	*4,416.4*
Cost of goods sold	(3,285.4)	0.0	0.0	(3,285.4)
Contract research	(168.9)	(759.1)	0.0	(928.0)
Personnel expenses	(693.8)	(792.3)	(1,030.4)	(2,516.5)
Other miscellaneous income/(expense)	(604.4)	(122.4)	(597.8)	(1,324.6)
Depreciation and amortisation	(138.8)	(27.3)	(70.7)	(236.8)
Non-recurring items	0.0	0.0	(1,515.8)	(1,515.8)
Operating result (EBIT)	**(225.0)**	**(1,701.1)**	**(3,214.8)**	**(5,140.8)**

Additional information on 2017 figures

"Cost of goods sold" include expenses for merchandise and regular batch release charges (excluding exceptional charges) related to "Sale of goods" and build part of, but do not equal the P&L item "Expenses of materials and services". Research services provided by third parties are presented as "Contract Research". "Personnel Expenses" include the Company´s total staff expense.

"Other miscellaneous expense" comprises service and other expenses such as e.g. consulting expenses, charges of the legal manufacturers, patent expenses, supervisory board compensation, site and maintenance expenses, travel and representation, laboratory consumables, marketing expenses etc.

"Other miscellaneous income" mainly refers to the research premium.

"Non recurring items" include income from the conversion of loans to non-repayable grants in the amount of kEUR 563.3 as well as expenses related to the change of the Company´s legal form of kEUR 78.1.

Additional information on 2018 figures
General explanations on "Cost of goods sold", "Contract research", "Personnel Expenses" and "Other miscellaneous income/(expense) for 2017 also apply to the 2018 figures.

"Non-recurring items" include income from the conversion of loans to non-repayable grants in the amount of kEUR 350.5 as well as expenses in the context of the preparation of the going public in the amount of kEUR 1,866.3.

Break-down of revenues by categories and geographical area
Revenues from the sale of goods include nasal and throat products based on the Carragelose® technology. Other revenues relate to income from licenes and royalties as well as miscellaneous other services. The geographical break-down is based on distribution markets.

Year ended December 31, 2017 in kEUR	**Sale of goods**	**Other revenues**	**Total revenues**
Austria	11.7	73.7	85.4
Other European countries	3,080.9	34.7	3,115.6
Non-European countries	1,492.8	117.2	1,610.0
Total	**4,585.4**	**225.6**	**4,811.0**

Year ended December 31, 2018			
Austria	74.8	85.4	160.3
Other European countries	2,082.8	62.1	2,144.9
Non-European countries	2,258.7	102.4	2,361.1
Total	**4,416.4**	**249.9**	**4,666.3**

Between 10 and 20% of total revenues were generated in the Iranian market in 2017 and 2018. Additionally, Australia and Germany accounted for 10-20% of total revenues each in 2018.

Long-term assets
Long-term assets are fully attributable to Austria where the Company´s premises are located in 2018 and 2017.

Major customers

Customers exceeding 10% of total revenues are considered major customers for this schedule. In total three customers account for approximately 62% (kEUR 2,910.7) of the Company´s revenues in 2018 (2017: four customers/ kEUR 4,054.6/84%):

Segment Carragelose

Year ended December 31

2017 in kEUR	Total revenues	%
Top 1	1,598.3	33%
Top 2	982.0	20%
Top 3	841.8	17%
Top 4	632.5	13%
Total	**4,054.6**	**84%**

2018 in kEUR	Total revenues	%
Top 1	1,653.3	35%
Top 2	765.7	16%
Top 3	491.8	11%
Total	**2,910.7**	**62%**

2.4. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income (loss) (see also Note 7).

2.5. Basic recognition and valuation principles

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

2.6. Revenue from contracts with customers

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

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer.

Some contracts for the sale of goods provide customers with a cash discount for early payment, volume rebates or other rebates/discounts. Under IFRS 15 such discounts and rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in line item "Current contract liabilities and other liabilities") is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are regularly made with a credit term of 30 to max. 75 days after the last day of the month following the issuance of the invoice.

A trade receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Licence revenue

For revenue from licensing of intellectual property IFRS 15 provides specific guidance, which differs from the recognition model for other promised goods and services. According to this a licence will either provide a right to access the entity's intellectual property throughout the licence period, which results in revenue being recognised over time, or a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted, which results in revenue being recognised at a point in time. The Company's licence contracts in place provide right-to-use licences. Thus, revenue is recognised when the licence is granted to the customer in accordance with the substance of the relevant agreement. For milestone payments agreed in licensing agreements please refer to the section below.

The Company applies the exception for sales-based or usage-based royalties received in exchange for licences of intellectual property. Accordingly, revenue is recognised only when (or as) the later of the following events occurs: a) the subsequent sale or usage occurs; and b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied). Consequently royalties are not included in the transaction price until the customer makes sales, regardless of whether or not the Company has predictive experience with similar arrangements.

Milestone payments

Milestone payments resulting from one-off revenues agreed in licensing and distributor agreements give rise to variable consideration under IFRS 15, which is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. Revenue from milestone payments is therefore only recognised to the extent that it is highly probable that a significant reversal will not occur; this is basically the fact when all contractual obligations are fulfilled by the Company and the amounts are non-refundable.

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

2.7. Grant income

Grant income comprises (a) grants received from FFG and the Vienna Business Agency (Wirtschaftsagentur Wien, or WAW), (b) the research premium from the Austrian government, and (c) the interest advantage of government loans according to IAS 20.10A. Please refer to Note 6 for further details on all forms of grant income.

The FFG and WAW grants were provided to support specific research projects and are recognised according to the progress of the respective project. Futhermore, grant income may result from conversion of loans into non-repayable grants. The research premium is calculated as 14.0% (2017: 12.0%) of a specified research and development cost base. It is recognised to the extent the research and development expenses have been incurred. All grants are non-refundable as long as the conditions of the grant are met. The Company is and has been in full compliance with the conditions of the grants and all related regulations. If, in the future, compliance with all obligations cannot be fully assured, any related contingent liability will be treated in accordance with IAS 37.

According to IAS 20.10A the benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit due to the difference between the market rate of interest and the rate of interest charged by the governmental organisation is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 (previously IAS 39) and the proceeds received. This benefit is deferred (recorded in the line item "other liabilities" (see Note 29)), and recognised through profit or loss over the term of the corresponding financial liabilities in accordance with IAS 20.10A. For further information on the market interest rate and the nominal interest rates of the government loans please refer to Note 25. The loan is recognised and measured in accordance with IFRS 9.

2.8. Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

An operating lease is a lease other than a finance lease. Payments made by the Company on operating leases, mainly in connection with the rental agreements for the premises in Austria, are charged to the statement of profit or loss over the period of the lease.

2.9. Dividend distribution

To date the Company has not paid dividends. Dividend distribution to the Company's shareholders shall be recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.10. Property, plant and equipment

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

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

Depreciation on assets is calculated using the straightline method over the estimated useful lives of the assets. In calculating the estimated useful life, the economic and technical life expectancy has been taken into consideration. In 2017 and 2018, the estimated useful lives of property, plant and equipment are as follows: 2-5 years for IT equipment, 2-8 years for laboratory equipment and 4-10 years for other plant and office equipment. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the asset is recognised in other gains (losses).

2.11. Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire the software and bring it into use. These costs are amortised on a straight-line basis over their estimated useful lives (3-5 years in 2017 and 2018).

2.12. Research and development expenses (IAS 38)

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

All research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate the following:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and to utilise or sell it;
- There is an ability to utilise or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and/or other resources to complete the development and to utilise or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

The amount initially recognised for internally-generated intangible assets is the sum of directly attributable costs incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straightline basis over the period of expected future benefit.

2.13. Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are

grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. During the reporting period, no events have been identified that materially reduced the value of any asset and thus no impairment is deemed necessary.

2.14. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventories (merchandise) are assigned by specific identification and include the cost of acquisition after deducting rebates and discounts. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

2.15. Financial instruments

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial instrument, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of the financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss as financial income or financial expense.

2.16. Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at (a) amortised cost, (b) FVTOCI or (c) FVTPL. The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Financial assets at amortised cost are currently the only relevant category to the company and include financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The company's financial assets at amortised cost include trade and other receivables. They are included in current assets, except for items with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The company currently does not have any financial assets at FVTOCI nor at FVTPL.

2.17. Cash and cash equivalents and restricted cash

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

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

2.18. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs (transaction costs).

Compound instruments

Compound instruments have both a liability and an equity component from the issuer's perspective. The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity according to their substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices or other events.

In 2015, certain shareholders provided the Company with shareholders' loans (see Note 25). The shareholders' loans attract interest at a below-market rate. They shall be repaid in cash at the end of the period. However, the Company is entitled to request conversion of the loans into non-repayable shareholders' contributions upon fulfillment of certain criteria and agreement in the general meeting of shareholders by at least 80% of the votes cast.

The Company has an unavoidable obligation to make yearly interest payments on the outstanding amount. Further, there is an obligation to repay the loan at maturity. Whilst the loan may be converted into a shareholders' contribution, this is not at the Company's sole discretion. Accordingly the shareholders' loans represent a financial liability, which is initially recognised at fair value and subsequently measured at amortised cost.

Due to the fact that the interest rate in the loan agreements is below market rate, the market rate (estimated with 15.0% p.a. in 2015 and following years, see Note 25) has been taken into account to calculate the fair value of the loans at inception. The difference between the fair value and the amounts received is recognised directly in equity. This is because, in essence, the shareholders have provided the Company the benefit of finance at an advantageous rate of interest.

Transaction costs that relate to the issue of the shareholders' loans are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are deducted from the carrying amount of the liability component and are amortised over the lives of the shareholders' loans using the effective interest method.

2.19. Financial liabilities

Financial liabilities are classified, at initial recognition, as subsequently measured at either (a) amortised cost or FVTPL and include the convertible bond, borrowings, silent partnerships, trade payables and other financial liabilities as described in more detail below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

The equity conversion feature from the convertible bond (see Note 27), which is shown under other financial liabilities in the statement of financial position, is classified as embedded derivative to the respective bond and is separated from the main contract (held-for-trading derivatives according to IFRS 9 Appendix A/previously IAS 39.9). The fair value of optional derivative instrument was calculated as the difference between the fair value of the hybrid

(combined) instrument and the fair value of the host contract in line with IAS 39.13 in 2017. As of December 31, 2018 the fair value of the equity conversion right has been determined individually in line with IFRS 9.4.3.3. (see Note 2.20 and Note 4.3).

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has currently not designated any financial liability as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

This category generally applies to interest-bearing loans and borrowings as well as trade and other payables.

The Company has obtained loans from various governmental agencies for certain research and development projects, which are stated under borrowings in the statement of financial position. These loans bear an interest rate below the market interest rate. The difference between fair value and the notional amount at inception is treated as a grant in accordance with IAS 20.10A (please refer to Note 2.7 for further details). The loans are recognised and measured in accordance with IFRS 9.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

There is an obligation to pay to Austria Wirtschaftsservice GmbH (aws), a certain amount upon the occurrence of specific future events, i.e. an IPO or the sale of more than 25% of the shares in Marinomed to a strategic investor (see Note 27). This represents a financial liability that has to be accounted for at fair value initially and at amortised cost following the effective interest method in subsequent periods. Any adjustments to the underlying cash flow projections and probabilities of such events are taken into consideration, with any fluctuations being recognised in line with IFRS 9 B5.4.6 (previously IAS 39 AG 8) in the line items finance income or finance expense.

2.20. Convertible Bond

On July 14, 2017 the Company placed a Pre-IPO 4% Bond listed on the Vienna Stock Exchange under ISIN AT0000A1WD52. The Bond has a conditional conversion right, whereas bondholders have the right to convert their entire claim into ordinary shares of the Company upon execution of a qualifying public offering (QPO).

The convertible bond represents two financial instruments: an interest bearing loan and an option in form of an equity conversion right for the holders of these instruments. The loan feature of the contract represents a host debt contract that is accounted for at fair value at inception, net of transaction costs incurred, in line with IFRS 9.5.1.1 (previously IAS 39.43) and sub-sequently at amortised cost following the effective interest method.

The loan feature also includes the contingent payment of a Trade Sales Premium and/or Licence Payment Premium, which represents a financial liability containing a contingent settlement provision. Any adjustments to the underlying cash flow projections and probabilities of such premiums are taken into consideration, with any fluctuations being recognised in line with IFRS 9 B5.4.6 (previously IAS 39 AG 8) in the line items finance income or finance expense. Due to the fact that the conversion price is not fixed but dependent on future developments, the equity conversion right is considered a financial liability in accordance with IAS 32. The conversion right represents an embedded derivative, that is separated from the host contract and accounted for at fair value at inception and in subsequent periods with changes in fair value being recognised as profit or loss in the financial result line item in the statement of profit or loss and other comprehensive income (loss).

Upon initial recognition the fair value of the host contract (loan) was estimated using a market interest rate of 15.0% p.a. The fair value of the embedded derivative (equity conversion right) resulted from the difference between the fair value of the hybrid (combined) instrument and the fair value of the host contract in line with IAS 39.13 in 2017. As of December 31, 2018 the fair value of the equity conversion right has been estimated based on the lower end of the price range for the shares offered in the course of the planned IPO as publicated in the respective prospectus dated November 16, 2018, i.e. EUR 75,00 per share, in line with IFRS 9.4.3.3. This amount also equals the share price finally accomplished in the course of the IPO in January 2019 (see also Note 35 for events after the end of the reporting period). For further details please also refer to Note 2.19 and to Note 4.3.

2.21. Silent partnerships

The Company has entered into three silent partnership agreements over recent years, which entitle the silent partners to a proportionate share in the fair value of the Company, similar to a shareholder, including a share in profit or loss, according to an agreed participation rate (see Note 24).

Upon termination of the silent partnership agreements, the Company has to settle its obligation vis-à-vis the silent partner in cash. Accordingly, the Company does not have the ability to avoid a cash payment to settle the liability, but has a contractual obligation to pay the silent partners (i.e. not at the discretion of the Company). Therefore, the silent partnership agreements are classified as a financial liability according to IAS 32.11. According to IAS 39 (now

IFRS 9) contributions of the silent partner have been initially measured at fair value and sub-sequently at amortised cost. Amortised cost in this sense is taken as the original paid in amount plus cumulative profit allocations less cumulative loss allocations and dividend payments made. As the silent partners do not have an additional funding obligation, amortised costs cannot go below EUR 0.00 after loss allocations. The amount payable on demand as of December 31, 2018 amounted to EUR 0.00.

Based on a contribution in kind and incorporation agreement dated November 15, 2018 as well as a deed of variation dated December 30, 2018, the investment from silent partnerships was contributed to the Company against transfer of existing shares to the silent partners by the existing shareholders subject to the condition precedent of a successful IPO of Marinomed Biotech AG, which was fulfilled on February 1, 2019. The Company did not have to settle any amount in cash to the silent partners at any time.

According to a separate call option agreement dated 15 November 2018, as amended by an amendment agreement dated 30 December 2018, the silent partners granted the Company a call option to acquire the shares received for the contribution in kind and incorporation. The effectiveness of the option agreement was subject to the condition precedent of a successful IPO and further gross proceeds from the IPO of at least EUR 30m. As gross proceeds came out below the EUR 30m, the condition precedent was not met and the option did not become effective.

Please refer to Note 35 for information on events after the reporting period.

2.22. Employee benefits

The Company is legally required to make monthly contributions to a state plan classified as a defined contribution plan. These contributions are recognised under expenses for social security and payroll related taxes (see Note 9).

2.23. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income (loss).

2.24. Income tax

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

Deferred income tax (income or expenses) results from temporary differences between the carrying amount of an asset or a liability in the statement of financial position and its tax base. In accordance with IAS 12 (Income Taxes),

the deferred tax assets/liabilities reflect all temporary valuation and accounting differences between financial statements prepared for tax purposes and IFRS financial statements.

Deferred income tax is provided in full using the liability method on temporary differences. Tax losses carried forward are taken into account in calculating deferred tax assets. Deferred income tax assets have not been recognised up to the end of the reporting period, as it is not foreseeable, when future taxable profits will be available against which the temporary differences can be utilised. For further details please refer to Note 4.2 and 14.

3. Financial risk management

3.1. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company has not used derivatives or other hedging instruments to mitigate these risk factors.

a) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

As of December 31 all amounts in EUR	**2018** **GBP**	**2017** **GBP**
Trade receivables	133,444.34	216,656.80
Cash and cash equivalents	659.02	874.74
Trade payables	(74.15)	(389.46)
Total	**134,029.21**	**217,142.08**

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

As stated in the table above, the Company is primarily exposed to changes in GBP/EUR exchange rates. The Company's sensitivity to a 10% increase/decrease in EUR against the GBP amounts to EUR (13,402.92)/13,402.92 (2017: EUR (21,714.21)/21,714.21). The sensitivity analysis includes only outstanding GBP denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowings with variable interest rates.

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

Long-term borrowings with variable rates only comprise finance lease contracts in 2018 (see Note 25). The majority of interest-bearing financial liabilities carry fixed interest rates. Further, the Company's operating cash flows are substantially independent of changes in market interest rates. Cash flow interest rate risk is therefore immaterial.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Price risk

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

The Company is currently not exposed to equity or debt securities price risk from investments held by the Company and classified in the statement of financial position as FVTOCI or FVTPL. The Company is not exposed to commodity price risk.

b) Credit risk

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

Credit quality of the customer is assessed based on past experience and other factors. Out-standing customer receivables are regularly monitored and collection measures set as required. To reduce the credit risk, advance payments are mandatory for specific customers.

The requirement for an impairment is analysed at each reporting date on an individual basis. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable (see Note 21).

The credit risk on liquid funds (bank accounts, cash balances and securities) is limited because the counterparties are banks with high credit ratings from international credit rating agencies.

c) Liquidity risk

Liquidity risk (funding risk) is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management involves maintaining sufficient cash, ensuring the availability of adequate funding in the form of committed credit facilities and being able to close out market positions. The Company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below shows the residual maturities of non-derivative financial liabilities and receivables at the end of the reporting period. The amounts disclosed are the contractual undiscounted cash flow values.

As of December 31, 2017 all amounts in EUR	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings	(5,100,018.34)	(74,663.40)	(1,208,320.13)
Convertible bond	(280,000.00)	(13,440,000.00)	0.00
Other financial liabilities (aws Profit Share)	(79,200.00)	0.00	0.00
Trade payables	(730,994.20)	0.00	0.00
Trade receivables	1,190,256.19	0.00	0.00
Total	**(4,999,956.35)**	**(13,514,663.40)**	**(1,208,320.13)**

As of December 31, 2018 all amounts in EUR	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings	(4,163,851.82)	(1,270,033.28)	0.00
Convertible bond	(280,000.00)	(13,160,000.00)	0.00
Other financial liabilities (aws Profit Share)	0.00	0.00	0.00
Trade payables	(2,014,536.49)	0.00	0.00
Trade receivables	622,314.22	0.00	0.00
Total	**(5,836,074.09)**	**(14,430,033.28)**	**0.00**

For borrowings with variable interest rates, the cash flows have been estimated using the interest rate applicable to the contract at the end of the reporting period.

The contractual undiscounted cash flows resulting from the convertible bond stated in the table above represent the maximum amount of possible payments including contingently payable licence/trade sale premiums to the highest possible extent (max. licence premium: EUR 2,800k; max. trade sale premium: EUR 2,800k). In 2019, EUR 6,980k were converted into equity and the remaining EUR 20k were bought back by the company for an amount of EUR 25k (refer to Note 35).

3.2. Capital risk management

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

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. The Company has set a strong focus on liquidity planning in order to meet its financial commitments. In this regard, the total amount of assets in relation to borrowings and financial liabilities as recorded on the statement of financial position is used by the Company to monitor capital.

4. Critical accounting estimates and assumptions

The preparation of financial statements requires management to make estimates and other judgments that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

4.1. Development costs

Development costs are capitalised in accordance with the accounting policy (see Note 2.12). Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In line with industry practice, the date of approval by the notified body is deemed to be the point at which the development costs fulfill all the conditions listed in Note 2.12. Starting with the commercialisation of the product no further development costs are capitalised.

Development costs incurred after that date that are directly attributable to the development activities have been recognised as an intangible asset. Directly attributable costs include employee costs, material costs, contract research as well as an appropriate portion of relevant overheads. Capitalised development costs are recorded as an intangible asset which is amortised over its expected useful life. The expected useful economic life has been estimated on the basis of the duration of the corresponding patent, i.e. the period over which the Company expects to generate economic benefit, which is 16.5 years starting from July 1, 2011.

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

4.2. Taxes

A deferred tax asset is recognised for an unused tax loss carryforward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profits against which the loss or credit carryforward can be utilised.

The Company is in a loss-making position and has a history of recent losses. Therefore, the Company can recognise a deferred tax asset arising from unused tax losses or tax credits only to the extent that the Company has sufficient taxable temporary differences, or where there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

Significant management judgement is required to determine whether such deferred tax assets can be recognised and, if so, the amount to be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward further than to the extent that can be offset with deferred tax liabilities, as there is currently not enough convincing evidence, when future taxable profits will be available.

If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by EUR 6,895,316.81 (2017: EUR 3,817,085.05). Further details on taxes are disclosed in Note 14.

4.3. Fair value estimation

As described in Note 20, the Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain financial instruments, specifically with regard to the equity conversion right included under other financial liabilities.

As described in Note 2.20 the conversion right has to be accounted for at fair value at inception and in subsequent periods with changes in fair value being recognised as profit or loss in the financial result section of the statement of profit or loss. According to IAS 39.13 (now IFRS 9.4.3.7), if an entity is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions (for example, because the embedded derivative is based on an equity instrument that does not have a quoted price in an active market for an identical instrument, ie a Level 1 input), the fair value of the embedded derivative is the difference between the fair value of the hybrid (combined) instrument and the fair value of the host contract.

At inception the fair value of the combined instrument equals the funds raised, i.e. EUR 7,000k. For subsequent measurement, the fair value of the combined instrument was measured in accordance with IFRS 13.37 in 2017, under which an entity should measure the fair value of a liability by reference to the quoted price of an identical item that is held by another party as an asset, if a quoted price for the transfer of an identical or a similar liability is not available. Accordingly the fair value of the liability is measured from the perspective of a market participant that

holds the identical item as an asset at the measurement date. This requirement could be relevant, as it is the case for the Company, when measuring the fair value of corporate bonds (IFRS 13.35). Under these circumstances the appropriate bases for measuring the fair value of the liability are listed in IFRS 13.38, in descending order of preference:

(a) using the quoted price in an active market for the identical item held by another party as an asset, if that price is available.
(b) if that price is not available, using other observable inputs, such as the quoted price in a market that is not active for the identical item held by another party as an asset.
(c) if the observable prices in (a) and (b) are not available, using another valuation technique, such as:
    (i) an income approach (e.g. a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).
    (ii) a market approach (e.g. using quoted prices for similar liabilities or equity instruments held by other parties as assets).

Accordingly the quoted market price of the bond according to the notation on the Vienna Stock Exchange was taken as fair value of the combined instrument in 2017.

The fair value of the host contract (loan) was estimated by discounting the expected future cash flows using the prevailing market interest rate (estimated with 15.0% p.a. based on an offer received by an external financial institution at the time of the fair value calculation). The fair value of the embedded derivative (equity conversion right) then resulted as the difference between the fair value of the hybrid (combined) instrument and the fair value of the host contract (both calculated as described above).

As of December 31, 2018 the fair value of the equity conversion right has been determined individually in line with IFRS 9.4.3.3. The fair value has been estimated based on the lower end of the price range for the shares offered in the course of the planned IPO as publicated in the respective prospectus dated November 16, 2018, i.e. EUR 75,00 per share. This amount also equals the share price finally accomplished in the course of the IPO in January 2019 (see also Note 35 for events after the end of the reporting period). The fair value adjustment (resulting from a calculation based on a share price of EUR 75,00) recognised in 2018 amounted to EUR 5,668k and is included under financial expenses in the statement of profit or loss and other comprehensive income (see also Note 13 and Note 27).

5. Revenues

The Company derives the following types of revenues:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Sale of goods	4,416,377.21	4,597,830.68
Licence revenues	114,704.13	89,600.45
Other revenues	135,195.07	123,543.64
Total revenues	**4,666,276.41**	**4,810,974.77**

Revenues were affected by several product launches in new and existing markets in 2017 that concur with customers building up significant stock. Accordingly, in financial year 2018, demand from such customers decreased, but was mostly offset by growth in more mature sales regions.

The Company does not sell goods directly to consumers, but all goods are sold through intermediaries (distributors) in various geographical areas. In the current and preceeding years all revenue from contracts with customers is allocated to the reportable segment Carragelose. The second reportable segment Marinosolv does not generate any revenue yet.

For geographical and segment information on revenues please make reference to Note 2.3.

6. Other income

Other income consists of the following items:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Grant income	350,512.00	578,673.00
Research premium	314,429.30	146,747.51
Other income (interest advantage)	10,750.54	31,813.31
Total	**675,691.84**	**757,233.82**

Grants were received from FFG and WAW. These grants are non-refundable, except in the case of non-compliance with the agencies' rules and regulations or in the case of misuse of the funds. The Company is and has been in full compliance with the conditions of the grants and all related regulations.

In 2017 two loans from FFG amounting to kEUR 563 have been converted into non-repayable grants due to technical failure of the respective project. In 2018 three loans from FFG amounting to kEUR 351 have been converted into non-repayable grants.

The research premium is an Austrian R&D premium of 14% (2017: 12%) on research and development expenses, which is paid out in cash by the Austrian fiscal authorities.

In recent years the Company was granted several R&D support loans from FFG and aws (see Note 25). According to IAS 20.10A (and IFRS 1.B10), the differences between the nominal interest rates of the R&D support loans granted after the date of transition and the market rate of interest, estimated at 15.0% (see Note 25), are treated as a government grant and recognised over the term of the corresponding financial liabilities (see Note 2.7).

7. Other gains and losses

Other gains and losses consist of the following items:

Year ended December 31 all amounts in EUR	2018	2017
Net gain/(loss) on disposal of property, plant and equipment	169.94	49.98
Net foreign exchange gains	5,867.30	4,597.87
Net foreign exchange losses	(3,965.10)	(4,968.30)
Other items	8,157.30	5,420.42
Total	**10,229.44**	**5,099.97**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (please refer to Note 3.1 for further details).

8. Material and service expenses

The statement of profit or loss and other comprehensive income (loss) includes expenses for materials and services as follows:

Year ended December 31 all amounts in EUR	2018	2017
Expenses for materials	(3,313,864.04)	(3,468,644.52)
Expenses for services	(1,517,858.53)	(690,907.92)
Total	**(4,831,722.57)**	**(4,159,552.44)**

Expenses for materials include expenses for sale of goods (cost of goods sold) and expenses for laboratory consumables. The decrease in expenses for materials is essentially due to the decrease of expenses for merchandise. Correspondingly the sales of goods decreased (see Note 5).

The expenses for services relate primarily to third-party R&D services as well as to expenses for patent applications. Since the Budesolv clinical trial project started during the first quarter 2018 with first patients treated in the fourth quarter 2018, expenses for third-party R&D services increased significantly. Furthermore, patent expenses rose in the course of nationalisation (translation of the international patent into national law) of two patents.

9. Personnel expenses

Personnel expenses include the following items:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Salaries	(1,999,825.53)	(1,380,479.32)
Expenses for social security and payroll-related taxes	(509,012.12)	(384,426.43)
Other employee benefit expenses	(7,703.64)	(8,253.65)
Total	**(2,516,541.29)**	**(1,773,159.40)**

Personnel expenses were EUR 2,517k in 2018, an increase of EUR 743k, which is mainly related to complementing and additional staff.

10. Depreciation and amortisation

The statement of profit or loss and other comprehensive income (loss) includes depreciation and amortisation expenses as follows:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Amortisation of intangible assets	(149,241.14)	(125,452.75)
Depreciation of property, plant and equipment	(87,522.80)	(77,126.75)
Total	**(236,763.94)**	**(202,579.50)**

For further details on amortisation and depreciation see also Notes 17 and 18.

11. Other expenses

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

Year ended December 31 all amounts in EUR	2018	2017
Fees	(22,791.69)	(10,154.54)
Maintenance expenses	(81,397.66)	(60,621.86)
Operating costs	(41.968,43)	(60,595.43)
Insurance	(126,187.30)	(5,585.59)
Freight	(12,357.12)	(22,611.09)
Travel expenses	(99,266.58)	(54,753.70)
Car expenses	(6,141.97)	(5,678.31)
Telephone expenses	(16,840.04)	(13,269.03)
Rental expenses	(90,113.40)	(90,323.87)
Education expenses	(26,435.50)	(13,662.00)
Office and administrative expenses	(34,437.45)	(17,390.41)
Advertising expenses	(95,175.27)	(86,157.44)
Consulting expenses	(2,085,920.51)	(536,514.84)
Claim	(57,013.60)	0.00
Other expenses	(111,965.07)	(82,688.16)
Total	**(2,908,011.59)**	**(1,076,058.07)**

Consulting expenses include expenses for legal advice and other consulting services, mainly for consulting and legal fees in connection with the planned IPO.

12. Research and development expenses

The Company has incurred research and development expenses of EUR 2,934,787.32 in the current year (2017: EUR 2,193,973.71) which are included in the following positions in the statement of profit or loss and other comprehensive income (loss):

Year ended December 31 all amounts in EUR	**2018**	**2017**
Personnel expenses	(1,118,819.00)	(1,088.315.26)
Expenses of materials and services	(1,198,192.50)	(354,433.24)
Other expenses	(193,683.00)	(222,731.68)
Depreciation and amortisation	(166,090.56)	(165,098.34)
Financial expenses	(258,002.26)	(361,565.29)
Other gains (losses), net	0.00	(1,829.90)
Total	**(2,934,787.32)**	**(2,193,973.71)**

13. Financial income and expenses

Year ended December 31 all amounts in EUR	2018	2017
Interest income		
Bank deposits	54.59	315.87
Total	**54.59**	**315.87**
Interest and similar expenses		
FFG loans	(46,872.54)	(77,257.31)
aws Seed loan	(88,803.23)	(81,710.26)
Shareholders' loans	(436,394.57)	(405,195.44)
aws DEQ loan	(921,207.98)	0.00
Convertible bond	(2,358.31)	(387,751.78)
Finance leasing	0.00	(1,836.73)
Bank deposits	(19.80)	(6.63)
Other interest expenses	(1,495,656.43)	0.00
	(953,758.15)	**(953,758.15)**
Other financial income/(expenses)		
Valuation equity conversion right	(5,667,629.07)	217,685.91
Adjustment of carrying amount of shareholders' loans (according to IFRS 9:B5.4.6)	193,443.46	0.00
Adjustment of carrying amount of aws Profit Share	17,278.43	(2,643.35)
	(5,456,907.18)	**215,042.56**
Total financial result	**(6,952,509.02)**	**(738,399.72)**
Thereof financial income	*210,776.48*	*218,001.78*
Thereof financial expenses	*(7,163,285.50)*	*(956,401.50)*

Interest income arises on cash and cash equivalents. Interest expenses consist of interest payable on borrowings of all kinds (e.g. shareholder and other loans) as well as the convertible bond and are expensed as incurred.

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

all amounts in EUR	Loans and receivables	Other financial liabilities	FVTPL (held for trading)	Total
Financial result as per statement of profit or loss and other comprehensive income (loss)				
Year ended December 31, 2017				
Financial income	315.87	0.00	217,685.91	218,001.78
Financial expenses	0.00	(956,401.50)	0.00	(956,401.50)
Total	**315.87**	**(956,401.50)**	**217,685.91**	**(738,399.72)**
Financial result as per statement of profit or loss and other comprehensive income (loss)				
Year ended December 31, 2018				
Financial income	54.59	210,721.89	0.00	210,776.48
Financial expenses	0.00	(1,495,656.43)	(5,667,629.07)	(7,163,285.50)
Total	**54.59**	**(1,284,934.54)**	**(5,667,629.07)**	**(6,952,509.02)**

14. Taxes on income

Year ended December 31 all amounts in EUR	2018	2017
Current tax	(3,500.00)	(1,750.00)
Total	**(3,500.00)**	**(1,750.00)**

Taxes on income are calculated using the current corporate income tax rate of 25%. Under the Austrian Corporate Income Tax Act (KStG) a minimum amount of EUR 1,750.00 corporate income tax is levied for a private limited company even if there is a tax loss. As the Company has been converted into a stock company the minimum corporate income tax now amounts to EUR 3,500.00.

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

Year ended December 31 all amounts in EUR	2018	2017
Profit (Loss) before taxes	(12,093,350.72)	(2,376,440.57)
Tax income (expense) at 25%	3,023,337.68	594,110.14
Expenses not deductible for tax purposes	(18,764.21)	(1,568.77)
Income not subject to tax	81,795.53	40,317.48
Effect of equity transaction costs (recognised directly in equity, but deductible for tax purposes)	2,754.60	0.00
Effect of deferred tax asset not recognised	(3,089,123.60)	(632,858.85)
Minimum corporate income tax	(3,500.00)	(1,750.00)
Tax expense (before loss carry-forwards)	**(3,500.00)**	**(1,750.00)**
Other tax adjustments	0.00	0.00
Total income tax expense	**(3,500.00)**	**(1,750.00)**

Deferred Taxes

Deferred taxes have only been recognised to the extent that the Company has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available in the following taxable period against which the unused tax losses can be utilised.

Accordingly, temporary differences resulting in deferred tax liabilities in the amount of EUR 711,793.89 (2017: EUR 765,230.62) are offset against deferred tax assets resulting mainly from tax loss carry-forwards showing the same amount and timing with the same fiscal authority. Further to this, no deferred tax assets have been capitalised in the statement of financial position or effects shown in the statement of profit or loss and other comprehensive income (see also Note 4.2).

Year ended December 31 all amounts in EUR	**2018**	**2017**
Deferred tax asset from		
Tax losses carried forward	5,249,225.95	3,633,363.49
Current receivables	0.00	1,770.85
Investment from silent partnership	567,312.50	567,312.50
Borrowings	7,576.42	9,460.39
Conversion right	1,782,995.83	370,408.17
Trade payables	0.00	0.27
Non-recognition of deferred tax assets	(6,895,316.81)	(3,817,085.05)
Total deferred tax assets	**711,793.89**	**765,230.62**

Year ended December 31 all amounts in EUR	**2018**	**2017**
Deferred tax liability from		
Intangible assets – software	(1,294.83)	(510.51)
Intangible assets – development costs	(306,635.60)	(319,462.98)
Property, plant and equipment	(11,516.88)	(12,991.63)
Receivables	(84,883.43)	(149.08)
Cash and cash equivalents	0.00	(0.60)
Borrowings	(48,360.87)	(50,133.23)
Convertible bond	(259,102.18)	(381,982.59)
Trade payables	(0.10)	0.00
Total deferred tax liability	**(711,793.89)**	**(765,230.62)**
Deferred tax, net	**0.00**	**0.00**

As of December 31, 2018 the Company has unrecognised deferred tax assets of EUR 6,895,316.81 (2017: EUR 3,817,085.05) mainly resulting from cumulative tax loss carry-forwards in respect of losses of EUR 20,996,903.78 (2017: EUR 14,533,453.94). Since the Company is in a loss-making position and has a history of losses, no deferred tax asset has been recognised. The tax loss carry-forwards will not expire.

15. Earnings (loss) per share

Basic earnings/losses per share

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 year.

Year ended December 31 all amounts in EUR	2018	2017
Earnings (losses) for the year	(12,096,850.72)	(2,378,190.57)
Weighted average number of shares outstanding	1,000,000	1,000,000.00
Basic earnings (loss) per share	**(12,10)**	**(2.38)**

In the general meeting of May 12, 2017 the conversion of the Company into a stock company has been decided with effect from December 31, 2016 (please refer to Note 23 for further details). Prior to the conversion the Company's share capital was not divided into a specific number of shares, but shareholders had a proportionate interest in the Company corresponding to their amount of nominal capital paid in. On September 17, 2018, the extraordinary general meeting approved the increase of shares from 132,360 shares by 867,640 shares to 1,000,000 shares. All shareholders subscribed to the nominal capital increase on a prorata basis. For calculating earnings (loss) per share in 2018 and 2017 respectively, it was assumed that the number of shares was 1,000,000.

Diluted earnings/losses per share

Diluted earnings/losses per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. In 2017 and 2018 dilutive potential shares include a convertible bond. As the conversion options pursuant to the convertible bond are contingent on a QPO they have been treated as contingently issuable shares. As the QPO has not taken place at the balance sheet date they have not been included in the diluted earnings per share calculation.

Therefore diluted earnings/losses per share equal basic earnings per share in 2017 and 2018.

16. Notes to the statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents (see Note 2.17) resulting from the inflow and outflow of funds during the reporting period and differentiates between cash flows from operating activities, investing activities and financing activities. The funds included in the statement of cash flows are cash and cash equivalents.in the statement of cash flows are cash and cash equivalents.

Cash flow utilised by operating activities

The cash flow from operating activities shows the flows of funds arising from the provision and receipt of goods and services during the reporting period and includes changes in working capital.

Cash flow generated from (utilised by) investing activities

The cash flow from investing activities consists mainly of outflows of funds for the acquisition of tangible and intangible assets.

Cash flow generated from financing activities

The cash flow from financing activities consists of proceeds from shareholders of EUR 867,640.00 (2017: EUR 0.00) less equity transaction costs in the amount of EUR 1,718.40 (2017: EUR 0.00), repayments of shareholders' loans of EUR 89,314.00 (2017: EUR 0.00), proceeds from the convertible bond in the amount of EUR 0.00 (2017: EUR 7,000,000.00) less transaction costs in the amount of EUR 0.00 (2017: EUR 632,602.92), cash flows from repayments of long-term borrowings of EUR 529,988.00 (2017: EUR 0.00) and finance lease payments of EUR 16,953.63 (2017: EUR 7,206.47).

Reconciliation of liabilities arising from financing activities

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

all amounts in EUR	Convertible bond	Equity conversion right	Finance leases	FFG loans
Carrying amount as of January 1, 2017	0.00	0.00	45,048.01	2,779.115.31
Financing cash flows	6,367,397.08	0.00	(7,206.47)	0.00
Non-cash changes: Separation (recognition) of equity conversion right	(1,682,040.16)	1,682,040.16	0.00	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	(563,281.00)
Non-cash changes: Fair value adjustments	0.00	(217,685.91)	0.00	0.00
Non-cash changes: Effective interest accrued	387,751.78	0.00	1,836.73	75,958.31
Interest paid	0.00	0.00	(1,836.73)	(44,145.00)
Carrying amount as of December 31, 2017	**5,073,108.70**	**1,464,354.25**	**37,841.54**	**2,247,647.62**

all amounts in EUR	Shareholders' loans	Silent partnerships	aws profit share	aws Seed loan
Carrying amount as of January 1, 2017	2,159,596.93	0.00	14,635.08	941,294.67
Financing cash flows	0.00	0.00	0.00	0.00
Non-cash changes: Separation (recognition) of equity conversion right	0.00	0.00	0.00	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	0.00
Non-cash changes: Adjustment of carrying amount	0.00	0.00	448.09	0.00
Non-cash changes: Effective interest accrued	405,195.44	0.00	2,195.26	81,710.26
Interest paid	(174,858.61)	0.00	0.00	0.00
Carrying amount as of December 31, 2017	**2,389,933.76**	**0.00**	**17,278.43**	**1,023,004.93**

all amounts in EUR	Convertible bond	Equity conversion right	Finance leases	FFG loans
Carrying amount as of January 1, 2018	5,073,108.70	1,464,354.25	37,841.54	2,247,647.62
Financing cash flows	0.00	0.00	(16,953.63)	(529,988.00)
Non-cash changes: Separation (recognition) of equity conversion right	0.00	0.00	60,271.80	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	(350,512.00)
Non-cash changes: Fair value adjustments	0.00	5,667,629.07	0.00	0.00
Non-cash changes: Reclassification of Grant – below market rate	0.00	0.00	0.00	13,183.84
Non-cash changes: Effective interest accrued	921,207.98	0.00	2,358.32	46,872.54
Non-cash changes: Interest paid	(280,000.00)	0.00	(2,358.32)	(36,122.00)
Carrying amount as of December 31, 2017	**5,714,316.68**	**7,131,983.32**	**81,159.71**	**1,391,082.00**

all amounts in EUR	Shareholders' loans	Silent partnerships	aws profit share	aws Seed loan
Carrying amount as of January 1, 2017	2,389,933.76	0.00	17,278.43	1,023,004.93
Financing cash flows	(89,314.00)	0.00	0.00	0.00
Non-cash changes: Separation (recognition) of equity conversion right	0.00	0.00	0.00	0.00
Non-cash changes: Non-cash income from debt relief	0.00	0.00	0.00	0.00
Non-cash changes: Adjustment of carrying amount	(193,443.46)	0.00	(17,278.43)	0.00
Non-cash changes: Effective interest accrued	436,394.57	0.00	0.00	88,803.23
Non-cash changes: Interest paid	(238,466.68)	0.00	0.00	0.00
Carrying amount as of December 31, 2017	**2,305,104.19**	**0.00**	**0.00**	**1,111,808.16**

17. Property, plant and equipment

The movement on property, plant and equipment was as follows:

all amounts in EUR	IT equipment	Laboratory equipment	Other plant and office equipment	Total
As of January 1, 2017				
Cost or valuation	94,640.32	366,329.52	96,162.27	557,132.11
Accumulated depreciation	(46,167.84)	(297,044.26)	(28,615.27)	(371,827.37)
Carrying amount	**48,472.48**	**69,285.26**	**67,547.00**	**185,304.74**
Year ended December 31, 2017				
Beginning carrying amount	48,472.48	69,285.26	67,547.00	185,304.74
Additions	22,728.73	7,230.94	24,852.19	54,811.86
Disposals	(0.02)	0.00	0.00	(0.02)
Depreciation	(20,318.67)	(35,520.58)	(21,287.50)	(77,126.75)
Carrying amount	**50,882.52**	**40,995.62**	**71,111.69**	**162,989.83**
As of January 1, 2017				
Cost or valuation	95,283.57	373,560.46	109,988.60	578,832.63
Accumulated depreciation	(44,401.05)	(332,564.84)	(38,876.91)	(415,842.80)
Carrying amount	**50,882.52**	**40,995.62**	**71,111.69**	**162,989.83**
Year ended December 31, 2018				
Beginning carrying amount	50,882.52	40,995.62	71,111.69	162,989.83
Additions	43,272.79	75,306.25	1,400.76	119,979.80
Disposals	(0.04)	0.00	0.00	(0.04)
Depreciation	(45,310.03)	(28,397.37)	(13,815.40)	(87,522.80)
Carrying amount	**48,845.24**	**87,904.50**	**58,697.05**	**195,446.79**
As of December 31, 2018				
Cost or valuation	97,518.81	448,866.71	110,123.92	656,509.44
Accumulated depreciation	(48,673.57)	(360,962.21)	(51,426.87)	(461,062.65)
Carrying amount	**48,845.24**	**87,904.50**	**58,697.05**	**195,446.79**

As of December 31, 2018 fully depreciated property, plant and equipment with acquisition costs of EUR 340,115.95 (2017: EUR 327,692.17) is still in use.

Laboratory equipment includes the following amounts where Marinomed is a lessee under a finance lease (refer to Note 25 for further details).

Year ended December 31 all amounts in EUR	**2018**	**2017**
Leasehold laboratory equipment		
Cost	132,271.80	72,000.00
Accumulated depreciation	(81,040.76)	71,999.99
Carrying amount	**51,231.04**	**0.01**

Other plant and office equipment includes the following amounts where the Company is a lessee under a finance lease of a vehicle (refer to Note 25 for further details).

Year ended December 31 all amounts in EUR	**2018**	**2017**
Other plant and office equipment		
Cost	65,000.00	65,000.00
Accumulated depreciation	(25,052.08)	16,927.08
Carrying amount	**39,947.92**	**48,072.92**

18. Intangible assets

The following table shows the movement in intangible assets:

As of January 1, 2017 all amounts in EUR	**Development costs**	**Software**	**Total**
Cost or valuation	1,962,836.35	48,625.57	2,011,461.92
Accumulated depreciation	(642,083.17)	(31,447.82)	(673,530.99)
Carrying amount	**1,320,753.18**	**17,177.75**	**1,337,930.93**
Year ended December 31, 2017			
Beginning carrying amount	1,320,753.18	17,177.75	1,337,930.93
Additions – acquisitions	0.00	21,942.23	21,942.23
Additions – internal development	77,167.20	0.00	77,167.20
Disposals	0.00	0.00	0.00
Depreciation	(120,068.47)	(5,384.28)	(125,452.75)
Carrying amount	**1,277,851.91**	**33,735.70**	**1,311,587.61**
As of January 1, 2018			
Cost or valuation	2,040,003.55	70,567.80	2,110,571.35
Accumulated depreciation	(762,151.64)	(36,832.10)	(798,983.74)
Carrying amount	**1,277,851.91**	**33,735.70**	**1,311,587.61**
Year ended December 31, 2018			
Beginning carrying amount	1,277,851.91	33,735.70	1,311,587.61
Additions – acquisitions	0.00	91,036.06	91,036.06
Additions – internal development	78,338.69	0.00	78,338.69
Disposals	0.00	(0.02)	(0.02)
Depreciation	(129,648.22)	(19,592.92)	(149,241.14)
Carrying amount	**1,226,542.38**	**105,178.82**	**1,331,721.20**
As of December 31, 2018			
Cost or valuation	2,118,342.24	160,250.22	2,278,592.46
Accumulated depreciation	(891,799.86)	(55,071.40)	(946,871.26)
Carrying amount	**1,226,542.38**	**105,178.82**	**1,331,721.20**

19. Inventories

Inventories include the following items:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Goods for sale	115,708.78	177,722.92
Thereof nasal and throat sprays	*115,708.78*	*49,593.60*
Thereof lozenges	*0.00*	*128,129.32*
Total	**115,708.78**	**177,722.92**

Inventories recognised as an expense during the year ended December 31, 2018 amounted to EUR 3,236,443.37 (2017: EUR 3,375,621.20). These were included under the line item "Expenses of materials and services" in the statement of profit or loss and other comprehensive income. Additionally, expenses for free customer samples were presented as other expenses in the amount of EUR 12,542.40 (2017: EUR 0.00).

20. Financial instruments

In accordance with IAS 39 and IFRS 7, financial instruments are classified as follows:

As of December 31, 2017 all amounts in EUR	**Loans and receivables**	**Total**
Assets as per statement of financial position		
Non-current receivables	2,910.00	2,910.00
Current receivables	1,190,256.19	1,190,256.19
Cash and cash equivalents	6,030,381.94	6,030,381.94
Total	**7,223,548.13**	**7,223,548.13**

all amounts in EUR	**Other financial liabilities**	**FVTPL**	**Total**
Liabilities as per statement of financial position			
Borrowings	5,698,427.85	0.00	5,698,427.85
Silent partnerships	0.00	0.00	0.00
Convertible bond	5,073,108.70	0.00	5,073,108.70
Other financial liabilities	17,278.43	1,464,354.25	1,481,632.68
Trade payables	730,994.20	0.00	730,994.20
Total	**11,519,809.18**	**1,464,354.25**	**12,984,163.43**

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

all amounts in EUR	Financial liabilities at amortised cost	FVTPL	Total
Liabilities as per statement of financial position			
Borrowings	4,889,154.06	0.00	4,889,154.06
Silent partnerships	0.00	0.00	0.00
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
Total	**12,625,702.23**	**7,131,983.32**	**19,757,685.55**

The Company did not hold any financial assets classified as at FVTPL or at FVTOCI as of December 31, 2018. Financial liabilities classified as at FVTPL include liabilities that meet the definition of held for trading in IFRS 9. In 2017 and 2018 the Company did not hold any financial liabilities designated as FVTPL upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9.

Trade receivables are stated under trade and other receivables in the statement of financial position (see also Note 21).

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. For non-current liabilities (borrowings and convertible bond) refer to Note 25 and to Note 26.

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.

Year ended December 31 all amounts in EUR	**2018**	**2017**
Liabilities as per statement of financial position		
Other financial liabilities (equity conversion right)		
Level 1	0.00	0.00
Level 2	0.00	0.00
Level 3	7,131,983.32	1,464,354.25
Total	**7,131,983.32**	**1,464,354.25**

According to a separate call option agreement dated 15 November 2018, as amended by an amendment agreement dated 30 December 2018, the silent partners granted the Company a call option to acquire the shares received for the contribution in kind and incorporation. The effectiveness of the option agreement was subject to the condition precedent of a successful IPO and further gross proceeds from the IPO of at least EUR 30m. As gross proceeds came out below the EUR 30m, the condition precedent was not met and the option did not become effective. As of December 31, 2018 management expected that the fulfillment of the condition precedent for the call option agreement was not genuine and the fair value amounted to 0.

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

21. Long-term and current receivables

Year ended December 31 all amounts in EUR	2018	2017
Deposits	3,030.00	2,910.00
Prepaid expenses	9,808.36	0.00
Total long-term receivables	**12,838.36**	**2,910.00**
Trade receivables	622,314.22	1,190,256.19
Prepaid expenses	359,335.70	35,273.92
Other receivables	910,523.11	418,293.36
Total current receivables	**1,892,173.03**	**1,643,823.37**

Current receivables were all due within one year. None of them was either past due or impaired.

Prepaid expenses mainly increased due to accrued equity transaction costs relating to the planned IPO. Other receivables mainly include receivables vis-à-vis tax authorities resulting from the research premium and credits from VAT returns.

22. Cash and cash equivalents

The following table shows the cash and cash equivalents:

Year ended December 31 all amounts in EUR	2018	2017
Cash on hand	412.75	707.10
Cash at bank	1,715,058.35	6,029,674.84
Total cash and cash equivalents	**1,715,471.10**	**6,030,381.94**

23. Share capital

At December 31, 2018 the issued share capital amounted to EUR 1,000,000.00 (2017: EUR 132,360.00) and is fully paid up. The development of share capital and reserves can be seen in the statement of changes in equity.

In the general meeting of May 12, 2017 the conversion of the Company into a stock company has been decided with effect from December 31, 2016. The share capital complied with the share capital as of December 31, 2016 after the conversion. On September 17, 2018, the extraordinary general meeting approved the increase of shares from 132,360 shares by 867,640 shares to 1,000,000 shares. All shareholders subscribed to the nominal capital increase on a prorata basis.

The share capital is made up of 1,000,000 no-par value shares registered in the names of the holders with a nominal value of EUR 1.00 per share.

As of December 31, 2018 the authorised share capital comprises up to 173,122 no-par value shares with a nominal amount of EUR 173,122.00 for the issuance of shares to holders of the convertible bond, up to 500,000 no-par value shares with a nominal amount of EUR 500,000.00 subject to approval of the supervisory board and up to 480,000 no-par value shares with a nominal amount of EUR 480,000.00 for issuance in connection with the planned IPO.

24. Investment from silent partnerships

By partnership agreements dated December 30, 2011, June 22, 2012 and June 25, 2013 respectively the Company established silent partnerships, according to which the silent partners share in the Company's fair value and in profit or loss according to the agreed participation rate.

For further details on investments from silent partnerships refer to Note 2.21.

The development of the silent partnerships was as follows:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Amortised cost as of January 1	0.00	0.00
Contributions	0.00	0.00
Adjustments to amortised costs	0.00	0.00
De-recognition/Settlement by issued equity instruments	0.00	0.00
Amortised cost as of December 31	**0.00**	**0.00**

Amortised cost of the silent partnerships consists of the following:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Contributions	1,205,000.00	1,205,000.00
Attributable losses	(1,205,000.00)	(1,205,000.00)
Amortised cost	**0.00**	**0.00**

Based on a contribution in kind and incorporation agreement dated November 15, 2018 as well as a deed of variation dated December 30, 2018, the investment from silent partnerships was incorporated subject to the condition precedent of a successful IPO of Marinomed Biotech AG, which was fulfilled on February 1, 2019.

25. Borrowings

Borrowings consist of the following items:

Year ended December 31 all amounts in EUR	2018	2017
Non-current borrowings		
FFG loans	0.00	31,980.35
aws Seed loan	1,111,808.16	1,023,004.93
Shareholders' loans	0.00	0.00
Finance lease obligations	61,706.41	30,305.68
Total non-current borrowings	**1,173,514.57**	**1,085,290.96**
Current borrowings		
FFG loans	1,391,082.00	2,215,667.27
Shareholders' loans	2,305,104.19	2,389,933.76
Finance lease obligations	19,453.30	7,535.86
Total current borrowings	**3,715,639.49**	**4,613,136.89**
Total borrowings	**4,889,154.06**	**5,698,427.85**

The maturity of borrowings is as follows:

Year ended December 31 all amounts in EUR	2018	2017
No later than 1 year	3,715,639.49	4,613,136.89
Later than 1 year and no later than 5 years	1,173,514.57	62,286.03
Later than 5 years	0.00	1,023,004.93
Total borrowings	**4,889,154.06**	**5,698,427.85**

The reduction in total borrowings mainly results from the repayment of FFG loans in the amount of kEUR 530, the repayment of shareholder's loans in the amount of kEUR 89 as well as the fact, that in 2018 three loans from FFG amounting to kEUR 351 have been converted into non-repayable grants (see Note 6), which was partly compensated by accrued interest and an additional finance lease obligation.

The nominal and carrying amounts, maturity dates and interest rates on borrowings were as follows (all amounts in EUR):

Lender	Nominal amount	Carrying amount as of December 31, 2017	Maturity date	Nominal interest rate	Weighted average effective interest rate
FFG loans	1,391,082.00	1,391,082.00	30.09.2019	2.00%	2.00%
aws Seed loan	500,000.00	1,111,808.16	indefinite	8.50%	8.50%
Shareholders' loans	2,262,686.00	2,305,104.19	31.12.2019	10.00%	20.29%
Finance lease	81,159.71	81,159.71	03.11.2020 to 31.03.2023	variable	2.95%

Further details and explanations to the table above are given below for each class of borrowings.

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

Year ended December 31 all amounts in EUR	**2018**	**2017**
Carrying amount		
FFG loans	1,391,082.00	2,247,647.62
aws Seed loan	1,111,808.16	1,023,004.93
Total	**2,502,890.16**	**3,270,652.55**
Fair value		
FFG loans	1,269,240.43	2,056,189.68
aws Seed loan	803,943.28	699,081.11
Total	**2,073,183.71**	**2,755,270.79**

The fair values of non-current borrowings stated above are based on discounted cash flows using an interest rate of 15.0%, which was considered to be the best estimate for a market interest rate for the Company based on an offer received by an external financial institution at the time of the fair value calculation. They are classified as level 3 fair values in the fair value hierarchy (see Note 20) due to the use of unobservable inputs, including an estimation of the timing of repayment of the aws Seed loan based on the Company's forecast.

For other borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

R&D support loans – FFG loans and aws Seed loan

As of December 31, 2018 the Company shows a FFG loan with a nominal amount of EUR 1,391,082.00 (2017: EUR 2,271,582.00). The loan carries a fixed interest rate of 2.00% (2017: between 0.75% and 2.50%) p.a. According to IAS 20.10A, the differences between the nominal interest rates of these loans and the market rate of interest, estimated at 15.0% (see above), are treated as a government grant and recognised over the term of the corresponding financial liabilities. As the Company has applied IAS 20 prospectively to government loans existing at the date of transition to IFRS according to IFRS 1.B10, the benefit of a government loan at a below-market rate of interest has only been recognised for government loans that became effective or for which tranches have been paid out after the date of transition to IFRS.

In 2017 two loans from FFG amounting to kEUR 563 have been converted into non-repayable grants due to technical failure of the respective projects. In 2018 further three loans from FFG amounting to kEUR 351 have been converted into non-repayable grants.

In 2006 the Company took out a loan from aws (“aws Seed loan”) in the total nominal amount of EUR 500,000.00. The aws Seed loan is generally granted for supporting start-up companies. In case of the Company, aws granted the loan for the purpose of supporting the development of the Company’s antiviral medical devices.

The loan has a term of 10 years including a grace period of 5 years starting with July 1, 2007 (date on which the last tranche has been received from aws) and a fixed interest rate of 8.50% p.a. Yearly repayments are to be based on annual profits made by the Company. In case of a profit generated by the Company, 30% of the profit before tax (adjusted for certain items) has to be used to repay the loan. In case that the Company does not make any profits in any given year, no repayments shall be made in that year. The loan period is extended indefinitely until the outstanding amount is paid off. Management of the Company expects the loan to be repaid within the next five years; accordingly the carrying amount of the aws Seed loan has been included in the line “later than 1 year and no later than 5 years” in the table on maturities of borrowings stated above.

Shareholders' loans

In 2015 a number of shareholders provided the Company with shareholders' loans with a nominal amount of EUR 1,075,000.00.

In 2016 a new investor and exisiting shareholders provided the Company with shareholders' loans with a nominal amount of EUR 1,277,000.00.

In 2018 a partial repayment of the shareholders' loan with an amount of EUR 89,314.00 has been made.

The loans are provided to support the Company's R&D activities and working capital requirements. The term of the loans has been extended for one year and ends on December 31, 2019. The loans carry fixed interest of 10% p.a., which has to be paid annually until 5 working days after the end of each calender year. The nominal amount has to be repaid in full at the end of the loan term. However, the Company is entitled to request conversion of the loans into non-repayable shareholders' contributions upon fulfillment of certain conditions which will not be fulfilled until due date.

Due to the fact, that the interest rate in the loan agreements is below market rate, the market rate of interest (estimated with 15.0% p.a. in 2017 respectively) has been taken into account to calculate the fair value of the loans at inception. The difference between the fair value and the amounts received is recognised directly in equity.

Accordingly, the development of shareholders' loans was as follows:

all amounts in EUR	2018	2017
Carrying amount as of January 1	2,389,933.76	2,159,596.93
Repayment of shareholders' loan	(89,314.00)	0.00
Adjustment of carrying amount (according to IFRS 9:B5.4.6)	(193,443.46)	0.00
Effective interest accrued	436,394.57	405,195.44
Interest paid	(238,466.68)	(174,858.61)
Carrying amount as of December 31	**2,305,104.19**	**2,389,933.76**

Finance leases

The Company leases laboratory equipment and a vehicle under finance leases expiring within one to five years.

In February 2016 the contract regarding the laboratory equipment expired. As the laboratory equipment is used continuously it is shown under the fixed assets with a book value of EUR 0.01.

In 2018 the Company leased further laboratory equipment. Under the terms of the laboratory equipment lease, there is no residual value guaranteed.

Under the terms of the vehicle lease, a residual value with an amount of EUR 14,885.69 is guaranteed.

Year ended December 31 all amounts in EUR	**2018**	**2017**
Commitments in relation to finance leases are payable as follows:		
Within one year	21,544.44	9,043.20
Later than one year but not later than five years	48,918.63	17,332.80
Later than five years	0.00	0.00
Minimum lease payments	**70,463.07**	**26,376.00**
Guaranteed residual value	14,885.69	14,885.69
Future finance charges	(4,189.05)	(3,420.15)
Recognised finance lease liabilities	**81,159.71**	**37,841.54**
The present value of finance lease liabilities is as follows:		
Within one year	19,453.30	7,535.86
Later than one year but not later than five years	61,706.41	30,305.68
Later than five year	0.00	0.00
Total finance lease liabilities	**81,159.71**	**37,841.54**

26. Convertible bond

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 has a nominal amount of EUR 7,000,000.00 and a maturity of 4 years, i.e. repayable until July 14, 2021. The bondholders have the right to convert their entire claim into ordinary shares of the Company conditional upon the execution of a QPO (Refer to Note 27 for more details on the conversion right).

The bond bears interest at a rate of 4% p.a. as from the interest commencement date, i.e. July 14, 2017. Interest is payable annually in arrears at the end of each one-year period, i.e. on July 14 of each calendar year. In case of a Trade Sale or Licence Payment (both as defined in the Terms and Conditions of the Bond) the Company is obliged to pay a Trade Sales Premium/Licence Payment Premium together with the redemption amount on the Maturity Date. For further information regarding the conversion after balance sheet date refer to Note 35.

The development of the convertible bond was as follows:

all amounts in EUR	2018	2017
Carrying amount as of January 1	5,073,108.70	0.00
Proceeds of issue	0.00	7,000,000.00
Transaction costs	0.00	(632,602.92)
Separation (recognition) of equity conversion feature	0.00	(1,682,040.16)
Effective interest accrued	921,207.98	387,751.78
Interest paid	(280,000.00)	0.00
Carrying amount as of December 31	**5,714,316.68**	**5,073,108.70**
Thereof current	*131,178.08*	*131,178.08*
non-current	*5,583,138.60*	*4,941,930.62*

The fair value of the convertible bond (excluding the equity conversion rights) amounts to EUR 6,228,159.81 as of December 31, 2018 (2017: EUR 5,675,645.75) and is based on discounted cash flows using an interest rate of 15.0%, which was considered to be the best estimate for a market interest rate for the Company. It is classified as level 3 fair values in the fair value hierarchy (see Note 20) due to the use of unobservable inputs.

27. Other financial liabilities

Other financial liabilities include the following items:

Year ended December 31 all amounts in EUR	2018	2017
aws Profit Share	1,464,354.25	17,278.43
Separation (recognition) of equity conversion right	0.00	1,682,040.16
Equity conversion right	5,667,629.07	1,464,354.25
Total other financial liabilities	**7,131,983.32**	**1,481,632.68**

Other financial liabilities include a liability resulting from a profit-related guarantee fee ("aws Profit Share"), which the Company granted to aws in connection with the guarantee from aws for 80% of the aws DEQ loan (see Note 25). The obligation from the aws profit share is payable upon the occurrence of one of the following events: (a) IPO or (b) sale of more than 25% of the shares in the Company to a strategic investor (not a financial investor, e.g. venture capital or private equity funds). It started with the drawdowns of the aws DEQ loan and ends 2 years after full repayment of the loan (i.e. December 31, 2018). As non of the triggering events have occurred until December 31, 2018 the obligation from the aws profit share expired and the resulting liability has been released in 2018.

The equity conversion rights from the convertible bond represent embedded derivatives that are not closely related to the host debt and consequently accounted for separately at fair value through profit or loss (see Note 4.3). The development of the fair value of the conversion rights was as follows:

Year ended December 31 all amounts in EUR	2018	2017
Fair value as of January 1	1,464,354.25	0.00
Separation (recognition) of equity conversion right	0.00	1,682,040.16
Fair value adjustment	5,667,629.07	(217,685.91)
Fair value as of December 31	**7,131,983.32**	**1,464,354.25**

Refer to Note 2.20 for more details on the fair value changes.

28. Trade payables

Year ended December 31 all amounts in EUR	**2018**	**2017**
Advance payments	0.00	5,000.00
Trade payables	2,014,536.49	725,994.20
Total trade payables	**2,014,536.49**	**730,994.20**

Trade payables were all due within one year. Trade payables are unsecured and are usually paid within 30 days of recognition. Advance payments shown as of December 31, 2017 have been reclassified to current contract liabilities upon adoption of IFRS 15. Prior year figures have not been reclassified.

29. Current contract liabilities and other liabilities

Current contract liabilities and other liabilities include the following items

Year ended December 31 all amounts in EUR	**2018**	**2017**
Other non-current liabilities		
Grant – below market rate	0.00	1,487.16
Total other non-current liabilities	**0.00**	**1,487.16**
Current contract liabilities and other current liabilities		
Grant – below market rate	0.00	22,447.22
Social security contributions	118,001.79	94,753.75
Accounting, tax and audit services	92,700.00	38,181.55
Unconsumed vacation	173,455.68	115,385.36
Overtime	21,618.80	9,375.07
Contract liability	7,695.00	0.00
Others	547,014.40	327,509.97
Total current contract liabilities and other current liabilities	**960,485.67**	**607,652.92**
Total contract liabilities and other liabilities	**960,485.67**	**609,140.08**

Other liabilities include the difference between the nominal and fair value of R&D support loans according to IAS 20.10A in the amount of EUR 0.00 (2017: EUR 23,934.38).

Other current liabilities – Others mainly include accrued expenses for legal and consulting services resulting from the planned IPO.

30. Provisions

Provisions include the following items:

Year ended December 31 all amounts in EUR	Warranty provision	Other provisions
Carrying amount at January 1, 2017	750,000.00	13,000.00
Use/Release	0.00	0.00
Additions	0.00	0.00
Carrying amount at December 31, 2017	750,000.00	13,000.00
Use/Release	0.00	0.00
Additions	0.00	57,000.00
Carrying amount at December 31, 2018	**750,000.00**	**70,000.00**

In 2013 the Company granted the exclusive rights for the antiviral product line of the Company to an international pharmaceutical company for several territories. The amount that contractually needs to be paid back in case of the return of the exclusive rights has been considered as provision.

Other provisions include probable losses for onerous contracts resulting from purchase commitments for which the unavoidable costs of fulfilling the contractual obligation are higher than the expected economic benefits (EUR 57,000.00) as well as expected expenses for several claims (EUR 13,000.00).

31. Contingencies

The Company has entered into purchase commitments for unfinished goods with an estimated value at year-end of EUR 171,000.00, from which EUR 114,000.00 are expected to be sold to customers. For the remaining difference a provision has been considered (see Note 30).

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

32. Commitments

Lease agreements

In 2006, a lease agreement for a limited period starting January 1, 2007 was entered into with the Veterinary University of Vienna for the use of business and research premises at Veterinärplatz 1, 1210 Vienna, Austria. The monthly rental fee for the premises is approx. EUR 10,730 (2017: EUR 10,730) including operating costs.

Future minimum lease payments under non-cancellable operating leases are as follows:

Year ended December 31 all amounts in EUR	**2018**	**2017**
No later than 1 year	128,764.00	128,764.00
Later than 1 year and no later than 5 years	64,382.00	64,382.00
Later than 5 years	0.00	0.00
Total	**193,146.00**	**193,146.00**

Other contractual commitments

In addition to the agreements above, the Company has entered into a number of other agreements also entailing financial commitments for the future and relating mainly to services provided by third parties in connection with the conduct of clinical trials and other research and development activities. The increase of short term commitments in 2018 is largely related to the ongoing pivotal phase III clinical study for Budesolv. The remaining payments to be made under these agreements, if all milestones and other conditions are met, are estimated to be as follows:

Year ended December 31 all amounts in EUR	**2018**	**2017**
No later than 1 year	1,439,082.02	28,300.00
Later than 1 year and no later than 5 years	62,191.00	16,755.50
Later than 5 years	0.00	40,000.00
Total	**1,484,173.02**	**85,055.50**

33. Related party transactions

Key management benefits

In 2018 the members of the management board of the Company were:

- Andreas Grassauer, CEO
- Eva Prieschl-Grassauer, CSO

In 2018 expenses for salaries and short term employee benefits of members of the management board amounted to an aggregate amount of EUR 472,032.77 (2017: EUR 320,930.99). No long-term employee benefits or termination benefits were paid in 2017 and 2018.

Supervisory board compensation

The Company has a statutory supervisory board since 2017. The supervisory board ("Aufsichtsrat"), which supports management in commercial and scientific matters, consisted of the following members in 2018:

- Simon Nebel, Viopas Venture Consulting GmbH, Uster, Switzerland (chair, since June 2, 2017)
- Ute Lassnig, Laureo Corporate Finance GmbH, Vienna, Austria (deputy chair, since June 2, 2017)
- Karl Lankmayr, aws Mittelstandsfonds Beteiligungs GmbH & Co KG, Vienna, Austria (since June 2, 2017)
- Gernot Hofer, Invest Unternehmensbeteiligungs Aktiengesellschaft, Linz, Austria (since June 2, 2017)
- Brigitte Ederer (since November 21, 2018)

The aggregate compensation of the members of the supervisory board (including amounts paid to members for advisory services) amounted to EUR 136,869.25 (2017: EUR 128,410.87).

Simon Nebel (chair of supervisory board) and Laureo Corporate Finance GmbH (100% owned by Ute Lassnig, deputy chair of the supervisory board) participated in the convertible bond issued in 2017 in the aggregate amount of EUR 70,000.00.

For further details and contractual agreements refer to Note 26.

Shareholders' loans

In 2015 the Company entered into shareholders' loans (see Note 25) with some of its share-holders with an aggregate principle 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 principle 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

For further details and contractual agreements refer to Note 25.

34. Audit fees

The auditors of the statutory accounts BDO Austria GmbH (2017: Ernst & Young Wirtschaftsprüfungs GmbH) have performed the following services for the Company:

Year ended December 31 all amounts in EUR	**2018**	**2017**
Audit fees financial statements	40,000.00	12,400.00
Other assurance services	136,810.00	92,800.00
Tax advisory services	26,410.00	0.00
Other advisory services	61,361.56	0.00
Total	**264,581.56**	**105,200.00**

35. Events after the reporting period

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.

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.

As of February 25, 2019, the Company signed contracts with the EIB for providing a loan of up to EUR 15 million to Marinomed. The EIB's financing will support the development of the Company's two platforms. Subject to milestones, the EIB funding will be paid in tranches to Marinomed in 2019-2022 and will be repayable in 2024-2027.

Based on a contribution in kind and incorporation agreement dated November 15, 2018 as well as a deed of variation dated December 30, 2018, the investment from silent partnerships was contributed to the Company against transfer of existing shares to the silent partners by the existing shareholders subject to the condition precedent of a successful IPO of Marinomed Biotech AG, which was fulfilled on February 1, 2019. The Company did not have to settle any amount in cash to the silent partners at any time.

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 plus interest that accrues until the date of actual repayment will be repaid in Q2/2019.

On April 23, 2019 Marinomed announced positive top line results of the Phase III study for Budesolv via ad hoc announcement.

The Company's financial statements were approved by the Managing Board for submission to the Supervisory Board on April 29, 2019.

The Supervisory Board is responsible for reviewing and acknowledging the Company's financial statements.

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Vienna, 29.04.2019
Andreas Grassauer

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Vienna, 29.04.2019
Eva Prieschl-Grassauer

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Vienna, 29.04.2019
Pascal Schmidt

Auditor's report (IFRS)

Report on the financial statements audit opinion

Audit opinion

We have audited the financial statements (IFRS) of Marinomed Biotech AG, Vienna, comprising the balance sheet as of December 31, 2018, the income statement, the statement of changes in equity and the statement of cash flows for the fiscal year then ended and the notes to the financial statements.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2018 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditors towards the Company and towards third parties is limited to a total of two million euro by analogy with section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies).

Responsibilities of management and of the supervisory board for the financial statements

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

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

We also:

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

Report on other legal and regulatory requirements

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Vienna, April 29, 2019

BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. (FH) Georg Steinkellner
Accountant

Mag. Klemens Eiter
Certified Public Accountant Certified Public

Management report (UGB)

2018

1 Geschäftsverlauf, Geschäftsergebnis und Lage des Unternehmens

1.1 Allgemeines

Organisatorische und rechtliche Struktur des Unternehmens

Die Firma Marinomed Biotech AG wurde im März 2006 als Spin-off der Veterinärmedizinischen Universität Wien als Marinomed Biotechnologie GmbH gegründet und hat keine Tochtergesellschaften. Das Unternehmen verfügt über angemietete Büro- und Forschungslaborräumlichkeiten am Campus der Veterinärmedizinischen Universität und betreibt sonst keine weiteren Standorte.

In der ordentlichen Generalversammlung vom 12. Mai 2017 wurde die Umwandlung der Gesellschaft in eine Aktiengesellschaft mit Wirkung zum Ablauf des 31. Dezember 2016 beschlossen. Das Grundkapital war zum 31.12.2017 in 132.360 auf Namen lautende nennwertlose Stückaktien zerlegt.

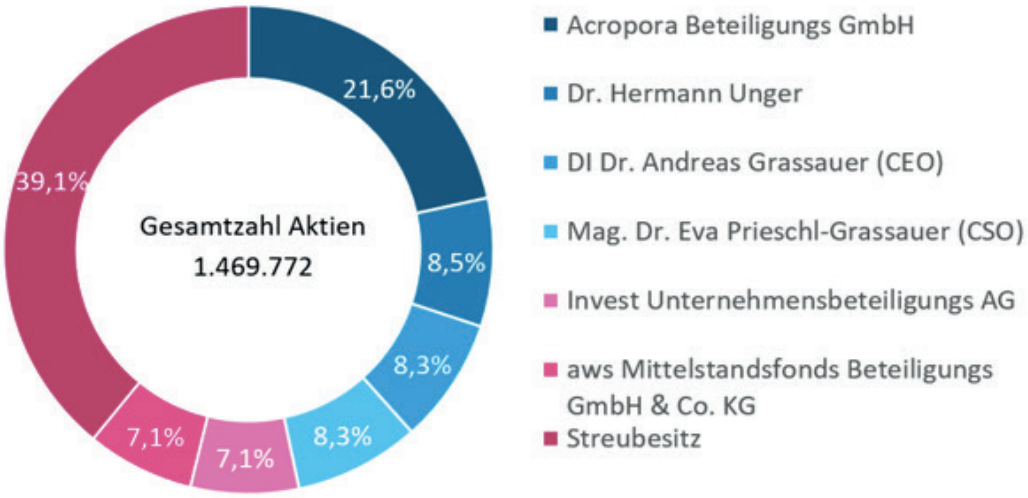
Mit außerordentlichem Hauptversammlungsbeschluss vom 17. September 2018 wurde das Grundkapital der Gesellschaft durch Ausgabe von 867.640 auf Namen lautenden Stückaktien gegen Bareinzahlung von € 867.640,00 auf € 1.000.000,00 erhöht. Dies entspricht dem zum 31. Dezember 2018 ausgewiesenen Grundkapital der Gesellschaft.

In der außerordentlichen Hauptversammlung vom 15. November 2018 wurde die Umwandlung der Namensaktien in auf Inhaber lautende Aktien beschlossen. Darüber hinaus wurde der Vorstand ermächtigt, das Grundkapital mit Zustimmung des Aufsichtsrats gemäß § 169 AktG unter teilweisem Bezugsrechtsausschluss sowie teilweiser Ermächtigung zum Bezugsrechtsausschluss um bis zu € 500.000,00 im Einvernehmen mit dem Aufsichtsrat sowie um bis zu € 480.000,00 zur Ausgabe in Verbindung mit dem geplanten Börsengang zu erhöhen. Weiters wurde einer bedingten Kapitalerhöhung von bis zu € 173.122,00 durch Ausgabe von Inhaberaktien für den Umtausch von Wandelschuldverschreibungen zugestimmt.

Im Zuge des Börsegangs der Marinomed am 1.Februar 2019 wurden insgesamt 299.000 neue Inhaberaktien zum Preis von € 75,00 je Aktie bei Investoren platziert (davon 260.000 Aktien aus dem Basisangebot und 39.000 Aktien aus Mehrzuteilungen). Dies führte im ersten Quartal 2019 zu einer Grundkapitalerhöhung von insgesamt € 299.000,00. Für den Umtausch von Wandelschuldverschreibungen in Aktien wurden weitere 170.772 Aktien ausgegeben. Zum Zeitpunkt der Jahresabschlusserstellung hat Marinomed 1.469.772 stimmberechtigte Aktien bzw. ein Grundkapital von € 1.469.772,00.

Eigentümer:

Zum Zeitpunkt der Abschlusserstellung stand Marinomed zu rund 27% im Eigentum der Gründer bzw. des Managements (davon 2% innerhalb des Streubesitzes) und zu rund 36% im Eigentum von strategischen Altinvestoren. Der börserechtliche Streubesitz betrug 39,1%.



1.2 Geschäftsverlauf und Rahmenbedingungen

Der Fokus der Unternehmenstätigkeit liegt auf der Entwicklung innovativer Therapien auf der Grundlage patentgeschützter, proprietärer Technologieplattformen.

Die Carragelose®-Technologieplattform führte kurz nach der Gründung von Marinomed zur Entdeckung eines, von Marinomed als Carragelose® marken- und patentgeschützten Polymers aus Rotalgen mit außergewöhnlicher Wirksamkeit bei viralen Infekten der Atemwege. Marinomed konnte die klinisch nachgewiesene Wirksamkeit in einer Reihe von Produkten gegen respiratorische Viren nutzen, die heute von Partnern auf allen Kontinenten vertrieben werden. Die Produktpalette setzt sich aus zwei Nasensprays zur Vorbeugung und Behandlung von Erkältungskrankheiten mit unterschiedlicher Dosierung und einem Kinderprodukt zusammen. 2018 wurde zusätzlich ein abschwellendes Nasenspray, basierend auf einem hyperosmolaren Wirkprinzip, in mehreren Märkten eingeführt. Ein Rachenspray und Lutschpastillen runden das Portfolio ab.

Im Zuge der Forschungs- und Entwicklungsarbeiten zur Erweiterung ihres Produktangebots mit Kombinationspräparaten, gelang es den Forscherinnen und Forschern bei Marinomed die zweite Technologie – die patentgeschützte Plattform Marinosolv® – zu entwickeln, die die Basis für neue Produkte im Bereich Allergie und Autoimmunerkrankungen darstellt.

Das Leitprodukt der Marinosolv® Plattform, Budesolv, ein neues, schneller wirksames Allergiemedikament mit geringerer Dosierung wird derzeit in einer pivotalen Phase III Studie zur Erlangung der Zulassung im Heimmarkt getestet. Ergebnisse aus dieser Studie sind Ende des 2. Quartals 2019 zu erwarten.

1.2.1 Geschäftsmodell und Prozesse

Als Forschungs- und Entwicklungsunternehmen hat Marinomed große Teile der Wertschöpfungskette an Partner ausgelagert. Der Vertrieb der Produkte erfolgt über Vertriebspartner, die jeweils für Ihr geographisches Gebiet von Marinomed eine Vertriebslizenz erhalten haben. Mit Ausnahme einiger weniger Länder wo es Lizenzpartnerschaften gibt, agiert Marinomed als Großhändler. Dadurch ist es

möglich mit limitierten Ressourceneinsatz 15 B2B Kunden mit Vertrieb in über 30 Ländern zu betreuen und zu organisieren.

1.2.2 Gesamtwirtschaftliche und branchenspezifische Rahmenbedingungen und Einflussfaktoren

Als Life Science Unternehmen ist die Marinomed Biotech AG eingebettet in das Umfeld des globalen Pharmamarktes und in das Umfeld der globalen Biotechnologie Industrie. Im Bereich des pharmazeutischen Marktes ist für Marinomed der Over the Counter (OTC) Markt von Relevanz, weil alle bereits am Markt befindlichen Produkte diesem Segment zuzuordnen sind.
Im Jahr 2017 wurden in diesem Markt weltweit Umsätze von US$ 136Mrd erzielt wobei das Segment betreffend Erkältungserkrankungen und Allergie mit einem Umsatz von US$ 28,1Mrd die zweitgrößte Kategorie darstellt, nach dem Segment mit Vitaminen, Mineralstoffen und Spurenelementen (Quelle: OTC-Yearbook 2018 Nicolas Hall).

Die Experten von Nicolas Hall sagen für den Cough, Cold Allergy (CCA) Markt ein Wachstum von 5% p.a. auf US$ 35,6Mrd im Jahr 2022 voraus. Dieses Wachstum passiert in einem hochkompetitiven Umfeld unter der Kontrolle konservativer Regulatoren und mit sehr fragmentierten Netzwerken von Distributoren. Wachstum und Neueinführungen von Produkten sind abhängig von Marketingaufwendungen und insbesondere der Fähigkeit der Unternehmen über die normale Produktentwicklung und Marken hinaus Innovation im Markt platzieren zu können. Mit einem innovativen, patentgeschützten Produktportfolio ermöglicht Marinomed, seinen hochspezialisierten Vertriebspartnern in den jeweiligen Ländern und Regionen diese Herausforderung anzunehmen.

1.2.3 Wettbewerb, Märkte sowie wesentliche rechtliche und wirtschaftliche Einflussfaktoren

Marinomed zielt auf den globalen OTC Markt ab. Dieser ist nach wie vor hoch fragmentiert. Dokumentiert wird das durch die Tatsache, dass die Top 3 Unternehmen im Jahr 2016 nur 13% Marktanteil hatten und die Top 10 nur 28% (Quelle: OTC-Yearbook 2018 Nicolas Hall). Wenn man die Top 10 OTC Unternehmen betrachtet so hat kein Unternehmen ein signifikant größeres Wachstum als der Gesamtmarkt erzielen können. Es ist daher wenig überraschend, dass eine wesentliche treibende Kraft für Veränderung im Markt durch M&A Aktivitäten passiert. Die folgenden Beispiele zeigen nur einen kleinen Ausschnitt einer sehr dynamischen M&A Entwicklung im OTC Markt.

1.2.4 Die globale Biotechnologie Industrie

Das dynamische Wachstum der globalen Biotechnologie Industrie hat sich in den letzten Jahren etwas abgeschwächt. Dennoch wurde 2016 und 2017 ein Wachstum von rund 7% erzielt und es besteht Grund zur Annahme, dass sich dieser Trend fortsetzen wird (E&Y Biotechnology Report 2017).

Das Marinomed Management sieht vor allem die Tatsache, dass trotz teilweise volatiler Unternehmensbewertungen die Ausgaben für Forschung und Entwicklung weiter stark gewachsen sind und offensichtlich speziell junge Biotech-Unternehmen in der Lage sind, ein bedeutendes Volumen an Risikokapital zu mobilisieren. Damit wird demonstriert, dass die Branche weiterhin auf Wachstum eingestellt ist. Als wichtiges lokales Beispiel sei hier die € 225Mio Rekordfinanzierung von BioNTech in Deutschland genannt.

International hat sich die Branche in den letzten 10 Jahren sehr gut entwickelt. So ist der NASDAQ Biotechnology Index seit Beginn 2008 von 825 Punkten auf über 3.500 Punkte Anfang 2018

angestiegen. Selbst im Vergleich zu den Höchstständen im Jahr 2000 ist das mehr als eine Verdoppelung. Die Kursanstiege sind vor allem auf Erfolge von Unternehmen in der Medikamentenentwicklung zurückzuführen, die auf neuartigen Technologien und Therapiekonzepten basieren.

Bezugnehmend auf Daten von Pitchbook wurden 2017 über US$ 12Mrd an privatem Kapital in rund 450 Life Science Unternehmen investiert. Diese Zahl zeigt, dass rege Kapitalzufuhr in innovative Unternehmen eine treibende Kraft für das weitere Wachstum der Branche ist.

1.2.5 Das Österreichische Umfeld und Marinomed

Mit 917 österreichischen Firmen im Biotechnologie, Pharma und Medizinprodukte Sektor stellen die Lebenswissenschaften einen wichtigen Wirtschaftsfaktor dar. Zusammen erwirtschafteten diese Firmen einen Umsatz von über € 22Mrd im Jahr 2017. Das entspricht etwa 6,1% des österreichischen BIPs. 2017 arbeiteten 55.000 Menschen, 7,4% mehr als in 2014 für ein österreichisches Life Science-Unternehmen (Quelle: Life Science Austria, Vienna Region).

Abseits medialer Begleitung ist es einigen Firmen gelungen, signifikante Werte zu schaffen. So wurde in den letzten Jahren z.B. das Unternehmen Dutalys um mehrere 100 Millionen Euro von Roche übernommen und das Unternehmen Nabriva wurde erfolgreich an der NASDAQ gelistet. 2017 machte das Unternehmen Apeiron mit der Marktzulassung für ein Krebsmedikament und einer Finanzierung auf sich aufmerksam. Hookipa und Themis Biosciences konnten jeweils Finanzierungen in 2-stelliger Millionenhöhe sicherstellen.

Marinomed platzierte im Juli 2017 eine Wandelanleihe am dritten Markt der Wiener Börse (MTF). Nach dem erfolgreichen IPO im Februar 2019 übten über 99% Anleihegläubiger ihr Wandlungsrecht aus. Nach Rückkauf der nicht gewandelten Anleihen wurde die Wandelanleihe im März 2019 vorzeitig getilgt.

1.2.6 Geschäftsentwicklung

Der Geschäftsbereich mit Produkten der Carragelose® Plattform zur Behandlung von Erkältungskrankheiten hat sich 2018 stabil, jedoch ohne Wachstum entwickelt. Nach einem Anstieg von über 84% von 2016 auf 2017 auf € 4,8Mio. konnte der Umsatz 2018 mit € 4,7Mio. annähernd stabil gehalten werden. Verschiebungen von bereits bestellten Handelswarenlieferungen in das Jahr 2019 sowie durch einen Zulieferer bedingte Verzögerung einer Warenlieferung haben sich negativ auf das Wachstum ausgewirkt. Dennoch konnten zyklusbedingte Rückgänge in einzelnen größeren Märkten durch Steigerungen und Neuzulassungen in mehreren kleineren Märkten kompensiert werden.

1.2.7 Wesentliche Absatzmärkte und die dort erreichte Wettbewerbsposition und Auftragslage

Die wesentlichen Absatzmärkte für die Produkte der Carragelose® Technologieplattform sind die wichtigen großen OTC-Märkte auf der Welt. Weiterhin sind Aktivitäten in Gang, um mit der Produktpalette in allen wichtigen und wirtschaftlich attraktiven Märkten mit Partnern präsent zu sein. Daher waren Neueinführungen von Produkten in wichtigen Märkten in Europa und Asien die wichtigsten Umsatzstützen im Jahr 2018.

Seit der Bekanntgabe der Fusion des Geschäftsbereiches mit Sanofi bleibt das Lizenzgeschäft mit dem ehemaligen Partner Boehringer Ingelheim (nun Sanofi) rückläufig. Marinomed erwartet aus dieser

Partnerschaft keinen Anstieg der Einnahmen und fokussiert sich auf alternative Partner, wo bereits Verträge abgeschlossen werden konnten.

Für Produkte der neu entwickelten Marinosolv® Plattform wurden aus strategischen Gründen bis jetzt noch keine Vertriebslizenzrechte oder sonstige IP-Rechte an Dritte vergeben. Erwartungsgemäß schlägt sich die außerordentlich positive Entwicklung auf der Forschungs- und Entwicklungsebene noch nicht einnahmenseitig nieder. Das Leitprodukt Budesolv hat im Jahr 2018 wichtige Entwicklungsschritte genommen und eine pivotale Phase III Studie zur Erwirkung einer Zulassung konnte gestartet werden. Mit Ergebnissen aus dieser Studie wird im 2. Quartal 2019 gerechnet. Damit verfügt Marinomed über ein weiteres Produkt, das nach Ansicht des Unternehmens die Chance hat, relativ zeitnah von der Entwicklung in die Zulassung und Vermarktung wechseln zu können. Marinomed geht davon aus, dass eine entsprechende kommerzielle Verwertung dieser Entwicklung mit hoher Wahrscheinlichkeit zu weiterem Umsatzwachstum führen wird.

1.2.8 Ziele und Strategien zur Zielerreichung

Marinomed verfolgt das Ziel gemeinsam mit seinen Partnern mittelfristig mit seinen Carragelose®-Produkten insgesamt 1% des Umsatzes des globalen CCA-Marktes zu erreichen mit einem langfristigen Steigerungsziel auf 2%. Das Umsatzpotenzial für die Produktpalette liegt damit bei mehreren hundert Millionen Euro, von dem ein signifikanter Anteil auf Marinomed entfällt. Aufgrund der Komplexität des Marktes, der regulatorischen Hürden und der Notwendigkeit intensiv Marketing zu betreiben, ist dieses Ziel nur durch Partnerschaften erreichbar. Marinomed hat für die meisten Märkte Partnerschaften mit namhaften pharmazeutischen Firmen abgeschlossen, die in den jeweiligen Ländern für die Zulassung und Vermarktung der Produkte verantwortlich sind.

Marinomed plant das Vertriebsmodell fortzusetzen und auch die Produkte aus der Marinosolv® Plattform mit Partnern zu vermarkten.

1.3 Zweigniederlassungen

Die Gesellschaft verfügt über keine Zweigniederlassungen.

1.4 Finanzielle Leistungsindikatoren

Zum Verständnis der Ertragslage der Gesellschaft sind die Spezifika der unterschiedlichen Segmente wesentlich.

Das Produktportfolio der antiviralen Carragelose® Technologie, bestehend aus bereits am Markt befindlichen Nasensprays und Rachenprodukten, wies im Geschäftsjahr 2017 eine signifikante Umsatzsteigerung von € 2,2Mio bzw. +84,4% auf. Das Wachstum wurde großteils durch die Markteinführung von Produkten in neuen Märkten (vor allem in Deutschland und Polen) generiert. Da die Vertriebspartner im Jahr neuer Produkteinführungen keine Engpässe riskieren wollen, werden typischerweise höhere Lagerbestände aufgebaut. Im Folgejahr kommt es dadurch zu einer Korrektur der Vorräte und damit zu sinkenden Umsätzen für Marinomed in diesen Märkten. Der resultierende Umsatzrückgang in den beiden oben genannten Ländern konnte durch neue Produkte sowie dem Marktstart unter anderem in Skandinavien, der Schweiz und in Asien beinahe kompensiert werden.

Durch Produkteinführungen in weiteren Ländern, sowie die Marktdurchdringung des neuen abschwellenden Nasensprays, geht das Unternehmen nach einem Jahr der Konsolidierung mit hoher Wahrscheinlichkeit wieder von Umsatzsteigerungen in den kommenden Jahren aus.

Die Marinosolv® Technologie befindet sich noch im Entwicklungsstadium, wodurch noch keine Produkte vermarktet werden. Dieses Segment ist von hohen Ausgaben für Forschung und Entwicklung geprägt, die erst in Folgejahren Umsätze generieren könnten. Die pivotale klinische Phase III Studie für das Leitprodukt Budesolv wurde in 2018 initiiert und im zweiten Quartal 2019 werden die Ergebnisse der Studie vorliegen. Durch die notwendigen Vorbereitungen für eine Marktzulassung sowie der anschließende regulatorische Prozess, wird mit einer Zulassung erst Ende 2020/Anfang 2021 zu rechnen sein.

Das Jahr 2018 ergab ein Ergebnis vor Steuern in Höhe von € -6,1Mio (2017 € -2,7Mio). Der Betriebsergebnis 2018 betrug somit € -5,5Mio (2017 € -2,2Mio) und das Finanzergebnis € -0,6Mio (2017 € -0,5Mio). Das Unternehmen zeigt einen Jahresfehlbetrag in Höhe von € -6,1Mio (2017 € -2,7Mio) und einen Bilanzverlust in der Höhe von € -20,4Mio (2017 € -14,3Mio). Die wesentlichen Treiber für die deutlich höheren Verluste 2018 liegen in den Kosten der laufenden klinischen Studie sowie den abgegrenzten Kosten für die Vorbereitung des IPOs.

Die Vermögenslage des Unternehmens zeigt ein negatives Eigenkapital von € -12,3Mio (2017 € -7,1Mio).

Das Unternehmen wies Ende 2018 liquide Mittel von € 1,7Mio (2017 € 6,0Mio) aus. Die Veränderung wird in der folgenden Geldflussrechnung dargestellt:

	2018 Mio EUR	**2017** Mio EUR
Geldfluss aus dem Ergebnis	-6,0	-2,7
Netto-Geldfluss aus dem Ergebnis vor Steuern	-4,4	-2,9
Netto-Geldfluss aus laufender Geschäftstätigkeit	-4,4	-2,9
Netto-Geldfluss aus der Investitionstätigkeit	-0,2	-0,1
Netto-Geldfluss aus der Finanzierungstätigkeit	0,2	7,0
zahlungswirksame Veränderung des Finanzmittelbestands	-4,3	4,0
Finanzmittelbestand am Beginn der Periode	6,0	2,0
Finanzmittelbestand am Ende der Periode	**1,7**	**6,0**

Die Vermögens- und Finanzlage spiegelt primär die negative Ertragslage wider, die für ein biotechnologisches Unternehmen im Entwicklungsstadium zu erwarten ist. Durch Finanzierungsmaßnahmen in den Geschäftsjahren 2015 (€ 3,5Mio), 2016 (€ 1,5Mio) und 2017 (€ 7,0Mio.) sollen langfristige Investitionen in Forschung und Entwicklung sichergestellt werden.

Das Unternehmen hat in 2018 seinen Börsegang vorbereitet. Mit Listing am 1. Februar 2019 unter voller Ausübung des Greenshoe am 28. Februar 2019 konnten insgesamt € 22,4Mio eingeworben werden. Zudem konnte eine Darlehenszusage von der Europäischen Investitionsbank in Höhe von € 15Mio gesichert werden. Das Darlehen der EIB wird in 3 Tranchen in Abhängigkeit vom Erreichen bestimmter Meilensteine ausbezahlt. Dadurch ist nach Einschätzung des Unternehmens die Unternehmensfortführung überwiegend wahrscheinlich. Darüber hinaus wird auf die entsprechenden Ausführungen im Abschnitt „Wesentliche Risiken und Ungewissheiten“ verwiesen.

2 Voraussichtliche Entwicklung des Unternehmens

Trotz der ständigen Konkurrenz auf dem Pharma-Markt für OTC Produkte sowie einer Stagnation im Jahr 2018 geht Marinomed von einem Umsatzwachstum des Geschäfts mit den bereits am Markt befindlichen Produkten und neu einzuführenden Produkten der Carragelose® Plattform in den kommenden Jahren aus.

Der Umstand, dass wichtige Märkte bis vor kurzem durch die Partnerschaft mit Sanofi vertraglich blockiert waren und die Marinomed Produkte mit Ausnahme von Großbritannien, Deutschland und seit 2018 erstmals auch China in den 10 größten OTC-Märkten noch nicht vertrieben werden, lässt für die Zukunft weiter Wachstum erwarten. Dieses Wachstum wird einerseits von Markteinführungen in neuen Märkten getrieben und andererseits von der Einführung von zusätzlichen Produkten in bereits bestehenden Märkten.

Ein Sonderfall sind die USA. Dort gibt es bedingt durch regulatorische Auflagen und vom Rest der Welt abweichenden Zulassungskriterien eine Eintrittsbarriere, die eine Zulassung in den nächsten drei bis 4 Jahren nicht realistisch erscheinen lässt. Dennoch unternimmt Marinomed Anstrengungen, auch diesen besonders attraktiven Markt zu erreichen.

Das Potential Marinosolv®

Während das Leitprodukt der Marinosolv® Plattform das antiallergische Medikament Budesolv seit dem Jahr 2018 in einer pivotalen Studie getestet wird, forscht Marinomed bereits an weiteren Entwicklungen basierend auf der Plattform. Dadurch wird sichergestellt, dass die IP genutzt wird, um auch in der Zukunft werthaltige Produkte anbieten zu können.

Zur Ausschöpfung des Potentials der beiden Plattformen sind auf absehbare Zeit weitere Investitionen in Forschung und Entwicklung erforderlich. Insbesondere durch Ausweitung der Marinosolv® Plattform und klinische Studien für größere Indikationen wird erwartet, dass das Investitionsvolumen in Forschung und Entwicklung in den kommenden Jahren deutlich steigt. Abhängig vom Umfang dieser Investitionen und dem wirtschaftlichen Erfolg bei der Verwertung kann es zu zusätzlichem Kapitalbedarf kommen.

3 Wesentliche Risiken und Ungewissheiten

Marinomed ist ein auf globale Märkte zielendes Unternehmen, das pharmazeutische Unternehmen als Kunden auf allen Kontinenten beliefert. Als solches ist Marinomed einer Reihe von Risiken ausgesetzt. Diese betreffen im Wesentlichen operative und finanzielle Risiken.

Die nachfolgend beschriebenen Risiken werden laufend überwacht. Das Unternehmen ist bemüht darauf zu reagieren und entgegenzusteuern.

3.1 Risiken in Verbindung mit der Finanzierung und Finanzinstrumenten

Zu den wesentlichen finanziellen Risiken zählen Ausfallsrisiken und Liquiditätsrisiken. Darüber hinaus werden Umsätze in GBP getätigt, so dass auch Risiken aus Wechselkursschwankungen entstehen. Da Forderungen in GBP in der Regel einen Betrag von € 250.000,00 nicht übersteigen, würde sich eine Schwankung von +/- 10% mit weniger als € 25.000 auf die Gewinn- und Verlustrechnung auswirken. Als F&E Unternehmen weist Marinomed nach wie vor einen bilanziellen Verlust aus und daher sind klassische Kreditinstrumente für Marinomed nicht zugänglich. Das Unternehmen hat daher das Risiko, dass der Kapitalbedarf in Zukunft nicht, oder nur zu nachteiligen Konditionen gedeckt werden kann. Es handelt sich dabei um ein für Life Science Unternehmen typisches Risiko.

Das Unternehmen verfügt über keine derivativen Finanzinstrumente.

3.2 Strategische Risiken

Für Marinomed besteht das Risiko, dass langfristige Potenziale nicht ausgenutzt oder falsch eingeschätzt werden. Bei beiden Technologieplattformen können sich die eingegangenen oder noch zu etablierenden Partnerschaften als nicht vorteilhaft erweisen. Die heutige Einschätzung des Potenzials der Produkte auf den globalen Märkten kann sich als zu optimistisch herausstellen. Es besteht daher das Risiko, dass die Umsatzziele nicht erreicht werden. Weiters besteht das Risiko, dass Mitbewerber bessere oder günstigere Produkte entwickeln und dadurch das Marinomed-Portfolio weniger ertragreich ist.

Staatliche Behörden versuchen in praktisch allen regionalen Märkten, die Kosten im Gesundheitswesen durch verstärkten Wettbewerb der Anbieter und permanente Absenkung der Erstattungsgrenzen für Pharmaka zu beschränken. Der rasch wachsende OTC-Markt ist diesen Einflüssen weniger ausgesetzt, jedoch gibt es starke Konkurrenz von größeren Anbietern, die über deutlich mehr finanzielle und unternehmerische Möglichkeiten verfügen als Marinomed bzw. ihre Partner in den jeweiligen Ländern.

3.3 Operative Risiken

Marinomed ist sowohl auf der Lieferanten-, als auch auf der Vermarktungsseite auf Partner angewiesen. Trotz aufrechter Verträge besteht das Risiko, dass einer oder mehrere Partner ohne Verschulden von Marinomed wirtschaftliche oder technische Schwierigkeiten nicht zu lösen vermögen und in der Folge für Marinomed ein Schaden entsteht. Dabei kann der Partner seine eigenen Umsatzziele verfehlen, es kann sich aber auch um Lieferverzögerungen, Zahlungsschwierigkeiten oder andere branchentypische Risiken handeln.

Auch wenn über 90 % der Umsätze in Euro fakturiert werden, könnte in Ländern außerhalb der Eurozone (mit Ausnahme des Vereinigten Königreichs) eine Aufwertung des Euro gegenüber den lokalen Währungen die Produkte des Unternehmens für Händler und Endverbraucher verteuern. Dies könnte zu einem Umsatzrückgang bei den Produkten des Unternehmens führen.

3.4 Liquiditätsrisiko

Das Liquiditätsrisiko besteht darin, dass Finanzmittel, die zur Begleichung von im Zusammenhang mit Finanzinstrumenten eingegangenen Verpflichtungen erforderlich sind, möglicherweise nicht beschafft werden können. Bisher hat das Unternehmen das operative Geschäft vor allem durch Beteiligung von Investoren am Eigenkapital und über Gesellschafterdarlehen, Einnahmen aus Lizenz- und Distributionsverträgen, den Verkauf von Handelswaren, atypisch stillen Beteiligungen, durch die Ausgabe einer Wandelanleihe, neuer Aktien beim Börsegang sowie durch Zuschüsse, geförderte Darlehen und sonstige staatliche Förderungen finanziert.

Der Vorstand geht davon aus, dass zumindest in den nächsten Jahren weiterhin erhebliche Ausgaben für Forschung und Entwicklung und operative Verluste anfallen werden. Der Vorstand rechnet damit, dass die vorhandenen liquiden Mittel sowie die in 2019 eingeworbenen Mittel aus dem Börsegang und von der EIB ausreichen werden, um die operativen Aufwendungen und Investitionen für die nächsten Jahre finanzieren zu können. Diese Schätzung basiert auf Annahmen, die sich als falsch erweisen können, und das Unternehmen könnte seine Kapitalressourcen früher ausschöpfen als derzeit erwartet.

Marinomed wird immer versuchen, sich finanzielle Flexibilität zu erhalten, z.B. durch Aufnahme zusätzlichen Kapitals zu günstigeren Marktbedingungen oder aufgrund strategischer Überlegungen. Aktuell glaubt das Unternehmen über genügend Mittel für die aktuellen oder zukünftigen betrieblichen Pläne zu verfügen.

Marinomed ist der Auffassung, dass das Unternehmen auf bestimmte Ausgaben verzichten könnte, um damit seine Bargelderfordernisse zu reduzieren. Sollte es Marinomed nicht möglich sein, im Bedarfsfall Kapital aufbringen zu können, könnte es dadurch zu Verzögerungen oder Reduzierungen bzw. zur Beendigung von Forschungs- und Entwicklungsprogrammen sowie zukünftiger Kommerzialisierungsbemühungen kommen.

3.5 Standortrisiko

Marinomed ist Untermieter an der Veterinärmedizinischen Universität Wien, die derzeit auch Aktionär des Unternehmens ist. Der Mietvertrag ist bis Ende Juni 2020 befristet. Daher plant Marinomed derzeit die Verlegung des Standortes. Wenngleich in Wien derzeit einige Optionen vorhanden sind, bedeutet eine Übersiedlung zusätzliche Kosten sowie zusätzlichen Finanzierungsbedarf und könnte möglicherweise mit einem Produktivitätsrückgang verbunden sein. Sollte der neue Standort nicht rechtzeitig bezugsfertig sein, könnte Marinomed auf die Verlängerung des Mietvertrags durch die Veterinärmedizinische Universität Wien angewiesen sein.

3.6 Risiko in Zusammenhang mit Patenten

Die Carragelose®-Technologie ist durch mehrere Patente weltweit geschützt. Die Patente der Marinosolv®-Technologie befinden sich derzeit in der Nationalisierungsphase. Dennoch kann nicht ausgeschlossen werden, dass Patente angefochten werden oder derzeitige Alleinstellungsmerkmale durch neue Technologien oder Produkte verloren gehen.

3.7 Forschungs- und Entwicklungsrisiko

Der Erfolg von Marinomed hängt zu einem großen Teil davon ab, inwieweit die Forschungs- und Entwicklungsinitiativen die antizipierten Ergebnisse erreichen. Die Forschungsaktivitäten von Marinomed dienen der Wissensvermehrung und sind dem Wohl der Menschheit und dem Schutz der Umwelt verpflichtet. Die internen und externen Forscher halten die rechtlichen Vorschriften ein und beachten darüber hinaus auch ethische Grundsätze. Ein verantwortungsbewusster Umgang mit Forschung umfasst im Falle missbrauchsgefährdeter Forschung insbesondere die nachfolgend angesprochenen Maßnahmen: das Erkennen und Minimieren von Forschungsrisiken, den sorgfältigen Umgang mit Veröffentlichungen, die Dokumentation von Risiken sowie Aufklärungs- und Schulungsmaßnahmen.

Dennoch kann nicht ausgeschlossen werden, dass die Ergebnisse der Forschung und von klinischen Studien nicht die erwarteten primären oder sekundären Endpunkte erreichen bzw. nicht signifikant besser sind als bestehende oder neue Konkurrenzprodukte. Das könnte den Wert der Forschungsprojekte von Marinomed deutlich reduzieren. Im Extremfall könnten einzelne Projekte wertlos und geplante Einnahmen nicht zu lukrieren sein.

3.8 Personalrisiko

Aufgrund der geringen Mitarbeiteranzahl besteht bei einem Ausfall von Schlüsselarbeitskräften das Risiko, dass essenzielles Know-how verloren geht und die Nachbesetzung von vakanten Stellen zu Verzögerungen bei der Zielerreichung führt.

4 Forschung und Entwicklung

Die Gesellschaft unterhält am Standort Wien eine Forschungs- und Entwicklungseinrichtung mit modern ausgerüsteten Labors, die Forschungen im Bereich Pharmazie, Biologie, Molekularbiologie, Zellbiologie und in-vivo Pharmakologie ermöglichen. Ende 2018 waren 32 Mitarbeiter bei Marinomed und davon 19 Mitarbeiter im Bereich F&E tätig. Der Großteil der Mitarbeiter verfügt über eine akademische Ausbildung.

Die F&E Aktivitäten fokussieren sich auf die beiden Plattformen Carragelose® und Marinosolv®. Die Carragelose® Plattform soll um Produkte mit einer zusätzlichen abschwellenden Wirkung erweitert werden. Dabei wurde 2018 die Entwicklung eines Medizinproduktes auf Basis einer physikalischen Wirkung erfolgreich umgesetzt und die Zertifizierung erreicht. In weiterer Folge wird die Entwicklung eines Arzneimittels mit einem abschwellenden Wirkstoff vorangetrieben. Das Projekt soll auch 2019 weitergeführt werden. Abhängig von den regulatorischen Anforderungen der Behörden ist mit einer Zulassung nicht vor dem Jahr 2020 zu rechnen.

Darüber hinaus hat Marinomed mit Marinosolv® eine innovative Technologieplattform entwickelt, welche die Bioverfügbarkeit schwerlöslicher Wirkstoffe für die Behandlung empfindlicher Gewebe wie Nase und Augen erhöht. Stabile wässrige Formulierungen schwerlöslicher Wirkstoffe wie Kortikosteroide und Immunsuppressiva ermöglichen einen schnelleren Wirkungseintritt, hohe lokale Aktivität, erhöhte lokale Bioverfügbarkeit und eine aseptische Herstellung. Derzeit befinden sich zwei Produkte in der Entwicklung, die auf entzündliche Erkrankungen der Nase (Budesolv) und der Augen (Tacrosolv) abzielen. Im Jahr 2015 wurde eine Patentanmeldung eingereicht, die sich in der Nationalisierungsphase nach der Beendigung der internationalen Phase gemäß Patent Cooperation Treaty ("PCT") befindet. Je nach Wirkstoff können die Produkte entweder OTC (rezeptfrei oder nicht verschreibungspflichtig) oder Rx (verschreibungspflichtig) sein. Im Falle des Kortikosteroid-Nasensprays Budesolv werden je nach Gebiet OTC- und Rx-Zulassungen erwartet, während für immunsuppressive Augentropfen eine Zulassung nur als verschreibungspflichtiges Medikament erwartet wird.

Die Gesellschaft bewahrt sich ein schlankes "Asset light"-Geschäftsmodell durch Fokussierung auf Forschung und Entwicklung sowie Auslagerung aller anderen kostenintensiven Teile der Wertschöpfungskette. Marinomed generiert ihren Umsatz entweder durch Lizenz-Vertriebsverträge oder Tantiemen aus Lizenzverträgen mit ihren Partnern. Für die rezeptfrei vermarkteten Produkte ist die Gesellschaft als Großhändler für ihre Partner weltweit tätig.

5 Risikomanagementsystem und internes Kontrollsystem

Marinomed betreibt Forschung und Entwicklung von Arzneimitteln und Medizinprodukten. Das Nutzen von Chancen und Vermeiden von Risiken ist daher wichtig für den Erfolg des Unternehmens. Entsprechend verfolgt Marinomed einen systematischen Ansatz zur Früherkennung von Chancen und Risiken. Die im Abschnitt „Wesentliche Risiken und Ungewissheiten“ benannten Bereiche werden wiederkehrend über unternehmensweite Planungs- und Kontrollprozesse hinterfragt. Die Gesamtverantwortung für die interne Kontrolle sowie das Risikomanagement der Marinomed liegt beim Vorstand.

Das Risikomanagementsystem fokussiert auf die im Abschnitt „Wesentliche Risiken und Ungewissheiten“ genannten Bereiche. Dabei werden die operativen Risiken vor allem durch eine enge interne wie auch externe Kommunikation adressiert. Der regelmäßige Kontakt mit allen externen Zulieferern und Partnern sowie die Dokumentation der Gespräche und Treffen erlauben ein stetes Nachhalten von Planung und Durchführung. Marinomed hat sowohl Investoren für den IPO als auch die

EIB für ein Venture Loan gewinnen können. Diese beiden Finanzierungselemente haben einerseits zu einer Verbesserung der Kapitalstruktur geführt und erlauben andererseits dem Unternehmen, seine Forschungs- und Entwicklungsaktivitäten beschleunigt umzusetzen. Abhängigkeiten von der allgemeinen Wirtschaftslage, dem Finanzierungsumfeld oder einem erfolgreichen Debitorenmanagement sind dadurch reduziert.

Das interne Kontrollsystem der Marinomed hat insbesondere die Aufgabe, die Zuverlässigkeit der Finanzberichterstattung, die Einhaltung gesetzlicher und unternehmensinterner Richtlinien sowie das Erkennen von Risiken auch außerhalb der Finanzberichterstattung zu sichern.

Das interne Kontrollsystem gliedert sich in die Aufbau- und die Ablauforganisation. Die Aufbauorganisation ist durch flache Hierarchien und eindeutige Zuweisung der Verantwortlichkeit gekennzeichnet. Es besteht eine organisatorische Trennung aus operativer und finanzieller Verantwortung, sowie für das Rechnungswesen aus Buchhaltung, Controlling und Berichterstattung.

Die Ablauforganisation ist durch ein klares Regelwerk gekennzeichnet, das eine angemessene Basis für ein effizientes Kontrollsystem aus Freigaben und Kompetenzen darstellt. Das interne Berichtswesen an den Vorstand besitzt dabei besonders hohe Bedeutung, um Risiken frühzeitig erkennen und Gegenmaßnahmen ergreifen zu können. Dies erfolgt durch regelmäßige Meetings zu den wesentlichen Themenbereichen, allen voran Forschung und Entwicklung, Supply Chain und Finanzen. Die Frequenz dieser Besprechungen liegt je nach Bedeutung zwischen wöchentlich und monatlich.

Dabei wird strukturiert über die notwendigen Informationen von den jeweiligen Bereichsleitern an den Vorstand berichtet. Dadurch sollen jene Risiken vermieden werden, die zu einer unvollständigen oder fehlerhaften Finanzberichterstattung führen können.

Das interne Berichtswesen ist darauf angelegt, dem Vorstand in regelmäßigen Abständen zu ermöglichen, wichtige Prozesse und deren finanzielle Auswirkung auf Plausibilität zu prüfen und mit Planungen zu vergleichen, um bei Abweichungen geeignete Maßnahmen beschließen und ergreifen zu können. Die hierfür notwendigen Planungen beispielsweise für klinische Studien, externe Dienstleister und Umsätze werden vom Vorstand vorab genehmigt.

Darüber hinaus erstellt die Gesellschaft eine rollierende Liquiditätsplanung, die laufend überwacht und mit den eigenen Vorgaben abgestimmt wird.

Die Ordnungsmäßigkeit des Rechnungswesens basiert auf einem rechnungslegungsbezogenen internen Kontrollsystem. Ziel ist die Einhaltung der gesetzlichen Normen, die Grundsätze ordnungsgemäßer Buchführung sowie die Rechnungslegungsvorschriften des österreichischen Unternehmensgesetzbuches (UGB) und die Rechnungslegungsvorschriften der Internationalen Financial Reporting Standards (IFRS). Bis Ende des Geschäftsjahres 2018 war das Rechnungswesen an die Steuerkanzlei Glocknitzer Hollenthoner Steuerberatung ausgelagert. In 2018 wurde die Softwarelösung von BMD Systemhaus GesmbH eingeführt und bereits parallel gebucht. Mit Beginn des Geschäftsjahres 2019 wird das Rechnungswesen auf BMD in der Gesellschaft geführt.

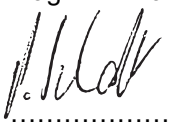
Bei Fragen zum Rechnungswesen, insbesondere zu Bewertungs- und Ausweisfragen wird bei Bedarf Unterstützung von Experten eingeholt.

Marinomed folgt den Vorschriften des österreichischen Corporate Governance Kodex (ÖCGK) und erstellt im Rahmen des Geschäftsberichtes einen entsprechenden öffentlichen Corporate Governance Bericht. Die Gesellschaft hat einen Compliance Officer benannt, der ab dem Geschäftsjahr 2019 den Vorstand berät und das Funktionieren des internen Kontrollsystems überwacht.

Wien, am 29. April 2019

.....
DI Dr. Andreas Grassauer

.....
Mag. Dr. Eva Prieschl-Grassauer



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Pascal Schmidt

Financial statements (UGB)

Marinomed Biotech AG

Gewinn- und Verlustrechnung

1.1.2018 bis 31.12.2018

		2018 €	2017 €
1.	**Umsatzerlöse**	**4.698.415,89**	**4.810.974,77**
2.	**sonstige betriebliche Erträge**	**708.245,80**	**768.857,60**
3.	**Aufwendungen für Material und sonstige bezogene Herstellungsleistungen**		
	a) Materialaufwand	3.313.864,04	3.468.644,52
	b) Aufwendungen für bezogene Leistungen	1.608.950,03	780.114,66
		4.922.814,07	**4.248.759,18**
4.	**Personalaufwand**		
	a) Löhne und Gehälter	1.999.825,53	1.380.479,32
	b) soziale Aufwendungen	516.715,76	392.680,08
		2.516.541,29	**1.773.159,40**
5.	**Abschreibungen**		
	a) auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	**105.815,56**	**64.110,77**
6.	**sonstige betriebliche Aufwendungen**	**3.326.554,83**	**1.733.983,67**
7.	**Zwischensumme aus Z 1 bis 6 (Betriebsergebnis)**	**-5.465.064,06**	**-2.240.180,65**
8.	**sonstige Zinsen und ähnliche Erträge**	**54,59**	**315,87**
9.	**Zinsen und ähnliche Aufwendungen**	**641.657,69**	**499.705,64**
10.	**Zwischensumme aus Z 8 bis 9 (Finanzergebnis)**	**-641.603,10**	**-499.389,77**
11.	**Ergebnis vor Steuern**	**-6.106.667,16**	**-2.739.570,42**
12.	**Ergebnis nach Steuern**	**-6.106.667,16**	**-2.739.570,42**
13.	**Jahresfehlbetrag**	**-6.106.667,16**	**-2.739.570,42**
14.	**Verlustvortrag aus dem Vorjahr**	**-14.294.245,71**	**-11.554.675,29**
15.	**Bilanzverlust**	**-20.400.912,87**	**-14.294.245,71**

Marinomed Biotech AG

Aktiva	31.12.2018 €	31.12.2017 €
A. Anlagevermögen		
I. Immaterielle Vermögensgegenstände		
1. Lizenzen	99.999,49	31.693,64
II. Sachanlagen		
1. Maschinen	892,92	1.431,60
2. Betriebs- und Geschäftsausstattung	145.524,80	108.091,73
	146.417,72	109.523,33
	246.417,21	**141.216,97**
B. Umlaufvermögen		
I. Vorräte		
1. Handelswaren	115.708,78	177.722,92
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	623.081,67	1.189.659,88
2. sonstige Forderungen und Vermögensgegenstände	934.821,99	438.972,14
davon mit einer Restlaufzeit von mehr als einem Jahr	*24.281,98*	*20.661,98*
	1.557.903,66	1.628.632,02
III. Kassenbestand, Guthaben bei Kreditinstituten	1.715.480,58	6.030.379,54
	3.389.093,02	**7.836.734,48**
C. Rechnungsabgrenzungsposten	**29.610,33**	**42.357,33**
Summe Aktiva	**3.665.120,56**	**8.020.308,78**

Bilanz

zum 31.12.2018

Passiva	31.12.2018 €	31.12.2017 €
A. Negatives Eigenkapital		
I. eingefordertes Grundkapital	1.000.000,00	132.360,00
übernommenes Grundkapital	*1.000.000,00*	*132.360,00*
einbezahltes Grundkapital	*1.000.000,00*	*132.360,00*
II. Kapitalrücklagen		
1. nicht gebundene	7.086.764,00	7.086.764,00
III. Bilanzverlust	-20.400.912,87	-14.294.245,71
davon Verlustvortrag	*-14.294.245,71*	*-11.554.675,29*
	-12.314.148,87	**-7.075.121,71**
B. Mezzaninfinanzierung	**500.000,00**	**500.000,00**
C. atypisch stille Beteiligung	**0,00**	**0,00**
D. Rückstellungen		
1. sonstige Rückstellungen	**2.261.288,41**	**1.644.354,90**
E. Verbindlichkeiten		
1. Anleihen	7.000.000,00	7.000.000,00
davon konvertibel	*7.000.000,00*	*7.000.000,00*
davon mit einer Restlaufzeit von mehr als einem Jahr	*7.000.000,00*	*7.000.000,00*
2. Verbindlichkeiten gegenüber Kreditinstituten	9,48	0,00
davon mit einer Restlaufzeit von bis zu einem Jahr	*9,48*	*0,00*
3. erhaltene Anzahlungen auf Bestellungen	7.695,00	5.000,00
davon mit einer Restlaufzeit von bis zu einem Jahr	*7.695,00*	*5.000,00*
4. Verbindlichkeiten aus Lieferungen und Leistungen	2.014.536,87	725.993,11
davon mit einer Restlaufzeit von bis zu einem Jahr	*2.014.536,87*	*725.993,11*
5. sonstige Verbindlichkeiten	4.195.739,67	5.220.082,48
davon aus Steuern	*59.293,34*	*47.259,35*
davon im Rahmen der sozialen Sicherheit	*58.708,45*	*47.494,40*
davon mit einer Restlaufzeit von bis zu einem Jahr	*4.156.458,60*	*5.176.270,48*
davon mit einer Restlaufzeit von mehr als einem Jahr	*39.281,07*	*43.812,00*
	13.217.981,02	**12.951.075,59**
davon mit einer Restlaufzeit von bis zu einem Jahr	*6.178.699,95*	*5.907.263,59*
davon mit einer Restlaufzeit von mehr als einem Jahr	*7.039.281,07*	*7.043.812,00*
Summe Passiva	**3.665.120,56**	**8.020.308,78**

Anhang

Marinomed Biotech AG

A BILANZIERUNGS- UND BEWERTUNGSMETHODEN

Allgemeine Grundsätze

Der Jahresabschluss wurde nach den Vorschriften der §§ 189 ff des Unternehmensgesetzbuchs (UGB) in der geltenden Fassung unter Beachtung der Grundsätze ordnungsmäßiger Buchführung, sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit entsprechend den gesetzlichen Regelungen eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt.

Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden – soweit gesetzlich geboten – berücksichtigt.

Die Gliederung und der Ausweis der einzelnen Posten des Jahresabschlusses wurden nach den allgemeinen Bestimmungen der §§ 196 bis 200 UGB unter Berücksichtigung der ergänzenden Vorschriften für Kapitalgesellschaften (§§ 221 bis 235 UGB) vorgenommen.

Die Bewertung der einzelnen Posten der Bilanz erfolgte entsprechend den §§ 201 bis 211 UGB und unter Berücksichtigung der Sondervorschriften für Kapitalgesellschaften (§§ 221 bis 235 UGB).

Die Beschlüsse der Hauptversammlung werden im Kapitel B unter Punkt Grundkapital dargestellt.

1. Anlagevermögen

Erworbene immaterielle Vermögensgegenstände

Erworbene immaterielle Anlagewerte wurden zu Anschaffungskosten angesetzt und, sofern sie der Abnutzung unterliegen und bereits in Betrieb genommen wurden, um planmäßige Abschreibungen vermindert.

Die planmäßige Abschreibung wird linear vorgenommen. Dabei wird folgende Nutzungsdauer zugrunde gelegt:

	Nutzungsdauer in Jahren
EDV-Software	3 – 5

Sachanlagen

Das Sachanlagevermögen wurde zu Anschaffungs- bzw. Herstellungskosten angesetzt und, soweit abnutzbar, um planmäßige Abschreibungen vermindert.

Die planmäßige Abschreibung wird linear vorgenommen, wobei für die einzelnen Anlagengruppen folgende Nutzungsdauer zugrunde gelegt wird:

Anhang

Marinomed Biotech AG

	Nutzungsdauer in Jahren
Technische Anlagen und Maschinen	4
Betriebs- und Geschäftsausstattung	2 – 10

Für Zugänge in der ersten Jahreshälfte wird die volle Jahresabschreibung, für Zugänge in der zweiten Jahreshälfte die halbe Jahresabschreibung verrechnet.

Geringwertige Vermögensgegenstände des Geschäftsjahres wurden im Jahr der Anschaffung sofort voll abgeschrieben.

2. Umlaufvermögen

Vorräte/Handelswaren

Vorräte/Handelswaren wurden mit den Einkaufspreisen angesetzt, das Identitätspreisverfahren wurde angewendet. Bei der Bewertung wurde das strenge Niederstwertprinzip beachtet.

Forderungen und sonstige Vermögensgegenstände

Die Forderungen und sonstigen Vermögensgegenstände wurden mit dem Nennwert angesetzt.

Im Falle erkennbarer Einzelrisiken wurde der niedrigere beizulegende Wert angesetzt.

Fremdwährungsforderungen wurden mit ihrem Entstehungskurs oder mit dem niedrigeren Devisengeldkurs zum Bilanzstichtag, erforderlichenfalls mit dem beizulegenden Wert am Abschlussstichtag, bewertet.

3. Rückstellungen

Sonstige Rückstellungen

In den sonstigen Rückstellungen wurden unter Beachtung des Vorsichtsprinzips alle im Zeitpunkt der Bilanzerstellung erkennbaren Risiken und der Höhe oder dem Grunde nach ungewissen Verbindlichkeiten mit den Beträgen berücksichtigt, die nach bestmöglicher Schätzung zur Erfüllung der Verpflichtung aufgewendet werden müssen. Sämtliche Rückstellungen haben voraussichtlich eine Laufzeit von weniger als einem Jahr.

4. Verbindlichkeiten

Verbindlichkeiten wurden mit ihrem Erfüllungsbetrag angesetzt.

Die Fristigkeit der Verbindlichkeiten ist aus der Bilanz ersichtlich. Die Gesellschaft hat zum Bilanzstichtag keine Verbindlichkeiten mit einer Restlaufzeit von mehr als 5 Jahren.

Fremdwährungsverbindlichkeiten wurden mit ihrem Entstehungskurs oder mit dem höheren Devisenbriefkurs zum Bilanzstichtag bewertet.

Anhang

Marinomed Biotech AG

B ERLÄUTERUNGEN ZUR BILANZ

Erläuterungen zu einzelnen Posten der Bilanz

Entwicklung des Anlagevermögens

Anlagevermögen

Die Entwicklung der einzelnen Posten des Anlagevermögens und die Aufgliederung der Jahresabschreibung nach einzelnen Posten sind in folgendem Anlagenspiegel dargestellt:

	Anschaffungs-/Herstellungskosten		Abschreibungen kumuliert			Buchwert
	1.1.2018 31.12.2018	Zugänge Abgänge	1.1.2018 31.12.2018	Abschreibungen Zuschreibungen	Abgänge	1.1.2018 31.12.2018
	€	€	€	€	€	€
Anlagevermögen						
Immaterielle Vermögensgegenstände						
Lizenzen	70.567,80	91.036,06	38.874,16	22.730,19	1.353,62	31.693,64
	160.250,22	1.353,64	60.250,73	0,00		99.999,49
Sachanlagen						
Maschinen	42.133,70	0,00	40.702,10	538,68	0,00	1.431,60
	42.133,70	0,00	41.240,78	0,00		892,92
Betriebs- und Geschäftsausstattung	400.935,82	120.264,75	292.844,09	82.546,69	42.302,95	108.091,73
	478.612,63	42.587,94	333.087,83	0,00		145.524,80
	443.069,52	120.264,75	333.546,19	83.085,37	42.302,95	109.523,33
	520.746,33	42.587,94	374.328,61	0,00		146.417,72
Summe Anlagenspiegel	513.637,32	211.300,81	372.420,35	105.815,56	43.656,57	141.216,97
	680.996,55	43.941,58	434.579,34	0,00		246.417,21

Die Zugänge im Anlagevermögen betreffen großteils externe Website-Entwicklungskosten, Buchhaltungs- und Warenwirtschaftssoftware sowie ein im Rahmen eines Finanzierungsleasingvertrags erworbenes Laborgerät.

Umlaufvermögen

Forderungen aus Lieferungen und Leistungen

Die Forderungen aus Lieferungen und Leistungen weisen an beiden Bilanzstichtagen eine Restlaufzeit von bis zu einem Jahr auf und betreffen überwiegend Warenlieferungen sowie Lizenz- und sonstige Umsatzerlöse.

Sonstige Forderungen und Vermögensgegenstände

Die sonstigen Forderungen und Vermögensgegenstände setzen sich überwiegend aus der Forschungsprämie und sonstigen Forderungen gegenüber dem Finanzamt zusammen.

Grundkapital

In der ordentlichen Generalversammlung vom 12. Mai 2017 wurde die Umwandlung der Gesellschaft in eine Aktiengesellschaft mit Wirkung zum Ablauf des 31. Dezember 2016 beschlossen. Das Grundkapital war zum 31.12.2017 in 132.360 auf Namen lautende nennwertlose Stückaktien zerlegt.

Anhang

Marinomed Biotech AG

Mit außerordentlichem Hauptversammlungsbeschluss vom 17. September 2018 wurde das Grundkapital der Gesellschaft durch Ausgabe von 867.640 auf Namen lautenden Stückaktien gegen Bareinzahlung von € 867.640,00 auf € 1.000.000,00 erhöht. Dies entspricht dem zum 31. Dezember 2018 ausgewiesenen Grundkapital der Gesellschaft.

In der außerordentlichen Hauptversammlung vom 15. November 2018 wurde die Umwandlung der Namensaktien in auf Inhaber lautende Aktien beschlossen. Darüber hinaus wurde der Vorstand ermächtigt, das Grundkapital mit Zustimmung des Aufsichtsrats gemäß § 169 AktG unter teilweisem Bezugsrechtsausschluss sowie teilweiser Ermächtigung zum Bezugsrechtsausschluss um bis zu € 500.000,00 zu erhöhen und Ausgabekurs sowie -bedingungen im Einvernehmen mit dem Aufsichtsrat festzulegen. Weiters wurde einer bedingten Kapitalerhöhung von bis zu € 173.122,00 durch Ausgabe von Inhaberaktien für den Umtausch von Wandelschuldverschreibungen zugestimmt.

Negatives Eigenkapital

Die Gesellschaft weist unter Passiva den Posten "negatives Eigenkapital" in Höhe von € -12.314.148,87 aus.

Der Vorstand der Gesellschaft nimmt zur Frage, ob eine Überschuldung im Sinne des Insolvenzrechtes vorliegt, wie folgt Stellung:

Nach der Begebung einer Wandelanleihe in Höhe von € 7.000.000,00 am dritten Markt der Wiener Börse (MTF) im Geschäftsjahr 2017, hat die Gesellschaft im Geschäftsjahr 2018 ihren Börsegang vorbereitet. Mit erfolgreichem Börsegang konnte die Marinomed Biotech AG am 1. Februar 2019 € 22,4 Mio. neues Kapital durch Ausgabe junger Aktien aufnehmen.

Die Verluste sind für das Unternehmen keinesfalls unerwartet sondern plangemäß, da es sich bei der Marinomed Biotech AG um ein Biotechnologieunternehmen handelt, dessen Unternehmenskonzept die Durchführung mehrjähriger Forschungs- und Entwicklungsprogramme vor dem Erzielen erster maßgeblicher Erträge vorsieht. Das Forschungs- und Entwicklungsrisiko dieser Programme sowie das Finanzierungs- und Liquiditätsrisiko wird durch Eigenkapital, Fremdkapital sowie unter anderem durch die Nutzung von Förderprogrammen, der staatlichen Forschungsprämie und externen Forschungsaufträgen gedeckt.

Am 25. Februar 2019 unterzeichnete die Gesellschaft einen Vertrag mit der Europäischen Investitionsbank (EIB) über ein Darlehen iHv € 15 Mio, das durch eine Garantie des Europäischen Fonds für strategische Investitionen (EFSI) gedeckt ist. Das Darlehen ist als Venture Debt zu marktüblichen Konditionen strukturiert. Die EIB-Mittel werden, sofern die jeweiligen vertraglichen Bedingungen erfüllt wurden, voraussichtlich 2019 – 2022 in Tranchen an Marinomed Biotech AG ausgezahlt und sind 2024 – 2027 zurückzuführen.

Der Fortbestand des Unternehmens ist durch die Emissionserlöse aus dem Börsegang, der Darlehensfinanzierung durch die EIB sowie der zukünftigen Ausweitung der Handelswarenumsätze für das laufende und kommende Geschäftsjahr überwiegend wahrscheinlich. Abhängig von weiteren Lizenzeinnahmen bzw. Meilensteinzahlungen aus bestehenden und in Verhandlung befindlichen Verträgen zur Vermarktung bestehender bzw. künftiger Produkte und Technologien kann mit der vorhandenen und zur Verfügung stehenden Liquidität das Unternehmen die Gewinnzone erreichen.

Der Vorstand geht daher mit überwiegender Wahrscheinlichkeit vom Fortbestand des Unternehmens aus.

Anhang

Marinomed Biotech AG

Mezzaninfinanzierung

Mit Vertrag vom 2. August 2006 wurde durch die Austria Wirtschaftsservice GmbH ein Mezzanindarlehen mit gewinnabhängiger Verzinsung und Tilgung über € 500.000,00 gewährt. Die Zuzählung des Darlehens erfolgte im Jahr 2007. Die Laufzeit betrug ursprünglich 10 Jahre bis zum 30. Juni 2017. Die gewinnabhängige Rückzahlungsverpflichtung besteht auch nach Ende der planmäßigen Laufzeit weiter.

Atypisch stille Beteiligung

Mit den Zusammenschlussverträgen vom 30. Dezember 2011, 22. Juni 2012 und 25. Juni 2013 haben sich drei atypisch stille Gesellschafter mit einer Einlage von insgesamt € 1.205.000,00 am Unternehmen beteiligt. Die Einlagen der atypisch stillen Gesellschafter, sowie die Verlustzuweisungen bis zur Höhe der Einlage werden als Sonderposten ausgewiesen.

Mit Sacheinlage- und Einbringungsvertrag vom 15. November 2018 sowie Abänderungsvereinbarung vom 30. Dezember 2018 wurde die Einbringung der stillen Gesellschaft unter der aufschiebenden Bedingung des Börsegangs der Marinomed Biotech AG festgelegt. Als Gegenleistung wurde die Übertragung von insgesamt 43.694 Aktien, auf die jeweils ein anteiliger Betrag am Grundkapital von € 1,00 entfällt, von Altaktionären festgelegt. Die aufschiebende Bedingung wurde mit dem Börsegang der Marinomed Biotech AG am 1. Februar 2019 erfüllt.

Rückstellungen

Im Geschäftsjahr 2013 wurden einem großen internationalen Pharmakonzern die exklusiven Rechte an der antiviralen Produktlinie der Marinomed für mehrere Territorien gewährt. Die vertraglich vereinbarte Gutschrift bei Rückgabe der exklusiven Rechte wurde in Vorperioden (2013 € 500.000,00 und 2014 € 750.000,00) zu 100 % rückgestellt. 2016 wurden die Vermarktungsrechte für ein Territorium zurückgegeben, ohne dass dadurch die Gutschrift schlagend wurde. Dadurch konnte die dafür gebildete Rückstellung in der Höhe von € 500.000,00 im Geschäftsjahr 2016 ertragswirksam aufgelöst werden. Die vertraglich vereinbarte Gutschrift bei Rückgabe der exklusiven Rechte für die verbleibenden Territorien in der Höhe von € 750.000,00 besteht am Bilanzstichtag unverändert.

Der Anstieg der sonstigen Rückstellungen gegenüber dem Vorjahr ist insbesondere auf Rechts- und sonstige Beratungsaufwendungen in Zusammenhang mit der Vorbereitung des Börsegangs der Gesellschaft zurückzuführen.

Verbindlichkeiten

Am 18. Juli 2017 emittierte Marinomed eine Wandelanleihe am dritten Markt (MTF) der Wiener Börse über € 7.000.000,00 (Zinssatz 4 % p.a., Fälligkeitstermin 14. Juli 2021). Für den Fall eines Börsengangs wurde den Investoren ein Wandlungsrecht in Aktien eingeräumt. Zum Ende der Angebotsfrist am 14. Februar 2019 wurden Wandlungserklärungen für Nominale in Höhe von € 6,98 Mio. (entspricht rund 99,7 % des ausstehenden Volumens der Wandelschuldverschreibungen), zwecks Wandlung in neue Aktien der Marinomed Biotech AG eingeliefert. Den Inhabern der nicht innerhalb der Frist gewandelten Anleihen wurden Rückkaufangebote unterbreitet.

Der Anstieg der Verbindlichkeiten aus Lieferungen und Leistungen (2018 € 2.015k, 2017 € 726k) steht ebenfalls in Zusammenhang mit der Vorbereitung des Börsegangs.

Die sonstigen Verbindlichkeiten enthalten vor allem Gesellschafterdarlehen sowie Darlehen von Förderstellen.

Anhang

Marinomed Biotech AG

Im Geschäftsjahr 2018 wurden FFG-Darlehen in Höhe von € 351k (2017: € 563k) in nicht rückzahlbare Zuschüsse umgewandelt. Weitere € 530k wurden getilgt.

Sonstige Verbindlichkeiten	**2018**	**2017**
	in €	in €
FFG Darlehen*)	1.391.082,00	2.324.690,00
Gesellschafterdarlehen und Zinsen**)	2.498.547,68	2.590.466,67
Steuern und soziale Sicherheit	118.001,79	94.753,75
Zinsabgrenzung Anleihe	131.178,08	131.178,08
Leasingverbindlichkeit	50.854,04	0,00
Übrige sonstige Verbindlichkeiten	6.076,08	78.993,98
Sonstige Verbindlichkeiten gesamt	**4.195.739,67**	**5.220.082,48**

*) Die Fälligkeit des Darlehens wurde durch die FFG erstreckt, die Tilgung erfolgte im Februar 2019.
**) Die Fälligkeit der Darlehen (31.12.2018) sowie der Zinszahlungen (2.1.2019) wurde durch die Gesellschafter erstreckt. Die vollständige Tilgung ist im ersten Halbjahr 2019 geplant.

C ERLÄUTERUNGEN ZUR GEWINN- UND VERLUSTRECHNUNG

Die Darstellung der Erträge und Aufwendungen erfolgt nach dem Gesamtkostenverfahren.

Die Umsatzerlöse setzen sich im Geschäftsjahr 2018 aus Erlösen aus Handelswarenverkäufen, aus Lizenzerlösen und sonstigen Erlösen zusammen.

Umsatzerlöse	**2018**	**2017**
	in €	in €
Handelswarenverkäufe	4.448.516,69	4.585.370,42
Lizenzerlöse	114.704,13	89.600,45
Sonstige Erlöse	135.195,07	136.003,90
Umsatzerlöse gesamt	**4.698.415,89**	**4.810.974,77**

Die sonstigen betrieblichen Erträge setzen sich wie folgt zusammen:

Sonstige betriebliche Erträge	**2018**	**2017**
	in €	in €
Nicht rückzahlbare Förderungen	350.512,00	578.673,00
Forschungsprämie	327.182,11	157.270,31
Auflösungen von Rückstellungen	8.279,03	5.317,74
Übrige betriebliche Erträge	22.272,66	27.596,55
Sonstige betriebliche Erträge gesamt	**708.245,80**	**768.857,60**

Die Erträge aus nicht rückzahlbaren Förderungen enthalten überwiegend Erträge aus der Umwandlung von FFG-Darlehen in Zuschüsse (2018: € 351k, 2017: € 563k). Die höheren Erträge aus der Forschungsprämie resultieren insbesondere aus dem Anstieg bei den Aufwendungen für bezogene Forschungsdienstleistungen.

Anhang

Marinomed Biotech AG

Der Personalaufwand spiegelt die Erweiterung des Vorstands und den höheren Mitarbeiterstand wider.

Im sonstigen betrieblichen Aufwand sind insbesondere Rechts- und sonstige Beratungsaufwendungen sowie Prüfungs-, Versicherungs-, Marketing- und Reiseaufwendungen in Zusammenhang mit der Vorbereitung des Börsegangs in Höhe von € 2,2 Mio. enthalten. Im Vorjahr fielen € 0,7 Mio. in Zusammenhang mit der Umwandlung der Gesellschaft in eine AG sowie der Emission der Wandelanleihe an.

Der Anstieg der Zinsen und ähnlichen Aufwendungen betrifft insbesondere die Wandelanleihe.

D SONSTIGE ANGABEN

Angaben zu Arbeitnehmern

Die durchschnittliche Zahl der Arbeitnehmer während des Geschäftsjahrs betrug:

	2018	2017
Angestellte	32	27
Gesamt	32	27

Angaben zum Vorstand

Vorstände:	Name	Geschäftsführung seit	Vorstand seit
	DI Dr. Andreas Grassauer	11.04.2006	02.06.2017
	Mag. Dr. Eva Prieschl-Grassauer	04.09.2007	02.06.2017
	Pascal Schmidt		17.09.2018

Angaben zum Aufsichtsrat

Aufsichtsräte:	Name	Aufsichtsrat seit
Vorsitzender	Dr. Simon Nebel, MBA	02.06.2017
Stellvertretende Vorsitzende	Ute Lassnig	02.06.2017
Mitglied	Mag. (FH) Karl Lankmayr	02.06.2017
Mitglied	Dr. Gernot Hofer	02.06.2017
Mitglied	Mag. Brigitte Ederer	21.11.2018

Angabe zu Bezügen des Vorstands

Im Geschäftsjahr 2018 betrugen die Bezüge des Vorstands insgesamt € 472.032,77 (2017: € 320.930,99).

Wesentliche Ereignisse nach dem Bilanzstichtag

Im Zuge des Börsegangs der Marinomed Biotech AG wurden insgesamt 299.000 neue Inhaberaktien zum Preis von € 75,00 je Aktie bei Investoren platziert (davon 260.000 Stk. aus dem Basisangebot und 39.000 Stk. aus Mehrzuteilungen). Dies führte im ersten Quartal 2019 zu einem Gesamtkapitalzufluss von € 22.425.000,00, davon Grundkapitalerhöhung € 299.000,00.

Anhang

Marinomed Biotech AG

Für den Umtausch von Wandelschuldverschreibungen in Aktien wurden 170.772 Aktien ausgegeben. Zum Zeitpunkt der Jahresabschlusserstellung beläuft sich das Grundkapital somit auf € 1.469.772,00, eingeteilt in 1.469.772 stimmberechtigte Aktien. Die letzten beiden Anleihen im Wert von € 20.000,00 wurden von der Gesellschaft rückgekauft und anschließend getilgt. Mit Wirkung vom 20. März 2019 wurde die Anleihe von der Einbeziehung in den Dritten Markt der Wiener Börse gelöscht.

Wie im Kapitel „Negatives Eigenkapital“ oben detailliert ausgeführt, unterzeichnete die Gesellschaft am 25. Februar 2019 einen Vertrag mit der Europäischen Investitionsbank über ein Darlehen iHv € 15 Mio.

Mit Sacheinlage- und Einbringungsvertrag vom 15. November 2018 sowie Abänderungsvereinbarung vom 30. Dezember 2018 wurde die Einbringung der stillen Gesellschaft unter der aufschiebenden Bedingung des Börsegangs der Marinomed Biotech AG festgelegt. Die aufschiebende Bedingung wurde mit dem erfolgreichen IPO erfüllt. Die Anteilsübertragung war zum Zeitpunkt der Jahresabschlusserstellung noch nicht abgeschlossen.

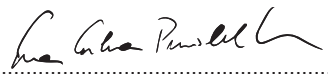
Im Nachgang des Börsegangs im Februar 2019 wurde das FFG Darlehen vertragskonform getilgt.

Mit Aufsichtsratsbeschluss vom 11. April 2019 wurde die Rückzahlung der Gesellschafterdarlehen samt anteiliger Zinsen im 2. Quartal 2019 beschlossen.

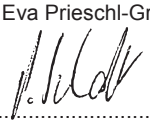
Am 23. April 2019 gab Marinomed per Ad-hoc-Meldung positive Top-Line-Ergebnisse der Phase-III-Studie für Budesolv bekannt.

Wien, am 29. April 2019

DI Dr. Andreas Grassauer



Mag. Dr. Eva Prieschl-Grassauer



Pascal Schmidt

BESTÄTIGUNGSVERMERK

BERICHT ZUM JAHRESABSCHLUSS

PRÜFUNGSURTEIL

Wir haben den Jahresabschluss der Marinomed Biotech AG, Wien, bestehend aus der Bilanz zum 31. Dezember 2018, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der beigefügte Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2018 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

GRUNDLAGE FÜR DAS PRÜFUNGSURTEIL

Wir haben unsere Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt „Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften, und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.

VERANTWORTLICHKEITEN DER GESETZLICHEN VERTRETER UND DES AUFSICHTSRATES FÜR DEN JAHRESABSCHLUSS

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigten, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen, oder haben keine realistische Alternative dazu.

Der Aufsichtsrat ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

VERANTWORTLICHKEITEN DES ABSCHLUSSPRÜFERS FÜR DIE PRÜFUNG DES JAHRESABSCHLUSSES

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.
- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.
- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen kann. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.
- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

Wir tauschen uns mit dem Aufsichtsrat unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

Wir geben dem Aufsichtsrat auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben, und tauschen uns mit ihm über alle Beziehungen und sonstige Sachverhalte aus, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und – sofern einschlägig – damit zusammenhängende Schutzmaßnahmen auswirken.

BERICHT ZUM LAGEBERICHT

Der Lagebericht ist auf Grund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Lageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichts durchgeführt.

Urteil

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden und steht in Einklang mit dem Jahresabschluss.

Erklärung

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld wurden wesentliche fehlerhafte Angaben im Lagebericht nicht festgestellt.

Wien, am 29. April 2019

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. (FH) Georg Steinkellner
Wirtschaftsprüfer

Mag. Klemens Eiter
Wirtschaftsprüfer

Statement by the management board

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

We confirm to the best of our knowledge that the financial statements of Marinomed Biotech AG for the year ended December 31, 2018 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 year ended December 31, 2018 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.

We confirm to the best of our knowledge that the financial statements of Marinomed Biotech AG for the year ended December 31, 2018 prepared in accordance with the Austrian Commercial Code (UGB) give a true and fair view of the assets, liabilities, financial position, and profit or loss of Marinomed Biotech AG and that the management report for the year ended December 31, 2018 gives 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, April 29, 2019
The Management Board
of Marinomed Biotech AG

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.

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

Misprints and typographical errors excepted.
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