

# 2019

## Marinomed Biotech AG

### Update Q1



## Dear Shareholders,

Marinomed reached key strategic milestones in the first quarter 2019. With the successful IPO on the prime market of the Vienna Stock Exchange in February 2019 Marinomed generated gross proceeds amounting to EUR 22.4 million. In addition, in the first quarter 2019 Marinomed received a loan commitment from the European Investment Bank of up to EUR 15 million. This provides Marinomed with sufficient funds to finance future investments. These focus on research & development to exploit the full potential of the two platforms Marinosolv® and Carragelose® in order to accelerate the company's growth trajectory.

### **Marinosolv®: Phase III study successfully completed**

The clinical phase III for the flagship product Budesolv, a nose spray to treat allergic rhinitis, was carried out as scheduled in the first quarter and completed in April 2019. The available data prove that after one week of treatment, Budesolv achieves at least the same effect with a dose over six times lower than Rhinocort, the current marketed reference product. Moreover the results of the study show that within four hours after the first dose of Budesolv the symptoms of allergic rhinitis (hay fever) improve compared to the symptoms after the administration of a placebo. This effect was not observed with the

reference product Rhinocort. The planned primary and secondary endpoints of the study have thus been achieved. The successful completion of the Phase III study did not only lay the foundations to take the next steps for the market authorisation of Budesolv, but also validates the efficacy of the innovative Marinosolv® technology platform.

### **Carragelose®: Targeting new markets**

The products of the Carragelose® platform have a proven global track record as the first causal therapy for colds and flu infections. At the present time revenues are generated with 14 worldwide partners and six products in more than 40 countries. The focus in this segment still lies on the preparation for entry into new markets as well as launches of additional products in existing markets. In the beginning of the fiscal year 2019 the necessary registrations for product launches in new countries were made. Depending on regulatory approvals this should have a positive effect on revenues in the next quarters.

## Results shaped by investments in growth Outlook 2019

Unlike conventional biotechnology companies, Marinomed is already generating revenues from the sale of products from its Carragelose® platform. Positive sales performance in several markets in the first quarter 2019 could not compensate for weaker demand in two core markets, which profited from product launches in the prior year period. Revenues stood at EUR 0.75 million, after strong EUR 0.92 million in the first quarter 2018.

In line with planning, results were negative which reflects the major investments in Marinomed's future growth trajectory. The operating result (EBIT) amounted to EUR -2.63 million, impacted by higher R&D expenses and one-time costs in connection with the IPO (1-3/2018: EUR -1.05 million). The financial result decreased to EUR -0.61 million and includes non-cash effects related to the convertible bond in the amount of EUR -0.47 million. The result for this quarter stood at EUR -3.24 million after EUR -1.22 million in the first quarter 2018.

Total equity and liabilities increased from EUR 5.26 million as of December 31, 2018 to EUR 20.93 million as of March 31, 2019, mainly because the company's equity increased to EUR 14.42 million after the IPO (31.12.2018: EUR -16.27 million). Cash and cash equivalents increased to EUR 17.84 million in the first quarter 2019 (12/2018: EUR 1.72 million).

With the Marinosolv® platform Marinomed targets the USD 5 billion global market for cortisone-based allergic rhinitis treatment. Next steps include the preparation of the regulatory submission of Budesolv, which is set to take place in 2020, as well as the start of the clinical phase II for Tacrosolv, a product to treat inflammatory ocular disorders, in the second half of 2019.

Marinomed sees further substantial growth potential in the pharmaceutical market for OTC products against a backdrop of what remains intense competitive pressure. To make the best use of this potential, Marinomed concentrates on optimised servicing for present partners and aims to forge additional new partnerships. Therefore studies are already on schedule, which should enable the partners to further differentiate from competitors. Development currently focuses on the continuation of the bibliographical approval process for Carravin, a combination of Carragelose® and the decongestant compound xylometazolin.

Marinomed expects continuing positive performance for orders and sales in 2019. However, the high research & development expenses as well as one-time expenses related to the IPO mean that the company expects operating losses for the fiscal year 2019.



Andreas Grassauer, CEO



Eva Prieschl-Grassauer, CSO

Pascal Schmidt, CFO

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

all amounts in EUR	1-3/2019	1-3/2018
<b>PROFIT OR LOSS</b>		
Revenues	751,221.02	922,219.11
Other income	160,040.91	34,366.09
Other gains (losses), net	3,533.65	8,685.64
Expenses of materials and services	(1,583,055.46)	(1,065,075.43)
Personnel expenses	(1,154,668.51)	(579,453.49)
Depreciation and amortisation	(79,684.42)	(56,482.41)
Other expenses	(729,067.50)	(309,996.18)
<b>Operating result (EBIT)</b>	<b>(2,631,680.31)</b>	<b>(1,045,736.67)</b>
Financial income	0.00	199,017.58
Financial expenses	(606,302.45)	(374,998.01)
<b>Financial result</b>	<b>(606,302.45)</b>	<b>(175,980.43)</b>
<b>Loss before taxes</b>	<b>(3,237,982.76)</b>	<b>(1,221,717.10)</b>
Taxes on income	(1,750.00)	(875.00)
<b>Loss for the period</b>	<b>(3,239,732.76)</b>	<b>(1,222,592.10)</b>
Other comprehensive income (loss) for the period	0.00	0.00
<b>Total comprehensive loss for the period</b>	<b>(3,239,732.76)</b>	<b>(1,222,592.10)</b>

All results are attributable to shareholders of the Company.

# Statement of financial position

all amounts in EUR	31.03.2019	31.12.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	1,305,957.27	1,331,721.20
Property, plant and equipment	290,795.24	195,446.79
Long-term receivables	12,533.15	12,838.36
	1,609,285.66	1,540,006.35
<b>Current assets</b>		
Inventories	12,573.22	115,708.78
Trade and other receivables	1,473,516.97	1,892,173.03
Current tax receivables	16.90	16.90
Cash and cash equivalents	17,835,371.52	1,715,471.10
	19,321,478.61	3,723,369.81
<b>Total assets</b>	<b>20,930,764.27</b>	<b>5,263,376.16</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	1,469,772.00	1,000,000.00
Capital reserves	40,421,574.92	6,968,315.43
Retained losses	(27,475,148.25)	(24,235,415.49)
	14,416,198.67	(16,267,100.06)
<b>Non-current liabilities</b>		
Borrowings	1,214,215.85	1,173,514.57
Convertible bond	0.00	5,583,138.60
Equity conversion right	0.00	7,131,983.32
	1,214,215.85	13,888,636.49
<b>Current liabilities</b>		
Borrowings	2,273,078.42	3,715,639.49
Trade payables	1,641,908.31	2,014,536.49
Convertible bond	0.00	131,178.08
Current contract liabilities and other current liabilities	565,363.02	960,485.67
Provisions	820,000.00	820,000.00
	5,300,349.75	7,641,839.73
<b>Total equity and liabilities</b>	<b>20,930,764.27</b>	<b>5,263,376.16</b>

# Statement of cash flows

all amounts in EUR	1-3/2019	1-3/2018
<b>Cash flow utilised by operating activities</b>	<b>(3,226,367.56)</b>	<b>(637,038.59)</b>
<b>Cash flow utilised by investing activities</b>	<b>(29,247.52)</b>	<b>(31,776.08)</b>
<b>Cash flow generated from financing activities</b>	<b>19,375,515.50</b>	<b>(32,840.52)</b>
<b>Net cash flow</b>	<b>16,119,900.42</b>	<b>(701,655.19)</b>
Cash & cash equivalents at beginning of period	1,715,471.10	6,030,381.94
Cash & cash equivalents at end of period	17,835,371.52	5,328,726.75

# Statement of changes in equity

all amounts in EUR	Nominal capital/ Share capital	Capital reserves	Retained losses	Total
<b>January 1, 2018</b>	<b>132,360.00</b>	<b>6,979,333.83</b>	<b>(12,138,564.77)</b>	<b>(5,026,870.94)</b>
Loss for the period	0.00	0.00	(1,222,592.10)	(1,222,592.10)
Total comprehensive income (loss) for the period	0.00	0.00	(1,222,592.10)	(1,222,592.10)
<b>March 31, 2018</b>	<b>132,360.00</b>	<b>6,979,333.83</b>	<b>(13,361,156.87)</b>	<b>(6,249,463.04)</b>
<b>January 1, 2019</b>	<b>1,000,000.00</b>	<b>6,968,315.43</b>	<b>(24,235,415.49)</b>	<b>(16,267,100.06)</b>
Loss for the period	0.00	0.00	(3,239,732.76)	(3,239,732.76)
Total comprehensive income (loss) for the period	0.00	0.00	(3,239,732.76)	(3,239,732.76)
Paid in capital, net of transaction cost	299,000.00	20,336,262.17	0.00	20,635,262.17
Conversion convertible bond	170,772.00	13,116,997.32	0.00	13,287,769.32
<b>March 31, 2019</b>	<b>1,469,772.00</b>	<b>40,421,574.92</b>	<b>(27,475,148.25)</b>	<b>14,416,198.67</b>

# Research and development expenses

all amounts in EUR	<b>1-3/2019</b>	<b>1-3/2018</b>
Personnel expenses	277,761.79*	294,123.00
Expenses of materials and services	942,123.10	304,010.00
Other expenses	27,751.78	43,566.00
Depreciation and amortisation	57,385.61	45,471.85
Financial expenses	82,504.02	95,565.18
<b>Total</b>	<b>1,387,526.30</b>	<b>782,736.03</b>

\*Amount does not include one-time IPO bonus payments for R&D personnel



# Legal notice

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## **Disclaimer**

This condensed interim report of Marinomed Biotech AG was neither fully audited nor reviewed by the Company's statutory auditor.

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