

Curatis Holding AG

Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

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FINANCIAL PERFORMANCE & FINANCIAL OUTLOOK – MANAGEMENT REPORT

The following discussion and analysis is designed to provide you with a narrative explanation of our financial condition and results of operations. We recommend that you read this in conjunction with our unaudited interim condensed consolidated financial statements and related notes as of and for the six months ended 30 June 2024, as well as the before year-end 2024 non-audited opening balance of April 30, 2024, relating to our acquisition of Curatis AG. We prepare and report our consolidated financial statements and financial information in accordance with Swiss GAAP FER. We maintain our books and records in Swiss Francs (CHF). We have made rounding adjustments to some of the figures included in this management's discussion and analysis. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them. Unless otherwise indicated, all references to currency amounts in this discussion and analysis are in Swiss Francs. This discussion and analysis is dated as of 16 September 2024.

Business Overview

The Group's activities consist of a specialty pharmaceutical distribution business and a therapeutic drug development business focused on (ultra) orphan indications as well as speciality care indications. The Group markets more than 30 medicines in Switzerland, one of which is a proprietary development. In the distribution business, the aim is to increase sales by securing additional drugs for distribution in Switzerland and expanding the distribution business geographically to key European markets. The Group's development portfolio consists of the product candidates named C-PTBE-01 (Peritumoral Brain Edema), C-AM-01 (Migraine with Aura), C-MOH-01 (Medication Overuse Headache) and KIN001 (Idiopathic Pulmonary Fibrosis).

C-PBTE-01

Curatis is focusing its development activities for C-PTBE-01 on a very rare group of aggressive brain tumors (Diffuse Midline Glioma, DMG). These tumors mainly affect children, with most cases being diagnosed between the ages of 5 and 9. In the USA, around 800 patients are diagnosed with DMG every year; in Europe, the number is in the same order of magnitude, which is why the disease is considered a rare disease for regulatory purposes. In connection with DMG, indirect brain damage regularly occurs due to an accumulation of extracellular fluid in the vicinity of the tumor. This peritumoral brain edema (PTBE) can cause symptoms such as headaches, vomiting and neurological dysfunctions such as paralysis, speech disorders, visual problems and altered mental status. They can be life-threatening.

Currently, the typical treatment for PTBE is the use of corticosteroids. These often have serious side effects such as severe myopathy, muscle wasting, abnormal weight gain, osteoporosis, gastritis, gastrointestinal bleeding, high blood pressure and personality changes. The already serious side effects are exacerbated in children. C-PTBE-01 has shown a strong steroid-sparing effect in two clinical safety and efficacy studies, which can lead to a significant reduction or complete replacement of steroid use and thus to the alleviation of severe steroid-induced side effects, improving the quality of life of children and their parents.

Curatis submitted the Orphan Drug Designation application for C-PTBE-01 to the FDA in the current quarter. In 2025, Curatis plans to start a pivotal Phase III trial with C-PTBE-01 and, in parallel, enter into discussions with potential partners for distribution in the USA.

C-AM-01

Migraine is a common headache disorder. It is ranked by the World Health Organization as the 19th most disabling disease in the world. According to published data, the prevalence of migraine is around 15-20% of the total population. About 15%-30% of migraine patients experience migraine with aura (MwA). Typically, an aura is a perceptual disturbance and encompasses a wide range of neurological symptoms. In some patients, changes in the cortex region of the brain cause changes in vision, such as dark spots, colored spots, sparks or 'stars' and zigzag lines. Speech and hearing may also be impaired and sufferers report memory changes, feelings of anxiety and confusion and, less commonly, partial paralysis or flickering. MwA patients are three times more likely to suffer an ischemic stroke.

Curatis' C-AM-01 is targeted at the severe segment of MwA and thus addresses an unmet medical need. There is currently no approved preventive treatment specifically targeting MwA and the associated headache.

In the USA, Curatis was granted a patent of use and dosage regimen for C-AM-01 in November 2021. In the EU, C-MOH-01 would benefit from extensive data exclusivity rights and market protection. C-AM-01 is currently in Phase IIa and the next development step for C-AM-01 is a Phase IIb dose-finding clinical trial. Curatis is seeking to partner the product candidate for further development and global commercialization.

C-MOH-01

Headaches are one of the most widespread diseases in society and cause considerable socio-economic costs. The cost of lost work time far exceeds the cost of medical care. One problem with headache treatment is the over-utilisation of medication. Patients who overuse acute medications to treat their headaches are susceptible to medication-overuse induced headache (MOH). Instead of relieving the pain, the overuse leads to an even more severe secondary headache that is very difficult to treat. Economically, MOH is one of the most expensive neurological conditions and is the most expensive type of headache disorder.

The standard treatment for MOH is currently cessation of excessive medication, which is often associated with acute headaches and withdrawal symptoms such as sleep disturbances, nausea, vomiting, anxiety and depression. There is also a significant risk of relapse after discontinuation of treatment. No drug is currently approved for the treatment of MOH.

In the USA, Curatis, together with its partners Danish Headache Center (Glostrup, DK) and the University of Copenhagen (DK), was granted a patent of use for C-MOH-01 in December 2021. In the EU, C-MOH-01 would benefit from extensive data exclusivity rights and market protection. The product candidate is currently in Phase IIa and the next development step for C-MOH-01 is a Phase IIb dose-finding clinical trial. Curatis is seeking to partner C-MOH-01 for further development and global commercialization.

KIN001

Curatis' fourth product candidate is KIN001 for the treatment of idiopathic pulmonary fibrosis (IPF). This is a rare progressive disease of the respiratory system with chronic scarring of the lung tissue. Symptoms include the gradual onset of breathlessness and dry cough, and complications include pulmonary hypertension, heart failure, pneumonia or pulmonary embolism. KIN001 has shown positive effects in reducing IPF in an animal model of IPF.

The next development step for KIN001 is a clinical phase II proof-of-concept study. Curatis is evaluating the product candidate in other rare and very rare indications with high medical need, which is in line with the Group's strategy.

Results of Operations

The discussion below should be read along with these financial statements, and it is qualified in its entirety by reference to them.

Curatis Holding AG acquired Curatis AG effective on April 26, 2024, and the acquisition is based on the values of the audited opening balance sheet as per April 30, 2024. Therefore, the financial statement as per June 30, 2024, consolidate the activities, revenues and cost items of Curatis AG for the months of May and June 2024, and do not take into account the 4 months before the business combination.

Revenues

Both May and June were successful months in terms of distribution revenues for Curatis. Since the business combination of Curatis Holding AG and Curatis AG, or from April 30 to June 30, revenues of Curatis AG's distribution business were 2.0m CHF. For the full 6 months of 2024 product sales of the distribution business were 4.3m CHF vs 3.3m CHF in 2023 or a growth of 31%, mainly through the contracting and launch of new products that occurred in late 2023.

Employee Stock Option Plan 2015

In the course of the business combination with Curatis AG, Curatis Holding AG assumed the liabilities of the 2015 employee stock option plan of Curatis AG. This plan granted options to employees and advisors in a total of 533,750 shares as communicated in the listing prospectus published on April 26, 2024. All employee stock options were reassigned from Curatis AG to Curatis Holding AG (one option on one Curatis AG share for one option on one Curatis Holding AG share) at the original strike price of 0.10 CHF per share or the nominal value per share (see note 19.3).

Due to the revaluation of these employee stock options under Swiss GAAP FER, Curatis Holding AG had to expense the value of these options per listing date (April 26, 2024) in the P&L statement as a non-cash item. The total amount of

expenses charged to the P&L statement in the half year was 2.501m CHF. As expenses of the employee stock option plan 2015 were fully amortized in the first half year of 2024, there will be no future charges relating to this plan.

Apart from this charge, personnel costs did not change significantly except for the hiring of a CFO as communicated on May 24, 2024.

Costs relating to the business combination with Curatis AG

The business combination transaction between Curatis AG and Curatis Holding AG occurred between January and April 2024. In connection with this transaction, substantial costs for the combination as well as the listing of the shares have been incurred. The total of the costs amounts to approximately 1.3m CHF, mainly consisting of legal, accounting, auditing and advisory costs.

The costs for accounting and auditing will be increase in 2024 compared to prior year due to the preparation of the audited opening balance of Curatis AG as well as the first-time consolidation in the year 2024.

Liquidity and Capital Resources

In the course of the acquisition, the Group has financed its cash requirements for the coming 2 years via the issuance of a mandatory exchangeable loan note of 4.3m CHF. As of 30 June 2024, the Group had a cash & cash equivalent balance of CHF 3.463m. In the next 24 months, the company's primary use of capital will be expenses relating to the development of C-PTBE-01, mainly external cost due to manufacturing, project management, study design, filing and the performance of the pivotal Phase III study (potentially co-financed by a partner if a partnering agreement can be closed before the start of the study) and payroll expenses as well as other operating expenses relating to the distribution business.

Current Outlook

The Group expects to grow its product and service revenues for the full year 2024 vs 2023, whereof Curatis AG will be consolidated 8 months, i.e. from May to December 2024. As of 30 June 2024, the Group had a cash and cash equivalent balance of CHF 3.463m.

The distribution business of Curatis AG shows a promising growth and a positive cash contribution. Nevertheless, the company expects to generate a loss for the full year 2024 due to the non-cash charges relating to the employee stock option plan 2015 of Curatis AG as well as the one-time costs incurred in relation to the acquisition of Curatis AG (business combination transaction). Depending on the results of partnering discussions and expenses relating to the pivotal Phase III study of C-PTBE-01, losses might continue in 2025.

Curatis AG has filed an application for Orphan Drug Designation (ODD) for C-PTBE-01 with the Food and Drug Administration (FDA) in the US and expects to receive a response on the application in Q4 2024. The company aims to initiate partnering discussions for C-PTBE-01 with suitable candidates in 2025.

Curatis Holding AG

Interim consolidated income statement (in TCHF)

TCHF	Notes	1st half 2024 (Curatis AG from 30 April onwards)	1st half 2023
Net sales from goods	6	1'747	0
Net sales from services	6	232	0
Changes in inventories of unfinished and finished goods		-648	0
Cost of materials	7	-904	0
External research and development expenses		0	-272
Personnel expenses	8	-2'723	-487
Other operating expenses	9	-473	-862
Depreciation on fixed assets		0	-4
Amortisation on intangible assets		-528	-319
Impairment of intangible assets		0	-143
Operating result		-3'297	-2'087
Financial income		5	0
Financial expenses		-9	-2
Exchange differences		0	-3
Ordinary result		-3'301	-2'092
Non-operating result	10	-638	0
Profit for the period before income taxes		-3'939	-2'092
Income taxes	11	70	41
Profit for the period		-3'869	-2'051
Earnings per share attributable to equity holders of the parent			
Basic earnings per share in CHF	12	-0.88	-

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Curatis Holding AG

Interim consolidated balance sheet (in TCHF)

TCHF	Notes	30.06.2024	31.12.2023
Assets			
Cash and cash equivalents	13	3'463	9
Trade receivables	14	1'122	0
Other current receivables		293	111
Inventories	15	1'316	0
Prepayments and accrued income		6	0
Total current assets		6'200	120
Tangible fixed assets		0	0
Financial assets		3	0
Intangible assets	16	49'108	0
Total non-current assets		49'111	0
Total assets		55'311	120
Liabilities and Equity			
Trade payables	17	1'090	41
Other current liabilities		114	258
Current financial liabilities shareholders		4'112	0
Deferred income and accrued expenses	18	1'439	0
Total current liabilities		6'755	299
Non-current financial liabilities		0	0
Non-current financial liabilities shareholders		329	133
Deferred tax liabilities	19	6'634	0
Total non-current liabilities		6'963	133
Total liabilities		13'718	432
Share capital	20	443	13'102
Capital reserves		67'668	0
Retained earnings		50'819	73'127
Accumulated losses		-77'337	-86'541
Total equity		41'593	-312
Total liabilities and equity		55'311	120

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Curatis Holding AG

Interim consolidated statement of changes in equity (in TCHF)

TCHF	Share capital	Capital reserves	Retained earnings	Treasury shares	Accumulated losses	Total equity
Balance at 1 January 2023	11'436	0	32'478	-1	-37'160	6'753
Issuance of shares through conversion of loans and commitment fees	1'358		183			1'541
Reclassification of treasury shares				1	-1	0
Transaction costs			-20			-20
Loss for the period					-2'051	-2'051
Balance at 30 June 2023	12'794	0	32'641	0	-39'212	6'223
TCHF	Share capital	Capital reserves	Retained earnings	Treasury shares	Accumulated losses	Total equity
Balance at 1 January 2024	13'102	0	73'127	0	-86'541	-312
Capital reduction and settlement with Accumulated losses	-13'073				13'073	0
Capital increase by means of contribution of participation Curatis AG	409	64'864*				65'273
Capital Increase (Conversion Current Loan shareholder)	5	303				308
Goodwill Curatis AG			-22'308			-22'308
Option agreement		2'501				2'501
Loss for the period					-3'869	-3'869
Balance at 30 June 2024	443	67'668	50'819	0	-77'337	41'593

* In the contribution to Capital Reserves of the participation in Curatis AG a reduction of TCHF 4'420 was considered to allow a proper initial consolidation of the net assets (total contribution of TCHF 69'694 whereof TCHF 409 were assigned to Share Capital and TCHF 69'285 were assigned to Capital Reserves, see also note 3). These TCHF 4'420 were mandatory exchangeable loan notes granted to Curatis AG although lenders will receive Curatis Holding AG shares after the conversion. Thus, these exchangeable loan notes were considered as part of net assets instead of liabilities for the purchase price allocation of Curatis AG.

TCHF 308 of the exchangeable loan notes in the amount of TCHF 4'420 were already converted before balance sheet date. The remaining TCHF 4'112 were automatically converted into equity of Curatis Holding AG 61 days after the transaction (see also note 22).

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Curatis Holding AG

Interim consolidated statement of cash flows (in TCHF)

TCHF	Notes	1st half 2024 (Curatis AG from 30 April onwards)	1st half 2023
Profit for the period		-3'869	-2'051
- Depreciation and amortisation expenses		528	4
- Amortization expenses		0	319
- Impairment intangible assets		0	143
- Changes Deferred tax assets		0	-37
- Changes Deferred tax liability		-70	0
- Option agreement (personnel expense)	8	2'501	0
<i>Changes in working capital:</i>		352	52
Interest and taxes, paid		0	-1
- (increase) / decrease of trade receivables		-249	0
- (increase) / decrease of other current receivables		-38	0
- (increase) / decrease of inventories		609	0
- (increase) / decrease of prepayments and accrued income		108	0
- increase / (decrease) of trade payables		-612	0
- increase / (decrease) of other current liabilities		176	0
- increase / (decrease) of deferred income and accrued expenses		357	0
Cash flow from operating activities		-559	-1'572
- Purchase of intangible fixed assets	3/16	0	0
- Disposal of intangible fixed assets	3/16	0	0
Cash flow from investing activities		0	0
- Transaction costs directly related to capital increase		0	-20
- Proceeds from borrowings		0	400
Cash flow from financing activities		0	380
Cash at Initial Consolidation Curatis AG		4'013	0
Net increase/(decrease) in cash and cash equivalents		3'454	-1'192
Cash and cash equivalents at beginning of the period	13	9	1'342
Cash and cash equivalents at end of the period	13	3'463	150
Net increase/(decrease) in cash and cash equivalents		3'454	-1'192

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Curatis Holding AG

Notes to the interim condensed consolidated financial statements

1 General information

The company, formerly known as Kinarus Therapeutics Holding AG ("Kinarus") was incorporated in Basel, Switzerland, as a company limited by shares. Historically, the activities of the Company and its subsidiaries have mainly consisted of the analysis, valuation and negotiation of several potential acquisitions.

On 26 April 2024, the Company completed the acquisition of Curatis AG (together "the Group"). Curatis AG is a specialty pharmaceutical Company with a two-pillar strategy. On one hand, the Company trades and distributes specialty medicines in the ultra-orphan space i.e. acquires, licenses, distributes and promotes pharmaceutical products for the treatment and/or prevention of rare and specialty diseases in Switzerland. On the other hand, it is a drug development Company with a promising pipeline of product candidates, also predominantly in the orphan drug space.

The Company acquired Curatis AG by way of a share for share exchange. Curatis AG shareholders representing 93.3% of the Curatis Holding AG issued share capital have tendered their shares in exchange for newly issued shares of the Company, and such new shares have been admitted for listing and trading on the SIX Swiss Exchange as from 26 April 2024. Subsequently, the name of the Company was changed from Kinarus Therapeutics Holding AG to Curatis Holding AG ("The Company") and the Company moved its domicile to Liestal, Switzerland. For further details on this transaction refer to note 3.

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 were authorized for issuance by the Group's Board of Directors on 12 September 2024.

2 Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2024, have been prepared in accordance with all the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER 31. These interim condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, such financial information should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Swiss GAAP FER 31.

As Curatis AG was acquired on 26 April 2024, the interim condensed consolidated financial statements only include profit and loss of Curatis AG from 26 April 2024 onwards.

All amounts disclosed in the interim condensed consolidated financial statements and notes have been rounded off to the nearest thousand Swiss francs ("TCHF") unless otherwise indicated.

As per 26 April 2024 the group acquired the shares of Curatis AG (as explained under 1). In the prior period there was no operational business. With the acquisition of Curatis AG, the group started operations and changed its business model significantly. Therefore, changes in accounting policies became necessary. The respective changes are addressed individually under 2.2 for the relevant accounts.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2023, except for the following accounting policies which have either been amended due to the acquisition of Curatis AG and the significant change in the Group's activities following the acquisition or have become significant as a result of the acquisition of Curatis AG (revenue recognition and intangible assets) and are therefore disclosed among others:

Revenue

Invoicing for goods and services is recognized as sales at the point in time when the control over the goods is transferred to the customer. The performance obligations primarily consist of the delivery of manufactured products to the agreed specifications depending on contractual terms.

Intangible assets

Acquired intangible assets are recognized as assets if they yield measurable economic benefits for the Group over several years.

Intangible assets generated internally can only be recognized as an asset if they meet all the following conditions at the time of the initial recognition:

- The intangible assets generated internally are identifiable and are controlled by the Group.
- The intangible assets generated internally will yield a measurable future benefit for the Group over several years.
- The expenses which arise from the creation of the intangible assets generated internally can be recognized and measured reliably.
- It is likely that the resources needed for the Group to complete and sell or to use the intangible assets are available or will be made available.

Costs for identifiable intangible assets that cannot be capitalized are expensed as incurred. Costs for intangible assets generated internally that have been expensed as incurred cannot be capitalized subsequently. Currently, the Group does not capitalize any development costs for its development project as based on the progress of the development project the future benefit to the Group is still uncertain.

Intangible assets acquired from third parties are capitalized at acquisition cost.

In prior years consolidated financial statements intangible assets have been depreciated over 20 years. Due to the change in business model, the depreciation period has been changed to 17 years for intangible assets from C-PTBE-01 and 6 years for customer contracts due to economic considerations. Before the acquisition of Curatis AG intangible assets of the Group have been fully depreciated. Therefore, the change of method has no impact on previously held intangible assets and on the result of the first half year 2024.

Changes in presentation and disclosures

Given the significant change in the Group's activities following the acquisition of Curatis AG, the Group also renamed certain line items and sub-totals to better align to its current operating activities. The presentation and disclosure of prior year figures was not changed.

2.3 Critical judgements and accounting estimates

The preparation of the Group's interim condensed consolidated financial statements in conformity with Swiss GAAP FER requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management continuously reviews and, if necessary, adapts the estimates and underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The judgements and accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Intangible assets

Assumptions used to determine the recoverable amount of intangible assets and goodwill can change due to new estimates and assumptions in relation to progress of clinical development or changes in the timing of forecasted cash flows. Such changes will have an impact on the value in use calculation and ultimately on the recoverable amount of such non-financial assets and could result in impairment in future financial years.

2.4 Interim measurement note

The Group's business is not subject to any seasonality. Expenses largely depend on the phase of the respective projects, particularly with regard to external research and development expenses. In particular, the criteria for the accrual of costs at the interim balance sheet date are the same as at the annual balance sheet date.

3. Acquisition of subsidiary

On 28 January 2024, Kinarus and Curatis AG, a Basel-Landschaft incorporated medicine distribution and drug development company predominantly focused on orphan/ultra-orphan diseases and specialty care diseases have entered into a transaction agreement (the "Transaction Agreement") pursuant to which Kinarus and Curatis AG agreed to effect

a combination by way of a contribution in kind of all shares in Curatis AG by, and against issuance of the New Shares to, shareholders of Curatis AG (the "Transaction" or the "Business Combination"), on the terms and subject to the conditions set forth in the Transaction Agreement. In the context of the Transaction, all Curatis AG Shareholders exchanged their Curatis AG shares for New Shares in a ratio of 1 to 1. The consideration consisted of approximately 14x the number of shares of the Company outstanding prior to the Transaction. Post-closing of the Transaction, the combined entity (renamed into "Curatis Holding AG") had an issued share capital of CHF 438'636.60, divided into 4'386'366 New Shares with nominal value CHF 0.10 each. In addition, Curatis Holding AG has a minimum 668'534 and a maximum of 924'450 options and conversion rights outstanding to third parties and exercisable into Shares so that the minimum total amount of fully diluted number of Shares outstanding is 5'054'900 and the maximum total amount is approximately 5'310'816.

On 26 April 2024, the Company acquired 100% of Curatis AG's share capital by way of a share for share exchange, acquiring Curatis AG shares in exchange for newly issued shares of the Company. For further details refer to note 1.

Consideration transferred

Kinarus shares delivered to Curatis AG shareholders	4'093'916
Multiplied by market price of each Kinarus share in CHF	17.02
Consideration transferred in TCHF	69'694

The consideration transferred is based on the market value of the Company's listed shares on the acquisition date and was determined as follows: 4'386'636.60 (4'093'916 shares of the Company issued to acquire 100% of the total share capital of Curatis AG multiplied by the fair value (market price) of CHF 17.02 per share resulting in a total consideration of TCHF 69'694.

Assets acquired and liabilities assumed at the date of acquisition

The provisionally determined fair values of the assets acquired and the liabilities assumed of Curatis AG as at the acquisition date (26 April 2024) are as follows:

	TCHF
Cash and cash equivalents	4'013
Other current assets	3'055
Total current assets	7'068
Other non-current assets	111
Intangible assets	49'637
Total non-current assets	49'748
Other current liabilities	-2'528
Total current liabilities	-2'528
Other non-current liabilities	-197
Deferred tax liabilities	-6'705
Total non-current liabilities	-6'902
Net assets acquired	47'386

Goodwill arising from the acquisition

	TCHF
Consideration transferred	69'694
./. Net assets acquired	47'386
Goodwill	22'308

The residual amount of the consideration transferred in the amount of TCHF 22'308 was allocated to goodwill. The goodwill is attributable to Curatis AG's established organization and progress of its clinical development. The goodwill was offset against equity at the date of acquisition.

The intangible asset acquired in the business combination is further described in note 16.

Net cash inflow from the acquisition

	TCHF
Cash and cash equivalent balance acquired	4'013
./. Consideration paid in cash and cash equivalents	0
Total net cash inflow	4'013

4 Segment information

4.1 Description of segment

As of 30 June 2024, the Group operates in one segment, which primarily focuses on the trading of medications is material and generates revenue. Regarding drug development, external activities had focused on regulatory application proceedings and had not caused major costs for external development therefore no separate disclosure is required.

5 Subsidiaries

The following table lists the subsidiaries controlled by the Company at the end of the reporting period:

Name	Domicile	Currency	Share capital	Equity interest	
				30 June 2024	31 December 2023
Curatis AG	Liestal, Switzerland	CHF	409'392	100%	0%
Perfect Aviation SA, in liquidation	Genève, Switzerland	CHF	650'000	100%	100%

The equity interest percentage shown in the table also represents the share in voting rights in those entities.

6 Net sales from goods and services

TCHF	1st half 2024	1st half 2023
Net sales from goods	1'747	0
Net sales from services	232	0
Total net sales from goods and services	1'979	0

7 Cost of materials

Cost of materials increased due to the business combination with Curatis AG (TCHF 904) relate solely to third party transactions.

8 Personnel expenses

Personnel expenses increased mainly due to the revaluation of a part of the previous option plan of Curatis AG which caused a one-time charge to personnel costs in the amount of TCHF 2'501 in 2024. (CY: TCHF 2'723; PY: TCHF 487).

9 Other operating expenses

Current year other operating expenses relate to a large extent to expenses in relation to the business combination with Curatis AG (CY: TCHF 473; PY: TCHF 862).

10 Non-operating result

The non-operating result relates to expenses incurred in relation to business combination with Curatis AG (TCHF 638).

11 Income taxes

Due to initial consolidation of Curatis AG and subsequent change of headquarters, the tax rate of Basel-Land was applied (13.45%).

12 Earnings per share

Undiluted and diluted Earnings per share as from Initial consolidation Curatis AG onwards

TCHF	1st half 2024
Profit of the year	-3'869
Weighted average number of shares	4'412'992
Undiluted and Diluted Earnings per share	-0.88

Undiluted loss per share is basically calculated by dividing the loss attributable to the owners of the parent company by the weighted average number of shares outstanding during the period.

In the six-months period of 2024, the weighted average number of shares outstanding was strongly influenced by the variation in the number of shares due to the reverse share split and the capital reduction and increase at the same time (as explained in note 20). Furthermore, the result of the period was significantly affected by the initial consolidation of Curatis AG as per 30 April 2024. Therefore, the table above discloses normalized undiluted and diluted earnings per share calculated by dividing the loss attributable to the owners of the parent company by the weighted average number of shares outstanding during the period between 26 April 2024 to 30 June 2024. Due to the reasons described above the disclosure of prior period earnings per share was omitted as a comparison seems not appropriate in the case at hand. As the group discloses a loss in the reporting period, the calculation of separate diluted earnings per share would lead to a reduction of the loss per share (so-called anti-dilutive effect). Thus, undiluted and diluted earnings per share are equal.

13 Cash and cash equivalents

Cash increased due to the business combination with Curatis AG (TCHF 3'463).

14 Trade receivables

Trade receivables increased due to the business combination with Curatis AG (TCHF 1'122) and relates solely to third party transactions.

15 Inventories

Inventories increased due to the business combination with Curatis AG (TCHF 1'316) and include only goods for sale.

16 Intangible assets

TCHF	30.06.2024	31.12.2023
Cost		
Balance at 1 January	0	52'097
Addition through acquisition of subsidiary	49'636	0
Deconsolidation of subsidiary	0	-52'097
Balance at 30 June 2024 / 31 December 2023	49'636	0
Accumulated amortization		
Balance at 1 January	0	-39'697
Amortization expenses	-528	-479
Impairment expenses	0	-11'921
Deconsolidation of subsidiary	0	52'097
Balance at 30 June 2024 / 31 December 2023	-528	0
Carrying amount		
Balance at 1 January	0	12'400
Balance at 30 June 2024 / 31 December 2023	49'108	0

The intangible asset resulting from the acquisition in the amount of TCHF 49'636 is being amortized over 17 years (for C-PTBE-01) and over 6 years (for existing customer contracts). The resulting amortization is recurring on an annual basis and will amount to TCHF 3'191.

17 Trade account payables

Trade payables increased mainly due to the business combination with Curatis AG (TCHF 1'090) and relate to third parties.

18 Deferred income and accrued expenses

Deferred income and accrued expenses increased due to the business combination with Curatis AG (TCHF 1'439) and relate mainly to accruals for outstanding deliveries of goods (TCHF 1'232).

19 Deferred tax liabilities

Deferred tax liabilities increased due to transaction related to Curatis AG (TCHF 6'634) due to temporary differences between Swiss GAAP FER and taxable values.

20 Share capital

20.1 Issued share capital

Kinarus Holding capital increase, reverse share split and nominal value reduction

In the context of the Business Combination, Kinarus has

- increased its share capital by issuing 111 registered shares (each with a nominal value of CHF 0.01) in an ordinary capital increase (paid up in cash) from CHF 13'101'758.89 to CHF 13'101'760.00,
- conducted a reverse share split in the ratio of 4'480 to 1 (whereby the number of registered shares will be reduced from 1'301'176'000 (each with a nominal value of CHF 0.01) to 292'450 (each with a nominal value of CHF 44.80), and
- reduced the nominal value of its shares from CHF 44.80 to CHF 0.10 per share, resulting in a decrease of the share capital from CHF 13'101'760.00 to CHF 29'245.00.

Simultaneously via the capital increase due to the contribution in kind from the acquisition of Curatis AG, the share capital was increased by CHF 409'391.60, to a total of CHF 438'636.60.

20.2 Stock options

Before the Business Combination, Curatis AG has had an existing employee share option plan (“ESOP”) under which a total of 533'750 ESOP options have been granted, 285'000 with a strike price of CHF 0.90 and 248'750 with a strike price of CHF 0.10. This numbers include 147'500 stock options that have been granted in January 2024 at a strike price of CHF 0.10. In the context of the Business Combination, holders of ESOP options under the Curatis AG ESOP were asked to provide their written consent to, following the completion of the Business Combination, transfer the existing ESOP from Curatis to Kinarus, respectively to Combined Curatis Holding AG. Such transfer will result in plan participants receiving Curatis Holding AG shares, rather than Curatis AG shares. The written consent leaves the number of ESOP options granted unchanged but i) sets the strike price for all ESOP options at CHF 0.10 and ii) stipulates a new vesting period for all transferred ESOP options of 120 days post completion of the Business Combination. Holders of 530'000 ESOP options have provided such written consent to the transfer of the ESOP options, whereas holders of 3'750 ESOP options have not provided such consent and therefore are still entitled to receive Curatis shares upon exercising. The grant date fair value of the modified 290'000 ESOP options, considering the new vesting period and the lowered strike price for certain ESOP options, has to be expensed post completion of the Business Combination. Accordingly, under the Transaction Agreement, Kinarus has granted to Curatis AG options exercisable into Shares in order for Curatis AG to deliver Shares under the Curatis AG ESOP if and when the options granted thereunder are exercised. The respective expense related to revaluation of 290'000 options with an execution price of CHF 0.10 and fair value of CHF 16.10 as of 26 April 2024 results in an expense of TCHF 2'501, which has been booked in personnel expenses in 2024. The conditional capital, resolved upon in the Extraordinary General Meeting of the Company on 1 March 2024 shall be used for these purposes.

20.3 Capital band

As of 1st March 2024, the company decided to introduce a capital band as detailed in the statutes. This mechanism provides the company with flexibility within a defined range for future capital increases. The Board of Directors is authorized until 28 February 2029 at any time within the upper limit of CHF 657'500.00, corresponding to 6'575'000 registered shares with a par value of CHF 0.10 each, and the lower limit of CHF 350'000.00, corresponding to 3'500'000 registered shares of CHF 0.10 par value each, one or more one or more increases and/or decreases of the share capital.

20.4 Conditional capital

On 30 June 2024, the conditional share capital in relation to the share options program and equity-linked financing instruments amounts to CHF 219'000, consisting of 2'190'000 shares with a par value of CHF 0.10 (31 December 2023: CHF 175'000 consisting of 1'750'000 shares with a par value of CHF 0.10 according to the articles of association. Thereof 44'969 shares from the conditional capital have been allocated to a new shareholder due to an exchange of the mandatory exchangeable loan note, on the 3rd of June.

21 Commitments and contingent liabilities

The Group has contingent royalty obligations on sales of C-AM-01, C-MOH-01 and KIN001.

Ventac Partners Ltd (“Ventac”), an advisory firm, will receive, for a period of 18 months from 31 March 2022, 7% fees on any drawdown from the GEM facility (note 17.5). Ventac may have additional claims against the Group beyond the settlement payment of TCHF 500 executed between the Group and Ventac on 16 May 2022. As of 30 June 2024, there were no other contingent liabilities.

22 Subsequent events

In addition to the existing share option plan (“ESOP”) the Group has put in place an additional stock option plan under which a total of 113'000 options to 7 employees and advisors have been granted, with a strike price of CHF 6.76.

As of July 2024, the entire mandatory exchangeable loan note outstanding in the amount of TCHF 4'112 has been settled against Curatis Holding AG shares. 323'557 shares of Curatis Holding AG have been delivered.