kinarus

# Annual Report

# 2023

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**Letter to Our Shareholders**

Dear Shareholders,

Back in September 2023, the Board of Directors of the former Kinarus Therapeutics Holding AG ("**Kinarus Holding**" or "**Company**"), together with its subsidiaries ("**Kinarus Group**") had to file for bankruptcy of Kinarus Holding and Kinarus AG in Liquidation ("**Kinarus AG**") and subsequently endeavored to find an adequate solution for the shareholders and creditors under the circumstances, in close cooperation with the court-appointed bankruptcy administration and the financial advisor Yuma Capital Partners AG.

As a result of these efforts, Curatis AG, a specialty pharmaceutical and therapeutic drug development company located in the Basel area, was prepared to consider a combination of the two companies, leading to a more broadly diversified and therefore less risk-prone investment case.

After Curatis AG settled all liabilities filed towards Kinarus Holding in the creditors' call (Schuldenruf), the competent court granted the revocation of the bankruptcy of Kinarus Holding. Kinarus AG (in Liquidation) remained in liquidation.

On March 1, 2024, the Kinarus Holding shareholders approved all proposals of the Board of Directors aimed at realizing the envisaged business combination with Curatis AG at an extraordinary general meeting.

Ultimately, the business combination of Kinarus Holding and Curatis AG was completed and as of April 26, 2024 and the CURN.SW shares of the Company, under the new name Curatis Holding AG and with a new domicile in Liestal, Basel-Landschaft, were traded for the first time on the SIX Swiss Exchange.

Curatis Holding AG, which forms together with Curatis AG the Curatis Group is focused on the acquisition, development and commercialization of innovative medicines for the prevention, diagnosis and treatment of rare diseases - often referred to as orphan diseases - and special care diseases. It also operates a distribution business with a sizeable and historically profitable portfolio of interesting, marketed orphan and specialty products in Switzerland and has a pipeline of four promising projects in advanced and late clinical development. The Curatis Group thus represents an attractive, risk-balanced business model. In connection with this transaction, Curatis AG was able to raise over CHF 4m in new funds, which will secure the medium-term future of the combined company in a responsible way.

Since the end of last year, significant events have occurred and the corporate structure, the entire strategy and business model as well as the composition of the Board of Directors and Executive Management Team have changed significantly. As a result, the Annual Report does not reflect the current situation of the Curatis Group.

We would like to take this opportunity to thank all shareholders for supporting the Company on this promising path.

Marian Borovsky
Chairman of the Board of Directors

Roland Rutschmann
CEO & Executive Member of the Board of Directors

## 2023 Business Review, Recent Events & 2024 Outlook

In order to finance Kinarus Group and enable the negotiation of different partnering options the Board of Directors of Kinarus Group signed in May 2023 a binding contract with the Chinese investment company Chaodian (Hangshou) Investment Management ("**Chaodian**"), which is listed on the Shanghai Stock Exchange. Subsequently, it became apparent that Chaodian did not intend to fulfil its contractual obligations, i.e. in particular the payment of CHF 1.5 million. The Board of Directors and the management team of Kinarus Group, with the support of the shareholders, attempted to maintain the solvency of the Kinarus Group despite this setback. Unfortunately, however, in September 2023, in light of the outstanding liabilities and in line with its fiduciary duties, the Board of Directors of Kinarus Holding and of Kinarus AG had to decide to file for bankruptcy for Kinarus Holding and Kinarus AG, as the chances of Chaodian ever meeting its contractual payment obligations were considered remote.

### *Filing for Liquidation*

On 22 September 2023, Kinarus Holding and Kinarus AG filed for bankruptcy with the courts of the Canton of Basel-Stadt due to a lack of liquidity. On 24 October 2023, the courts of the Canton of Basel-Stadt declared Kinarus Holding and Kinarus AG bankrupt and put both companies into liquidation. The bankruptcy administrator of the canton of Basel-Stadt (Konkursamt des Kantons Basel-Stadt) was acting as administrator for the bankruptcy proceeding of Kinarus AG in Liquidation (summarisches Konkursverfahren).

As of 31 December 2023, Kinarus Therapeutics Holding AG and Kinarus AG were both in Liquidation.

### *Recent Events*

#### *The Business Combination with Curatis AG*

On 28 January 2024, Kinarus Holding and Curatis AG ("**Curatis**"), 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 Holding and Curatis agreed to effect a combination by way of a contribution in kind of all shares in Curatis by, and against issuance of the New Shares to, shareholders of Curatis the (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 Shareholders exchanged their Curatis 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 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.

In relation to the Transaction, Kinarus Holding and Curatis had placed an offer with the bankruptcy administrator (*Konkursverwaltung*) of Basel-Stadt to purchase selected assets (patents, products and precursor, intellectual property as well as data of Kinarus AG in Liquidation relating to their lead product candidate, KIN001) from the bankruptcy estate of Kinarus AG in Liquidation, a 100% subsidiary of Kinarus Holding.

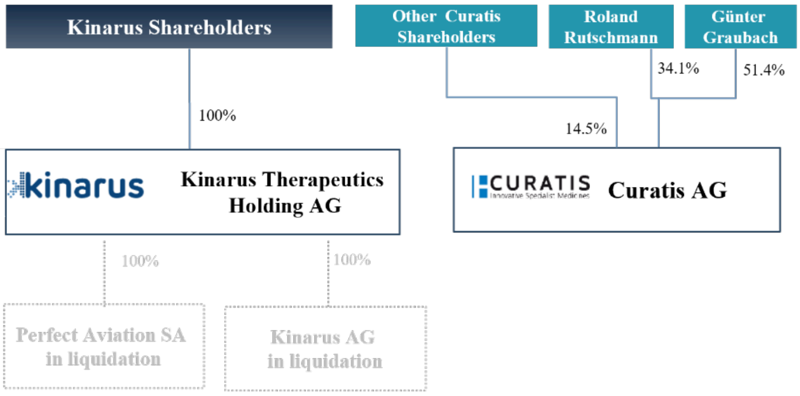
On 1 March 2024, the Extraordinary General Meeting resolved upon all EGM Resolutions. The majority of the past Board of Directors of Kinarus Holding, Mr. Alexander Bausch, Mr. Hari Kumar and Mr. Eugene Tierney, have resigned with effect from the Extraordinary General Meeting of 1 March 2024. Mr. Silvio Inderbitzin continues as a member of the Board of Directors.

In addition, the EGM resolved on the resignation of Mr. Bausch, Mr. Kumar and Mr. Tierney and the registration of Mr. Graubach, Mr. Rutschmann and Mr. Borovsky as new members of the Board of Directors and Mr. Borovsky as chairman of the Board of Director as well as the election of Ernst & Young AG as statutory auditors of the Company for the financial year 2023 were recorded in the register of the canton of Basel-Stadt on 8 March 2024.

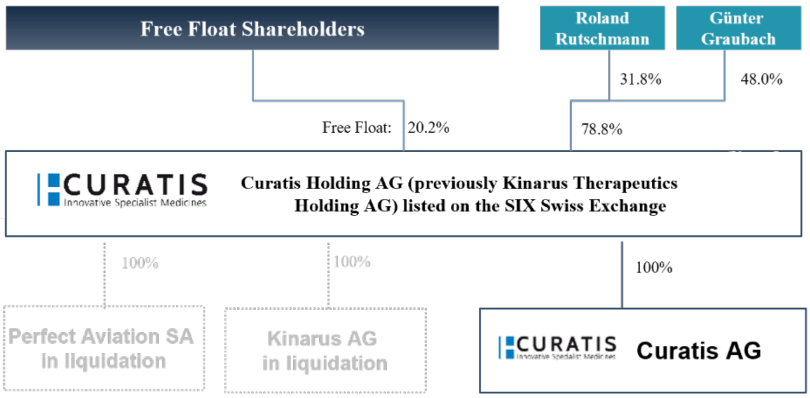
On 24 April 2024, Kinarus Holding entered into contribution in kind agreements with Curatis Shareholders regarding the contribution of shares in Curatis to the Company in exchange for the New Shares. The New Shares were recorded in the Commercial Register of the Canton of Basel-Landschaft on 25 April 2024. Upon consummation of the Transaction on 25 April 2024, Curatis has become a direct wholly-owned subsidiary of the Company.

The simplified corporate structure may be presented as follows:

*Before Business Combination*




*After Business Combination / Current Corporate Structure:*




## 2024 Outlook

As of the date of this Annual Report, Curatis Holding AG, together with its subsidiaries Curatis Group is a significantly different business than Kinarus Group as of 31 December 2023.

The business combination with Curatis enabled a fresh start with an ongoing, cash flow generating business, additional development programs and the opportunity to generate value on the basis of KIN001.

Curatis Group is now focused on the acquisition, development and commercialisation of innovative medicines for the prevention, diagnosis and treatment of rare diseases - often referred to as orphan diseases - and special care diseases. In recent years, orphan drugs have shown an above market growth compared to non-orphan innovative drugs in the past. Orphan drug development may be associated with a faster and less costly route to market, thereby reducing a company's overall risk profile.

Curatis Group also operates a distribution business with a sizeable and historically profitable portfolio of interesting, marketed orphan and specialty products in Switzerland and has a pipeline of four promising projects in advanced and late clinical development, including KIN001, a proprietary compound platform developed by Kinarus with future potential. The Company thus represents an attractive, risk-balanced business model.

**Distribution business for orphan disease and specialty disease medicines**

Curatis Group has exclusive distribution rights in Switzerland for more than 30 different drugs developed by third party pharmaceutical companies - many of them orphan and specialty drugs.

Curatis Group aims to grow its speciality pharmaceuticals distribution business by expanding its product offering in Switzerland as well as geographically expanding its distribution business to large European markets such as Germany, France, the UK and Italy.

**Development business for orphan and specialty disease medicines**

Curatis' Group's strategy is to identify high unmet medical need indications for compounds for which safety and clinical efficacy data already exist, potentially allowing faster development with lower risk and investment through to commercialisation. The development projects have been selected in line with this strategy.

**C-PTBE-01 for the treatment of peritumoral brain edema ("PTBE") in pediatric patients with diffuse intrinsic pontine glioma ("DIPG") – next major development step: pivotal clinical study.**

The Company is focusing its development activities for C-PTBE-01 on PTBE in pediatric patients with diffuse intrinsic pontine glioma. DIPG is an aggressive type of childhood cancer that forms in the brain stem. It is very rare and almost always occurs in the pediatric population. Approximately 150-300 patients are diagnosed with DIPG each year in the US. The average (median) overall survival for patients with DIPG is less than 1 year. PTBE refers to the accumulation of fluid in the brain tissue surrounding a tumor. It commonly occurs in brain tumors and can cause significant neurological symptoms and complications due to increased pressure within the skull. It may lead to symptoms such as headaches, seizures, neurological deficits, and altered mental status.

Given the lack of curative options for most DIPG patients, supportive therapy aimed at maintaining quality of life plays a central role in the treatment of many patients. Corticosteroids are commonly used to treat PTBE. Their administration is typically associated with rapid symptom relief. However, corticosteroids can have severe side effects such as severe myopathies, muscle wasting, morbid weight gain, osteoporosis, gastritis, gastrointestinal bleeding, hypertension, and personality changes.

C-PTBE-01 has shown a strong corticosteroid-sparing effect, which may allow a significant reduction in corticosteroid use. Phase I, II and III clinical data are available, and thus the Company currently expects that only a pivotal study with a relatively small number of patients is envisioned for registration. C-PTBE-01 may be eligible for 7 years of orphan drug protection in the US and 10 years of orphan drug protection in the EU upon orphan drug designation and receiving market authorization. the Company may apply for a Rare Pediatric Disease Voucher for C-PTBE-01.

**C-AM-01 for the prevention of severe migraine with aura ("MwA") – next major development step: clinical phase IIb study.**

An aura typically is a perceptual disturbance and includes a wide range of neurological symptoms. In some patients, changes in the cortex area of the brain cause changes in their sight, such as dark spots, colored spots, sparkles or 'stars', and zigzag lines. Numbness or tingling, weakness, and dizziness or vertigo (the feeling of everything spinning) can also happen. Speech and hearing can also be disturbed, and sufferers have reported memory changes, feelings of fear and confusion, and more rarely, partial paralysis or fainting.

Migraine with Aura is a high unmet medical need indication. There is no approved preventive treatment that specifically targets MwA and its associated headache. MwA can cause significant disability on patients and compromise their daily life activity. MwA attacks are comparable to epileptic attacks in terms of unexpectedness and instant disability. MwA patients are 3 times more likely to have an ischemic stroke.

Two Phase IIa clinical proof-of-concept studies suggest a reduction in the number of auras with C-AM-01. C-AM-01 has been granted a US patent covering its use and dosing regimen. In the EU, C-AM-01 would benefit from 10 years of data exclusivity and market protection.

**C-MOH-01 for the treatment and prevention of medication overuse headache ("MOH") – next major development step: clinical phase IIb study.**

Headache is one of the most prevalent disorders in human society and is responsible for substantial socioeconomic expenses. A general problem of headache treatment is the overuse of drugs. Patients, who tend to use acute medication to treat their headache on a frequent basis, like patients who report a history of migraine as well as patients that report tension type headache (TTH) are predestined for medication overuse headache. Instead of curing the pain, overuse leads to even heavier secondary headache which is much more difficult to treat and is referred to as medication overuse headache. Economically, medication overuse headache is among the costliest of neurologic diseases and the costliest kind of headache disorder.

Currently the treatment of choice for MOH is discontinuation of the overused medication although this is often associated with acute headache pain and withdrawal symptoms such as sleep disturbances, nausea, vomiting, anxiety, and depression. Thus, there is a significant unmet need for patients suffering from MOH.

One Phase IIa clinical proof-of-concept study in chronic tension type headache is available for C-MOH-01. C-MOH-01 has been granted a US patent covering its use. In the EU, C-MOH-01 would benefit from 10 years of data exclusivity and market protection.

**KIN001 for the treatment of rare inflammatory and fibrotic diseases (e.g. idiopathic pulmonary fibrosis ("IPF")) – next major development step: clinical proof-of-concept**

KIN001, developed by Kinarus, is a proprietary compound with potential in inflammatory and fibrotic diseases. The Curatis Group intends to explore the potential of KIN001 in ultra-orphan inflammatory and fibrotic diseases and to pursue its own drug development for the identified ultra-orphan indications.

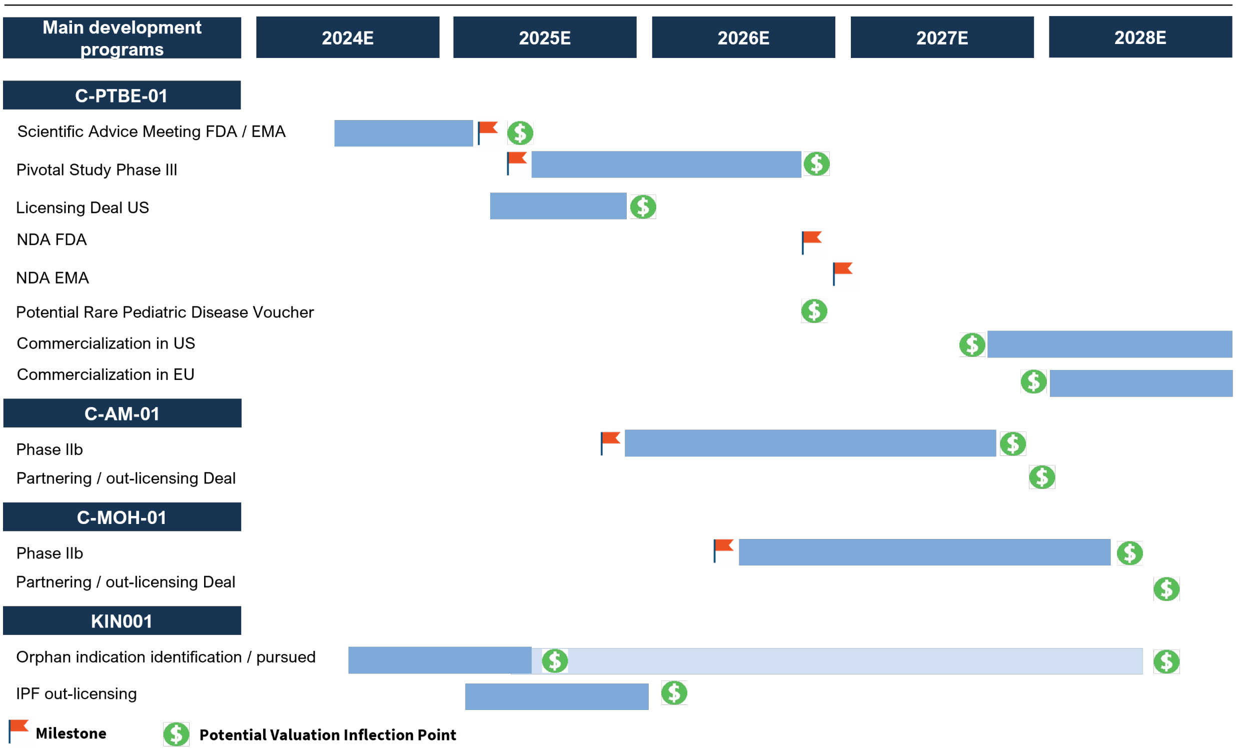
The Company also plans to pursue KIN001 in idiopathic pulmonary fibrosis ("IPF"). IPF is a rare, progressive orphan disease of the respiratory system characterised by thickening and stiffening of lung tissue associated with the formation of scar tissue. It is a type of chronic scarring lung disease characterised by a progressive and irreversible decline in lung function. The tissue in the lungs becomes thick and stiff, affecting the tissue surrounding the air sacs in the lungs. Symptoms typically include gradual shortness of breath and a dry cough. Other changes may include fatigue and abnormally large and dome-shaped finger and toenails (nail clubbing). Complications may include pulmonary hypertension, heart failure, pneumonia or pulmonary embolism.

There is no cure for IPF and there are currently no procedures or medicines that can remove the scarring from the lungs. Current treatments are focused on slowing the progression of lung scarring and do not necessarily reduce the symptoms of coughing and breathlessness.

KIN001 has shown beneficial effects in reducing IPF in a well-characterised animal model of IPF. The Curatis Group has licensed patent rights relating to the drug combination as well as patent rights and know-how relating to IPF in this drug combination. The Group intends to explore out-licensing opportunities in IPF.

The following graph is a projected Development Roadmap. It shows the currently assumed development plan of the Company's product candidates, highlighting potentially important inflection points over the next 5 years.

**Development Roadmap**



# Corporate Governance Report

## General Information

**This Corporate Governance Report describes and represents the situation of Kinarus Holding as of 31 December 2023. Since then, significant events have occurred and the corporate structure, the entire strategy and business model pursued as well as the composition of the Board of Directors and Executive Management Team have significantly changed. As a result, this Corporate Governance Report does not reflect the situation as of the date of the publication of this Annual Report.**

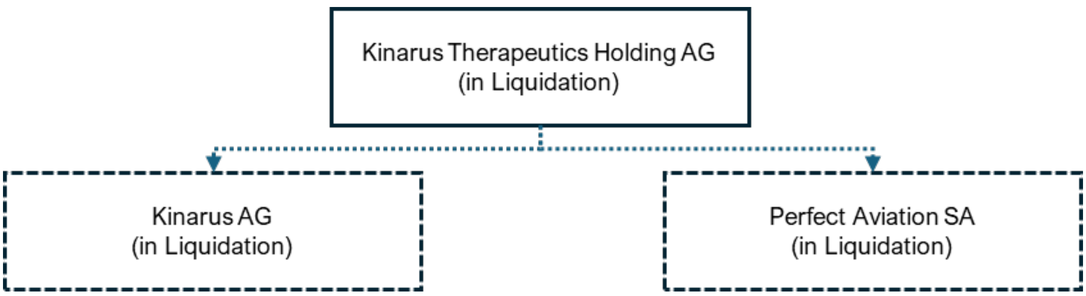
Kinarus Holding's corporate governance principles are laid out in its articles of incorporation (Articles), the organizational regulations (Organizational Regulations; Organisationsreglement), and a comprehensive set of Kinarus Group directives, including insider trading rules. All the above-mentioned documents can be downloaded from: https://ir.kinarus.com/corporate-governance/.

The information published below conforms to the Directive Corporate Governance (DCG) of the SIX Swiss Exchange (SIX). In order to avoid redundancies, references are inserted to other parts of the annual report (Annual Report). More detailed information can also be found on Kinarus' website:

## 1. Group Structure and Shareholders (DCG 1)

### 1.1 Group structure (DCG 1.1)

| | |
|---|---|
| **Company:** | Listed on the domestic segment of the SIX Swiss Exchange |
| **Name:** | Kinarus Therapeutics Holding AG (in Liquidation) as of 31 December 2023 |
| **Legal domicile** | Hochbergerstrasse 60C, 4057 Basel, Switzerland |
| **Register number:** | CHE-103.574.108 |
| **Listing:** | SIX Swiss Exchange (SIX) |
| **Symbol:** | KNRS.SW |
| **Valor Number:** | 911512 |
| **ISIN:** | CH0009115129 |
| **Market capitalization:** | CHF0.2m (as of 31 December 2023) |
| **Duration of Company** | Not limited |
| **Subsidiaries** | See following section as well as note 3.2 "Investments in shareholdings" to the statutory financial statements of the Company. |




**The Company operated through its wholly owned subsidiary Kinarus AG: (DCG 1.1.3):**

| Company | Share Capital | Registered Office | Activities |
|---|---|---|---|
| Kinarus AG (in Liquidation) | CHF 609,345 | Basel, CH | Headquarters; development of pharmaceutical drugs, administrative functions (liquidation proceedings in process) |
| Perfect Aviation SA (in Liquidation) | CHF 650,000 | Geneva, CH | Administrative (liquidation proceedings in process) |

At the beginning of the year, Perfect Aviation SA in Liquidation had already been in liquidation procedures. At the end of the year, both, Perfect Aviation SA in Liquidation and Kinarus AG in Liquidation were in bankruptcy procedures. None of these subsidiaries are listed on a stock exchange. Until filing for bankruptcy, the development activities of Kinarus Group were managed by Kinarus AG in Liquidation. Due to the bankruptcy of Kinarus AG in Liquidation Kinarus Holding lost control of this subsidiary during 2023.

### 1.2 Significant shareholders (DCG 1.2)

See note 32 "Significant Shareholders" to the statutory financial statements of the Company.

### 1.3 Cross-shareholdings (DCG 1.3)

There are no cross-shareholdings.

## 2. Capital Structure (DCG 2 – DC 7)

### 2.1 / 2.2 Ordinary, conditional and authorized capital (DCG 2.1/2.2)

The Company has one class of registered shares with a nominal value of CHF 0.01 each (Shares). As of 31 December 2023, the Company had the following ordinary, authorized and conditional share capital:

| Company | Share Capital | Expiry Date | Articles of Association |
|---|---|---|---|
| Ordinary capital | 13,101,759 | n/a | 3 |
| Authorized Capital | 4,861,797 | 2 May 2024 | 3b |
| Conditional capital for certain employees (ESOP) as well as for warrants/option rights granted in connection with debt instruments | 4,996,743 | n/a | 3a |

For details with regard to terms and conditions of potential share issues under the Company's authorized and conditional share capital, see sections 3a and 3b of the Articles, which can be downloaded from https://ir.curatis.com/corporate-governance/

### 2.3 Changes in share capital (DCG 2.3)

For changes that took place in 2023 2022 and 2021 see note 17 "Share Capital" to the consolidated financial statements of the Company and the table below.

| | Number of Shares | | | Nominal value share capital (in TCHF) | | |
|---|---|---|---|---|---|---|
| | 1.1.23 - 31.12.23 | 1.1.22 - 31.12.22 | 1.1.21 - 31.12.21 | 1.1.23 - 31.12.23 | 1.1.22 - 31.12.22 | 1.1.21 - 31.12.21 |
| As of 1 January | 1,143,603,038 | 181,018,281 | 181,018,281 | 11,436 | 1,810 | 1,810 |
| Issuance of shares through acquisition of Kinarus AG | . | 888,514,758 | | | 8,885 | |
| Issuance of shares through acquisition of Kinarus AG | . | 43,782,327 | | | 438 | |
| Issuance of shares through conversion of convertible loans | 32,167,257 | 30,287,672 | | | 303 | |
| Issuance of Shares to pay for liability towards GEM | 103,636,364 | | | | | |
| As of 31 December | 1,310,175,889 | 1,143,603,038 | 181,018,281 | 13,102 | 11,436 | 1,810 |

### 2.4 / 2.5 Shares, participation and dividend right certificates (DCG 2.4/2.5)

As of 31 December 2023, the issued share capital of the Company amounted to CHF 13,101,758.89 divided into 1,310,175,889 registered Shares with a nominal value of CHF 0.01 each which was not yet reflected in the commercial register at the time due to a late registration of issued shares in the course of the bankruptcy procedures. Each Share carries one vote and entitles to dividends. Other than the rights provided by statutory law, there are no preferential rights attached to the Shares. The Company has not issued any participation certificates or any profit-sharing certificates.

The Company may issue its Shares in the form of uncertificated securities, single certificates or global certificates. A registered shareholder may, at any time, request the Company to confirm in writing its shareholding as entered into the share register.

### 2.6 Limitations on transferability and nominee registrations (DCG 2.6)

Share transfers in principle, require the approval of the Board. A Share Transfer may only be refused if the shareholder does not expressly declare the acquisition in their own name. Approval for Share Transfers due to inheritance or matrimonial property law may not be refused. Share Transfers approved based on false representations of the transferee may be revoked and the shareholder deleted from the share register. A Share Transfer is deemed to have been approved if it has not been declined within 20 days.

The implementation of (further) transfer restrictions requires shareholder approval with a quorum of at least two thirds of the represented votes and the absolute majority of the represented nominal share capital, whilst the abolishment of such share transfer restrictions requires the absolute majority of the represented nominal share capital.

During the financial year 2023, no exceptions to the limitations on transferability were granted. The Articles of Association do not contain any special regulations with regard to the registration of nominees. The Board delegated the administration of the share register to Areg.ch AG (“**AREG**”).

### 2.7 Convertible bonds and warrants/options (DCG 2.7)

#### Convertible bonds and share based payment of commitment fees

At 31 December 2023, the issued share capital amounts to TCHF 13,102, consisting of 1,310,175,889 fully paid shares with a nominal value of CHF 0.01 each, whereas TCHF 108 share capital need to be paid due to the TCHF 200 Yorkville conversion below nominal value (see below).

In 2023 the share capital increased as follows:

- Between January and March 2023, the Company issued in total TCHF 400 convertible loans from Yorkville. These TCHF 400 convertible loans (plus TCHF 1 interests) were converted into Company shares between January and March 2023, resulting in an increase of the share capital of TCHF 322 and a share premium of TCHF 79. The new shares were created from conditional capital.
- The conversion of the GEM commitment fee of TCHF 1,140 in April 2023 resulted in an increase of the share capital of TCHF 1’036 and a share premium of TCHF 104. The new shares were created from conditional capital.
- The conversion of the Yorkville commitment fee of TCHF 200 in September 2023 resulted in an increase of the share capital of TCHF 308. Due to the conversion of the shares under the nominal value no share premium resulted from this conversion. The TCHF 200 Yorkville commitment fee liability was converted below nominal value at a price of CHF 0.0065 per share (nominal value per share of the Company is CHF 0.01) in September 2023 into 30,769,230 Company shares. This conversion resulted in an increase of the share capital of TCHF 308 but TCHF 108 need to be paid in to have fully paid-in 30,769,230 shares. (see note 12).

As the capital increases in 2023 through the conversion of the Yorkville convertible loans (TCHF 400), the conversion of the GEM commitment fee (TCHF 1,140) and the conversion of the Yorkville commitment fees (TCHF 200) has not yet been registered at 31 December 2023 in the commercial trade register, the registered share capital in the commercial trade register amounts to TCHF 11,436, consisting of 1,143,603,038 fully paid shares. For details on convertible notes, see consolidated financial statements.

#### Options, warrants

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Number of warrants | Exercise price per warrant (CHF) | Number of warrants | Exercise price per warrant (CHF) |
| GEM warrants (i) | 54,405,351 | 0.071 | - | - |
| Yorkville warrants (ii) | 27,362,914 | 0.01 | 8,928,571 | 0.0336 |
| **Total** | **81,768,265** | | **8,928,571** | |

(i) The Company issued in April 2023 54,405,351 5-year warrants to GEM for Company shares at an exercise price of CHF 0.071 per warrant.

(ii) Related to the Yorkville agreement the Company issued until 31 December 2023 27,362,914 3-year warrants to Yorkville at an exercise price of CHF 0.01 per warrant.
(iii) As a result, in the context of the reverse share split of the Company, the exercise price and number of these warrants have proportionally been increased and reduced, respectively, in line with the reverse share split ratio of 4,480 to 1.

## 3. Board of Directors (DCG 3)

### 3.1 Board and committee memberships (DCG 3.1/3.2/3.3/3.4 and 3.5.2)

The composition of the Board, the Audit Committee, the Compensation Committee and the Nomination Committee is as follows:

| Company | Year of birth | Nationality | First Elected | BoD | AC | CC | NC |
|---|---|---|---|---|---|---|---|
| Hari Kumar[1] | 1956 | UK | 2022 | x | x | x | x |
| Eugene Tierney | 1958 | IE | 2022 | x | x | x | x |
| Silvio Inderbitzin | 1965 | CH | 2022 | x | x | x | x |
| Alexander Bausch[2] | 1962 | DE | 2022 | x | | | |

Note:
1) Chairman of the Board of Directors
2) Vice-Chairman of Board of Directors, CEO of the Company

***Hari Kumar***

Hari Kumar served at Roche before joining Eisai Ltd as European Marketing Director. He then returned to Roche as Global Head of Transplant Immunosuppressives. He moved to Amira Pharmaceuticals Inc. in 2007 as Chief Business Officer. In 2013 Dr. Kumar became Chief Executive Officer of Adheron Therapeutics In his career, Dr. Kumar oversaw the launch of the immunosuppressive, CellCept®, the Alzheimer's drug, Aricept® and the gastric ulcer drug, Aciphex®. His experience in almost all aspects of the pharmaceutical industry has given him a unique understanding of what makes a successful pharmaceutical business. At Amira Pharmaceuticals, Dr. Kumar led the process that resulted in its acquisition by Bristol Myers Squibb in 2011. He also navigated the acquisition of Adheron Therapeutics by Roche, in his roles both as CEO and board member. These transactions have delivered over a billion dollars in returns to investors. Dr. Kumar has a BSc from University of Malaya, Kuala Lumpur and a PhD from University College London, UK.

***Eugene Tierney***

Eugene Tierney is an experienced business strategist with achievements across the whole pharma value chain. He spent several years as Head of Global Pharma Business Strategy with Roche, before assuming Therapeutic Area Leadership for Anti-infectives & Transplantation. He later led the Neuroscience Disease Biology Area where he was responsible for all aspects of Discovery and Early Development, as well as Commercialization. Mr. Tierney has also worked in Pharma Partnering and was the lead representative on a number of strategic alliances with biotech companies. Prior to his global experience, Eugene held several Affiliate Sales & Marketing roles of increasing seniority, including Country Manager for Genentech in the UK & Ireland. Since 2013 he has worked as a Consultant in Fletcher Associates GmbH, providing decision support to pharma and biotech companies. Mr. Tierney has BSc Hons in Psychology from Queen's University, Belfast, Northern Ireland.

***Silvio Inderbitzin***

Dr. Silvio Inderbitzin is a member of the Board and a principal shareholder in the Company. Dr. Inderbitzin has held multiple senior positions in the pharmaceutical industry during the last 20 years. With his origin in pharmaceutical manufacturing, he built a corporate-wide good manufacturing practice-quality assurance infrastructure as Head of Quality Assurance and was responsible for product release as a Qualified Person in a medium-sized Swiss pharmaceutical company. He was later elected to the position of Technical Director and served on the Corporate Management Team, ultimately joining the Board of Directors and becoming co-owner of the privately held 450 employee company. Prior to the successful sale of the company, he served as CEO and was responsible for its foreign subsidiaries. He is an active investor, consultant and board member of several life science start-up companies. Dr. Inderbitzin studied Pharmacy at the University of Berne, holds a Ph.D. in Pharmacology from the University of Zurich/ETH, and obtained an Executive MBA from the University of St. Gallen.

***Alexander Bausch***

Dr. Alexander Bausch serves as CEO and Vice Chairman of the Board and is the Founder of Kinarus AG, where he was the CEO since inception. Dr. Bausch has extensive commercial, development and executive leadership expertise from a 20-year career in the pharmaceutical industry. Prior to founding Kinarus AG, he worked as an independent consultant strategically supporting venture capital funds and small biotech companies. While at Roche, Dr. Bausch led Research and Development teams across seven therapeutic areas, most recently as Life Cycle Leader for a global phase 3 program where he developed the strategic roadmap for commercialization up to product launch. He has entered more than ten drugs into clinical development including four molecules successfully into phase 2 and one into phase 3. In his early career, Dr. Bausch served as head of Solid Dosage Form Development at Roche. He is an expert in formulation research, aerosol development, and powder technology. Dr. Bausch is a pharmacist by training and obtained his Ph.D. from the University of Basel.

**Business connections between Board members and the Company (DCG 3.1.c).**

See note 27.2 “Related Party Transactions” to the consolidated financial statements.

### 3.2 Other activities and vested interests (DCG 3.2)

| | Organisation | Role | Conflict with Kinarus |
|---|---|---|---|
| **Hari Kumar** | UCL Global Business School of Health, UK | Advisory Board Member | No |
| | Mantra Bio, US | Advisor | No |
| **Eugene Tierney** | Versamed, CH | Board Member | No |
| | MicroQuin, US | Advisor | No |
| **Silvio Inderbitzin** | Hanseler, CH | Chairman of the BoD | No |
| | Sciensus AG, CH | Chairman of the BoD | No |
| | Ulrich Jüstrich Holding AG | Board Member | No |
| | Aurealis Therapeutics, CH | Board Member | No |
| | Cellestia Biotech, CH | Board Member | No |
| | Obviotec AG, CH | Board Member | No |
| | Swiss Cancer Research Foundation, CH | Member of the Foundation Board | No |
| | Swiss Cancer Foundation, CH | President of the Committee of Founding | No |
| | Helvecura, CH | Member of the Administration | No |

Other than described above, none of the members of the Board of Directors has any position in governing or supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private or public law, nor any permanent management or consultancy function for important Swiss and foreign interest groups, nor any official function or political posts.

### 3.3 Permitted mandates in other companies (DCG 3.3)

See table “Permitted mandates in other companies” in the section “Executive Management”.

### 3.4 Elections and terms of office (DCG 3.4)

According to the Articles, the Board shall consist of two or more members. All members of the Board, including the chairman in, are elected or removed by the shareholders' meeting of the Company. The Board members are elected on an individual basis for a term of office of one year, whereby a year means the period between two annual shareholders' meeting of the Company. The terms of the current Board members end at the shareholders' meeting 2024 of the Company. The members of the Board may be re-elected. There is no maximum tenure provided for in the Articles. There are no provisions in the Articles that differ from legal provisions with regard to the appointment of the chairman, the members of the Compensation Committee and the independent proxy.

### 3.5 Organizational structure/areas of responsibility and information flow (DCG 3.5)

**Allocation of tasks within the Board (DCG 3.5.1)**

Except for the election of the chairperson and the members of the Compensation Committee, the Board constitutes itself. The Board may appoint a vice-chairman from amongst its members. The Board further appoints a secretary who does not need to be a member of the Board.

The chairman convenes and presides over the Board meetings. The other members of the Board may request that items be placed on the agenda.

**The Board committees (DCG 3.5.2)**

The Compensation Committee assists the Board in establishing the compensation policy and the compensation of the members of the Board, the CEO and Executive Committee. As of 31 December 2023, it consisted of three Board members, Hari Kumar, Eugene Tierney and Silvio Inderbitzin. The members of the Compensation Committee are elected individually by the annual shareholders' meeting for a term of office until the end of the next annual shareholders' meeting.

The Audit Committee monitors (i) the integrity of the financial statements, (ii) the independent audit in compliance with applicable legal and regulatory requirements, (iii) the accounting and financial reporting processes and (iv) the intern control, risk and compliance management processes of the Company. As of 31 December 2023, it consisted of three Board members, Hari Kumar, Eugene Tierney and Silvio Inderbitzin. The members of the Audit Committee are appointed by the Board.

The Nomination Committee assists the Board in the identification of suitable candidates for the Board and the Executive Committees. As of 31 December 2023, it consisted of three Board members, Hari Kumar, Eugene Tierney and Silvio Inderbitzin. The members of the Nomination Committee are elected by the Board.

**Board - organizational structure and areas of responsibility (DCG 3.5/3.6)**

**Core tasks of the Board**

The Board is entrusted with the ultimate direction of the Company and supervision of Executive Committee. The Board's non-transferable and inalienable duties include the following:

The ultimate management of the Company, by determining the strategy of the Company based on discussions with Executive Committee, e.g., whether to evaluate, pursue or execute a financing, M&A or licensing transaction or a strategy before regulatory authorities such as the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA).

The determination of the organizational structure of the Company, in terms of both organization by departments and organization through the legal structure of the Group.

The oversight of the accounting system, financial control (including the Company's internal control system, risk management as well as financial planning), through structured processes of budgeting/forecasting (both bottom up and top down), variance analyses, regular latest estimates and invoice approvals.

The appointment, recall and supervision of the Executive Committee, the determination of their areas of responsibility and their signing authorities.

The Board is also responsible for the preparation of the Annual Report, AGM and EGMs (if any), carrying out shareholders' resolutions, and notification to the judge in case of over-indebtedness of the Company.

The Board has delegated the day-to-day management of the Company to the Executive Committee under the leadership of the CEO. The Executive Committee is supported by a management team where major functions are represented.

***Work methods of the Board and its Committees (DCG 3.5.3)***

The adoption of resolutions and elections by the Board requires a majority of the votes cast. To validly pass a resolution, more than half of the members of the Board must be present at the meeting. In case of an impasse, the chairman has a casting vote. Meetings of the Board may also be held by tele- or videoconference and resolutions may be taken by circular.

In the period under review, the Board has held 8 ordinary meetings, thereof 8 virtual, 0 in person and 0 strategy meetings held in person. In addition, the Board held 2 extraordinary virtual meetings with an average duration of approximately 45 minutes. In all of these meetings (except on one of the ad-hoc meetings), the full Board was present. Therefore, the board meetings had an overall attendance of 100 % in the period under review.
The Board meetings were, with the exception of certain directors-only sessions, usually attended by the CEO, CFO and other members of the Executive Board. Some meetings were partially attended by external advisers.

In 2023, all resolutions by the Board were taken unanimously.

**Information and control instruments vis-à-vis the Executive Committee (DCG 3.7)**

As a rule, the whole Executive Committee participates in the Board meetings and reports to the Board on the current course of business and all significant issues and transactions. Other employees may be invited to attend to present and discuss certain agenda items covering their area of expertise, for example, to discuss results and progress of clinical studies and submissions to regulatory authorities. From time to time, the Board also invites the Company's auditors and tax or legal advisors to its meetings.

Extraordinary transactions and issues must be reported by the CEO to the Board immediately. The CEO is in regular contact with the Board. Each member of the Board is entitled to request and receive information on all matters of the Company and has access to the Company's and the Company's subsidiaries' property, records and personnel.

The CEO, other members of the Executive Committee and additional executives provide regular reports to the Board and to the Board committees. Reported topics include business developments and transactions, claims, reserving, reserve movements, corporate developments, key projects, financial highlights from an accounting as well as from an economic perspective, liquidity, treasury activities.
Due to its size, the Company does not have an internal audit function, but parts of this function have been allocated to its finance team.

***Gender Guidelines (DCG 3.8)***

Not Applicable.

## 4. Executive Management (DCG 4 and 3.6)

In 2023, the Executive Management consisted of five executives.

| Name | Function | Nationality |
|---|---|---|
| **Alexander Bausch** | CEO | DE |
| **Matthew Wright** | COO and Head of Research | US, CH |
| **Thierry Fumeaux** | CMO | CH |
| **Claudia Berger** | CCDO | CH |
| **Subhasis Roy** | Interim CFO | CH |

The members of the Executive Management are appointed by the Board after evaluation of the Nomination Committee.

During the Board and Board committee meetings, the CEO reports to the Board as well as whenever required on an ad hoc basis.

The CEO, together with Executive Management, is responsible for implementation of the strategy and the decisions taken by the Board and its Committees within the approved budget. With the support of the management team - consisting of the members of Executive Management, he prepares the business strategy and business plan for decision by the Board. The CEO approves material contracts, decides on the Company's intellectual property rights and the handling of lawsuits. He also allocates financial, personnel and other resources within Kinarus and supervises the members of the management team. The management team has regular meetings that usually cover the following topics: development programs and clinical studies, regulatory strategies, resource allocation, business development, competitive situation, risk management and internal control system, corporate affairs including important contracts, supply chain and information on subsidiaries, financing situation and strategies, internal and external financial reporting, financial controlling, public and investor relations, human resources, taxes, legal and compliance.

***Alexander Bausch***

Dr. Alexander Bausch serves as CEO and Vice Chairman of the Board and is the Founder of Kinarus AG, where he was the CEO since inception. Dr. Bausch has extensive commercial, development and executive leadership expertise from a 20-year career in the pharmaceutical industry. Prior to founding Kinarus AG, he worked as an independent consultant strategically supporting venture capital funds and small biotech companies. While at Roche, Dr. Bausch led Research and Development teams across seven therapeutic areas, most recently as Life Cycle Leader for a global phase 3 program where he developed the strategic roadmap for commercialization up to product launch. He has entered more than ten drugs into clinical development including four molecules successfully into phase 2 and one into phase 3. In his early career, Dr. Bausch served as head of Solid Dosage Form Development at Roche. He is an expert in formulation research, aerosol development, and powder technology. Dr. Bausch is a pharmacist by training and obtained his Ph.D. from the University of Basel.

Alexander Bausch has no other activities and vested interests.

***Matthew Wright***

Dr. Matthew Wright is a seasoned scientific leader with over 20 years of experience in drug discovery research. Prior to joining Kinarus, Dr. Wright served as Research Leader and Scientific Expert at Roche. During this time, he led teams that implemented novel drug discovery approaches for the identification of small molecule modulators of nuclear hormone receptors, and for identification of drug targets in cardiovascular and metabolic health. During his tenure, he also directed academic collaborations, drug discovery and strategic alliances. Dr. Wright previously held a post-doctoral fellowship at the University of Washington, Department of Pathology, with Dr. D. F. Bowen-Pope, researching mechanisms of vessel restenosis and tissue repair. He has authored numerous articles in the fields of nuclear hormone receptors (NHR) drug discovery, signal transduction and vascular biology, and is an inventor of over 25 issued and pending patents. He holds a Ph.D. in biochemistry, molecular biology, and cell biology from Northwestern University.
Matthew Wright has no other activities and vested interests.

***Thierry Fumeaux***

Dr. Thierry Fumeaux, a specialist in intensive care medicine and internal medicine, is the former executive president of the Swiss Society of Intensive Care Medicine, former president of the Clinical Care expert group of the Swiss National COVID-19 Scientific Task Force, former head of the Internal Medicine ward and the ICU of a Swiss regional hospital, and former adjunct Professor of Medicine at the University of Geneva. After an EMBA at IMD Lausanne, he left his clinical activities to join Kinarus as CMO. He is also active as President of the Swiss Foundation for Intensive Care Medicine.

Thierry Fumeaux is CEO, CMO and board member of Acthera Therapeutics, Switzerland.

***Claudia Berger***

Claudia Berger gained her expertise from more than 15 years in the pharmaceutical industry and is leading all clinical trial projects at Kinarus in collaboration with external vendors. Prior to this, Ms. Berger headed the clinical trial operations unit at Delenex Therapeutics AG in Zurich. In her former role as Principal Clinical Scientist at Novartis in Basel, she led clinical trial teams responsible for the conduct of global clinical studies encompassing profiling, biomarker and more than 12 proof of concept studies. Further responsibilities addressed the management of Novartis' early development portfolio as well as 4 associates. Ms. Berger is a pharmacist and obtained her Master of Science degree in Pharmacy at the University of Basel. She also holds a Diploma as a

University Professional of Advanced Studies in Pharmaceutical Medicine (ECPM Course), also performed at the University of Basel.

Claudia Berger is Senior VP of Clinical Development of ImmunOs Therapeutics, Switzerland.

**Subhasis Roy**

Subhasis Roy has over 20 years of healthcare industry experience initially as a healthcare banker/advisor and later as a biopharmaceutical company leader. Prior to Kinarus, he was Interim CFO of NLS Pharmaceutics, a Nasdaq listed clinical-stage Swiss biopharmaceutical company developing therapies for rare CNS disorders. Previously, he was CEO/COO of Novaremed, a clinical-stage private Swiss biopharmaceutical company developing therapies for diabetic neuropathy. Prior to his operating roles in the biopharmaceutical industry, he was Managing Partner and Co-Founder of Sirius Healthcare Partners, a healthcare advisory boutique advising and executing transactions for emerging healthcare companies. Prior to Sirius, he was a healthcare banker at various investments banks (UBS, HSBC, DKB), where he advised large and mid-size healthcare companies and executed numerous financing and M&A transactions. He holds an MBA in Finance and General Management from Fuqua School of Business at Duke University, NC, USA and Masters' and Bachelors' degrees in Commerce from University of Mumbai, India.

Subhasis Roy is a board member of Vaccentis, Switzerland.

**Other activities and vested interests (DCG 4.2)**

Other than described above, no member of Executive Committee has any position in governing or supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private or public law, nor any permanent management or consultancy function for important Swiss and freeing interest groups, nor any official function or political posts.

**Permitted activities in other companies (DCG 3.3 and 4.3)**

The Articles provide for the following maximum numbers of permitted activities in other companies:

| | Maximum number of Activities in listed companies | Maximum number of activities Activities in private companies |
|---|---|---|
| **Board Members** | 4 | 15 |
| **Members of the Executive Management** | 2 | 10 |

**Management contracts (DCG 4.4)**

As of 31 December 2023, there are no management contracts between the Company and third parties.

**Gender Guidelines (DCG 4.5)**

Not Applicable.

## 5. Compensation, Shareholdings and Loans (DCG 5)

An extensive description of the compensation system and the amounts paid in the year under review are available in the separate Compensation Report of this Annual Report.

## 6. Shareholders' Participation (DCG 6)

**Voting rights restrictions and representation (DCG 6.1)**

There are no voting right restrictions and no statutory group clauses. Consequently, there were no exceptions to be granted and there is no procedure or requirements for the abolishment of voting restrictions and/or statutory group clauses.

A shareholder may be represented by any third party based on written proxy. In addition, any shareholder may have his or her Shares represented by the independent proxy. There are no provisions in the Articles that differ from statutory provisions regarding the participation of shareholders in the shareholders' meetings.

**Statutory quora (DCG 6.2)**

The Articles contain no quora which differ from the applicable legal provisions.

**Convocation of the Shareholders' Meeting (DCG 6.3)**

The Articles contain no provision on the convocation of the shareholders' meetings that differ from the applicable legal provisions.

**Agenda rules(DCG 6.4)**

The Board decides on agenda items and motions of the shareholders' meetings. Shareholders may, up to 45 days before the date of the shareholders' meeting, request that items be included in the agenda. Such a request must be in writing and must specify the items and the motions to be submitted.

**Registrations in the share register (DCG 6.5)**

Shareholders entered into the share register as shareholders on a specific qualifying day designated by the Board (record date) are entitled to attend and vote on such shareholders' meeting.

## 7. Changes of Control and Defense Measures (DCG 7)

**Duty to make an offer (DCG 7.1)**

The Company's shareholders resolved for the opting out provision in 2022. As a result, art. 135 FMIA does not apply to the shareholders and purchasers of equity securities of the Company.

**Clauses on changes of control (DCG 7.2)**

As of 31 December 2023, there are no clauses on changes of control in any agreements and scheme from which members of the Board and/or the Executive Committee or other employees benefit or may benefit.

## 8. Auditors (DCG 8)

**Duration of the mandate and term of office of the lead auditor (DCG 8.1)**

Ernst & Young, Basel, assumed the auditing engagement for the Company in 2023. The shareholders' meeting elects the Company's auditors for a term of office of one year. The auditor in charge is Fabian Meier. He assumed his responsibility in 2022.

**Auditing fees and additional fees (DCG 8.2/8.3)**

The following fees were charged for professional services rendered by Ernst & Young in 2023 (audit-related fees have been incurred in connection with capital increases and review procedures):

| In TCHF | 2023 | 2022 |
|---|---|---|
| Fees for audit services | 114 | 112 |
| Fees for audit-related services | 35 | 107 |

Audit services are defined as the standard audit work that needs to be performed each year in order to issue an opinion on the consolidated financial statements of Kinarus Group and to issue reports on the local statutory financial statements. It also includes services that can only be provided by the Group auditor and includes the verification of the implementation of new or revised accounting policies.

Audit-related services include those other services provided by auditors but not restricted to those that can only be provided by the auditor signing the audit report. They comprise services in relation to general accounting matters. For reasons of good corporate governance, Kinarus Group contracted the provision of tax and accounting services to a company other than Ernst & Young.

**Supervisory and control instruments pertaining to the audit (DCG 8.4)**

The Board performs its supervisory and control functions towards the external auditors. In particular, the Board meets with the auditors at the end of an audit or review to discuss in depth the audit procedures, any findings made, and recommendations proposed. The auditor's reports to the Board are also extensively discussed.

## 9. Information Policy (DCG 9)

Kinarus reports to its shareholders, employees, business partners and other public stakeholders in an open, transparent and timely manner. Equal treatment of all stakeholders is the guiding principle behind its partnership- based approach. In doing so, Kinarus is able to promote an understanding of its objectives, strategy and business activities, and to ensure an increasing degree of awareness about Kinarus. The Company has adopted a comprehensive disclosure policy to protect Kinarus' interests and assets, to release material information in a timely and controlled manner, to observe the legal requirements and rules and in particular to also distinguish competencies and responsibilities of corporate and strategic disclosure and those applicable in clinical development.

The most important information tools are news releases, the AGMs, the Annual Report, the Interim Reports and the website https://www.kinarus.com/about-us/company-overview.htm
Investors and other parties interested in subscribing to the Company's news service may do so by registering themselves on the website of the Company after the Business Combination: ir.curatis.com.

**Corporate events 2023**

The 2024 Annual General Meeting will be held on 21 June 2024. See also Kinarus' financial calender on its website: https://ir.curatis.com/financial-calendar/

## 10. Quiet Periods (DCG 10)

According to Kinarus' Insider Trading Guidelines, quiet Periods (i) begin on the day following the financial statements date of the annual- or semi-annual-report respectively and end at the close of business two trading days following the date of publication of the respective annual- or semi-annual report and (ii) begin 10 calendar days before the meeting of the board of directors adopting the publication of the agenda of any shareholders' meeting and end at the close of business two trading days following the date of publication of the agenda. During the quiet periods, the members of the Board and all persons, whose activities or function give them access to financial results or other material information of Kinarus that is not yet public are prohibited to trade Shares or financial instruments related to such Shares.

# COMPENSATION REPORT

## Introduction

**This Compensation Report describes and represents the situation of Kinarus Holding as of 31 December 2023. Since then, significant events have occurred and the corporate structure, the entire strategy and business model pursued and the composition of the Board of Directors and Executive Management Team have significantly changed. As a result, this Compensation Report does not reflect the situation as of the date of the publication of this Annual Report.**

The compensation report provides an overview of the Kinarus Group's compensation principles and systems in place for the financials year 2023, i.e. reflects the situation as of 31 December 2023. It contains information about the principles of remuneration, procedures for determining remuneration and components of compensation for the Board of Directors and Executive Management of Kinarus Group. The Compensation Report meets the requirements of Art. 734 at seq of the Swiss Code of Obligations (SCO), and is based on the Directive on Information Relating to Corporate Governance (Corporate Governance Directive) issued by SIX Swiss Exchange as well as on Kinarus Group's Articles of Associations. According to Art 728 Swiss Code of Obligations; the Compensation Report has to be reviewed by the auditor.

### Compensation Governance

At the beginning of the year 2023, the Compensation Committee ("CC") consisted of three members of the Board of Directors. The members of the CC are elected individually by the shareholders' meeting for a term of office running until completion of the following annual shareholders' meeting.

At the Annual General Meeting ("AGM") of 28 June 2023 of Kinarus Therapeutics Holding AG, Hari Kumar (Chairman of the Board of Directors), Eugene Tierney and Silvio Inderbitzin (Board members) were elected as members of the CC.

The CC assists the Board of Directors in establishing and periodically reviewing the Company's compensation strategy and guidelines as well as in preparing the proposals to the General Meeting regarding the compensation of the members of the Board of Directors and of the Executive Management. It may submit proposals and recommendations to the Board of Directors regarding other compensation-related issues. The Board of Directors may promulgate regulations to determine for which positions of the Board of Directors and of the Executive Management the CC, together with the Chairman of the Board of Directors or on its own, shall submit proposals for the compensation, and for which positions it shall determine the compensation in accordance with the Articles of Association and the compensation guidelines established by the Board of Directors. The Board of Directors may delegate further tasks and powers to the CC.

### General Compensation Principles

The Board of Directors submits proposals to the General Meeting regarding the maximum amounts of the fixed compensation (for the following business year) and variable compensation (for the past business year). Within such limits, the Board of Directors, upon a proposal of the CC, decides upon the fixed and variable compensation elements, their components, and the possible performance metrics for the variable compensation. Compensation may be paid or granted in the form of cash, share options, other benefits or in kind. The Board of Directors, upon proposal of the CC determines grant, vesting, blocking, exercise, and forfeiture conditions; it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture, for example in case of pre-determined events such as o termination of on employment or mandate agreement. The Board of Directors evaluates compensation according to the principles that apply to the compensation report.

The Company's compensation policy is designed to attract, motivate and retain talent in order to support the achievement of the Company's financial and strategic objectives and also to ensure that the total compensation package is market competitive. By combining short- and long-term incentive elements, the Board believes that the compensation system is designed in a way that the interests of the management are aligned with the interests of the Company and its shareholders. The Company's compensation system does not set any unintended enticements or contain any components that could be counterproductive to the objectives of the compensation system. The compensation system shall ensure compliance and best practice. In addition, compensation elements are focused on rewarding the delivery of outstanding and sustainable results without inappropriate risk-taking.

## Compensation Elements

### *I. Board of Directors Compensation Elements*

The Board of Directors are remunerated in relation to their responsibilities. The compensation for members of the Board of Directors consists of:

- Cash fees
- Option grants (long-term incentive)

Both components, cash fees and option grants, do not depend on the achievement of corporate goals or the individual performance of a board member. Additionally, the Company pays social security contributions due on the annual cash fees.

However, the Board of Directors has not received any cash or stock based compensation during the years 2022 and 2023 due to the challenging liquidity situation of Kinarus Group

### *II. Executive Management Compensation Elements*

The Executive Management members are remunerated in relation to their position, responsibilities, experience, skills and performance. The compensation for members of the Executive Management consists of:

- Fixed compensation
- Variable compensation:
  - Performance bonus (short-term incentive)

***Fixed compensation***

The fixed compensation for the Executive Management members includes base salary, allowances, social security contributions and payments to the pension fund by the Company. Base salary of the CEO and members of the Executive Management are reviewed annually by the CC and CEO, respectively.

***Variable compensation: Performance Bonus***

The performance bonus, accrued for the calendar year, is usually paid in cash at the end of first quarter of the calendar year, is based on the individual Executive Management member's performance during the previous year and if the Company's financial situation allows for a cash payment. At the discretion of the CC, the performance bonus is determined individually for each member of the Executive Management as a percentage of the base salary, ranging from 20-30%.

Neither in 2022 nor 2023 were any bonuses paid.

***Variable compensation: Option Grants***

The objective of the option grants is to align the variable long-term compensation of the Executive Management with the Company's strategy. As of 31 December 2023 the Company did not have an Employee Stock Option Plan ("ESOP") in place to grant options to members of the Board of Directors and Executive Management.

**Compensation of the Members of Board of Directors (audited table)**

The members of the Board of Directors of the Company as of 31 December 2023 are shown below.

***Disclosure of Compensation of members of the Board of Directors for the financial year 2023:***

| TCHF | Cash Fees | Option Grants |
|---|---|---|
| Hari Kumar, Chairperson (until 1 March 2024) | 0 | 0 |
| Alexander Bausch, Vice-Chairman and Member (until 1 March 2024)* | 0 | 0 |
| Eugene Tierney, Member (until 1 March 2024) | 0 | 0 |
| Silvio Inderbitzin, Member (until 1 March 2024) | 0 | 0 |

No remuneration was paid to members of the Board of Directors in 2023. Out-of-pocket expenses were reimbursed to all members of the Board of Directors.

***Disclosure of Compensation of members of the Board of Directors for the financial year 2022:***

| TCHF | Cash Fees | Option Ggrants |
|---|---|---|
| Hari Kumar, Chairperson (from 2 June 2022) | 0 | 0 |
| Alexander Bausch, Vice-Chairman and Member (from 2 June 2022) | 0 | 0 |
| Eugene Tierney, Member (from 2 June 2022) | 0 | 0 |
| Silvio Inderbitzin, Member (from 2 June 2022) | 0 | 0 |
| Anouck Ansermoz, Chairwoman (until 2 June 2022) | 0 | 0 |
| Stephen Grey, Member (until 2 June 2022) | 0 | 0 |

* Alexander Bausch's compensation as CEO of the Company is disclosed under Executive Management compensation.

No remuneration was paid to current or former members of the Board of Directors in 2023 and 2022. Out-of-pocket expenses were reimbursed to all members of the Board of Directors.

**Compensation of the Members of Executive Management (audited table)**

The current members of the Executive Management, as shown below, took over the operational responsibility of the Company on 2 June 2022 upon the completion of the acquisition of Kinarus AG by the Company. Anouck Ansermoz, CFO of Perfect Holding SA, was part of the Executive Management until 2 June 2022 and resigned from the position upon completion of the acquisition.

After 31 August 2023, no compensation had been paid to any member of the Executive Management Team due to the lack of liquidity of the company. The Members of the Executive Management, apart from the CEO, Dr. Alexander Bausch, are entitled to a total of category I payments of TCHF 117 in the liquidation process of Kinarus AG in the amount of the wage, social security & pension contributions equal to their monthly salary for the termination period of their employment contract, in case such cash can be generated from sale of assets in the liquidation process.

The table below lists the compensation paid in 2023 until 31 August:

**Disclosure of Compensation of members of the Executive Management for the financial year 2023:**

| TCHF | Base salary*** | Performance bonus | Social security & pensions*** | Total compensation*** | Option grants |
|---|---|---|---|---|---|
| Alexander Bausch, CEO (until 30 August 2023) | 173 | 0 | 33 | 206 | 0 |
| Matthew Wright, COO (until 30 August 2023) | 122 | 0 | 16 | 138 | 0 |
| Thierry Fumeaux, CMO (until 30 August 2023) | 80 | 0 | 16 | 96 | 0 |
| Claudia Berger, CCDO (until 30 August 2023) | 50 | 0 | 10 | 60 | 0 |
| Subhasis Roy, Interim CFO** (until 30 June 2023) | 72 | 0 | 0 | 72 | 0 |
| **Total** | **497** | **0** | **75** | **572** | **0** |

** Subhasis Roy, as an external consultant, received fixed monthly fees of TCHF 12, excluding VAT. Subhasis Roy's contract as an external CFO had been terminated as of 30 June 2023.

*** The figures account for only 8 months of compensation of current members of the Executive Management, apart from Subhasis Roy whose contract as an external CFO had been terminated as of 30 June 2023.

***Disclosure of Compensation of members of the Executive Management for the financial year 2022:***

| TCHF | Base salary | Performance bonus | Social security & pensions | Total compensation | Option grants |
|---|---|---|---|---|---|
| Anouck Ansermoz, CFO* (until 2 June 2022) | 50 | 0 | 0 | 50 | 0 |
| Alexander Bausch, CEO (from 2 June 2022) | 151 | 0 | 30 | 181 | 0 |
| Matthew Wright, COO (from 2 June 2022) | 122 | 0 | 24 | 146 | 0 |
| Thierry Fumeaux, CMO (from 2 June 2022) | 70 | 0 | 15 | 85 | 0 |
| Claudia Berger, CCDO (from 2 June 2022) | 70 | 0 | 15 | 85 | 0 |
| Subhasis Roy, Interim CFO** (from 2 June 2022) | 84 | 0 | 0 | 84 | 0 |
| **Total** | **547** | **0** | **84** | **631** | **0** |

* Anouck Ansermoz, as an external consultant, received fixed monthly fees of TCHF 10, excluding VAT.

** Subhasis Roy, as an external consultant, received fixed monthly fees of TCHF 12, excluding VAT.

*** The figures (except for Anouck Ansermoz) account for only seven months of compensation of current members of the Executive Management.

## Employment Contracts

Subhasis Roy, Interim CFO had a written external consulting agreement that was terminated as of 30 June 2023. There is no contractual provision regarding a severance pay for members of the Board of Directors.

## Indirect Benefits

The Company contributes to pension plans which are based on defined contributions, for old age pension, disability and death. The risk portion provides benefits for widowers (spouse), orphans and long-term disability in case of sickness. The amount of pension benefits depends on the employee's age and insured compensation. Both employee and employer contribute to the pension plans.

## Loans and Credits (audited)

At 31 December 2023 and at 31 December 2022, there were no loans and/or credits granted by any company of the Kinarus Therapeutics Holding Group to any current or former member of the Board of Directors or Executive Management.

## Shareholdings of Members of the Board of Directors and Executive Management (audited table)

***Disclosure of Shareholdings of members of the Board of Directors as at 31 December 2023:***

| | Number of Shares | Number of Options |
|---|---|---|
| Hari Kumar*, Chairman | 1,874,250 | 0 |
| Alexander Bausch, Vice-Chairman and Member | 0 | 0 |
| Eugene Tierney, Member | 6,063,696 | 0 |
| Silvio Inderbitzin**, Member | 44,684,874 | 0 |

* Hari Kumar's shareholding is held by his wife, Jacqueline Wallach, a related party.

** Silvio Inderbitzin's shareholding includes shares held by his wife, Mrs. Gabriele Inderbitzin-Köhler, a related party.

***Disclosure of Shareholdings of members of the Board of Directors as at 31 December 2022:***

| | Number of Shares | Number of Options |
|---|---|---|
| Anouck Ansermoz, Chairperson (until 2 June 2022) | 0 | 0 |
| Stephen Grey, Member (until 2 June 2022) | 7,840,361 | 0 |
| Hari Kumar*, Chairman | 1,874,250 | 0 |
| Alexander Bausch, Vice-Chairman & Member | 122,167,556 | 0 |
| Eugene Tierney, Member | 6,063,696 | 0 |
| Silvio Inderbitzin**, Member | 44,684,874 | 0 |

* Hari Kumar's shareholding is held by his wife, Jacqueline Wallach, a related party.
** Silvio Inderbitzin's shareholding includes shares held by his wife, Mrs. Gabriele Inderbitzin-Köhler, a related party.

***Disclosure of Shareholdings of members of the Executive Management as at 31 December 2023:***

| | Number of Shares | Number of Options |
|---|---|---|
| Alexander Bausch, CEO (from 2 June 2022) | shown above | shown above |
| Matthew Wright, COO (from 2 June 2022) | 17,308,533 | 0 |
| Thierry Fumeaux, CMO (from 2 June 2022) | 279,394 | 0 |
| Claudia Berger, CCDO (from 2 June 2022) | 389,692 | 0 |
| Subhasis Roy, Interim CFO (from 2 June 2022) | 0 | 0 |

***Disclosure of Shareholdings of members of the Executive Management as at 31 December 2022:***

| | Number of Shares | Number of Options |
|---|---|---|
| Anouck Ansermoz, CFO (until 2 June 2022) | 0 | 0 |
| Alexander Bausch, CEO (from 2 June 2022) | shown above | shown above |
| Matthew Wright, COO (from 2 June 2022) | 16,589,790 | 0 |
| Thierry Fumeaux, CMO (from 2 June 2022) | 2,279,394 | 0 |
| Claudia Berger, CCDO (from 2 June 2022) | 7,189,692 | 0 |
| Subhasis Roy, Interim CFO (from 2 June 2022) | 0 | 0 |

## Other activities and vested interests (audited table)

| | Organisation | Role | Conflict with Kinarus |
|---|---|---|---|
| **Hari Kumar** | UCL Global Business School of Health, UK | Advisory Board Member | No |
| | Mantra Bio, US | Advisor | No |
| **Eugene Tierney** | Versamed, CH | Board Member | No |
| | MicroQuin, US | Advisor | No |
| **Silvio Inderbitzin** | Hanseler, CH | Chairman of the BoD | No |
| | Sciensus AG, CH | Chairman of the BoD | No |
| | Ulrich Jüstrich Holding AG | Board Member | No |
| | Aurealis Therapeutics, CH | Board Member | No |
| | Cellestia Biotech, CH | Board Member | No |
| | Obviotec AG, CH | Board Member | No |
| | Swiss Cancer Research Foundation, CH | Member of the Foundation Board | No |
| | Swiss Cancer Foundation, CH | President of the Committee of Founding | No |
| | Helvecura, CH | Member of the Administration | No |

Other than described above, none of the members of the Board has any position in governing or supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private or public law, nor any permanent management or consultancy function for important Swiss and foreign interest groups, nor any official function or political posts.

## Comparison Actual Figures and Figures Approved by the Annual General Meeting

| TCHF | Actual figures 2023* | Figures approved by AGM for 2023 |
|---|---|---|
| Total compensation of the current members of the Board of Directors | 0 | 120** |
| Total compensation of the current members of Management | 572 | 1,000 |

* The figures account for only eight months of compensation of current members of the Executive Management.

* The Members of the Executive Management, apart from the CEO, Dr. Alexander Bausch, are entitled to a total of category I payments of TCHF 117 in the liquidation process of Kinarus AG in the amount of the wage, social security & pension contributions equal to their monthly salary for the termination period of their employment contract, in case such cash can be generated from sale of assets in the liquidation process.

** The compensation of the members of the Board of Directors was approved for the period from the 2023 Annual General Meeting to the 2024 Annual General Meeting.

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To the General Meeting of
Kinarus Therapeutics Holding AG, Basel

Basel, 23 May 2024

# Report of the statutory auditor on the audit of the compensation report

**Opinion**

We have audited the compensation report of Kinarus Therapeutics Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 22 to 26 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

**Basis for opinion**

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors' responsibilities for the compensation report**

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's responsibilities for the audit of the compensation report**

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is 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 Swiss law and SA-CH 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, 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.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

| | |
|---|---|
| /s/Fabian Meier<br>Licensed audit expert<br>(Auditor in charge) | /s/Simon Walti<br>Licensed audit expert |

# Kinarus Therapeutics Holding AG

# Financial Statements for the year ended 31 December 2023 and 2022

**Kinarus Therapeutics Holding AG**

# Consolidated Financial Statements
# for the year ended 31 December 2023 and 2022

## Table of contents

### Kinarus Therapeutics Holding AG (consolidated financial statements)

## Kinarus Therapeutics Holding AG

## Consolidated income statement (in TCHF)

| TCHF | Notes | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|---|
| Other income | 16 | - | 3'336 |
| External research and development expenses | | (716) | (1'507) |
| Payroll expenses | 8 | (875) | (516) |
| General and administrative expenses | 9 | (1'455) | (1'631) |
| **Loss before financial result, taxes and depreciation and amortization** | | **(3'045)** | **(318)** |
| Depreciation of property, plant and equipment | 13 | (10) | (3) |
| Amortization of intangible assets | 14 | (479) | (1'519) |
| Impairment of intangible assets | 14 | (11'921) | (38'177) |
| Impairment of receivables related party | | (816) | - |
| Loss from deconsolidation of Kinarus AG | 5 | (34'473) | - |
| Financial income | 10 | - | 131 |
| Financial expenses | 10 | (14) | (10) |
| Exchange differences | 10 | (3) | (3) |
| **Loss before taxes** | | **(50'762)** | **(39'899)** |
| Income tax | 21 | 1'382 | 5'156 |
| **Loss for the period** | | **(49'380)** | **(34'743)** |
| | | | |
| **Loss attributable to:** | | | |
| Owners of the Company | | (49'380) | (34'732) |
| Minority interests | | - | (11) |
| | | **(49'380)** | **(34'743)** |
| | | | |
| **Loss per share** | | | |
| Basic and diluted loss profit per share (in CHF) | 11 | (0.03937) | (0.04947) |

The consolidated income statement contains seven months of transactions of the subsidiary Kinarus AG in 2022 after acquisition of Kinarus AG in June 2022. Kinarus AG was deconsolidated at 30 September 2023. Therefore, the consolidated income statement 2023 contains nine months of transactions of Kinarus AG.

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

## Kinarus Therapeutics Holding AG

## Consolidated balance sheet (in TCHF)

| TCHF | Notes | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | | 9 | 1’342 |
| Other current assets | 12 | 111 | 294 |
| **Current assets** | | **120** | **1’636** |
| Property, plant and equipment | 13 | - | 10 |
| Intangible assets | 14 | - | 12’400 |
| **Non-current assets** | | **-** | **12’410** |
| **Total assets** | | **120** | **14’046** |
| **LIABILITIES AND EQUITY** | | | |
| Trade account payables | | | 152 |
| Due to third parties | 15 | 26 | |
| Due to statutory auditors | 15 | 15 | |
| Other current liabilities due to third parties | 17 | 258 | 1’695 |
| **Current liabilities** | | **299** | **1’847** |
| Non-current borrowings (subordinated) | 18 | - | 3’000 |
| FOPH accrual | 16 | - | 1’064 |
| Other non-current liabilities due to related parties (subordinated) | 27.1 | 133 | - |
| Deferred tax liabilities | 21 | - | 1’382 |
| **Non-current liabilities** | | **133** | **5’446** |
| **Total liabilities** | | **432** | **7’293** |
| Share capital | 19 | 13’102 | 11’436 |
| Reserves | | 73’127 | 32’478 |
| Treasury shares | 20 | - | (1) |
| Accumulated losses | | (86’541) | (37’160) |
| **Total equity attributable to owners of the Company** | | **(312)** | **6’753** |
| **Total equity** | | **(312)** | **6’753** |
| **Total liabilities and equity** | | **120** | **14’046** |

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

## Kinarus Therapeutics Holding AG

## Consolidated statement of changes in equity (in TCHF)

| TCHF | Share capital | Reserves | Goodwill | Treasury shares | Accumulated losses | Attributable to owners of the Company | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **1'810** | **220** | **-** | **-** | **(2'430)** | **(400)** | **-** | **(400)** |
| Issuance of shares for acquisition of subsidiary (note 4) | 8'885 | 70'889 | (40'508) | (1) | - | 39'265 | 1'936 | 41'201 |
| Issuance of shares for acquisition of non-controlling interests (note 4) | 438 | 1'487 | | | | 1'925 | (1'925) | - |
| Issuance of shares through conversion of loans | 303 | - | - | - | - | 303 | - | 303 |
| Disposal of treasury shares through conversion of loans | - | 478 | - | - | - | 478 | - | 478 |
| Transaction costs | - | (88) | - | - | - | (88) | - | (88) |
| Reclassification of fully impaired goodwill (note 33) | - | (40'508) | 40'508 | - | - | - | - | - |
| Loss for the period | - | - | - | - | (34'732) | (34'732) | (11) | (34'743) |
| **Balance at 31 December 2022** | **11'436** | **32'478** | **-** | **(1)** | **(37'160)** | **6'753** | **-** | **6'753** |
| | | | | | | | | |
| **Balance at 1 January 2023** | **11'436** | **32'478** | **-** | **(1)** | **(37'160)** | **6'753** | **-** | **6'753** |
| Issuance of shares through conversion of loans and comittment fees (note 19) | 1'666 | 183 | - | - | - | 1'848 | - | 1'848 |
| Recyling of goodwill due to deconsolidation (note 5) | - | 40'508 | - | - | - | 40'508 | - | 40'508 |
| Reclassification of treasury shares | - | - | - | 1 | (1) | - | - | - |
| Transaction costs | - | (42) | - | - | - | (42) | - | (42) |
| Loss for the period | - | - | - | - | (49'380) | (49'380) | | (49'380) |
| **Balance at 31 December 2023** | **13'102** | **73'127** | **-** | **-** | **(86'541)** | **(312)** | **-** | **(312)** |

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

## Kinarus Therapeutics Holding AG

## Consolidated statement of cash flows (in TCHF)

| TCHF | Notes | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|---|
| Loss for the period | | (49'380) | (34'743) |
| Adjustments for non-monetary items: | | | |
| - Depreciation expenses | 13 | 10 | 3 |
| - Amortization expenses | 14 | 479 | 1'519 |
| - Loss from deconsolidation of Kinarus AG | 5 | 34'473 | - |
| - Impairment related party receivable | | 816 | - |
| - Impairmant intangible asset | 14 | 11'921 | 38'177 |
| - Income from government grants | 16 | - | (3'336) |
| - Loan waiver income | 10 | - | (131) |
| - Discount on Yorkville convertible loans | | 20 | |
| - Interest expense | | 13 | 10 |
| - Foreign exchange differences | | 1 | 3 |
| - Income tax | 21 | (1'382) | (5'156) |
| Change in working capital | | | |
| - (Increase)/decrease in other current assets | | 284 | (149) |
| - Increase/(decrease) in trade accounts payables | | (97) | (15) |
| - Increase/(decrease) in other current liabilities | | 956 | (828) |
| Interest paid | | - | (7) |
| **Net cash used in operating activities** | | **(1'885)** | **(4'653)** |
| Payments for property, plant and equipment | | - | (4) |
| Cash inflow from acquisition of Kinarus AG | 4 | - | 5'483 |
| Cash outflow from deconsolidation of Kinarus AG at 30.09.23 | 5 | (6) | - |
| **Net cash provided by investing activities** | | **(6)** | **5'479** |
| Transaction costs directly related to capital increase | | (42) | (88) |
| Proceeds from borrowings | | 600 | 479 |
| **Net cash provided by financing activities** | | **558** | **392** |
| Net increase/(decrease) in cash and cash equivalents | | (1'333) | 1'218 |
| Cash and cash equivalents at beginning of the period | | 1'342 | 124 |
| **Cash and cash equivalents at end of the period** | | **9** | **1'342** |

The consolidated statement of cash flows contains seven months of transactions of the subsidiary Kinarus AG in 2022 after acquisition of Kinarus AG in June 2022. Kinarus AG was deconsolidated at 30 September 2023. Therefore, the consolidated statement of cash flows 2023 contains nine months of transactions of Kinarus AG.

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

## Kinarus Therapeutics Holding AG

## Notes to the consolidated financial statements

### 1. General information

Kinarus Therapeutics Holding AG formerly known as Perfect Holding SA ("the Company") was originally incorporated in Yverdon-les-Bains, Switzerland, as a company limited by shares on 8 April 1997 with the Register of Commerce of the Canton of Vaud.

On 2 June 2022, the Company completed the acquisition of Kinarus AG, Basel ("Kinarus"), resulting in a reverse takeover of the Company by the former Kinarus shareholders. The Company acquired Kinarus by way of a share for share exchange. In a first step Kinarus shareholders representing 95.3% of the Kinarus issued share capital tendered their shares in exchange for newly issued shares of the Company, and such new shares were admitted for listing and trading on the SIX Swiss Exchange as from 3 June 2022. On 17 August 2022 the Company acquired in a second step the remaining 4.7% outstanding Kinarus shares. These shares were also listed on the SIX Swiss Exchange.

On 13 June 2022 the name of the Company was changed from Perfect Holding SA to Kinarus Therapeutics Holding AG and the Company moved its domicile to Basel, Switzerland.

These consolidated financial statements for the year ended 31 December 2023 were authorized for issuance by the Group's Board of Directors on 16 April 2024.

### 2 Liquidity and going concern

As of 31 December 2023, Kinarus Therapeutics Holding AG and its subsidiaries ("**the Group**") reported an accumulated loss of TCHF 86'541, including a loss in 2023 of TCHF 49'380 and a carried forward loss of TCHF 37'160. Furthermore, the Group's liquidity was depleted, with cash and cash equivalents standing at TCHF 9, despite efforts during 2023 to maintain financing through convertible loans, bridge loans and an intended investment agreement with ChaoDian (Hangzhou) Investment Management Co., Ltd. that was ultimately unsuccessful.

The Company and its subsidiary, Kinarus AG, filed for bankruptcy on 22 September 2023. Consequently, the court of the canton Basel-Stadt declared bankruptcy for both entities and placed the Company and Kinarus AG, into liquidation on 24 October 2023.

On 28 January 2024, the Company signed a transaction agreement ("**Transaction Agreement**") for the acquisition of Curatis AG, Liestal ("**Curatis**") through a share exchange transaction ("**Transaction**"). As part of this share exchange transaction, the shareholders of Curatis will contribute all their shares of Curatis to the Company in exchange of newly issued shares (in an ordinary capital increase) of the Company. The value of Curatis has been determined to amount to CHF 50m. The Transaction will inject new operational activity and secure substantial financial resources, ensuring the continuity of the Group and Company. In addition, the transaction will result in a positive total equity of the Company.

The Transaction has been approved by Curatis and the shareholders of the Company however the Transaction is conditional upon various conditions defined in the Transaction Agreement.

Post year-end 2023, Curatis raised in cash, net of expected cost for the Transaction, TCHF 3'000 which will be used to expand the current business ("**Interim Financing**").

As outlined above, due to the Transaction, the equity of the Company is projected to be positive again. In addition, the courts of the Canton of Basel-Stadt have revoked the Company's bankruptcy on 5 February 2024.

However, should the conditions precedent defined in the Transaction Agreement and mentioned above, some of which, at time of approving those financial statements, are not yet fulfilled and/or waived, leading to the cancellation of/failure to close the Transaction and its associated Interim Financing, the Company's board of directors would have to reassess the Company's strategies and may have to reapply for bankruptcy to the competent courts.

These factors highlight a material uncertainty that presents significant doubts about the Company's ability to continue as a going concern. Despite these uncertainties, the board of directors maintains confidence that, given the recent signing of the Transaction Agreement with Curatis and the additional net financing available to Curatis of TCHF 3'000 under the Interim Financing, the Group will be capable of fulfilling its obligations as they come due for a minimum of the next twelve months. Accordingly, the financial statements have been prepared on a going concern basis.

## 3 Summary of significant accounting policies

### 3.1 Basis of preparation

The Group's consolidated financial statements provide a true and fair view of the Group's consolidated statement of financial position, statement of income, statement of changes in equity and the statement of cash flows and have been prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. The financial statements of the Group are established in accordance with the standardised reporting and accounting policies. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with Swiss GAAP FER requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under the given circumstances. Real results may differ from those estimates. Management continuously reviews and, if necessary, adapts the estimates and underlying assumptions. Any changes are recognised in the period in which the estimate is revised.

As Kinarus was acquired on 2 June 2022, the consolidated financial statements only include seven months of profit and loss of Kinarus in 2022.

As Kinarus was deconsolidated on 30 September 2023, the consolidated financial statements only include nine months of profit and loss of Kinarus in 2023.

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

### 3.2 Significant accounting policies

*Consolidation*

The Group's consolidated financial statements include the assets, liabilities, income and expenses and cash flows of the subsidiaries which the Company directly or indirectly controls (see note 7). In this respect, control is defined as the power to control the financial and operating activities of the respective entity, so as to obtain benefits from its operations. The control is normally evidenced by the holding of more than half of the voting rights on share capital of an entity. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Companies acquired over the course of the year are revalued and consolidated in accordance with Group principles upon the date of acquisition. The Group applies the acquisition method of accounting to account for business combinations. Goodwill from business combinations represents the amount of the acquisition costs which exceeds the proportional actual value of the revalued net identifiable assets of the acquired company at the time of purchase.

### *Foreign currency translation*

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the country in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs ("CHF" or "Swiss francs"), which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign 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 income statement. All foreign exchange gains and losses are presented in the income statement within "Exchange differences".

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

on consolidation, exchange difference arising from the translation of the net investment in foreign operations are taken to "Cumulative translation adjustment" without affecting the income statement. On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the income statement as part of the gain or loss on sale.

### *Property, plant and equipment*

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical costs include expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are capitalized if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably. All other costs, e.g., for repairs and maintenance, are expensed as incurred. Gains and losses on disposals are determined as difference between proceeds and the carrying amount of the asset prior to disposal and are recognized in the income statement.

Depreciation of property, plant and equipment is calculated using the diminishing balance method to allocate costs to residual values over each asset's estimated useful life as follows:

- Furniture and fixtures: 25% of the residual carrying amount;
- Office equipment: 40% of the residual carrying amount.

Due to the loss of control over Kinarus the fixed assets of Kinarus have been fully written off (see note 13).

### *Goodwill*

Kinarus Therapeutic Holding AG offsets the goodwill from the acquisition of Kinarus in June 2022 against equity its financial statements for the period ended 31 December 2022. Due to the deconsolidation of Kinarus AG at 30 September 2023 the former offset goodwill of TCHF 40'508 was recycled through the income statement.

### *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 of 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. As of 31 December 2023, the Group does not capitalize any development costs for its development projects as based on the progress of the development projects the future benefit to the Group is still uncertain.

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

Amortization of intangible assets is calculated on a straight-line basis over 20 years, which is the estimated useful life of the intangible asset which is based on the expected use of the extensive preclinical and clinical safety and efficacy data, which the Company can freely use for development purposes, and which are, in the Company's view, supportive documentary evidence to conduct clinical studies relating to Pamapimod.

Based on the impairment test at 31 December 2022 the intangible asset was impaired to the market capitalisation of the Company at 31 December 2022. Due to the loss of control over Kinarus the remaining amount of the intangible asset was fully impaired at 30 September 2023 (see note 14).

*Impairment of non-financial assets*

The carrying amounts of non-financial assets are assessed at least annually for impairment or whenever there is an indication for impairment. The Group recognizes an impairment if the carrying amount of the non-financial asset exceeds its recoverable amount in the amount of the excess of the carrying value above the recoverable amount, which is the higher of the net selling price and the value in use.

If, as a result of the impairment assessment, the useful life of a non-financial asset changes, the remaining carrying amount is amortized systematically over the newly estimated useful life.

*Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at nominal value. Cash and cash equivalents include cash in hand, other short-term highly liquid investments with original maturities of three months or less. This position is readily convertible to known amounts of cash.

*Trade account payables*

Trade account payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

*Share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business reduce the proceeds from the equity issue and are recognised directly in equity as a deduction, net of tax, from the proceeds.

*Treasury shares*

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition, until they are cancelled. When such shares are subsequently sold, any consideration received is included in shareholders' equity.

*Current and deferred income taxes*

The tax expense for the period comprises current income taxes and deferred taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in equity (capital reserve).

Current income taxes

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities. The current income tax charge is calculated on the basis of the tax rates and tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Taxes on income are accrued in the same periods as the revenues and expenses to which they relate.

Deferred taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

*Pension plans*

Contributions related to the reporting period are presented as employee benefit expenses. The respective prepayment or accrued liability resulting from contractual, regulatory or legal bases are recognized as assets or liabilities on the balance sheet.

On an annual basis, the Group assesses for each individual pension plan whether an economic benefit or economic obligation from such pension plan exists. The basis for the assessment is contracts, financial statements of the pension institutions and other calculations presenting the financial situation, the existing surplus or deficit for each pension institution. Changes in the economic benefit or obligation are recognized in personnel expenses.

Economic benefits are recognized as long-term financial assets under “assets from pension institutions”. Economic obligations are recognized as long-term liabilities.

Employer contribution reserves or similar items are recognized as assets. If the Group has granted to pension institutions a conditional waiver of use, or intends to do so, the Group recognizes a corresponding provision on the asset from employer contribution reserves. To the extent a deficit is covered through a provision on the employer contribution reserves, the Group does not recognize an additional liability for such deficit.

Employer contribution reserves are recognized as long-term financial assets under “assets from employer contribution reserve”, with changes being recognized in personnel expenses.

As of 31 December 2023, as well as 31 December 2022, the Group does neither have assets from pension institutions nor employer contribution reserves.

*Leases*

The Group leases office space. The Group classifies these leases as operating leases as the risks and rewards incidental to ownership are not substantially transferred to the Group. Payments made under operating lease agreements are recognized in income on a straight-line basis over the lease term.

### 3.3 Critical judgements and accounting estimates

The preparation of the Group’s 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 and goodwill***

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.

## 4. Acquisition of subsidiary

On 2 June 2022, the Company acquired 95.3% of Kinarus' share capital by way of a share for share exchange, acquiring Kinarus shares in exchange for newly issued shares of the Company (see note 1).

***Consideration transferred***

| | TCHF |
|---|---|
| Non-cash (Kinarus Therapeutics Holding AG shares) | 79'772 |
| **Total consideration transferred** | **79'772** |

The consideration transferred was based on the market value of the Company's listed shares on the acquisition date and was determined as follows: 886'356'387 (888'514'758 shares of the Company issued to acquire 95.3% of the total share capital of Kinarus, less 2'158'371 shares of the Company thereof issued to acquired Kinarus shares held in treasury by Kinarus at the acquisition date and therefore not part of the consideration) multiplied by the fair value (market price) of CHF 0.09 per share resulting in a total consideration of TCHF 79'772.

On 17 August 2022, the Company completed an authorized capital increase of TCHF 2'447. This capital increase relates to the contribution in kind of the remaining 286'159 shares in Kinarus (4.7% of the total share capital of Kinarus), which were not yet held by the Group. After completion of the capital increase, the Company held 100% of the Kinarus shares.

*Assets acquired and liabilities assumed at the date of acquisition*

The fair values of the assets acquired and the liabilities assumed of Kinarus as at the acquisition date (2 June 2022) are as follows:

| | TCHF |
|---|---|
| **Current assets** | |
| Cash and cash equivalents | 5'483 |
| Other current assets | 133 |
| **Non-current assets** | |
| Property, plant and equipment | 9 |
| Intangible assets | 52'097 |
| **Current liabilities** | |
| Trade account payables | (80) |
| Current provisions | (1'140) |
| Other current liabilities | (1'363) |
| **Non-current liabilities** | |
| Non-current borrowings | (3'000) |
| Non-current prepayments | (4'400) |
| Deferred tax liabilities | (6'539) |
| **Net assets acquired** | **41'200** |

*Goodwill arising from the acquisition*

| | |
|---|---|
| Consideration transferred | 79'772 |
| + Minority interests (valued based on the net assets acquired) | 1'936 |
| ./. Net assets acquired | (41'200) |
| **Goodwill** | **40'508** |

The purchase price allocation included the revaluation of the existing intangible asset by TCHF 50'297 (TCHF 52'097 fair value of existing intangible asset minus TCHF 1'800 carrying amount of existing intangible asset) and a related deferred tax liability of TCHF 6'539. As no other individually identifiable assets meeting the recognition criteria were identified, the residual amount of the consideration transferred in the amount of TCHF 40'508 was allocated to goodwill. The goodwill was attributable to Kinarus' established organization and progress of its clinical development. The goodwill was offset against equity at the date of acquisition.

As a result of the drop in share price of the Company since acquisition, the net selling price, dropped below the value in use calculation, which is explained in note 14. As the recoverable amount, being the higher of selling price and value in use, only covers the carrying amount of the intangible asset, the entire goodwill was impaired. As goodwill was offset directly against equity, the impairment loss of TCHF 40'508 was not recognized in the consolidated income statement.

Beside the goodwill the value of the intangible asset was impaired. The intangible asset acquired in the business combination and the impairment test at 31 December 2023 and 31 December 2022 is further described in note 14.

*Net cash inflow from the acquisition*

| | TCHF |
|---|---|
| Cash and cash equivalent balance acquired | 5'483 |
| ./. Consideration paid in cash and cash equivalents | - |
| **Total net cash inflow** | **5'483** |

## 5 Deconsolidation of subsidiary

### 5.1 Description of transaction

On 30 September 2023, the Group deconsolidated its subsidiary Kinarus due to loss of control. The consolidated income statement 2023 and consolidated statement of cash flow 2023 contain nine months of Kinarus.

### 5.2 Analysis of deconsolidation of Kinarus

*Deconsolidation of assets and liabilities*

| TCHF | 30.09.2023 |
|---|---|
| **Current assets** | |
| Cash and cash equivalents | 6 |
| Other current assets | 7 |
| **Total assets** | **13** |
| **Current liabilities** | |
| Other current liabilities | (1,884) |
| **Non-current liabilities** | |
| Non-current borrowings | (3,100) |
| Non-current prepayments | (1,064) |
| **Total liabilites** | **(6,048)** |
| **Net liabilites deconsolidated** | **(6,035)** |
| | |
| Recycling of goodwill | 40,508 |
| | **40,508** |
| **Loss from deconsolidation** | **34,473** |

The effect from deconsolidation of net liabilities and the recycling of goodwill is recognised in the income statement 2023 as net amount of TCHF 34'473.

## 6 Segment information

Before the deconsolidation of Kinarus at 30 September 2023 the Group operated in one segment which primarily focused on the development of its drug product candidates. Since the Group has not yet achieved any revenues, no revenues by geography or product group can be disclosed yet.

After the deconsolidation of Kinarus at 30 September 2023 the Group does not have an operating business segment.

## 7 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 | |
|---|---|---|---|---|---|
| | | | | 31 December 2023 | 31 December 2022 |
| Kinarus AG in Liquidation (i) | Basel, Switzerland | CHF | 609'345 | 0.00% | 100.00% |
| Perfect Aviation SA in Liquidation (ii) | Geneva, Switzerland | CHF | 650'000 | 100.00% | 100.00% |

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

(i) Kinarus is due to loss of control deconsolidated at 30 September 2023 and only nine months of transactions in 2023 is included in the consolidated financial statements.
(ii) Perfect Aviation SA is since 21 March 2023 (entry into the commercial trade register) in the liquidation process. Perfect Aviation SA in Liquidation is fully consolidated in 2023 since the Company still has control over this subsidiary.

## 8 Payroll expenses

| TCHF | 01.01.23-31.12.23 | 01.01.22-31.12.22 |
|---|---|---|
| Salary expenses | 744 | 434 |
| Social contribution expenses | 131 | 79 |
| Other personnel expenses | - | 3 |
| **Total** | **875** | **516** |

## 9 General and administrative expenses

| TCHF | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|
| Professional services expenses (i) | 1'086 | 956 |
| VAT expenses (ii) | 169 | - |
| Commitment fees and other fees to Yorkville (iii) | 1 | 449 |
| Office and other administrative expenses | 199 | 226 |
| **Total** | **1'455** | **1'631** |

(i) Professional services expenses in 2022 mainly due to legal and listing costs in relation to the acquisition of Kinarus, which is further described in note 4. In 2023 professional services expenses are mainly related to legal, advisory and audit costs. The following fees were charged for professional services rendered by Ernst & Young:

| TCHF | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|
| Audit services | 114 | 112 |
| Audit related services | 35 | 107 |
| **Total** | **149** | **219** |

Audit-related fees in 2022 have been incurred in connection with capital increases and related comfort letters and review procedures. Ernst & Young did not provide any other services in 2023 or 2022.

(ii) VAT expenses in 2023 relate to a claim of the Swiss VAT authorities regarding Kinarus filed to the courts of the canton Basel-Stadt in connection with the liquidation of Kinarus.

(iii) In relation with the Yorkville financing agreement, the Company had to pay Yorkville a commitment fee of TCHF 400 in cash or shares (at the option of the Company). TCHF 200 was paid in cash in August 2022 and TCHF 200 remain outstanding at 31 December 2022 as accrued liability and converted into Company shares in 2023. In addition, further fees of TCHF 49 were paid to Yorkville in 2022 in relation to the establishment of the Yorkville agreement and the conversion of the convertible loans in 2022.

## 10 Financial income/ (expenses)

| TCHF | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|
| Loan waiver income (i) | - | 131 |
| **Total financial income** | **-** | **131** |
| | | |
| Interest expenses on borrowing due to related parties | (13) | (6) |
| Bank charges | (1) | (4) |
| **Total financial expenses** | **(14)** | **(10)** |
| | | |
| Foreign currency exchange gains | 0 | 6 |
| Foreign currency exchange losses | (3) | (9) |
| **Exchange differences** | **(3)** | **(3)** |

(i) In March 2022, certain loan amounts and related accrued interests granted to the Group under a bridge facility were waived.

## 11 Loss per share

| | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|
| Loss for the period attributable to owners of the Company (in TCHF) | (49'380) | (34'732) |
| Weighted average number of shares | 1'254'292'081 | 702'105'120 |
| **Basic and diluted loss per share (in CHF)** | **(0.03937)** | **(0.04947)** |

Basic and diluted loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of shares outstanding during the period. In 2023, the weighted average number of shares outstanding varied as a result of capital increases (see note 19).

## 12 Other current assets

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Receivable from Yorkville (i) | - | 110 |
| Receivable related to capital increase (ii) | 108 | - |
| Other receivables | 3 | 26 |
| Prepaid social contributions | - | 8 |
| Other prepaid expenses | - | 57 |
| VAT receivables | - | 93 |
| **Total** | **111** | **294** |

Other current assets are neither impaired in value nor do they include receivables which are overdue as of 31 December 2023 and 31 December 2022, respectively.

(i) The Company paid TCHF 110 at the end of 2022 in order to redeem the fourth tranche of the Yorkville convertible loan of TCHF 100 plus TCHF 10 for early redemption costs to Yorkville in cash, but Yorkville decided to convert the TCHF 100 of the convertible loan into Company shares after the cash transfer was made. As a result, Yorkville paid back TCHF 110 to the Company.
As of 31 December 2022, this funds transfer was in process and the funds were credited to the Company on 9 January 2023.

(ii) The TCHF 200 Yorkville commitment fee liability was converted below the nominal value at a price of CHF 0.0065 per Company's share (nominal value per share is CHF 0.01) in September 2023 into 30'769'230 Company shares. This conversion resulted in an increase of the share capital of TCHF 308 but TCHF 108 need to be paid in to have fully paid-in 30'769'230 Company shares (see note 19). The outstanding payment for the full liberation of the shares of TCHF 108 was done in March 2024.

## 13 Property, plant and equipment

| TCHF | 2023 | 2022 |
|---|---|---|
| **Cost** | | |
| **Balance at 1 January** | **13** | **-** |
| Additions | - | 3 |
| Additions through acquisition of subsidiary | - | 10 |
| **Balance at 31 December** | **13** | **13** |
| | | |
| **Accumulated depreciation** | | |
| **Balance at 1 January** | **(3)** | **-** |
| Depreciation and impairment charges | (10) | (3) |
| **Balance at 31 December** | **(13)** | **(3)** |
| | | |
| **Carrying amount** | | |
| Balance at 1 January | 10 | - |
| **Balance at 31 December** | **-** | **10** |

Property, plant and equipment mainly include IT equipment of the acquired subsidiary Kinarus as well as further IT equipment acquired by Kinarus. Due to the loss of control over Kinarus the fixed assets have been fully written off at 30 September 2023.

## 14 Intangible assets

| TCHF | 2023 | 2022 |
|---|---|---|
| **Cost** | | |
| **Balance at 1 January** | **52'097** | **-** |
| Addition through acquisition of subsidiary | - | 52'097 |
| **Balance at 31 December** | **52'097** | **52'097** |
| | | |
| **Accumulated depreciation** | | |
| **Balance at 1 January** | **(39'696)** | **-** |
| Amortization expense | (479) | (1'519) |
| Impairment expense | (11'921) | (38'177) |
| **Balance at 31 December** | **(52'097)** | **(39'696)** |
| | | |
| **Carrying amount** | | |
| Balance at 1 January | 12'400 | - |
| **Balance at 31 December** | **-** | **12'400** |

The intangible asset represented an exclusive, worldwide license to patent families and a license (the "Roche License") from Hoffmann La Roche ("Roche") for the development and worldwide commercialization of products with the active substance Pamapimod, which is the active substance used in the Group's formerly acquired product candidate KIN001.

The value of the Roche License primarily related to extensive preclinical and clinical safety and efficacy data, which the Group was able to freely use until deconsolidation of Kinarus on 30 September 2023 for research and development purposes.

***Impairment test 2023***

Due to the loss of control over Kinarus the Company has no access to the patent families and Roche License and is not able to further develop its clinical programs. As a result, the intangible asset was fully impaired at 30 September 2023 (deconsolidation of Kinarus) by TCHF 11'921.

***Impairment test December 2022***

Since completion of the reverse takeover of Kinarus AG by the Company on 2 June 2022 and 31 December 2022 the share price of the Company went down from CHF 0.09 (closing price at 2 June 2022) to CHF 0.0114 at 31 December 2022.

During this period, the highest share price was CHF 0.09 on 2 June 2022 and lowest share price was CHF 0.0082 on (4 November 2022).

The lack of recovery of the share price can be attributed to the Company's termination of a clinical trial of its lead drug in hospitalized COVID-19 patients in September 2022 and also due to the Group's inability to find sufficient sources of capital to initiate its planned clinical trials in Wet AMD and IPF.

For intangible assets the recoverable amount is determined as the higher of the net selling price and value in use. In order to determine the recoverable amount of the intangible asset for impairment test purposes, the board of directors has explored various strategic options since October 2022 such as licensing and trade sale discussions with potential pharma partners. Those discussions have not been successful in generating any third-party offer validating the net selling price until 31 December 2022. The board of directors have also concluded that the value in use may be lower than the net selling price due to the diminished prospects of generating any meaningful revenues from the development of KIN001 due to the Group's termination of its clinical trial in COVID-19 hospitalized patients and its inability to initiate any further development of KIN001 in wet-AMD and IPF.

The board of directors has therefore deemed that the traded market value as at 31 December 2022 to be an appropriate benchmark for the net selling price and for establishing the fair value of the intangible asset.

Based on the closing share price of CHF 0.0114 at 31 December 2022 and based on the outstanding shares at 31 December 2022 and considering selling costs an impairment loss of TCHF 38’177 was calculated.

See table below for details:

| | 31 December 2022 |
|---|---|
| Kinarus Therapeutics Holding shares | 1’143’603’038 |
| Less treasury shares of the Group | (10’557’244) |
| **Outstanding Kinarus Therapeutics shares** | **1’133’045’794** |
| | |
| Closing share price Kinarus Therapeutics Holding (CHF) | 0.01140 |
| **Market value outstanding shares (TCHF)** | **12’917** |
| Less selling costs 4% (TCHF) | (517) |
| **Market value outstanding shares less selling costs (TCHF)** | **12’400** |
| Intangible asset values 31 December 2022 after amortisation and before impairment (TCHF) | 50’577 |
| Impairment (TCHF) | (38’177) |
| **Intangible asset value after impairment (TCHF)** | **12’400** |

## 15 Trade account payables

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Related to research and development expenses | - | 51 |
| Related to general and administrative expenses | 41 | 101 |
| **Total** | **41** | **152** |

## 16 Other income / FOPH accrual

In December 2021, Kinarus was accepted in the Swiss Federal Funding Programme for COVID-19 Medicines which allowed Kinarus to receive prepayments for its lead COVID-19 drug candidate (KIN001) up to the total amount of TCHF 7’000 to finance two COVID-19 clinical trials. In December 2021, Kinarus received the first two tranches of the prepayment in the total amount of TCHF 4’400.

Due to contractual renegotiation between Kinarus and the Federal Office of Public Health (FOPH) in 2022 the prepayment of TCHF 4’400 was not further qualified as repayment but as grant. At 31 December 2022 the Company has made an internal assessment of the estimated amount of TCHF 1’064 may have to be paid back to FOPH.

In relation with the release of the prepayment of TCHF 4'400 an amount of TCHF 3'336 was booked as other income in 2022 which is the difference between the original prepayment of TCHF 4'400 from FOPH and the expected repayment of TCHF 1’064 at 31 December 2022.

Due to the deconsolidation of Kinarus AG in liquidation as of 30 September 2023 the liability is no longer recognized in these consolidated financial statement (see note 5).

## 17 Other current liabilities

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Payables in relation to social contribution | - | 37 |
| Accrued commitment fees due to Yorkville (i) | - | 200 |
| Accrued commitment fees due to GEM (ii) | - | 1'140 |
| Accrued research and development expenses | - | 112 |
| Accrued professional services expenses | 207 | 155 |
| Accrued holidays (incl. social costs) | - | 22 |
| Other current liabilities | 51 | 29 |
| **Total** | **258** | **1'695** |

(i) On 21 August 2022, the Company executed a financing agreement with Yorkville to raise up to TCHF 20'000 over three years by issuance of convertible notes. The Company has to pay Yorkville a commitment fee of TCHF 400 in cash or shares (at the option of the Company). TCHF 200 was paid in cash in August 2022 and TCHF 200 remain outstanding at 31 December 2022 .

The Commitment Fee of TCHF 200 was settled in September 2023 by issuance of Company shares (see note 19).

(ii) On 6 September 2021, Kinarus signed an agreement with GEM Global Yield LLC SCS ("GEM"), a Luxembourg-based private, alternative investment group. Under the agreement, GEM commits to provide the Group after completion of the reverse takeover between Kinarus and Perfect Holding (now: Kinarus Therapeutics Holding) on 2 June 2022 a share subscription facility of up to TCHF 57'000 for a period of 36 months following the completion of the reverse takeover. The Company has to pay GEM a commitment fee of TCHF 1'140 in cash or shares (at the option of the Company).

The Commitment Fee of TCHF 1'140 was settled in April 2023 by issuance of Company shares (see note 19).

## 18 Non-current borrowings (subordinated)

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Due to third parties - subordinated | - | 3'000 |
| **Total** | **-** | **3'000** |

In May 2021 Kinarus signed a subordinated loan in the amount of TCHF 3'000 with Basler Kantonalbank, of which 90% were guaranteed by the canton of Basel-Stadt and 10% by the Eckstein-Geigy-Stiftung. The loan was interest free until 31 December 2022 and the lender retains the right to charge an interest from 1 January 2023 until the loan matures on 1 June 2025.

As compensation for the surety and bank guarantee, Kinarus granted warrants to the guarantors mentioned above, which allow them to subscribe for 532'670 of Kinarus shares during the term of the subordinated loan.

The subordinated third party loan of TCHF 3'000 was deconsolidated on 30 September 2023. In the course of the liquidation process of Kinarus, Basler Kantonalbank set the subordinated loan of TCHF 3'000 to default and draw the guarantees from canton of Basel-Stadt and Eckstein-Geigy-Stiftung.

## 19 Share capital

| | Number of shares | | Nominal value of share capital (in TCHF) | |
|---|---|---|---|---|
| | 01.01.23-31.12.23 | 01.01.22-31.12.22 | 01.01.23-31.12.23 | 01.01.22-31.12.22 |
| **Balance at 1 January** | **1'143'603'038** | **181'018'281** | **11'436** | **1'810** |
| Issuance of shares through acquisition of Kinarus (1. closing) | | 888'514'758 | | 8'885 |
| Issuance of shares through acquisition of Kinarus (2. closing) | | 43'782'327 | | 438 |
| Issuance of shares through conversion of convertible loans | | 30'287'672 | | 303 |
| Issuance of shares Yorkville convertible loans | 32'167'257 | | 322 | |
| Issuance of shares GEM commitment fee | 103'636'364 | | 1'036 | |
| Issuance of shares Yorkville commitment fees | 30'769'230 | | 308 | |
| **Balance at 31 December** | **1'310'175'889** | **1'143'603'038** | **13'102** | **11'436** |

At 31 December 2023, the issued share capital amounts to TCHF 13'102, consisting of 1'310'175'889 fully paid shares with a nominal value of CHF 0.01 each, whereas TCHF 108 share capital need to be paid due to the TCHF 200 Yorkville conversion below nominal value (see below).

In 2023 the share capital increased as follows:

- Between January and March 2023, the Company issued in total TCHF 400 convertible loans from Yorkville. These TCHF 400 convertible loans (plus TCHF 1 interests) were converted into Company shares between January and March 2023, resulting in an increase of the share capital of TCHF 322 and a share premium of TCHF 79. The new shares were created from conditional capital.
- The conversion of the GEM commitment fee of TCHF 1'140 in April 2023 resulted in an increase of the share capital of TCHF 1'036 and a share premium of TCHF 104. The new shares were created from conditional capital.
- The conversion of the Yorkville commitment fee of TCHF 200 in September 2023 resulted in an increase of the share capital of TCHF 308. Due to the conversion of the shares under the nominal value no share premium resulted from this conversion. The TCHF 200 Yorkville commitment fee liability was converted below nominal value at a price of CHF 0.0065 per share (nominal value per share of the Company is CHF 0.01) in September 2023 into 30'769'230 Company shares. This conversion resulted in an increase of the share capital of TCHF 308 but TCHF 108 need to be paid in to have fully paid-in 30'769'230 shares. (see note 12).

As the capital increases in 2023 through the conversion of the Yorkville convertible loans (TCHF 400), the conversion of the GEM commitment fee (TCHF 1'140) and the conversion of the Yorkville commitment fees (TCHF 200) has not yet been registered at 31 December 2023 in the commercial trade register, the registered share capital in the commercial trade register amounts to TCHF 11'436, consisting of 1'143'603'038 fully paid shares.

In 2022 the share capital increased as follows:

- June 2022: Issuance of a total of 888'514'758 shares with a nominal value of CHF 0.01 at CHF 0.09 per share through contribution in kind of Kinarus shares, resulting in an increase of the share capital of TCHF 8'885 and share premium of TCHF 40'765 in connection with the 95.3% acquisition of the Kinarus shares in June 2022 in the course of the completion of the reverse takeover. The new shares were created from authorised capital.
- August 2022: Issuance of a total of 43'782'327 shares with a nominal value of CHF 0.01 at CHF 0.09 per share through contribution in kind of the residual Kinarus shares, resulting in an increase of the share capital of TCHF 438 and share premium of TCHF 2'009 in connection with the remaining 4.7% acquisition of the Kinarus shares in August 2022. The new shares were created from authorised capital.
- Q4 2022: Issuance of a total of 30'287'672 shares with a nominal value of CHF 0.01 at CHF 0.01 per share through conversion of convertible notes received from Yorkville, resulting in an increase of the share capital of TCHF 303 and no share premium. The new shares were created from conditional capital.

## 20 Treasury shares

| Number of registered shares | 31 December 2023 Acquisition cost CHF | 31 December 2023 Number of shares | 31 December 2022 Acquisition cost CHF | 31 December 2022 Number of shares |
|---|---|---|---|---|
| Owned by Kinarus Therapeutics Holding | - | 8'398'873 | - | 8'398'873 |
| Owned by Kinarus AG (i) | - | - | 1'410 | 2'158'371 |
| **Total** | **-** | **8'398'873** | **1'410** | **10'557'244** |

At 31 December 2023, the Group held a total of 8'398'873 (31 December 2022: 10'557'244) treasury shares.

(i) On acquisition of Kinarus (see note 4), the 14'107 treasury shares held by Kinarus were exchanged against 2'158'371 shares of the Company. The treasury shares of Kinarus were valued at the historical purchase price of CHF 0.1 per share totalling to CHF 1'410. Since Kinarus was deconsolidated on 30 September 2023 the Kinarus treasury shares are no longer available to the Company (see consolidated statement of changes in equity).

## 21 Income tax / Deferred tax liabilities

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Taxable temporary differences** | | |
| Intangible assets | - | 12'400 |
| Less statutory value Intangible assets in Kinarus AG | - | (1'800) |
| **Net deductible temporary difference** | **-** | **10'600** |
| Tax rate | 13.04% | 13.04% |
| **Deferred tax liabilites** | **-** | **1'382** |

| TCHF | Opening balance 1.1. | Acquisition of subsidiary | Recognised in profit or loss (Income tax income) | Closing balance 31.12 |
|---|---|---|---|---|
| **2022** | | | | |
| Intangible assets | - | 6'539 | (5'156) | 1'382 |
| **Total deferred tax liabilites** | **-** | **6'539** | **(5'156)** | **1'382** |
| **2023** | | | | |
| Intangible assets | 1'382 | - | (1'382) | 0 |
| **Total deferred tax liabilites** | **1'382** | **-** | **(1'382)** | **0** |

Deferred income taxes on tax loss carryforwards are not capitalised. The utilisation of these tax loss carryforwards is recognised upon realisation. The expiry of these losses is as follows:

| TCHF | 31.12.23 | 31.12.22 |
|---|---|---|
| Expiration in 1 to 3 years | 7'340 | 5'456 |
| Expiration in 4 to 7 years | 54'783 | 43'615 |
| | **62'123** | **49'071** |

The unrecognised theoretical deferred tax asset for unused tax loss carryforwards is TCHF 8'101 at 31 December 2023 (31 December 2022: TCHF 6'399).

The tax loss carryforwards cannot be utilised in every case and are dependent on future profits of the Company.

## 22 Authorized share capital

At 31 December 2023, the authorized share capital amounts to TCHF 4’862, consisting of 486’179’687 shares with a nominal value of CHF 0.01 (31 December 2022: TCHF 4’862, consisting of 486’179’687 shares with a nominal value of CHF 0.01).

## 23 Conditional share capital

As the capital increases through the conversion of the convertible loans, GEM and Yorkville commitment fees have not yet been registered as at 31 December 2023 in the commercial trade register, at 31 December 2023, the conditional share capital amounts to TCHF 4’997, consisting of 499’674’342 shares with a nominal value of CHF 0.01 (31 December 2022: TCHF 4’997, consisting of 499’674’342 shares with a nominal value of CHF 0.01) to be used for future capital increases involving conversion and/or option rights.

## 24 GEM agreement

On 6 September 2021, Kinarus signed a financing agreement with GEM Global Yield LLC SCS (“GEM”), a Luxembourg-based private, alternative investment group. Under the agreement, GEM committed to provide Kinarus after completion of the reverse takeover between Kinarus and Perfect Holding on 2 June 2022 a share subscription facility of up to TCHF 57’000 for a period of 36 months following the completion of the reverse takeover. Drawdowns under the agreement are subject to certain pre-conditions and the volume of a possible drawdown depends on the liquidity of the Company shares.

In connection with this GEM agreement, Kinarus had to pay TCHF 1’140 in commitment fee in shares or cash (at the option of Kinarus), which was accrued in the balance sheet as at 31 December 2022, and issue 5-year warrants of the Company equal to 4.9% of the fully diluted outstanding share capital of the Company as of 2 June 2022 at an exercise price of CHF 0.071 per warrant.

On 10 April 2023 the Company, Kinarus, GEM and GEM Yield Bahamas Ltd. entered into an agreement whereas Kinarus assigned and the Company assumed the rights and obligations under the GEM agreements. As a result, the Company assumed the TCHF 1’140 commitment fees towards GEM.

The commitment fee of TCHF 1’140 and the issuance of warrants due to GEM were executed in April 2023. The Company issued 103’636’364 shares for the full settlement of the commitment fee of TCHF 1’140 (see note 19) and issued on 11 April 2023 54’405’351 5-year warrants to GEM at an exercise price of CHF 0.071 per warrant (see note 31.2).

On 25 January 2024 a confirmation and waiver letter was signed between the Company and GEM acknowledging the envisaged Transaction (see note 2). Further, the Company and GEM as parties to the warrant contract were released from all claims, rights, demands and liabilities, obligations and actions arising out of the warrant agreement (or other contractual obligations).

## 25 Yorkville agreement

On 21 August 2022, the Company executed a financing agreement with Yorkville Advisors Global LP respectively their fund YA II PN, LTD (together “Yorkville”) to raise up to TCHF 20’000 over three years by issuance of convertible notes. The unsecured convertible notes each have a term of 6 months and are convertible into the Company’s shares during the term by the holder of the convertible notes. The conversion price shall be determined as the lower of (i) 120% the volume-weighted 10-day trading price of the Company’s shares prior to Company’s decision to issue the convertible notes, or (ii) 92% of the lowest daily volume-weighted 10-day trading price of the Company’s shares prior to conversion. Interest is paid at an annual rate of 4% during the term of the notes. The Company issued until 31 December 2023 27’362’914 (31 December 2022: 8’928’571) 3-year warrants to acquire the Company’s common shares linked to the nominal value of the convertible notes at an exercise price of all outstanding warrants of CHF 0.01.

In September 2023 the TCHF 200 outstanding commitment fee was converted into 30’769’230 Company shares (see note 19).

On 24 January 2024, the financing agreement dated 21 August 2022 was mutually terminated with immediate effect except the warrants issued under several conversions of convertible loans totalling to 27’362’914 (see note 31.2) remain in full force and can be converted into Company shares.

## 26 ChaoDian (Hangzhou) Investment Management agreement

The Company signed on 8 May 2023 a subordinated convertible loan agreement for a TCHF 1'500 investment by ChaoDian (Hangzhou) Investment Management Co., Ltd., an investment company based in Hangzhou City, China ("CDIM"). Under the terms of the loan agreement, CDIM granted a subordinated loan in the amount of TCHF 1'500 to the Company for a fixed term of three years without any interest. During the term of the agreement, the outstanding loan amount can be converted at any time into Company shares with a nominal value of CHF 0.01 at a fixed conversion price of CHF 0.01 per Company share.

The Company sent an ultimate reminder dated 17 January 2024 regarding the subordinated convertible loan agreement to CDIM terminating the subordinated loan agreement if the payment of TCHF 1'500 is not done until 20 January 2024. The payment was neither done until 24 January 2024 nor thereafter.

## 27 Related parties

### 27.1 Related party balances

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Convertible loans (subordinated) | 133 | - |
| **Total** | **133** | **-** |

On 25 July 2023 the Company received TCHF 120 subordinated convertible loans from existing shareholders to ensure liquidity is available to the Company during the period of time required for bridging the pending transfer of funds pursuant to a TCHF 1'500 convertible loan investment from CDIM into the Company. The interest rate is 18% per annum. The holders of the subordinated convertible loans have set-off their claims totalling to TCHF 133 against a new convertible loan agreement with Curatis in January 2024 in the context of the contemplated Transaction (see note 34.6).

### 27.2 Related party transactions

| TCHF | 01.01.23-31.12.23 | 01.01.22-31.12.22 |
|---|---|---|
| Loan waiver income (i) | - | 131 |
| Interest expense on borrowings (ii) | 13 | - |
| License up-front payments (iii) | 100 | - |
| **Total** | **113** | **131** |

(i) On 3 March 2021 and as amended by addendum on 22 February 2022, the Company secured a bridge loan facility from The Fighter Collection, an entity related to one of its shareholders for an amount of TCHF 600. The loan waiver income of TCHF 131 in the period 1 January 2022 until 31 December 2022 relates to the waiver of an amount of TCHF 125 of the bridge loan facility and TCHF 6 of interests by The Fighter Collection as agreed in the signed Transaction Agreement between the Company and Kinarus.

(ii) Accrued interests for the TCHF 120 subordinated convertible loans from existing shareholders (see note 27.1).

(iii) Up-front payments totalling to TCHF 100 from existing Company shareholders regarding a license agreement for the commercialisation of the KIN001 drug compound for the medical indication Idiophatic Pulmonary Fibrosis (rare lung diseases). The license agreement is between Kinarus and the shareholders.

## 28 Key management compensation

The compensation paid to the executive management is shown below:

| TCHF | 01.01.23-31.12.23 | 01.01.22-31.12.22 |
|---|---|---|
| Employee benefit expenses (including social insurances) (i) | - | 581 |
| Employee benefit expenses (including social insurances) 1.1.23 - 31.8.23 (ii) | 580 | - |
| Employee benefit expenses (including social insurances) 1.9.23 - 31.12.23 (iii) | 190 | - |
| **Total** | **770** | **581** |

(i) The compensation for the executive Management of TCHF 581 in 2022 comprises the period after RTO from June 2022 to December 2022.

(ii) Compensation paid for the period 1 January 2023 until 31 August 2023. Due to a lack of liquidity of Kinarus and the Group no further compensation was paid to executive management after 31 August 2023.

(iii) Compensation which is due from 1 September 2023 until 31 December 2023 for executive management but not paid out due to lack of liquidity and loss of control over Kinarus.

In 2023 (and 2022), no other compensation elements were granted to key management (neither share options, nor any other compensation).

## 29 Operating lease arrangements

### The Company as lessee

***Description of leasing arrangements***

Operating leases relate to office leases. The Company does not have an option to purchase these leased assets at the end of the lease term.

***Payments recognised as expense in the year***

| TCHF | 2023 | 2022 |
|---|---|---|
| Lease payments | 19 | 10 |
| **Total leasing expense from operating leases** | **19** | **10** |

***Non-cancellable future minimum operating lease payments***

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Within one year | - | 21 |
| Later than one year and not later than five years | - | 11 |
| **Total future minimum lease payments** | **-** | **32** |

## 30 Non-cash transactions

On 10 April 2023 the Company, Kinarus, GEM and GEM Yield Bahamas Ltd. entered into an agreement whereas Kinarus assigned and the Company assumed the rights and obligations under the GEM agreements. As a result, the Company assumed the TCHF 1’140 commitment fees towards GEM (see note 24).

Settlement of Yorkville commitment fee of TCHF 200 in September 2023 by issuance of Company shares (see note 25).

## 31 Warrants, commitments and contingent liabilities

### 31.1 VAT Group

From the VAT point of view (art. 22 LTVA), the Company and Perfect Aviation SA are considered as one and sole company. In case of insolvency of one of the companies, the other companies are jointly responsible for the VAT liabilities (art. 32e LTVA). The VAT Group was terminated on 30 September 2023 in connection with the liquidation of Perfect Aviation SA in Liquidation (see note 7).

### 31.2 Outstanding warrants

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Number of warrants | Exercise price per warrant (CHF) | Number of warrants | Exercise price per warrant (CHF) |
| GEM warrants (i) | 54’405’351 | 0.071 | - | - |
| Yorkville warrants (ii) | 27’362’914 | 0.01 | 8’928’571 | 0.0336 |
| **Total** | **81’768’265** | | **8’928’571** | |

(iv) The Company issued in April 2023 54'405'351 5-year warrants to GEM for Company shares at an exercise price of CHF 0.071 per warrant.

(v) Related to the Yorkville agreement the Company issued until 31 December 2023 27'362'914 3-year warrants to Yorkville at an exercise price of CHF 0.01 per warrant.

As a result, in the context of the reverse share split of the Company, the exercise price and number of these warrants shall be proportionally increased and reduced, respectively, in line with the reverse share split ratio of 4'480 to 1.

### 31.3 Other contingent liabilities

Ventac Partners Ltd ("Ventac"), an advisory firm, will receive, until the expiry of the GEM agreement on 3 June 2026 and expiry of the 54'405'351 warrants on 11 April 2028, 7% fees on any amount drawdown from the GEM facility and proceeds of the exercise of warrants (see note 24).

At 31 December 2023 and 31 December 2022, there were no other contingent liabilities.

## 32 Significant shareholders

| in % of share capital | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| Erik Penser Bank AB | | 7.91% | | 0% |
| Alexander Bausch | | 0% | | 10.68% |
| Adrian Gut | | 7.54% | | 8.64% |
| Concert party | | | | |
| Haute Vison SA, Mauritius | 3.96% | | 5.56% | |
| Grover Ventures Inc., British Virgin Islands | 0.53% | | 0.96% | |
| Nicholas Grey | 0.84% | | 0.85% | |
| The Fighter Collection, United Kingdom | 0.58% | | 0.77% | |
| Stephen Grey | 0.68% | 6.58% | 0.69% | 8.84% |
| Messieurs Pictet & Cie, Switzerland | | 0% | | 5.26% |
| Silvia Hansel | | 4.14% | | 4.74% |
| Mr. and Mrs. Inderbitzin | | 3.41% | | 3.91% |
| Thomas Sander | | < 3% | | 3.34% |
| SO Holding AG, Switzerland | | < 3% | | 3.20% |
| Kinarus Therapeutics Holding AG (at 31.12.23: in Liquidation) | | < 3% | | < 3% |

Haute Vision SA, Grover Ventures Inc, Nicholas Grey, The Fighter Collection and Stephen Grey, who are deemed to form a group based on their family and business relationships and voting, held in aggregate 86'245'122 shares which represent 6.58% of the outstanding shares at 31 December 2023 of 1'310'175'889 (31 December 2022: 8.84% of the then outstanding shares of 1'143'603'038).

Mr. Silvio Inderbitzin and his wife, Mrs. Gabriele Inderbitzin-Köhler form a related party. Together they held 44'684'874 Company shares at 31 December 2023 i.e., 3.41% of the then 1'310'175'889 outstanding shares. (31. December 2022: 3.91 % of the then outstanding shares of 1'143'603'038).

## 33 Treatment of goodwill

Goodwill is offset against equity when it is created. Such goodwill was created with the acquisition of Kinarus in June 2022 (see note 4), in the amount of TCHF 40'508. Due to the deconsolidation of Kinarus at 30 September 2023 the goodwill was recycled. The impact of theoretical goodwill capitalisation on shareholder's equity and net income with subsequent depreciation of a useful life of 5 years as well as impairment is presented below.

Impact of the theoretical capitalisation of goodwill on the balance sheet:

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Reported equity** | **(312)** | **6'753** |
| **Net book value of goodwill** | | |
| As at the beginning of the financial period | - | - |
| Accumulated amortisation of goodwill | (40'508) | |
| Recycling of goodwill due to deconsolidation of Kinarus | 40'508 | |
| Additions | | 40'508 |
| Impairment | - | (40'508) |
| As at the end of the financial period | - | - |
| **Theoretical equity including net book value of goodwill** | **(312)** | **6'753** |

Impact of the theoretical capitalisation of goodwill on loss for the period:

| TCHF | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|
| **Loss for the period** | **(49'380)** | **(34'732)** |
| Theoretical impairment for the period | - | (40'508) |
| **Theoretical loss for the period after impairment of goodwill** | **(49'380)** | **(75'240)** |

## 34 Pensions

| TCHF | Deficit / Surplus 31.12.2023 | Change for the period recognised in income statement 31.12.2023 | Contributions accrued for the period (benefit) / liability 2023 | Pension expenses in personnel expenses 2023 |
|---|---|---|---|---|
| Pension plans without surplus / deficit | - | - | **20** | **47** |
| Pension plans with surplus | - | - | - | - |
| Pension plans with deficit | - | - | **-** | **-** |
| Pension plans with deficit | - | - | - | - |
| Pension institutions with own assets | - | - | - | - |
| | **-** | **-** | **20** | **47** |

| TCHF | Deficit / Surplus 31.12.2022 | Change for the period recognised in income statement 31.12.2022 | Contributions accrued for the period (benefit) / liability 2022 | Pension expenses in personnel expenses 2022 |
|---|---|---|---|---|
| Pension plans without surplus / deficit | - | - | **(8)** | **38** |
| Pension plans with surplus | - | - | - | - |
| Pension plans with deficit | - | - | **-** | **-** |
| Pension plans with deficit | - | - | - | - |
| Pension institutions with own assets | - | - | - | - |
| | **-** | **-** | **(8)** | **38** |

## 35 Subsequent events

### 35.1 GEM agreement

On 25 January 2024, a confirmation and waiver letter was signed between the Company and GEM (refer to note 24 for further information).

### 35.2 Yorkville agreement

On 24 January 2024, the financing agreement dated 21 August 2022 was mutually terminated (refer to note 25 for further information).

### 35.3 ChaoDian (Hangzhou) Investment Management agreement

On 17 January 2024, the Company sent an ultimate reminder to CDIM regarding terminating the subordinated convertible loan agreement (see note 26). The payment was neither done until 24 January 2024 nor thereafter and therefore, the subordinated convertible loan agreement with CDIM is deemed terminated.

### 35.4 Transaction agreement with Curatis

On 28 January 2024, the Company signed a transaction agreement with Curatis regarding the acquisition of Curatis by the Company by way of a share exchange transaction ("Transaction").

The Transaction has been approved by Curatis and the shareholders of the Company however the Transaction is conditional upon various conditions defined in the Transaction Agreement.

### 35.5 Revocation of bankruptcy

The liquidation of the Company was revoked on 5 February 2024 by the courts of the canton Basel-Stadt.

### 35.6 Subordinated convertible loans from shareholders

Subject to the closing of the contemplated Transaction, Curatis assumed the debt of the subordinated convertible loans totalling to TCHF 133 (see note 27.1) by way of issuing new Curatis shares to the loan providers.

### 35.7 Extraordinary general meeting of the Company

An extraordinary general meeting took place on 1 March 2024 of the Company. The main proposed resolutions were as follows:

- Ordinary capital increase for the reverse share split
- Reverse share split
- Ordinary capital reduction
- Ordinary capital inc rease and amendment to the articles of association
- Capital band and amendment to the articles of association
- Conditional capital and amendment to the articles of association
- New name and amendment to the articles of association
- New domicile and amendment to the articles of association
- New corporate purpose and amendment to the articles of association
- Election of new members of the board of directors and election of the chairman of the board of directors
- Election of new members of the compensation committee
- Election of the statutory auditors

The above outlined resolutions have been approved by the shareholders of the Company.

There were no other relevant events after the reporting date.

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To the General Meeting of
Kinarus Therapeutics Holding AG, Basel

Basel, 16 April 2024

# Report of the statutory auditor

## Report on the audit of the consolidated financial statements

**Opinion**

We have audited the consolidated financial statements of Kinarus Therapeutics Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 32 to 56) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

**Basis for opinion**

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

**Emphasis of matter**

We draw attention to note 2 of the consolidated financial statements, which indicates that there are significant execution risks in connection with the foreseen transaction. As stated in note 2, this event or condition, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key audit matters**

We have determined that there are no key audit matters to communicate in our report.

**Other information**

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and the stand-alone financial statements and our auditor's reports thereon. The annual report including the compensation report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Board of Directors' responsibilities for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law and SA-CH 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

## Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

| | |
|---|---|
| /s/Fabian Meier<br>Licensed audit expert<br>(Auditor in charge) | /s/Judith Galliker<br>Licensed audit expert |

## Kinarus Therapeutics Holding AG

## Statutory Financial Statements
## for the years ended 31 December 2023 and 2022

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### Kinarus Therapeutics Holding AG (consolidated financial statements)

## Kinarus Therapeutics Holding AG

## Income statement (in TCHF)

| TCHF | Notes | 01.01.23 - 31.12.23 | 01.01.22- 31.12.22 |
|---|---|---|---|
| General and administrative expenses | 4.11 | (827) | (970) |
| Other expenses | | (10) | (39) |
| Other income | | - | 125 |
| **Loss before financial result, taxes and impairment** | | **(837)** | **(884)** |
| Impairment of participation | 4.2 | (12'400) | (39'697) |
| Impairment of receivable from related party | 4.10 | (816) | - |
| Financial income | | 5 | 6 |
| Financial expenses | | (14) | (7) |
| **Loss before taxes** | | **(14'062)** | **(40'582)** |
| Income tax | | - | - |
| **Loss for the period** | | **(14'062)** | **(40'582)** |

## Kinarus Therapeutics Holding AG

## Balance sheet (in TCHF)

| TCHF | Notes | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | | 0 | 1 |
| Other current receivables due from third parties | 4.1 | 108 | 118 |
| Accrued income and prepaid expenses | | 3 | 21 |
| **Current assets** | | **111** | **140** |
| Investments | 4.2 | - | 12’400 |
| **Non-current assets** | | **-** | **12’400** |
| **Total assets** | | **111** | **12’540** |
| **LIABILITIES AND EQUITY** | | | |
| Trade account payables | | | |
| Due to third parties | 4.3 | 26 | 26 |
| Due to statutory auditors | 4.3 | 15 | - |
| Other current liabilities due to third parties | | 14 | - |
| Other current liabilities due to related parties | 4.4 | 9 | 309 |
| Accrued expenses and deferred income | 4.5 | 234 | 312 |
| **Current liabilities** | | **298** | **647** |
| Other non-current liabilities due to related parties (subordinated) | 4.6 | 133 | - |
| **Non-current liabilities** | | **133** | **-** |
| **Total liabilities** | | **431** | **647** |
| Share capital | 4.7 | 13’102 | 11’436 |
| Legal reserves from capital contribution | 4.8 | 43’654 | 43’471 |
| Free reserves | 4.9 | 1 | - |
| Reserves for treasury shares | 4.9 | - | 1 |
| Accumulated losses | | (43’015) | (2’433) |
| Loss for the period | | (14’062) | (40’582) |
| **Total shareholders' equity** | | **(320)** | **11’893** |
| **Total liabilities and shareholders' equity** | | **111** | **12’540** |

The accompanying notes form an integral part of the statutory financial statements.

## Kinarus Therapeutics Holding AG

## Notes to the financial statements

### 1 General information

Kinarus Therapeutics Holding AG formerly known as Perfect Holding SA (“the Company”) was originally incorporated in Yverdon-les-Bains, Switzerland, as a company limited by shares on 8 April 1997 with the Register of Commerce of the Canton of Vaud.

On 2 June 2022, the Company completed the acquisition of Kinarus AG, Basel (“Kinarus”), resulting in a reverse takeover of the Company by the former Kinarus shareholders. The Company acquired Kinarus by way of a share for share exchange. In a first step Kinarus shareholders representing 95.3% of the Kinarus issued share capital tendered their shares in exchange for newly issued shares of the Company, and such new shares were admitted for listing and trading on the SIX Swiss Exchange as from 3 June 2022. On 17 August 2022 the Company acquired in a second step the remaining 4.7% outstanding Kinarus shares. These shares were also listed on the SIX Swiss Exchange.

On 13 June 2022 the name of the Company was changed from Perfect Holding SA to Kinarus Therapeutics Holding AG and the Company moved its domicile to Basel, Switzerland. These financial statements for the year ended 31 December 2023 were authorized for issuance by the Group’s Board of Directors on 16 April 2024.

### 2 Liquidity and going concern

As of 31 December 2023, Kinarus Therapeutics Holding reported an accumulated loss of TCHF 57’077, including a loss in 2023 of TCHF 14’062 and a carried forward loss of TCHF 43’015. Furthermore, the Company’s liquidity was depleted, with cash and cash equivalents standing at TCHF 0, despite efforts during 2023 to maintain financing through convertible loans, bridge loans and an intended investment agreement with ChaoDian (Hangzhou) Investment Management Co., Ltd. that was ultimately unsuccessful.

The Company and its subsidiary, Kinarus, filed for bankruptcy on 22 September 2023. Consequently, the court of the canton Basel-Stadt declared bankruptcy for both entities and placed the Company and Kinarus, into liquidation on 24 October 2023.

On 28 January 2024, the Company signed a transaction agreement ("Transaction Agreement") for the acquisition of Curatis AG, Liestal (“Curatis”) through a share exchange transaction (“Transaction”). As part of this share exchange transaction, the shareholders of Curatis will contribute all their shares of Curatis to the Company in exchange of newly issued shares (in an ordinary capital increase) of the Company. The value of Curatis has been determined to amount to CHF 50m. The Transaction will inject new operational activity and secure substantial financial resources, ensuring the continuity of the Company. In addition, the transaction will result in a positive total equity of the Company.

The Transaction has been approved by Curatis and the shareholders of the Company however the Transaction is conditional upon various conditions defined in the Transaction Agreement.

Post year-end 2023, Curatis raised in cash, net of expected cost for the Transaction, TCHF 3’000 which will be used to expand the current business ("Interim Financing").

As outlined above, due to the Transaction, the equity of the Company is projected to be positive again. In addition, the courts of the Canton of Basel-Stadt have revoked the Company's bankruptcy on 5 February 2024.

However, should the conditions precedent defined in the Transaction Agreement and mentioned above, some of which, at time of approving those financial statements, are not yet fulfilled and/or waived, leading to the cancellation of/failure to close the Transaction and its associated Interim Financing, the Company's board of directors would have to reassess the Company's strategies and may have to reapply for bankruptcy to the competent courts.

These factors highlight a material uncertainty that presents significant doubts about the Company's ability to continue as a going concern. Despite these uncertainties, the board of directors maintains confidence that, given the recent signing of the Transaction Agreement with Curatis and the additional net financing available to Curatis of TCHF 3’000 under the Interim Financing, the Company will be capable of fulfilling its obligations as they come due for a minimum of the next twelve months. Accordingly, the financial statements have been prepared on a going concern basis.

## 3 Summary of significant accounting policies

### 3.1 General aspects

These financial statements were prepared according to the provisions of the Swiss law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principled are described below.

### 3.2 Significant accounting policies

*Cash and cash equivalents*
Cash and cash equivalents are carried in the balance sheet at nominal value. Cash and cash equivalents include cash in hand. This position is readily convertible to known amounts of cash.

*Investments*
Investments are valued at cost less necessary depreciation and impairment expenses. See detail of impairment test 2023 and 2022 in note 4.2.

*Trade account payables*
Trade account payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

*Share capital*
Ordinary shares are classified as equity.

*Treasury shares*
Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement.

## 4. Balance sheet and income statement items

### 4.1 Other current receivables

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Receivable from Yorkville | - | 110 |
| Other receivables | 108 | 8 |
| **Total** | **108** | **118** |

At the end of 2022 the Company paid TCHF 110 in order to pay back the fourth tranche of the Yorkville convertible loan of TCHF 100 plus TCHF 10 for early redemption costs to Yorkville, but Yorkville decided to convert the TCHF 100 into Company shares after the cash transfer was made. As a result, Yorkville paid back TCHF 110 to the Company on 9 January 2023.

The TCHF 200 Yorkville commitment fee liability was converted below the nominal value at a price of CHF 0.0065 per Company's share (nominal value per share is CHF 0.01) in September 2023 into 30'769'230 Company shares. This conversion resulted in an increase of the share capital of TCHF 308 but TCHF 108 need to be paid in to have fully paid-in 30'769'230 Company shares (see note 5.7). The outstanding payment for the full liberation of the shares of TCHF 108 was done in March 2024.

### 4.2 Investments

The following table lists the subsidiaries of the Company:

| TCHF | Share Capital | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| Kinarus (100% share capital and voting rights) | TCHF 609 | | |
| Gross book value | | 52'097 | 52'097 |
| Accumulated provision | | (52'097) | (39'697) |
| **Net book value** | | - | **12'400** |
| Perfect Aviation SA in Liquidation, Geneva, Switzerland (100% share capital and voting rights) | TCHF 650 | | |
| Gross book value | | 7'774 | 7'774 |
| Accumulated provision | | (7'774) | (7'774) |
| **Net book value** | | - | - |
| **Total net book value** | | - | **12'400** |

In June 2022 the Company acquired 95.3% of the Kinarus shares in connection with the reverse takeover and acquired the remaining 4.7% of the Kinarus shares in August 2022. The acquisition of Kinarus was a contribution in kind for a total amount of TCHF 52’097 and represents a total of 100% of the share capital of Kinarus, with a value of CHF 8.54964 per Kinarus share. The Kinarus shareholders received 932’297’085 shares of the Company based on the exchange ratio of 153 for each Kinarus share. See note 4.7.

Due to loss of control over Kinarus at 30 September 2023 the Company has no longer control over its subsidiary and has no longer shares or voting rights in Kinarus. Perfect Aviation SA in Liquidation, Geneva is since 21 March 2023 (entry into the commercial trade register) in the liquidation process.

***Impairment test December 2023***

Since 24 October 2023, the subsidiary Kinarus is set in liquidation and the Company lost control of its subsidiary. As a result, the remaining book value of the Kinarus participation was fully impaired at 31 December 2023 by TCHF 12’400.

***Impairment test December 2022***

Since completion of the reverse takeover of Kinarus by the Company on 2 June 2022 and 31 December 2022 the share price of the Company went down from CHF 0.09 (closing price at 2 June 2022) to CHF 0.0114 at 31 December 2022.

During this period, the highest share price was CHF 0.09 on 2 June 2022 and lowest share price was CHF 0.0082 on (4 November 2022).

The lack of recovery of the share price can be attributed to the termination of a clinical trial of its lead drug in hospitalized COVID-19 patients in September 2022 and also due to the Company’s inability to find sufficient sources of capital to initiate its planned clinical trials in Wet AMD and IPF. The board of directors has explored various strategic options since October 2022 such as licensing and trade sale discussions with potential pharma partners. Those discussions have not been successful in generating any third-party offer validating the book value of the Kinarus participation until 31 December 2022. Due to the diminished prospects of generating any meaningful revenues from the development of KIN001 and due to the termination of its clinical trial in COVID-19 hospitalized patients and its inability to initiate any further development of KIN001 in wet AMD and IPF the board of directors decided that the participation in Kinarus needs to be impaired at 31 December 2022.

The board of directors has therefore deemed that the traded market value as at 31 December 2022 to be an appropriate benchmark for the book value of the Kinarus participation.

Based on the closing share price of CHF 0.0114 at 31 December 2022 and based on the outstanding shares at 31 December 2022 and considering selling costs an impairment loss of TCHF 39’697 was calculated.

See table below for details.

| | 31 December 2022 |
|---|---|
| Kinarus Therapeutics Holding shares | 1’143’603’038 |
| Less treasury shares of the Group | (10’557’244) |
| **Outstanding Kinarus Therapeutics shares** | **1’133’045’794** |
| Closing share price Kinarus Therapeutics Holding (CHF) | 0.01140 |
| **Market value outstanding shares (TCHF)** | **12’917** |
| Less selling costs 4% (TCHF) | (517) |
| **Market value outstanding shares less selling costs (TCHF)** | **12’400** |
| Book value of the Kinarus AG investment before impairment (TCHF) | 52’097 |
| Impairment (TCHF) | (39’697) |
| **Book value of the Kinarus AG investment after impairment (TCHF)** | **12’400** |

## 4.3 Trade account payables

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Related to general and administrative expenses (i) | 41 | 26 |
| **Total** | **41** | **26** |

(i) Thereof TCHF 15 account payables at 31 December 2023 to the statutory auditors for audit services in 2023.

### 4.4 Other current liabilities due to related parties

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Related party payable due to Kinarus | - | 309 |
| Related party payable due to Perfect Aviation SA in Liquidation | 9 | - |
| **Total** | **9** | **309** |

In 2022 the subsidiary Kinarus provided cash and paid invoices on behalf of the Company totalling to TCHF 309 at 31 December 2022.

### 4.5 Accrued expenses and deferred income

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Commitment fee due to Yorkville (i) | - | 200 |
| Audit fees | 134 | 70 |
| Other accruals | 100 | 42 |
| **Total** | **234** | **312** |

(i) On 21 August 2022, the Company executed a financing agreement with Yorkville to raise up to TCHF 20'000 over three years by issuance of convertible notes. The Company had to pay Yorkville a commitment fee of TCHF 400 in cash or shares (at the option of the Company). TCHF 200 was paid in cash in August 2022 and TCHF 200 remained outstanding at 31 December 2022. In September 2023, the outstanding TCHF 200 Yorkville commitment fees were converted into Company's shares (see note 4.7).

### 4.6 Other non-current liabilities due to related parties (subordinated)

| TCHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Convertible loans | 133 | - |
| **Total** | **133** | **-** |

At 25 July 2023 the Company received TCHF 120 subordinated convertible loans from existing shareholders to ensure liquidity is available to the Company during the period of time required for bridging the pending transfer of funds pursuant to a TCHF 1'500 convertible loan investment from CDIM into the Company. The interest rate is 18% per annum. At 31 December 2023, interest expenses in the total amount of TCHF 13 were accrued. The holders of the subordinated convertible loans have set-off their claims totalling to TCHF 133 against a new convertible loan agreement with Curatis in January 2024 in the context of the contemplated Transaction (see note 7.6).

### 4.7 Share capital

| | Number of shares | | Nominal value of share capital (in TCHF) | |
|---|---|---|---|---|
| | **01.01.23-31.12.23** | **01.01.22-31.12.22** | **01.01.23-31.12.23** | **01.01.22-31.12.22** |
| **Balance at 1 January** | **1,143,603,038** | **181,018,281** | **11,436** | **1,810** |
| Issuance of shares through acquisition of Kinarus (1. closing) | | 888,514,758 | | 8,885 |
| Issuance of shares through acquisition of Kinarus (2. closing) | | 43,782,327 | | 438 |
| Issuance of shares through conversion of convertible loans | | 30,287,672 | | 303 |
| Issuance of shares Yorkville convertible loans | 32,167,257 | | 322 | |
| Issuance of shares GEM commitment fee | | | 1,036 | |
| | 103,636,364 | | | |
| Issuance of shares Yorkville commitment fees | 30,769,230 | | 308 | |
| **Balance at 31 December** | **1,310,175,889** | **1,143,603,038** | **13,102** | **11,436** |

At 31 December 2023, the issued share capital amounts to TCHF 13'102, consisting of 1'310'175'889 fully paid shares with a nominal value of CHF 0.01 each, whereas TCHF 108 share capital need to be paid due to the TCHF 200 Yorkville conversion below nominal value (see below).

In 2023 the share capital increased as follows:

- Between January and March 2023, the Company issued in total TCHF 400 convertible loans from Yorkville. These TCHF 400 convertible loans (plus TCHF 1 interests) were converted into Company shares between January and March 2023, resulting in an increase of the share capital of TCHF 322 and a share premium of TCHF 79. The new shares were created from conditional capital.
- The conversion of the GEM commitment fee of TCHF 1’140 in April 2023 resulted in an increase of the share capital of TCHF 1’036 and a share premium of TCHF 104. The new shares were created from conditional capital.
- The conversion of the Yorkville commitment fee of TCHF 200 in September 2023 resulted in an increase of the share capital of TCHF 308. Due to the conversion of the shares under the nominal value no share premium resulted from this conversion. The TCHF 200 Yorkville commitment fee liability was converted below nominal value at a price of CHF 0.0065 per share (nominal value per share of the Company is CHF 0.01) in September 2023 into 30’769’230 Company shares. This conversion resulted in an increase of the share capital of TCHF 308 but TCHF 108 need to be paid in to have fully paid-in 30’769’230 shares. (See note 4.1).

As the capital increases in 2023 through the conversion of the Yorkville convertible loans (TCHF 400), the conversion of the GEM commitment fee (TCHF 1’140) and the conversion of the Yorkville commitment fees (TCHF 200) has not yet been registered at 31 December 2023 in the commercial trade register, the registered share capital in the commercial trade register amounts to TCHF 11’436, consisting of 1’143’603’038 fully paid shares.

In 2022 the share capital increased as follows:

- June 2022: Issuance of a total of 888’514’758 shares with a nominal value of CHF 0.01 at CHF 0.09 per share through contribution in kind of Kinarus shares, resulting in an increase of the share capital of TCHF 8’885 and share premium of TCHF 40’765 in connection with the 95.3% acquisition of the Kinarus shares in June 2022 in the course of the completion of the reverse takeover. The new shares were created from authorised capital.
- August 2022: Issuance of a total of 43’782’327 shares with a nominal value of CHF 0.01 at CHF 0.09 per share through contribution in kind of the residual Kinarus shares, resulting in an increase of the share capital of TCHF 438 and share premium of TCHF 2’009 in connection with the remaining 4.7% acquisition of the Kinarus shares in August 2022. The new shares were created from authorised capital.
- Q4 2022: Issuance of a total of 30’287’672 shares with a nominal value of CHF 0.01 at CHF 0.01 per share through conversion of convertible notes received from Yorkville (see note 5.7), resulting in an increase of the share capital of TCHF 303 and no share premium. The new shares were created from conditional capital.

### 4.8 Legal reserves from capital contribution

| TCHF | 01.01.2023 - 31.12.2023 | 01.01.2022 - 31.12.2022 |
|---|---|---|
| **Balance at 1 January** | **43’471** | **219** |
| Acquisition of 95.3% of Kinarus shares (see note 1) | | 40’765 |
| Acquisition of 4.7% of Kinarus shares (see note 1) | | 2’009 |
| Conversion of bridge loan | | 478 |
| Conversion of Yorkville convertible loans (see note 4.7) | 79 | |
| Conversion of GEM commitment fee (see note 4.7) | 104 | |
| **Balance at 31 December** | **43’654** | **43’471** |

The legal reserves from capital contribution of TCHF 43’654 is not confirmed yet by the Swiss tax authorities.

### 4.9 Reserves for treasury shares and treasury shares

*Reserves for treasury shares*

| TCHF | Shares | TCHF |
|---|---|---|
| Balance at 1 January 2022 | - | - |
| Kinarus Therapeutics Holding AG in Liquidation shares held by Kinarus | 2’158’371 | 1 |
| **Balance at 31 December 2022** | **2’158’371** | **1** |
| Release of reserves for treasury shares | (2’158’371) | (1) |
| **Balance at 31 December 2023** | **-** | **-** |

The subsidiary Kinarus held prior to the reverse takeover 14’107 treasury shares with a value of total CHF 1’410.70 prior to the reverse takeover. At the reverse takeover, Kinarus tendered their treasury shares and received 2’158’371 Perfect Holding SA (renamed to Kinarus Therapeutics Holding AG in June 2022) shares in exchange.

Due to the lost of control of the Company regarding its subsidiary Kinarus in October 2023 the reserves for treasury shares were released and qualified into free reserves at 31 December 2023.

*Treasury shares*

The table below shows the amount of treasury shares owned by the Company at 31 December 2023 and 31 December 2022:

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| Number of registered shares | Acquisition cost CHF | Number of shares | Acquisition cost CHF | Number of shares |
| Owned by Kinarus Therapeutics Holding | - | 8'398'873 | - | 8'398'873 |
| **Total** | **-** | **8'398'873** | **-** | **8'398'873** |

### 4.10 Impairment receivable from related party

On 10 April 2023, the Company, Kinarus, GEM and GEM Yield Bahamas Ltd. entered into an agreement whereas Kinarus assigned, and the Company assumed the rights and obligations under the GEM agreements. As a result, the Company assumed the TCHF 1'140 commitment fees towards GEM.

The net balance resulting from the assuming of the TCHF 1'140 commitment fees and the cash provided by Kinarus totalled to TCHF 816 receivable from related party at 31 December 2023.

Since 24 October 2023, Kinarus is in liquidation. Based on the current available information there is no indication that the liquidation will be revoked. Further the probability that the Company will receive material payments in the course of the liquidation process of Kinarus is very low. As a result, the receivable from Kinarus was fully impaired at 31 December 2023 by TCHF 816.

### 4.11 General and administrative expenses

| TCHF | 01.01.23 - 31.12.23 | 01.01.22 - 31.12.22 |
|---|---|---|
| Professional services expenses (i) | 597 | 380 |
| Investor relations | 35 | 18 |
| Capital taxes | 13 | 15 |
| Emission levy | 17 | 8 |
| Office and other administrative expenses | 165 | 549 |
| **Total** | **827** | **970** |

(i) In 2023, TCHF 143 have been paid to the statutory audit company for audit services (In 2022: TCHF 36).

## 5. Other information

### 5.1 Full time equivalents

In 2023 and 2022, the Company had no employees.

### 5.2 Conditional share capital

As the capital increases through the conversion of the convertible loans, GEM and Yorkville commitment fees have not yet been registered as at 31 December 2023 in the commercial trade register, at 31 December 2023, the conditional share capital amounts to TCHF 4'997, consisting of 499'674'342 shares with a nominal value of CHF 0.01 (31 December 2022: TCHF 4'997, consisting of 499'674'342 shares with a nominal value of CHF 0.01) to be used for future capital increases involving conversion and/or option rights.

### 5.3 Authorized share capital

At 31 December 2023, the authorized share capital amounts to TCHF 4'862, consisting of 486'179'687 shares with a nominal value of CHF 0.01 (31 December 2022: TCHF 4'862, consisting of 486'179'687 shares with a nominal value of CHF 0.01).

### 5.4 Loans and credits to the Board of Directors and Executive Management

At 31 December 2023, there were no loans and/or credits granted by the Company to any current or former members of the Board of Directors or Executive Management (at 31 December 2022: none).

### 5.5 Significant shareholders

| in % of share capital | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| Erik Penser Bank AB | | 7.91% | | 0% |
| Alexander Bausch | | 0% | | 10.68% |
| Adrian Gut | | 7.54% | | 8.64% |
| Concert party | | | | |
| Haute Vison SA, Mauritius | 3.96% | | 5.56% | |
| Grover Ventures Inc., British Virgin Islands | 0.53% | | 0.96% | |
| Nicholas Grey | 0.84% | | 0.85% | |
| The Fighter Collection, United Kingdom | 0.58% | | 0.77% | |
| Stephen Grey | 0.68% | 6.58% | 0.69% | 8.84% |
| Messieurs Pictet & Cie, Switzerland | | 0% | | 5.26% |
| Silvia Hansel | | 4.14% | | 4.74% |
| Mr. and Mrs. Inderbitzin | | 3.41% | | 3.91% |
| Thomas Sander | | < 3% | | 3.34% |
| SO Holding AG, Switzerland | | < 3% | | 3.20% |
| Kinarus Therapeutics Holding AG (at 31.12.23: in Liquidation) | | < 3% | | < 3% |

Haute Vision SA, Grover Ventures Inc, Nicholas Grey, The Fighter Collection and Stephen Grey, who are deemed to form a group based on their family and business relationships and voting, held in aggregate 86'245'122 shares which represent 6.58% of the outstanding shares at 31 December 2023 of 1'310'175'889 (31 December 2022: 8.84% of the then outstanding shares of 1'143'603'038).

Mr. Silvio Inderbitzin and his wife, Mrs. Gabriele Inderbitzin-Köhler form a related party. Together they held 44'684'874 Company shares at 31 December 2023 i.e., 3.41% of the then 1'310'175'889 outstanding shares. (31. December 2022: 3.91 % of the then outstanding shares of 1'143'603'038).

### 5.6 GEM agreement

On 6 September 2021, Kinarus signed a financing agreement with GEM Global Yield LLC SCS ("GEM"), a Luxembourg-based private, alternative investment group. Under the agreement, GEM committed to provide Kinarus after completion of the reverse takeover between Kinarus and Perfect Holding on 2 June 2022 a share subscription facility of up to TCHF 57'000 for a period of 36 months following the completion of the reverse takeover. Drawdowns under the agreement are subject to certain pre-conditions and the volume of a possible drawdown depends on the liquidity of the Company shares.

In connection with this GEM agreement, Kinarus had to pay TCHF 1'140 in commitment fee in shares or cash (at the option of Kinarus), which was accrued in the balance sheet as at 31 December 2022, and issue 5-year warrants of the Company equal to 4.9% of the fully diluted outstanding share capital of the Company as of 2 June 2022 at an exercise price of CHF 0.071 per warrant.

On 10 April 2023 the Company, Kinarus, GEM and GEM Yield Bahamas Ltd. entered into an agreement whereas Kinarus assigned and the Company assumed the rights and obligations under the GEM agreements. As a result, the Company assumed the TCHF 1'140 commitment fees towards GEM.

The commitment fee of TCHF 1'140 and the issuance of warrants due to GEM were executed in April 2023. The Company issued 103'636'364 shares for the full settlement of the commitment fee of TCHF 1'140 (see note 4.7) and issued on 11 April 2023 54'405'351 5-year warrants to GEM at an exercise price of CHF 0.071 per warrant (see note 6.2).

On 25 January 2024 a confirmation and waiver letter was signed between the Company and GEM acknowledging the envisaged Transaction (see note 2). Further, the Company and GEM as parties to the warrant contract were released from all claims, rights, demands and liabilities, obligations and actions arising out of the warrant agreement (or other contractual obligations).

### 5.7 Yorkville agreement

On 21 August 2022, the Company executed a financing agreement with Yorkville Advisors Global LP respectively their fund YA II PN, LTD (together "Yorkville") to raise up to TCHF 20'000 over three years by issuance of convertible notes. The unsecured convertible notes each have a term of 6 months and are convertible into the Company's shares during the term by the holder of the convertible notes. The conversion price shall be determined as the lower of (i) 120% the volume-weighted 10-day trading price of the Company's shares prior to Company's decision to issue the convertible notes, or (ii) 92% of the lowest daily volume-weighted 10-day trading price of the Company's shares prior to conversion. Interest is paid at an annual rate of 4% during the term of the notes. The Company issued until 31 December 2023 27'362'914 (31 December 2022: 8'928'571) 3-year warrants to acquire the Company's common shares linked to the nominal value of the convertible notes at an exercise price of all outstanding warrants of CHF 0.01.

In September 2023 the TCHF 200 outstanding commitment fee was converted into 30'769'230 Company shares (see note 4.7).

On 24 January 2024, the financing agreement dated 21 August 2022 was mutually terminated with immediate effect except the warrants issued under several conversions of convertible loans totalling to 27'362'914 (see note 6.2) remain in full force and can be converted into Company shares.

### 5.8 ChaoDian (Hangzhou) Investment Management agreement

The Company signed on 8 May 2023 a subordinated convertible loan agreement for a TCHF 1'500 investment by ChaoDian (Hangzhou) Investment Management Co., Ltd., an investment company based in Hangzhou City, China ("CDIM"). Under the terms of the loan agreement, CDIM granted a subordinated loan in the amount of TCHF 1'500 to the Company for a fixed term of three years without any interest. During the term of the agreement, the outstanding loan amount can be converted at any time into Company shares with a nominal value of CHF 0.01 at a fixed conversion price of CHF 0.01 per Company share.

The Company sent an ultimate reminder dated 17 January 2024 regarding the subordinated convertible loan agreement to CDIM terminating the subordinated loan agreement if the payment of TCHF 1'500 is not done until 20 January 2024. The payment was neither done until 24 January 2024 nor thereafter.

## 6. Warrants, commitments and contingent liabilities

### 6.1 VAT Group

From the VAT point of view (art. 22 LTVA), the Company and Perfect Aviation SA are considered as one and sole company. In case of insolvency of one of the companies, the other companies are jointly responsible for the VAT liabilities (art. 32e LTVA). The VAT group was terminated on 30 September 2023 in connection with the liquidation of Perfect Aviation SA in Liquidation (see note 4.2).

### 6.2 Outstanding warrants

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Number of warrants | Exercise price per warrant (CHF) | Number of warrants | Exercise price per warrant (CHF) |
| GEM warrants (i) | 54'405'351 | 0.071 | - | - |
| Yorkville warrants (ii) | 27'362'914 | 0.01 | 8'928'571 | 0.0336 |
| **Total** | **81'768'265** | | **8'928'571** | |

(vi) The Company issued in April 2023 54'405'351 5-year warrants to GEM for Company shares at an exercise price of CHF 0.071 per warrant.

(vii) Related to the Yorkville agreement the Company issued until 31 December 2023 27'362'914 3-year warrants to Yorkville at an exercise price of CHF 0.01 per warrant.

As a result, in the context of the reverse share split of the Company, the exercise price and number of these warrants shall be proportionally increased and reduced, respectively, in line with the reverse share split ratio of 4'480 to 1.

### 6.3 Other contingent liabilities

Ventac Partners Ltd ("Ventac"), an advisory firm, will receive, until the expiry of the GEM agreement on 3 June 2026 and expiry of the 54'405'351 warrants on 11 April 2028, 7% fees on any amount drawdown from the GEM facility and proceeds of the exercise of warrants (see note 5.6).

At 31 December 2023 and 31 December 2022, there were no other contingent liabilities.

## 7. Subsequent events

### 7.1 GEM agreement

On 25 January 2024, a confirmation and waiver letter was signed between the Company and GEM (refer to note 5.6 for further information).

### 7.2 Yorkville agreement

On 24 January 2024, the financing agreement dated 21 August 2022 was mutually terminated (refer to note 5.7 for further information).

### 7.3 ChaoDian (Hangzhou) Investment Management agreement

On 17 January 2024, the Company sent an ultimate reminder to CDIM regarding terminating the subordinated convertible loan agreement (see note 5.8). The payment was neither done until 24 January 2024 nor thereafter and therefore, the subordinated convertible loan agreement with CDIM is deemed terminated.

### 7.4 Transaction agreement with Curatis

On 28 January 2024, the Company signed a transaction agreement with Curatis regarding the acquisition of Curatis by the Company by way of a share exchange transaction ("Transaction").

The Transaction has been approved by Curatis and the shareholders of the Company however the Transaction is conditional upon various conditions defined in the Transaction Agreement.

### 7.5 Revocation of bankruptcy

The liquidation of the Company was revoked on 5 February 2024 by the courts of the canton Basel-Stadt.

### 7.6 Subordinated convertible loans from shareholders

Subject to the closing of the contemplated Transaction, Curatis assumed the debt of the subordinated convertible loans totalling to TCHF 133 (see note 4.5) by way of issuing new Curatis shares to the loan providers.

### 7.7 Extraordinary general meeting of the Company

An extraordinary general meeting took place on 1 March 2024 of the Company. The main proposed resolutions were as follows:

- Ordinary capital increase for the reverse share split
- Reverse share split
- Ordinary capital reduction
- Ordinary capital inc rease and amendment to the articles of association
- Capital band and amendment to the articles of association
- Conditional capital and amendment to the articles of association
- New name and amendment to the articles of association
- New domicile and amendment to the articles of association
- New corporate purpose and amendment to the articles of association
- Election of new members of the board of directors and election of the chairman of the board of directors
- Election of new members of the compensation committee
- Election of the statutory auditors

The above outlined resolutions have been approved by the shareholders of the Company.

There were no other relevant events after the reporting date.

**Appropriation of accumulated losses**

Proposal of the Board of Directors for the appropriation of loss carried forward as of 31 December 2023:

| TCHF | Proposed by the Board of Directors |
|---|---|
| Accumulated loss beginning of the year | (43'015) |
| Net loss for the year | (14'062) |
| Free reserves released | 1 |
| **Balance to be carried forward** | **(57'076)** |

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To the General Meeting of
Kinarus Therapeutics Holding AG, Basel

Basel, 16 April 2024

# Report of the statutory auditor

## Report on the audit of the financial statements

**Opinion**
We have audited the financial statements of Kinarus Therapeutics Holding AG (the Company), which comprise the balance sheet as at 31 December 2023 and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 62 to 73) comply with Swiss law and the Company's articles of incorporation.

**Basis for opinion**
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions 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 provisions of Swiss law and the requirements of the Swiss audit profession, 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.

**Emphasis of matter**
We draw attention to note 2 of the financial statements, which indicates that there are the significant execution risks in connection with the foreseen transaction. As stated in note 2, this event or condition, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key audit matters**
We have determined that there are no key audit matters to communicate in our report.

**Other information**
The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and the stand-alone financial statements and our auditor’s reports thereon. The annual report including the compensation report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information in the annual report and we will 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 in the annual report when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Board of Directors’ responsibilities for the financial statements**
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**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 Swiss law and SA-CH 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse’s website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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## Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed carry forward of the accumulated losses complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Furthermore, we draw attention to the fact that Kinarus Therapeutics Holding AG is over-indebted as per article as per Art. 725b CO. Kinarus Therapeutics Holding AG signed the foreseen transaction with Curatis AG in January 2024, which is disclosed in Note 2 of the financial statements. Since this transaction is expected to result in a positive equity for Kinarus Therapeutics Holding AG, the Board of Directors has refrained from notifying the court.

Ernst & Young Ltd

| | |
|---|---|
| /s/Fabian Meier | /s/Judith Galliker |
| Licensed audit expert | Licensed audit expert |
| (Auditor in charge) | |

**Company Address**

Curatis Holding AG

Weierweg 7

4410 Liestal

Switzerland

## Disclaimer Forward Looking Statements

The information contained in this document and in any link to our website indicated herein is not for use within any country or jurisdiction or by any persons where such use would constitute a violation of law. If this applies to you, you are not authorized to access or use any such information.

This document contains certain forward-looking statements. Other written materials, as well as other written and oral statements made to the public, may also contain forward-looking statements. Forward-looking statements can be identified by words such as “potential,” “expected,” “will,” “planned,” “pipeline,” “outlook,” “may,” “could,” “would,” “anticipate,” “seek,” or similar terms, or by express or implied discussions regarding potential new products, potential new indications for existing products, or regarding potential future revenues from any such products; or regarding the potential outcome, or financial or other impact on Curatis Holding AG, of any of the transactions described; or regarding potential future sales or earnings of the group or any of its divisions or potential shareholder returns; or by discussions of strategy, plans, expectations or intentions. Such forward-looking statements are based on the current beliefs and expectations of management regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. You should not place undue reliance on these statements. It should further be noted that past performance is not a guide to future performance. Persons requiring advice should consult an independent adviser.

The information contained in this document is not an offer to sell or a solicitation of offers to purchase or subscribe for securities. This document is not a prospectus within the meaning of the Swiss Financial Services Act nor a prospectus under any other applicable laws.

Some financial information in this document has been rounded and, as a result, the figures shown as totals may vary slightly from the exact arithmetical aggregation of the figures that precede them.

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