

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 accompanying financial statements 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 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.

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

Licensed audit expert
(Auditor in charge)

Licensed audit expert

Enclosures

- ▶ Financial statements (income statement, balance sheet and notes)
- ▶ Proposed appropriation of accumulated losses

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 principles 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	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 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:

Number of registered shares	31 December 2023		31 December 2022	
	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	

(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.

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 increase 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)