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## Media Release

Ad hoc announcement pursuant to Art. 53 LR

### **Kinarus Therapeutics Holding AG in Liquidation and Curatis AG propose to combine companies and reverse bankruptcy procedures of Kinarus Therapeutics Holding AG in Liquidation**

- **Application has been made to the courts of Basel-Stadt to reverse the bankruptcy of Kinarus Therapeutics Holding AG in Liquidation (“Kinarus Holding”) (approval pending) in order to pursue a Combination Transaction with Curatis AG (“Curatis”)**
- **Curatis valued at approx. 14x the value of Kinarus Holding in this Combination Transaction**
- **Contemplated Combination Transaction is contingent, inter alia, on consent by the courts of Basel-Stadt, approval by the Extraordinary General Meeting of Kinarus Holding (of, inter alia, this Combination Transaction and an ordinary capital increase of new shares) and SIX Swiss Exchange approval of the listing of these new shares**
- **Concurrently, Kinarus Holding and Curatis have placed an offer with the bankruptcy administrator to purchase certain assets, intellectual property and data relating to KIN001 from the bankruptcy estate of Kinarus AG in Liquidation**
- **The combined entity will have a risk-balanced investment case with a mix of specialty medicine distribution and tailored own drug development activities focusing on molecules with proven safety and efficacy profiles**
- **In the context of this Combination Transaction, certain incumbent shareholders of Kinarus Holding and new investors have agreed to invest a total of CHF4.1m via a structured Mandatory Exchangeable Loan Note, exchangeable into a minimum number of new shares of Kinarus Holding at a valuation of the combined entities of roughly CHF48.75m**
- **Subject to approval by the Extraordinary General Meeting of Kinarus Holding, the new Board of Directors will consist of the two founders of Curatis, Günter Graubach and Roland Rutschmann, as well as Marian Borovsky, former Group General Counsel of Actelion who will assume the role of Chairman of the Board and the current member Silvio Inderbitzin, former CEO of Spirig Pharma**

**Basel and Liestal, Switzerland, 29 January 2024:** Kinarus Therapeutics Holding AG in Liquidation (SIX:KNRS) (“**Kinarus Holding**”, “**KNRS**” or the “**Company**”), a SIX Swiss Exchange listed therapeutic drug development company in liquidation and Curatis AG, a Basel-Landschaft incorporated medicine distribution and drug development company predominantly focused on orphan/ultra-orphan diseases and specialty care diseases (“**Curatis**”), announced today that they have entered into a transaction agreement (the “**Transaction Agreement**”) regarding a contemplated Combination Transaction.

Under the terms of the Transaction Agreement, shareholders of Curatis shall exchange each outstanding Curatis share (the “**Curatis Share**”) into one newly issued Kinarus Holding share, whereby the consideration consists of approx. 14x the number of outstanding Kinarus shares (the “**Consideration Shares**”). All shareholders of Curatis shall contribute and exchange their Curatis Shares (as a contribution in kind in an ordinary capital increase of Kinarus Holding) into Consideration Shares in the context of this contemplated transaction (the “**Combination Transaction**” or the “**Transaction**”). The Transaction is expected to close in Q2 2024. Closing is subject to certain closing conditions, inter alia, confirmation of withdrawal of bankruptcy (“*Widerruf des Konkurses*”) for Kinarus Holding pursuant to Art. 195 SchKG by the courts of Basel-Stadt, approval of all proposed resolutions by the Extraordinary General Meeting of Kinarus Holding scheduled for on or around end of February or early March 2024 and approval of the listing of the Consideration Shares by SIX Swiss Exchange.

In addition to the Combination Transaction, Kinarus Holding and Curatis have 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.

Also in this context and subject to approval by the Extraordinary General Meeting of Kinarus Holding, a reverse share split (the “**Reverse Share Split**”) with an anticipated reverse share split ratio of **4,480:1** is to be implemented concurrently with the settlement of the Combination Transaction. This implies that a shareholder owning 4,480 Kinarus Holding shares will receive 1 new Kinarus Holding share (the “**New Kinarus Shares**”). Resulting fractions will be rounded down and affected shareholders will receive a cash compensation in CHF for their fractions.

Concurrently, also subject to approval by the Extraordinary General Meeting of Kinarus Holding, the Company will reduce the nominal value of the New Kinarus Shares from CHF 44.80 post Reserve Share Split to CHF 0.10 with a swap of CHF 44.70 in nominal amount per New Kinarus Share from share capital into statutory capital reserves. As a result, the nominal value per New Kinarus Shares will be CHF0.10. The final details of the Reverse Share Split transaction are expected to be announced together with the invitation to the Extraordinary General Meeting of Kinarus Holding in February 2024.

As a result of all these transactions, the currently outstanding share capital of Kinarus Holding will be aggregated in the ratio **4,480:1**, leading to **292,450** New Kinarus Shares post Reverse Share Split. In the context of the closing of the Combination Transaction, **4,093,916** New Kinarus Shares will be issued and used to settle the Combination Transaction with a share exchange ratio 1:1 for Curatis shares. Post the implementation of the Transaction, Kinarus Holding is expected to have an issued share capital of **CHF438,636.60**, divided into **4,386,366** New Kinarus Holding shares with nominal value CHF0.10 each. In addition, Kinarus Holding will have a maximum of **approx. 850,000** options outstanding to third parties to purchase New Kinarus Shares so that the maximum total amount of fully diluted number of New Kinarus Shares outstanding is approximately **5,250,000**.

Lastly and also subject to the approval by the Extraordinary General Meeting of Kinarus Holding, it is planned that Kinarus Holding shall be renamed to Curatis Holding AG with a proposed change of ticker symbol to (“**CURE**”) and the domicile of the Company be moved to Liestal, Basel-Landschaft.

### **Governance of the Combined Entity**

At the Extraordinary General Meeting of Kinarus Holding, planned for the end of February or early March 2024, the Board of Directors of Kinarus Holding will, inter alia, propose the election of new Board members.

Following the Combination Transaction, and subject to their election, the Board of Directors of Kinarus Holding will consist of Marian Borovsky, former Group General Counsel of Actelion and who will assume the role of Chairman of

the Board Günter Graubach and Roland Rutschmann, both co-founders and co-owners of Curatis as well as Silvio Inderbitzin, an incumbent Board Member of Kinarus Holding who will ensure continuity and support the integration of KIN001 into the product portfolio of the combined entity.

At the group level, executive management team will consist of Günter Graubach, Roland Rutschmann and François Bersier as well as a yet to be appointed Group CFO.

### **Concurrent Financing**

In the context of the Combination Transaction, it is envisaged that an up to **CHF5,500,000** financing transaction in the form of a Mandatory Exchangeable Loan Note issued by Curatis (the “**Financing Round**”) is implemented. Over the last few weeks, Curatis has already received commitments for a total of **CHF4,052,600**. The terms and conditions of the Financing Transaction foresee that investors of the Financing Round subscribe for a portion of the Principal Amount invested to a capital increase in Curatis prior to the closing of the Combination Transaction, and the remaining portion of the Principal Amount 61 trading days post-closing of the Transaction, at a 25% discount to the 60 day volume weighted average share price of the trading of the Kinarus Holding shares on the SIX Swiss Exchange, but subject to a total minimum number of New Kinarus Shares equivalent to a pre-money market capitalization of the combined entity of roughly **CHF48.75m**.

With the cash raised in the Financing Transaction, together with the net cash flow expected to be generated via the drug distribution business of Curatis going forward, Kinarus Holding anticipates to have sufficient funds for the execution of the base case business plan for the next 36 months, such base case business plan mainly focusing on the development of their lead product candidate C-PTBE-01.

The sequential steps of this Transaction are outlined below:

Transaction Step	Number of Shares
Current Kinarus Holding shares (including treasury shares) before Reverse Share Split	1,310,175,889
Issue new shares of Kinarus Holding (currently foreseen: 111) to get a number dividable by 4,480)	1,310,176,000
Kinarus Holding shares, each with nominal value CHF 44.80 post Reverse Share Split (ratio: 4,480:1)	292,450
Capital reduction (by reducing nominal value of each share of Kinarus Holding from CHF 44.80 to CHF 0.10)	292,450
Ordinary capital increase of 4,093,916 new shares of Kinarus Holding, equaling the number of shares to be outstanding of Curatis in the frame of the Transaction	4,386,366
<b>Total Number of shares outstanding post implementation of the Transaction</b>	<b>4,386,366</b>

The New Kinarus Shares shall be registered shares (*Namenaktien*) with a nominal value of CHF 0.10 each; all Consideration Shares will be fully paid and non-assessable and rank pari passu in all respects with each other.

The closing of the Transaction is subject to various conditions, including (amongst others):

- Approval by the courts of Basel-Stadt to revert bankruptcy for Kinarus Holding
- Approval of all proposed resolutions to the Extraordinary General Meeting of Kinarus Holding, being scheduled for on or around end of February or early March 2024
- Approval by the SIX Swiss Exchange of the listing of the newly issued shares of Kinarus Holding in the frame of the Transaction
- Approval by the bankruptcy administrator ("*Konkursverwaltung*") of Basel-Stadt to sell the assets, patents, IP and data relating to KIN001 in line with the submitted offer by Kinarus Holding and Curatis

### **About Curatis AG**

Curatis ([www.curatis.com](http://www.curatis.com)) is a privately owned specialty pharmaceutical company focusing predominantly on orphan/ultra-orphan diseases and specialty care diseases.

Curatis operates in two distinct business areas:

#### **Distribution Business for Orphan Diseases and Specialty Diseases Medicines:**

Curatis acquires, licenses, distributes and promotes medicines for the treatment and/or prevention of orphan and specialty diseases in Switzerland that have been developed and brought to market by third party pharmaceutical

companies. Following the going public and the thus increased public visibility and credibility, Curatis is convinced to be able to grow its profitable specialty medicine distribution business by enlarging the product offering as well as by expanding its distribution business geographically to large European markets such as Germany, France, United Kingdom and Italy).

#### **Development Business for Orphan and Specialty Indications:**

Curatis' strategy is to identify compounds that are supported by existing safety and clinical efficacy data, allowing for a faster development with reduced risk. Curatis has done so successfully regarding its development products C-PTBE-01 (peritumoral edema in pediatric patients – next development step pivotal clinical phase III study), C-AM-01 (migraine with aura – next development step clinical phase IIb study) and C-MOH-01 (medication overuse headache – next development step clinical phase IIb study).

Regarding its lead product candidate C-PTBE-0, Curatis expects that a pivotal Phase III study with a relatively small patient number will be required for registration. Curatis may receive a Rare Pediatric Disease Priority Review Voucher for C-PTBE-01 in the US.

In case Curatis' and Kinarus Holding's bid for the assets of Kinarus AG in Liquidation relating to KIN001 is approved by the bankruptcy administrator and the purchase is closed, Curatis aims to research the potential of KIN001 for orphan drug indications in anti-inflammatory diseases and pursue own drug development for the identified orphan indications, a market segment of orphan drug development that shows above market growth. Orphan indications may be associated with a faster and less expensive pathway to market entry, against a smaller market potential, thereby reducing the overall corporate risk profile. The Company will also explore out-licensing opportunities relating to the large medical indications pursued to date by Kinarus, i.e. for IPF (idiopathic pulmonary fibrosis) and AMD (age-related macular degeneration).

#### **About Kinarus Therapeutic Holding AG**

Kinarus AG in Liquidation ([www.kinarus.com](http://www.kinarus.com)) was founded in 2017 by experienced pharmaceutical executives in Basel, Switzerland. The Kinarus Group consists of the SIX Swiss Exchange listed Kinarus Therapeutics Holding AG in Liquidation and the operating fully owned subsidiary Kinarus AG in Liquidation. Both Kinarus Therapeutics Holding AG in Liquidation and Kinarus AG in Liquidation have filed for bankruptcy in September 2023 after a financing agreement with a Chinese investment company in May 2023 has not led to the agreed payments. Kinarus AG in Liquidation possesses the exclusive worldwide license to pamapimod, covering all indications, and has patented KIN001, its novel mechanism in combination with pioglitazone. Curatis has settled all the liabilities which were filed in the creditors' call (*Schuldenruf*) of Kinarus Therapeutics Holding AG in Liquidation and expects the decision by the courts of Basel-Stadt to reverse bankruptcy (*Widerruf des Konkurs*) within two weeks. Kinarus AG in Liquidation remains in liquidation.

**Günter Graubach, Executive Chairman of Curatis stated:** *"We are excited by this business combination as we may be able to include KIN001 into our development strategy and product portfolio, and Curatis may become part of a publicly listed company. This would significantly increase our visibility and stance, and allow us to grow our third-party orphan medicine distribution business both in terms of scope and breadth as well as geographically via expansion to large European markets. As part of the transaction, we raised capital that together with expected free cash flow generation from our distribution business is expected to be sufficient to develop our lead product candidate C-PTBE-01. We are optimistic about our future and will be embracing all opportunities and challenges that are ahead of us and would like to thank our stakeholders for their continued trust in our exciting business."*

**Dr. Alexander Bausch, CEO and Member of the Board of Directors Kinarus Therapeutics Holding AG in Liquidation added:** *"I am particularly relieved that our attempts to save parts of the value of the KIN001 product and pay-off some of the outstanding liabilities resulting from the bankruptcy filings of Kinarus Holding and Kinarus AG we were forced to do in Q4 2023 may now materialize. I am also pleased that the incumbent Kinarus Holding shareholders may conserve a part of the value of their holdings and have the opportunity to participate in a larger company with a broader, more risk-balanced investment case. This arguably complex transaction represents a groundbreaking innovation and novelty, and I would like to particularly devote my thanks to YUMA Capital who have developed, negotiated, managed and will continue to manage this transaction with a large number of involved parties in a very professional, knowledgeable and diligent way."*

YUMA Capital acts as overall financial advisor and investor relations advisor for this contemplated Transaction. The Technical Implementation Agent to orchestrate the implementation of the Reverse Share Split is expected to be announced together with the details of the Reverse Share Split Transaction in February 2024.

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