

# HALF-YEAR 2021 INTERIM REPORT

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## REPORT BY THE BOARD OF DIRECTORS

Dear Shareholders,

In the 1<sup>st</sup> half of 2021, the unaudited consolidated results of Perfect Holding SA reflected a small net profit of KCHF 33. The financial income related to the waiver of the bridge loan granted by a former potential investor (KCHF 280) over-compensated the general & administrative expenses relating to the work on the acquisition projects and the daily administration of the group (KCHF 243).

On March 3, 2021, Perfect Holding SA signed a bridge facility agreement with a related party for a maximum amount of KCHF 510. This facility is being used to fund the current general and administrative expenses of the Perfect Holding Group until new financing arrangements can be implemented in the context of an envisaged future transaction. The monthly instalments under such new bridge financing agreement are conditional upon the analysis and negotiations regarding the transaction. As at June 30, 2021, the amount drawn under this bridge facility was KCHF 235.

As announced on August 17, 2021, Perfect Holding SA signed a non-binding Memorandum of Understanding ("MoU") with the clinical-stage biopharmaceutical company Kinarus AG regarding Perfect Holding's envisaged acquisition of Kinarus by way of a share exchange. The implementation of this transaction is subject to specific conditions, which are currently being worked upon.

The Board of Directors of Perfect Holding plans, subject to the fulfillment of the specified conditions, to present this exciting project for approval to its shareholders in the coming months.

Yours sincerely,



Stephen Grey  
PERFECT HOLDING SA



Anouk Ansermoz  
PERFECT HOLDING SA



# INTERIM CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	Unaudited Six months period ended June 30, 2021	Unaudited Six months period ended June 30, 2020
<b>Revenue</b>		-	<b>4'240</b>
Purchase of charter flights		-	-3'702
Employee benefit expenses		-	-398
Marketing & sales expenses		-	-78
General & administrative expenses		-243	-424
Loss on disposal of subsidiary		-	-561
Other operating income / (expenses)		-	15
<b>Loss before interest, taxes and depreciation</b>		<b>-243</b>	<b>-908</b>
Depreciation		-	-6
Financial income	5	280	1'084
Financial expenses		-4	-6
Exchange differences		-	23
<b>Profit / (loss) before taxes</b>		<b>33</b>	<b>187</b>
Income tax income / (expenses)		-	-
<b>Net profit / (loss) for the period</b>		<b>33</b>	<b>187</b>
<b>Earnings / (loss) per share</b>			
Basic and diluted profit / (loss) per share (in CHF)	10	0,0002	0,0011

## INTERIM CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Unaudited June 30, 2021	Audited December 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		170	63
Other current assets		11	64
<b>Total current assets</b>		<b>181</b>	<b>127</b>
<b>Non-current assets</b>			
<b>Total non-current assets</b>		-	-
<b>Total assets</b>		<b>181</b>	<b>127</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade account payables		46	31
Other current liabilities		124	73
<b>Total current liabilities</b>		<b>170</b>	<b>104</b>
<b>Non-current liabilities</b>			
Long-term debt	5	235	280
<b>Total non-current liabilities</b>		<b>235</b>	<b>280</b>
<b>Total liabilities</b>		<b>405</b>	<b>384</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	6	1'810	1'810
Share premium		220	220
Treasury shares	8	-	-
Accumulated losses		-2'254	-2'287
<b>Total equity</b>		<b>-224</b>	<b>-257</b>
<b>Total liabilities and equity</b>		<b>181</b>	<b>127</b>

# INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in CHF '000)	Attributable to owners of the parent (Unaudited)					Total
	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Accumulated losses	
<b>SIX MONTHS PERIOD ENDED JUNE 30, 2020</b>						
January 1, 2020	1'810	220	-	-302	-2'280	-552
Net profit / (loss) for the period	-	-	-	-	187	187
Currency translation differences	-	-	-	-30	-	-30
Cumulative translation adjustment of disposed subsidiary recycled to income statement	-	-	-	332	-	332
<b>June 30, 2020</b>	<b>1'810</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-2'093</b>	<b>-63</b>
<b>SIX MONTHS PERIOD ENDED JUNE 30, 2021</b>						
January 1, 2021	1'810	220	-	-	-2'287	-257
Net profit / (loss) for the period	-	-	-	-	33	33
<b>June 30, 2021</b>	<b>1'810</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-2'254</b>	<b>-224</b>

# INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Notes	Unaudited Six months period ended June 30, 2021	Unaudited Six months period ended June 30, 2020
<b>Operating activities</b>			
Net profit / (loss) for the period		33	187
Adjustments for non-monetary items:			
▪ Allocation to provision for receivables impairment		-	126
▪ Depreciation and amortisation		-	7
▪ Loan waiver income	5	-280	-1'082
▪ Loss on disposal of subsidiary		-	561
▪ Interest and taxes, net		4	4
Change in working capital		117	137
Interest and taxes, paid		-2	-4
<b>Net cash provided by / (used in) operating activities</b>		<b>-128</b>	<b>-64</b>
<b>Investing activities</b>			
Disposal of subsidiary, net of cash disposed of		-	-899
<b>Net cash provided by / (used in) investing activities</b>		<b>-</b>	<b>-899</b>
<b>Financing activities</b>			
Proceeds from borrowings		235	330
Reimbursement of borrowings		-	-6
<b>Net cash provided by / (used in) financing activities</b>		<b>235</b>	<b>324</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>107</b>	<b>-639</b>
Effect of changes in exchange rates		-	-73
Cash and cash equivalents at beginning of period		63	880
<b>Cash and cash equivalents at end of period</b>		<b>170</b>	<b>168</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## ■ 1. CORPORATE INFORMATION

Perfect Holding SA (Perfect Holding or the Company) was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on April 8, 1997 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarter at 3, Avenue de Florimont, 1006 Lausanne, Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of incorporation, is the acquisition and the management of participations in other companies as well as any directly or indirectly related purposes.

Perfect Holding, the ultimate parent company, is listed on the SIX Swiss Exchange, Swiss Reporting Standard. The Company is listed under the symbol "PRFN".

On April 9, 2020, the Board of Directors of Perfect Holding SA signed a Share Purchase Agreement for the sale of its UK subsidiary Oxygen Aviation Ltd which was completed on April 24, 2020. Since then, the activities of the Company have mainly consisted in the analysis, valuation and negotiation of several potential acquisitions.

These unaudited condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on September 27, 2021.

## ■ 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended June 30, 2021 have been prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with Swiss GAAP FER.

## ■ 3. ACCOUNTING POLICIES

The group accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2020, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

## ■ 4. ESTIMATES

The preparation of interim 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 and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2020.

### Going concern

The Board of directors of the Company had decided to resume its search for other acquisition opportunities in sectors less volatile than the aviation industry and which would be capable of being acquired reasonably fast by way of share exchange. As a result, the Board of directors is currently working on a new potential acquisition project that it has identified for a possible implementation in a reasonably near future; a Memorandum of Understanding was signed in that regard on August 16, 2021 (see Note 11). In order to fund the financial needs of the group until new financing arrangements can be implemented in the context of such potential alternative project, Perfect Holding SA signed with a related party on March 3, 2021 a new bridge financing agreement that provides for the disbursement of monthly drawdowns covering the running costs of the group, subject to the continuation of the negotiations regarding the contemplated transaction. For more details regarding the conditions of the bridge financing, please refer to Note 5.

Based on the recent signature of a Memorandum of Understanding with the transaction target (see Note 11) and taking into account the expected impact of the contemplated transaction, as well as the signature and implementation of the new bridge financing agreement, the Board of Directors believes that the group will be able to meet all its obligations as they fall due until at least June 2022, and the interim consolidated financial statements have therefore been prepared on a going concern basis.

In spite of the new financing received and of the encouraging outlook of the coming implementation steps of the envisaged transaction, the Board of Directors is aware of the significant execution risk for any project of this kind, which may cast significant doubts on the group's ability to continue as a going concern.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## ■ 5. LONG-TERM DEBT

(in CHF '000)	June 30, 2021	Dec. 31, 2020
Long-term debt - due to related parties - subordinated	235	280
<b>Long-term debt</b>	<b>235</b>	<b>280</b>

On May 24, 2020, in the context of the negotiations relating to a previous potential acquisition project (by way of share exchange) with a third party investor (considered as a "related party" as per Swiss GAAP FER 15), Perfect Holding SA had signed a bridge facility agreement with the potential investor in order to fund the group's continued operations until the possible implementation of the contemplated transaction within the following months. The interruption of the negotiations led to a termination of the drawdown possibilities and to a waiver of all instalments already paid. The total amount waived by such lender is CHF 280'000 and is shown under "Financial income".

On March 3, 2021, Perfect Holding SA signed a bridge facility agreement with another related party for a total amount of up to CHF 510'000. The maximum facility amount shall be advanced in monthly disbursements to cover the average estimated financial needs of the group for the relevant months. As at June 30, 2021, the amount withdrawn is CHF 235'142.50. This borrowing, unsecured, bears interest at 5%. According to the contract, this borrowing is subordinated and is therefore considered as long-term. In case the discussions and negotiations concerning the contemplated transaction are interrupted, the lender shall be released from the obligation to advance the amount of any further disbursement. In case of such interruption, the then outstanding principal amount of the bridge loan facility shall be automatically and irrevocably waived by the lender. The amount of interests as of June 30, 2021, is CHF 1'872 and is shown under "Financial expenses".

## ■ 6. SHARE CAPITAL

As at June 30, 2021, the share capital amounts to CHF 1'810'182.81, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.01 each.

## ■ 7. CONDITIONAL SHARE CAPITAL

### Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 27, 2016, a conditional capital of maximum CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of a nominal value of CHF 0.04 each, to be fully paid up) was created in order to secure the exercise of conversion rights that may be issued under future convertible loans of the Company. The new shares may be acquired by creditors of future convertible loans of the Company. The preferential subscription right of shareholders is suppressed for these new shares. The Board of Directors may decide to restrict the preferential right of shareholders to subscribe to such convertible loans by setting minimum individual loan tranches of CHF 50'000. The conversion right can only be exercised for up to 3 years from the date of issuance of the convertible loan. The issuance of the new shares is subject to the applicable conditions of conversion, whereby the conversion price must correspond to the nominal value of the shares.

At the shareholders' general meeting held on May 24, 2019, further to the reduction of the nominal value from CHF 0.04 to CHF 0.01 per share, the conditional capital was adjusted to a maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

## ■ 8. TREASURY SHARES

In the context of the sale in 2020 of Perfect Holding SA's subsidiary, Oxygen Aviation Ltd, the buyers handed over to Perfect Holding SA all the shares they held in the Company, i.e. 17'250'001 shares.

The Company holds 17'250'001 treasury shares at June 30, 2021 (December 31, 2020: 17'250'001 treasury shares). During the 1st semester 2021, the Company did not purchase or sell any treasury shares.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## ■ 9. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

### Key management compensation:

(in CHF '000)	Six months period ended June 30, 2021	Six months period ended June 30, 2020
Employee benefit expenses	-	152
General & administrative expenses	60	10
	<b>60</b>	<b>162</b>

### Transactions:

(in CHF '000)	Six months period ended June 30, 2021	Six months period ended June 30, 2020
Loan waiver income	280	1'082
General & administrative expenses	12	48
	<b>292</b>	<b>1'130</b>

### Period-end balances:

(in CHF '000)	June 30, 2021	Dec. 31, 2020
Long-term debt - due to related parties - subordinated (Note 5)	235	280

## ■ 10. EARNINGS / (LOSS) PER SHARE

	Six months period ended June 30, 2021	Six months period ended June 30, 2020
Net profit / (loss) attributable to shareholders (in CHF '000)	33	187
Weighted average number of ordinary shares in issue	163'768'280	173'151'522
Basic and diluted profit / (loss) per share (in CHF)	0,0002	0,0011

Basic profit per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held as treasury shares.

The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration.

## ■ 11. EVENTS AFTER THE REPORTING DATE

On August 16, 2021, Perfect Holding SA signed a non-binding Memorandum of Understanding ("MoU") with the clinical-stage pharmaceutical company Kinarus AG regarding Perfect Holding's envisaged acquisition of Kinarus by way of a share exchange. The implementation of the transaction is subject to conditions, including *inter alia* finalisation of the ongoing valuation and contract negotiations, satisfactory completion of other pre-transaction legal, administrative and regulatory steps, successful completion of a pre-RTO funding round at Kinarus to ensure the funding of its development projects, and approval of the envisaged transaction by shareholders of both companies.

Events after the balance sheet date were considered until September 27, 2021. On this date, the interim consolidated financial statements were approved by the Board of Directors.

## IMPORTANT DATES IN 2022

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31.03.2022	Annual Report 2021
27.05.2022	Shareholders Ordinary General Meeting

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