

Kinarus Therapeutics Group Reports 2022 Annual Results

- **Publishes Annual Report with Audited Consolidated Financial Results for Year Ended 31 December 2022**
- **Clinical efforts re-focused on developing KIN001 for original indications IPF and wet AMD**
- **CDIM CHF1.5 million convertible loan agreement supports Chinese partnering**

Basel, Switzerland, 31 May 2023. Kinarus Therapeutics Holding AG (SIX: KNRS) (“Kinarus”), a clinical-stage biopharmaceutical company developing novel therapeutics to treat viral, respiratory, and ophthalmic diseases, today published the Annual Report with full year audited consolidated financial results for the year ended 31 December 2022.

The reporting of audited financial results follows the announcement of the unaudited key financial figures published on 5 May 2023. On 28 April 2023, Kinarus announced that the SIX Exchange Regulation (“SER”) approved a deadline extension until the end of May 2023 for the publication of the Kinarus’ 2022 annual report and asked Kinarus to report unaudited key financial figures for the year ended 31 December 2022.

The evolution of the COVID-19 crisis from pandemic to endemic, necessitated re-focusing Kinarus’ efforts on advancing development of its lead product, KIN001, for the treatment of idiopathic pulmonary fibrosis (IPF) and wet age-related macular degeneration (wet AMD).

The completion of the Reverse Takeover in early June 2022 allowed Kinarus to access new tools for financing, such as an agreement for a CHF 20 million financing facility with Yorkville Advisors in August 2022 from which Kinarus can draw down funds opportunistically, subject to certain conditions.

However, cash for operations has remained lower than required to initiate IPF and wet AMD clinical trials. To this end, Kinarus engaged Great Health Companion Group Ltd., to explore financing and partnering options for KIN001 in China. The recent signing of a CHF 1.5 million convertible loan agreement with ChaoDian (Hangzhou) Investment Management (“CDIM”) earlier in May 2023, proceeds of which are still to be received, will afford Kinarus time to potentially establish a collaboration with Chinese pharma partners for the introduction, development and commercialisation of KIN001 for treating IPF patients in China. Separately, Kinarus is actively working with other third parties to explore business opportunities globally for KIN001, which may include licensing or other corporate actions.

Full Year 2022 Consolidated Financial Results

- **Other Income:** Other Income of CHF 3.3 million for the year ended 31 December 2022 relates to the requalification of a prepayment received from Federal Office of Public Health (“FOPH”) to part fund our COVID-19 clinical trials, previously booked as a prepayment (liability), adjusted by a potential repayment to FOPH of funds remaining unused.
- **Research and development expenses:** Research and development expenses were CHF 1.5 million for the year ended 31 December 2022, as compared to CHF 0 for year ended 31 December 2021. The expenses were attributable to our Phase 2 clinical trials in COVID-19 for hospitalized patients and COVID-19 ambulatory patients, production of drug products for the clinical studies, engagement of a clinical research organization to conduct the clinical trials as well as expenses related to new IP filing and maintenance of existing IP.

- **Payroll expenses:** Payroll expenses were CHF 0.5 million for the year ended 31 December 2022, as compared to CHF 0 for the year ended 31 December 2021, primarily related to management and employees' salaries and bonuses.
- **General and administrative expenses:** General and administrative expenses were CHF 1.6 million for the year ended 31 December 2022, compared to CHF 0.4 million for the year ended 31 December 2021. The increase of CHF 1.2 million year-over-year was mainly attributable to costs associated with RTO transaction expenses, consultants, insurance costs related to D&O insurance coverage for members of board and management, and costs related to increased public and investor relations activities.
- **Net Loss:** Net loss for the year ended 31 December 2022, was CHF 34.7 million, or per basic and diluted share of CHF (0.04947). This compares with a net loss of CHF 143 k, or per basic and diluted share of CHF (0.00087), for the year ended 31 December 2021. The increase in net loss year-over-year was mainly attributable to impairment of intangible assets related to the Group's lead product candidate, KIN001 of CHF 38.2 million for the year ended 31 December 2022 adjusted by a gain from the release of deferred income taxes of CHF 5.2 million.
- **Cash Position:** Cash and cash equivalents were CHF 1.3 million as of 31 December 2022, compared to CHF 0.1 million as of 31 December 2021. Based upon our current operating plan, we estimate that our existing cash and cash equivalents and access to financing from CDIM and Yorkville Advisors will enable us to fund our clinical development expenses and operations into 2024.

Kinarus Therapeutics Holding AG

Consolidated income statement (in TCHF)

TCHF	Notes	01.01.22 - 31.12.22	01.01.21 - 31.12.21
Other income	14	3'336	-
External research and development expenses		(1'507)	-
Payroll expenses	6	(516)	-
General and administrative expenses	7	(1'631)	(410)
Loss before financial result, taxes and depreciation and amortization		(318)	(410)
Depreciation of property, plant and equipment	11	(3)	-
Amortization of intangible assets	12	(1'519)	-
Impairment of intangible assets	12	(38'177)	-
Financial income	8	131	280
Financial expenses	8	(10)	(13)
Exchange differences	8	(3)	-
Loss before taxes		(39'899)	(143)
Income tax income	19	5'156	-
Loss for the period		(34'743)	(143)
Loss attributable to:			
Owners of the Company		(34'732)	(143)
Minority interests		(11)	-
		(34'743)	(143)
Loss per share			
Basic and diluted (loss)/profit per share (in CHF)	9	(0.04947)	(0.00087)

Consolidated balance sheet (in TCHF)

TCHF	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents		1'342	124
Other current assets	10	294	12
Current assets		1'636	136
Property, plant and equipment	11	10	-
Intangible assets	12	12'400	-
Non-current assets		12'410	-
Total assets		14'046	136
LIABILITIES AND EQUITY			
Trade account payables	13	152	86
Other current liabilities	15	1'695	21
Current liabilities		1'847	107
Non-current borrowings (subordinated)	16	3'000	429
FOPH accrual	14	1'064	-
Deferred tax liabilities	19	1'382	-
Non-current liabilities		5'446	429
Total liabilities		7'293	536
Share capital	17	11'436	1'810
Share premium		32'478	220
Treasury shares	18	(1)	-
Accumulated losses		(37'160)	(2'430)
Total equity attributable to owners of the Company		6'753	(400)
Minority interests		-	-
Total equity		6'753	(400)
Total liabilities and equity		14'046	136

Kinarus Therapeutics Holding AG (www.kinarus.com) was founded in 2017 by experienced pharmaceutical executives in Basel, Switzerland. The Kinarus team utilizes its knowledge and drug development competencies to in-license and develop mid-stage clinical assets in which they have identified an increased probability of clinical and regulatory success and a rapid path to market. Kinarus possesses the exclusive worldwide license to pamapimod, covering all indications, and has patented KIN001, its novel mechanism in combination with pioglitazone.

Contacts

Kinarus Therapeutics Holding AG

Hochbergerstrasse 60C
4057 Basel, Switzerland
+41 61 633 29 71
info@kinarus.com

Investors & Media

Chris Maggos
Cohesion Bureau
+41 79 367 6254
chris.maggos@cohesionbureau.com

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