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Einladung zur ordentlichen Generalversammlung Kinarus Therapeutics Holding AG

Betroffene Organisation:
Kinarus Therapeutics Holding AG
CHE-103.574.108
c/o: Kinarus AG
Hochbergerstrasse 60C
4057 Basel

Angaben zur Generalversammlung:
28.06.2023, 10:00 Uhr, Radisson Blu Hotel Basel
Steinentorstrasse 25
4051 Basel
Switzerland

Einladungstext/Traktanden:
Einladungstext und Traktandenliste im PDF-Anhang



To the shareholders of Kinarus Therapeutics Holding AG

Invitation to the 2023 Annual General Meeting

Date and Time: Wednesday, June 28, 2023, at 10 a.m. CEST (doors open at 9.30 a.m. CEST)

Location: Radisson Blu Basel, Steintorstrasse 25, 4058 Basel, Switzerland

Dear Shareholders,

We are pleased to invite you to the 2023 Annual General Meeting of Kinarus Therapeutics Holding AG (the **Company**), which will be held on Wednesday, June 28, 2023 at Radisson Blu Basel, Steintorstrasse 25, 4058 Basel, Switzerland, and start at 10 a.m. CEST (the **2023 Annual General Meeting**).

The annual report for the financial year 2022, including the management report, the statutory financial statements, the consolidated financial statements, the auditors' report and the compensation report can be downloaded from the Company's website: <https://ir.kinarus.com/financial-reporting/>.

The 2023 Annual General Meeting will be conducted in English. A record of the resolutions taken by the 2023 Annual General Meeting will be available after the 2023 Annual General Meeting on the Company's website at <https://ir.kinarus.com/2023-agm/>.

We made significant progress in our R&D and corporate activities during 2022, despite the challenging biotech environment. With respect to R&D activities, we initiated two clinical trials with our asset KIN001, partly funded by the Federal Office of Public Health ("FOPH"), in COVID-19 hospitalized and ambulatory patients. Although the hospitalized patient trial was terminated due to recommendation from DSMB, we continue to pursue the COVID-19 trial in ambulatory patients, despite the endemic state of the disease. We also hope to initiate additional clinical trials of KIN001 in other indications either on our own or in collaboration with other pharma partners.

Regarding our key corporate activities, last year we strengthened our financial position by establishing a convertible loan facility of CHF 20 M from Yorkville Advisors and executing a convertible loan agreement for CHF 1.5 M with a Chinese investor which also forms the basis for discussions on the introduction, development and commercialization of KIN001 for the treatment of Idiopathic Pulmonary Fibrosis patients in China. We continue to explore all options with the aim of realizing the full market potential of KIN001 in various indications.

Kinarus is a team of industry veterans with a successful track record of drug development, deep scientific expertise and a relentless focus on the patient. Our purpose is to identify and develop therapeutics that are transformational and tailored to patients' needs, and we appreciate your ongoing support towards this pursuit.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Hari Kumar'.

Hari Kumar
Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Alexander Bausch'.

Alexander Bausch
Chief Executive Officer and member of the Board of Directors

Agenda and Proposals of the Board of Directors

1. 2022 Management Report; 2022 Statutory Financial Statements and Consolidated Financial Statements; 2022 Compensation Report

1.1 Approval of the 2022 Management Report, the 2022 Statutory Financial Statements and the 2022 Consolidated Financial Statements

The Board of Directors proposes that the management report, the statutory financial statements and the consolidated financial statements for the financial year 2022 be approved.

Explanation by the Board of Directors

In accordance with article 698 para. 2 items 3 and 4 of the Swiss Code of Obligations (the **CO**) and the Company's Articles of Association (the **Articles of Association**), the general meeting of shareholders (the **General Meeting**) is competent for approving the management report, the statutory financial statements and the consolidated financial statements. In its reports to the General Meeting, Ernst & Young, as auditors, recommends without qualification that the statutory financial statements and the consolidated financial statements of the Company be approved.

1.2 Advisory Vote on the 2022 Compensation Report

The Board of Directors proposes that the 2022 compensation report be endorsed in a non-binding advisory vote.

Explanation by the Board of Directors

In line with best practice, the Board of Directors submits the 2022 compensation report to an advisory vote of the General Meeting.

It explains the governance framework and the principles underlying the compensation system at the Company. In addition, the Compensation Report sets out the remuneration of the Board of Directors and the Executive Management paid in respect of 2022.

2. Appropriation of Loss of the Financial Year 2022

The Board of Directors proposes that the loss of the Company be carried forward as follows:

	CHF In '000s
Loss carried forward from the financial year 2021	(2'433)
Loss for the financial year 2022	(40'582)
Loss to be carried forward	(43'015)

Explanation by the Board of Directors

In accordance with article 698 para. 2 item 4 CO and the Articles of Association, the General Meeting is competent for passing resolutions on the appropriation of the losses.

3. Discharge of the Board of Directors and of the Executive Management

The Board of Directors proposes that discharge of all members of the Board of Directors and of the Executive Management be granted for their activities during the financial year 2022.

Explanation by the Board of Directors

After having reported on the past financial year in the Company's annual report 2022, the Board of Directors is now requesting discharge for the financial year 2022.

In accordance with article 698 para. 2 item 7 CO and the Articles of Association, the General Meeting is competent for granting discharge to the members of the Board of Directors and the persons entrusted with management.

4. Re-election of the Chairman and Other Members of the Board of Directors

The term of office of the Chairman and all members of the Board of Directors expires upon completion of the 2023 Annual General Meeting. The Board of Directors proposes that all current members of the Board of Directors, including the Chairman, be re-elected for a term of office until completion of the 2024 Annual General Meeting.

Explanation by the Board of Directors

Pursuant to article 698 para. 2 item 2 and para. 3 item 1 CO and the Articles of Association, the General Meeting is competent for the re-election of the members of the Board of Directors and its Chairman. The elections will be held on an individual basis.

Information on the professional background of the Chairman and the other members of the Board of Directors can be found at <https://www.kinarus.com/about-us/board-of-directors.htm>.

4.1 Re-election of Hari Kumar (as Chairman and member of the Board of Directors)

4.2 Re-election of Eugene Tierney

4.3 Re-election of Silvio Inderbitzin

4.4 Re-election of Alexander Bausch

5. Re-election of the Members of the Compensation Committee

The term of office of the members of the Compensation Committee expires upon completion of the 2023 Annual General Meeting. The Board of Directors proposes that all current members of the Compensation Committee be re-elected for a term of office until completion of the 2024 Annual General Meeting, subject to their re-election as members of the Board of Directors under agenda item 4.

Explanation by the Board of Directors

Pursuant to article 698 para. 3 item 2 CO and the Articles of Association, the General Meeting is competent for the re-election of the members of the Compensation Committee. The elections will be held on an individual basis.

5.1 Re-election of Hari Kumar

5.2 Re-election of Eugene Tierney

5.3 Re-election of Silvio Inderbitzin

6. Re-election of the Statutory Auditors

The Board of Directors proposes that Ernst & Young AG, in Basel, Switzerland, be re-elected as the Company's statutory auditors for the financial year 2023.

Explanation by the Board of Directors

Pursuant to article 698 para. 2 item 2 CO and the Articles of Association, the General Meeting is competent for the re-election of the auditors. Ernst & Young confirmed its independence required for this mandate.

7. Re-election of the Independent Proxy

The Board of Directors proposes that KBT Treuhand AG Zürich, in Zurich, Switzerland, be re-elected as independent proxy for a term of office until completion of the 2024 Annual General Meeting.

Explanation by the Board of Directors

Pursuant to article 698 para. 3 item 3 CO and the Articles of Association, the General Meeting is competent for the re-election of the independent proxy. KBT Treuhand AG Zürich, in Zurich, Switzerland confirmed its independence required for this mandate.

8. Approval of the Maximum Aggregate Amount of Compensation of the Board of Directors

The Board of Directors proposes that a maximum aggregate amount of compensation of the Board of Directors for the period from the 2023 Annual General Meeting to the 2024 Annual General Meeting of CHF 120'000 be approved.

Explanation by the Board of Directors

Pursuant to article 698 para. 3 item 4 CO and our Articles of Association, the General Meeting is competent for the approval of the maximum aggregate amount of compensation of the Board of Directors for the upcoming term of office.

Information on the compensation system for the Board of Directors can be found in the 2022 Compensation Report.

For the term of office 2023, the members of the Board of Directors have reduced their customary compensation compared to the previous term in office for their service as members of the Board of Directors in the Company's pursuit of overall cost reductions. Alexander Bausch will, however, receive compensation in his role as CEO of the Company. Further, the Board of Directors is fully committed to serve the Company and to turn around the financial situation of the Company.

9. Approval of the Maximum Aggregate Amount of Fixed Compensation of the Executive Management

The Board of Directors proposes that a maximum aggregate amount of fixed compensation of the Executive Management for the financial year 2023 of CHF 1'000'000 be approved.

Explanation by the Board of Directors

Pursuant to article 698 para. 3 item 4 CO and the Articles of Association, the General Meeting is competent for the approval of the maximum aggregate amount of fixed compensation of the Executive Management for the current financial year.

Information on the compensation system for the Executive Management can be found in the 2022 Compensation Report.

The proposed maximum aggregate amount comprises the annual base salaries and legally required employer contributions to social security systems. The proposed maximum aggregate amount is calculated based on five members of the Executive Management. The decrease in the proposed maximum aggregate amount compared with the amount for the financial year 2022 reflects the Company's pursuit of overall cost reductions until further funding is secured. Further, the Board is of the view that the proposed maximum aggregate amount will be sufficient to retain and motivate the current members of the Executive Management.

The actual payout for the financial year 2023 will be disclosed in the 2023 Compensation Report.

10. Increase of Conditional Share Capital and Amendment to the Articles of Association

The Board of Directors proposes that the Company's conditional share capital be increased by CHF 721'271.77 to the maximum amount of CHF 5'718'015.19, allowing the issuance of up to 571'801'519 registered shares with a par value of CHF 0.01 each, and accordingly, to amend Article 3a para 1 of the Articles of Association as follows (amendments are underlined):

"Das Aktienkapital kann bis zu einem Höchstbetrag von CHF 5'718'015.19 erhöht werden durch Ausgabe von höchstens 571'801'519 voll zu liberierenden Namenaktien mit einem Nennwert von je CHF 0.01."

"The share Capital may be increased by a maximum amount of CHF 5'718'015.19 by issuing a maximum of 571'801'519 fully paid-in registered shares with a nominal value of CHF 0.01 each."

Explanation by the Board of Directors

Currently the conditional share capital based on the Articles of Association amounts to CHF 4'996'743.42. The Board of Directors proposes to increase the conditional share capital to the statutory maximum, being 50% of the share capital registered in the commercial register. With such increase, the Company would have additional flexibility with respect to its foreseen financing in the near future.

The proposed amendment is subject to a qualified majority of two thirds of the votes of the shares represented at the General Meeting.

Organizational Information

1. Annual Report and Compensation Report

The Annual Report with Consolidated and Statutory Financial Statements, the Auditors' Reports for 2022, and the Compensation Report 2022 can be accessed on the Company's website: <https://ir.kinarus.com/financial-reporting/>.

2. Exercise of Voting Rights and Representation

In order to attend and vote at the AGM, shareholders must be registered in the Company's shareholder register by June 15, 2023, 5 p.m. CEST, at the latest.

Shareholders may issue electronic authorizations and instructions to the Independent Proxy, KBT Treuhand AG Zürich, Kreuzplatz 5, 8032 Zurich, Switzerland, at <https://kinarus.netvote.ch>. The requisite login data is enclosed with the meeting materials supplied to shareholders. Shareholders may change any instructions they may have communicated electronically up to, but no later than, 11:59 a.m. on June 26, 2023.

Alternatively, the enclosed form may be used as follows:

- to appoint the Independent Proxy;
- to order the admission ticket and voting documents so as to attend the Annual General Meeting in person; or
- to appoint in writing to a proxy, who does not need to be a shareholder

When using the form to provide instructions, please return it to the Company (c/o areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland) using the enclosed envelope. Forms must be received by June 26, 2023, so that admission tickets and voting documents can be dispatched in good time; please allow an appropriate time for delivery. Admission tickets and voting documents will be sent out from June 16, 2023, onwards.

**Contact Address**

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www.kinarus.com

Basel, June 2, 2023

Kinarus Therapeutics Holding AG

For the Board of Directors

A handwritten signature in blue ink, appearing to read "Hari Kumar", is written over a horizontal line.

Hari Kumar
Chairman of the Board of Directors