

Kinarus announces the issuance of convertible notes of up to CHF 20 million to an entity managed by Yorkville

- **Financing to be drawn in tranches**
- **Financing will enable Kinarus to advance the clinical development of KIN001**

Basel, Switzerland, August 22, 2022. Kinarus Therapeutics Holding AG (SIX: KNRS) ("Kinarus"), a clinical-stage biopharmaceutical company developing novel therapeutics to treat viral, respiratory, and ophthalmic diseases, today announced the signing of an agreement with YA II PN, Ltd, an exempted company incorporated in the Cayman Islands with limited liability, a company of the group of companies managed by Yorkville Advisors Global LP, its investment manager ("Yorkville"), for a financing via the issuance of convertible notes of up to CHF 20 million, to be drawn in tranches.

This financing will enable Kinarus to continue to accelerate the clinical development of KIN001, a proprietary patented combination of pamapimod, a highly selective investigational small molecule inhibitor of p38 mitogen-activated protein kinase (p38 MAPK), and pioglitazone, a marketed drug for the treatment of type 2 diabetes.

Kinarus has received regulatory authorization to initiate Phase 2 testing in wet age-related macular degeneration ("wet AMD") of KIN001, which has been shown to reduce pathological blood vessel growth (neovascularization) in the choroid of the eye in preclinical models of wet AMD. KIN001 is currently being investigated in the "KINETIC" Phase 2 trial in patients hospitalized with COVID-19 and a separate Phase 2 study in ambulatory patients with SARS-CoV-2 infection ("KINFAST") has been approved by regulators. A Phase 2 trial of KIN001 in patients with idiopathic pulmonary fibrosis ("IPF") is also in preparation.

"We are pleased to conclude this agreement with Yorkville, which will provide expanded options for financing Kinarus' drug development projects, during this time of financial market turbulence," said Alexander Bausch, PhD, CEO of Kinarus. "KIN001 is making strong progress, and we are looking forward to reporting interim data from KINETIC at the end of Q3 2022, starting KINFAST and expanding our clinical development programs to two additional Phase 2 trials for wet age-related macular degeneration and idiopathic pulmonary fibrosis."

Under the terms of the agreement, Yorkville undertakes to purchase loan notes convertible into Kinarus shares in a total nominal amount of up to CHF 20 million over the next 36 months. Kinarus may, at its own discretion, issue the next tranche of convertible notes to Yorkville subject to certain conditions.

The unsecured convertible notes each have a term of 6 months and are convertible into Kinarus shares during the term by the holder of the convertible notes. The conversion price shall be determined as the lower of (i) 120% of the volume-weighted 10-day trading price of the Kinarus shares prior to Kinarus' decision to issue the convertible notes, or (ii) 92% of the lowest daily volume-weighted 10-day trading price of the Kinarus shares prior to conversion. Interest is paid at an annual rate of 4% during the term of the notes.

In line with the authorization of the Kinarus Annual General Meeting of May 3, 2022, the preferential subscription rights of shareholders are excluded with respect to the convertible notes issued under the agreement with Yorkville. However, for the utilization of the full nominal amount of CHF 20 million under the exclusion of preferential subscription rights, additional authorizations may need to be sought in future shareholder meetings.

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
BioConfidant Sàrl
+41 79 367 6254
maggos@bioconfidant.ch

Legal disclaimer

THIS PRESS RELEASE DOES NOT CONSTITUTE AN OFFER TO SELL NOR AN INTIMATION TO SUBMIT A PROPOSAL FOR THE ACQUISITION OF SECURITIES OF KINARUS THERAPEUTICS HOLDING AG. THIS PRESS RELEASE IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, INTO OR WITHIN ANY JURISDICTION WHERE IT IS UNLAWFUL TO BE DISTRIBUTED OR WHERE A REGISTRATION OBLIGATION OR AN APPROVAL IS REQUIRED.